

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

SINGLE AUDIT REPORT



FOR THE YEAR ENDED JUNE 30, 2007



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

***DEPARTMENT OF AUDIT
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Comptroller of the Treasury***

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State Auditors***

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

BLEDSOE COUNTY, TENNESSEE

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Audit Highlights

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

Scope

We have audited the financial statements of each major fund and the aggregate remaining fund information of Bledsoe County as of and for the year ended June 30, 2007.

Results

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

Our audit resulted in seven findings and recommendations, which we have reviewed with Bledsoe 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:

BLEDSON COUNTY

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.

OFFICE OF COUNTY MAYOR

- ◆ The Bledsoe County Emergency Communications District's transactions were not accounted for in an enterprise fund.
- ◆ Competitive bids were not solicited for the purchase of a four-wheel drive pickup truck.

OFFICE OF SHERIFF

- ◆ Receipts were not issued at the time of collection.
-

OTHER FINDINGS

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately among the officials and employees in the Offices of County Mayor; Road Superintendent; Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff.
- ◆ The general sessions judge also served as county attorney and delinquent tax attorney, contrary to opinions issued by the state attorney general.

INTRODUCTORY SECTION

Bledsoe County Officials
June 30, 2007

Officials

Gregg Ridley, County Mayor
Tom Frazier, Road Superintendent
Deanna Rains, Trustee
Phillip Cagle, Assessor of Property
Carolyn Terry, County Clerk
Jamey Roberson, Circuit, General Sessions, and Juvenile Courts Clerk
Greg Forgey, Clerk and Master
Emma Boynton, Register
James Morris, Sheriff

Board of County Commissioners

Craig Mercer, Chairman
Tim Campbell
Junior Hankins
Greg Johnson
Charles Raines
Robert Reese
Tanya Roberson
Henry Sapp
Ronald Sapp
Roger Simmons
Carlos Smith
Gordon Smith
Perry Swafford

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

September 13, 2007

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Bledsoe County, Tennessee, as of and for the year ended June 30, 2007, as shown on pages 15 through 33, 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 Bledsoe County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

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

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Bledsoe County, Tennessee, as of June 30, 2007, or the changes in its financial position for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Bledsoe County, Tennessee, as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting prescribed by the Comptroller of the Treasury of the State of Tennessee.

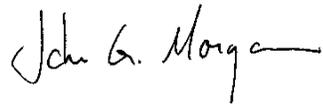
In accordance with Government Auditing Standards, we have also issued our report dated September 13, 2007, on our consideration of Bledsoe County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The budgetary comparison and pension information on pages 37 through 43 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 Bledsoe County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, 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 miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Major Funds			Nonmajor	Total
	General	Ambulance Service	Highway / Public Works	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 57,907	\$ 0	\$ 9,991	\$ 67,898
Equity in Pooled Cash and Investments	290,043	180,469	972,871	271,863	1,715,246
Accounts Receivable	31	978,170	0	750	978,951
Allowance for Uncollectibles	0	(393,713)	0	0	(393,713)
Due from Other Governments	17,565	0	257,658	6,365	281,588
Due from Other Funds	10,332	0	0	0	10,332
Property Taxes Receivable	1,599,611	0	0	231,068	1,830,679
Allowance for Uncollectible Property Taxes	(78,014)	0	0	(11,272)	(89,286)
Total Assets	<u>\$ 1,839,568</u>	<u>\$ 822,833</u>	<u>\$ 1,230,529</u>	<u>\$ 508,765</u>	<u>\$ 4,401,695</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 15,458	\$ 1,905	\$ 22,750	\$ 4,408	\$ 44,521
Payroll Deductions Payable	36	0	0	0	36
Contracts Payable	0	0	68,180	0	68,180
Due to Other Funds	0	0	0	10,332	10,332
Deferred Revenue - Current Property Taxes	1,426,106	0	0	205,993	1,632,099
Deferred Revenue - Delinquent Property Taxes	90,323	0	0	13,057	103,380
Other Deferred Revenues	1,828	584,457	128,829	0	715,114
Total Liabilities	<u>\$ 1,533,751</u>	<u>\$ 586,362</u>	<u>\$ 219,759</u>	<u>\$ 233,790</u>	<u>\$ 2,573,662</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 7,114	\$ 1,002	\$ 463,490	\$ 584	\$ 472,190
Reserved for Alcohol and Drug Treatment	10,326	0	0	0	10,326
Reserved for Sexual Offender Registration	850	0	0	0	850
Reserved for Computer System - Register	25,649	0	0	0	25,649
Reserved for Automation Purposes - General Sessions Court	3,650	0	0	0	3,650
Reserved for Automation Purposes - Chancery Court	476	0	0	0	476
Reserved for Other General Purposes	0	0	0	1,604	1,604
Unreserved, Reported In:					
General Fund	257,752	0	0	0	257,752
Special Revenue Funds	0	235,469	547,280	141,656	924,405
Debt Service Funds	0	0	0	130,581	130,581
Capital Projects Funds	0	0	0	550	550
Total Fund Balances	<u>\$ 305,817</u>	<u>\$ 236,471</u>	<u>\$ 1,010,770</u>	<u>\$ 274,975</u>	<u>\$ 1,828,033</u>
Total Liabilities and Fund Balances	<u>\$ 1,839,568</u>	<u>\$ 822,833</u>	<u>\$ 1,230,529</u>	<u>\$ 508,765</u>	<u>\$ 4,401,695</u>

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

Exhibit B

Bledsoe 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	Ambulance Service	Highway / Public Works	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 1,664,275	\$ 0	\$ 0	\$ 215,415	\$ 1,879,690
Licenses and Permits	4,204	0	0	1,681	5,885
Fines, Forfeitures, and Penalties	35,445	0	0	13,488	48,933
Charges for Current Services	7,551	470,102	0	6,314	483,967
Other Local Revenues	169,287	7,957	1,830	119,697	298,771
Fees Received from County Officials	367,714	0	0	0	367,714
State of Tennessee	404,870	0	1,631,838	59,848	2,096,556
Federal Government	182,619	0	0	92,874	275,493
Other Governments and Citizens Groups	0	0	0	223,200	223,200
Total Revenues	\$ 2,835,965	\$ 478,059	\$ 1,633,668	\$ 732,517	\$ 5,680,209
<u>Expenditures</u>					
Current:					
General Government	\$ 833,233	\$ 0	\$ 0	\$ 11,235	\$ 844,468
Finance	286,756	0	0	2,342	289,098
Administration of Justice	304,623	0	0	1,992	306,615
Public Safety	977,637	0	0	185,644	1,163,281
Public Health and Welfare	101,173	580,773	0	158,792	840,738
Social, Cultural, and Recreational Services	7,208	0	0	49,536	56,744
Agricultural and Natural Resources	48,558	0	0	0	48,558
Other Operations	1,984	0	0	0	1,984
Highways	0	0	1,378,589	32,972	1,411,561
Debt Service:					
Principal on Debt	0	0	0	148,383	148,383
Interest on Debt	0	0	0	56,390	56,390
Other Debt Service	0	0	0	3,511	3,511
Capital Projects	0	0	0	92,874	92,874
Total Expenditures	\$ 2,561,172	\$ 580,773	\$ 1,378,589	\$ 743,671	\$ 5,264,205
Excess (Deficiency) of Revenues Over Expenditures	\$ 274,793	\$ (102,714)	\$ 255,079	\$ (11,154)	\$ 416,004
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 5,864	\$ 0	\$ 0	\$ 0	\$ 5,864
Transfers In	0	0	0	41,297	41,297
Transfers Out	(41,297)	0	0	0	(41,297)
Total Other Financing Sources (Uses)	\$ (35,433)	\$ 0	\$ 0	\$ 41,297	\$ 5,864
Net Change in Fund Balances	\$ 239,360	\$ (102,714)	\$ 255,079	\$ 30,143	\$ 421,868
Fund Balance, July 1, 2006	66,457	339,185	755,691	244,832	1,406,165
Fund Balance, June 30, 2007	\$ 305,817	\$ 236,471	\$ 1,010,770	\$ 274,975	\$ 1,828,033

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

Exhibit C

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 313,039
Due from Other Governments	<u>31,075</u>
Total Assets	<u>\$ 344,114</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 31,075
Due to Litigants, Heirs, and Others	<u>313,039</u>
Total Liabilities	<u>\$ 344,114</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A. Reporting Entity

Bledsoe County is a public municipal corporation governed by an elected 13-member board. As required by GAAP, these financial statements present Bledsoe County (the primary government).

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

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

The Bledsoe County School Department operates the public school system in the county, and the voters of Bledsoe 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.

Bledsoe County Nursing Home provides nursing care to the citizens of Bledsoe County, and the Bledsoe County Commission appoints its governing body. Patient charges provide the majority of the revenues for the entity. Before the issuance of debt instruments, the nursing home must obtain the County Commission's approval.

The Bledsoe County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Bledsoe County, and the Bledsoe 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 Bledsoe County School Department, the Bledsoe County Nursing Home, and the Bledsoe County Emergency Communications District issue separate financial statements from those of the county. The School Department's financial statements are published as a separate report but under the same cover as the county's financial statements. The Bledsoe County Nursing Home's and the Bledsoe County Emergency Communications District's financial statements are published as separate reports. Complete financial statements of Bledsoe County Nursing Home and the Bledsoe County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Bledsoe County Nursing Home
107 Wheeler Town Avenue
Pikeville, TN 37367

Bledsoe County Emergency Communications District
305 Alan P. Deakins Road
Pikeville, TN 37367

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

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

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

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

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

when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Bledsoe 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.

Ambulance Service Fund – This fund is used to account for the transactions of the county’s Ambulance Service.

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

Additionally, Bledsoe County reports the following fund types:

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

Capital Projects Funds – These funds are used to account for various capital projects within the county.

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

C. Assets, Liabilities, and Equity

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all Bledsoe County and Bledsoe County School Department funds. Each fund’s portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is

assigned to the General Debt Service Fund. Bledsoe County and the Bledsoe 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 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 is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.67 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.

Contracts payable of \$68,180 in the Highway/Public Works Fund represent amounts due on highway construction projects at June 30, 2007.

3. Capital Assets

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

4. Compensated Absences

It is the county's policy not to allow for the accumulation of unused vacation beyond year-end. Employees are allowed to accumulate sick leave days equal to the number of days earned in a year; however, the granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

5. Long-term Obligations

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

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.

6. Fund Equity

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

B. Expenditures Exceeded Appropriations

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

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Property Assessor's Office	\$ 2,393
County Coroner/Medical Examiner	4,894

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

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Bledsoe County and the Bledsoe County School Department participate in an internal cash and investment pool through the Office of Trustee. The Bledsoe County School Department meets the criteria for a discretely presented component unit of Bledsoe County. Since Bledsoe County is presenting fund financial statements only, the financial information for the Bledsoe County School Department is not included in these fund financial statements. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected in the fund financial statements represents nonpooled amounts held separately by individual funds.

Deposits

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

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured

amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government, or obligations guaranteed by the U.S. government, or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase. The county had no pooled or nonpooled investments at June 30, 2007.

B. Insurance Recovery

During the period examined, Bledsoe County received insurance recovery proceeds of \$5,864, to repair damages to a patrol car.

C. Construction Commitments

At June 30, 2007, the Highway/Public Works Fund had uncompleted construction projects of \$463,490. Funding for these future expenditures will be provided from current funds.

D. Interfund Receivables and Payables

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>
General	Nonmajor governmental	\$ 10,332

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

Interfund Transfers:

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

<u>Transfers Out</u>	<u>Transfers In</u> Nonmajor Governmental Fund
General Fund	\$ 41,297
Total	<u>\$ 41,297</u>

E. Long-term Debt

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

General Obligation Bonds and Notes

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes were issued for original terms of up to 20 years for bonds and up to six years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2007, will be retired from the General Debt Service and Solid Waste/Sanitation Funds.

General obligation bonds and the capital outlay note outstanding as of June 30, 2007, are listed on the next page:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds	3.6 to 4.5 %	\$ 1,600,000	\$ 1,125,000
Capital Outlay Note	3	234,000	122,191

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

Year Ending June 30	Bonds		Note	
	Principal	Interest	Principal	Interest
2008	\$ 70,000	\$ 47,595	\$ 39,535	\$ 3,665
2009	75,000	44,631	40,714	2,486
2010	80,000	41,404	41,942	1,258
2011	80,000	38,024	0	0
2012	85,000	34,496	0	0
2013-2017	500,000	110,695	0	0
2018-2019	235,000	10,687	0	0
Totals	<u>\$ 1,125,000</u>	<u>\$ 327,532</u>	<u>\$ 122,191</u>	<u>\$ 7,409</u>

There is \$130,581 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$91, based on the 2000 federal census. Debt per capita, including the bonds and the capital outlay note, totaled \$101, 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	\$ 1,195,000	\$ 200,574
Deductions	(70,000)	(78,383)
Balance, June 30, 2007	<u>\$ 1,125,000</u>	<u>\$ 122,191</u>
Balance Due Within One Year	<u>\$ 70,000</u>	<u>\$ 39,536</u>

F. Short-term Debt

Bledsoe County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund and the General

Debt Service Fund. These notes were necessary because funds were not available to meet obligations coming due before current tax collections. Short-term debt activity for the year ended June 30, 2007, was as follows:

Fund	Balance 7-1-06	Issued	Redeemed	Balance 6-30-07
General	\$ 0	\$ 550,000	\$ (550,000)	0
General Debt Service	0	100,000	(100,000)	0

IV. OTHER INFORMATION

A. Risk Management

The county is exposed to various risks related to general liability, property, casualty, and workers' compensation losses. Bledsoe County's risk of loss relating to general liability, property, casualty, and workers' compensation losses is covered by participation in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays annual premiums to the LGPCF for its general liability, property, casualty, and workers' compensation risk coverage. The creation of the pool provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

B. Contingent Liabilities

Bledsoe County, the Bledsoe County Highway Department, and various county officials are named as defendants in a lawsuit seeking injunctive relief concerning various roads located in multiple subdivisions and compensatory and punitive damages in excess of \$10,000,000. The trial court bifurcated this matter and conducted the injunctive relief portion of this action in November 2003. The court entered an adverse ruling against Bledsoe County and the Bledsoe Highway Department, and granted the requested injunctive relief for a portion of the roads located within one or more developments of Hasty-Greene Investments, Inc. Motions for a new trial and to alter or amend the court's findings have been filed by Bledsoe County. It is the opinion of the attorneys representing the county that the probability of recovery against the county is great; however, compensatory and punitive damages cannot be reasonably estimated.

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

C. Change in Administration

On August 31, 2006, Bob Swafford left the Office of Sheriff and was succeeded by James Morris.

D. Joint Ventures

The Bledsoe/Sequatchie Landfill Board is responsible for a closed regional sanitary landfill, which is owned by Bledsoe County, Sequatchie County, the City of Dunlap, and the City of Pikeville. The landfill is governed by a ten-member board, including the county mayor and two members appointed by the County Commission. The remaining seven members are appointed by the other joint owners. Bledsoe County has control over budgeting and financing the joint venture only to the extent of representation by the three board members and is responsible for funding approximately 39 percent of any postclosure care costs. Bledsoe County made no contributions to the board during the year. Complete financial statements for the Bledsoe/Sequatchie Landfill Board can be obtained from the board's administrative office at the following address:

Administrative Office:

Bledsoe/Sequatchie Landfill
P.O. Box 149
Pikeville, TN 37367

The Twelfth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twelfth Judicial District and the municipalities within the district. The district is composed of Bledsoe, Franklin, Grundy, Marion, Rhea, and Sequatchie 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 the participating law enforcement agencies within the judicial district. Bledsoe County made no contributions to the DTF for the year ended June 30, 2007, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from their administrative office at the following address:

Administrative Office:

District Attorney General
Twelfth Judicial District
375 Church Street, Suite 300
Dayton, TN 37321

E. Retirement Commitments

Employees

Plan Description

Employees of Bledsoe 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 Bledsoe 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

Bledsoe 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 8.48 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Bledsoe County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2007, Bledsoe County's annual pension cost of \$327,066 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. Bledsoe 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 19 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	\$327,066	100%	\$0
6-30-06	270,590	100	0
6-30-05	250,245	100	0

F. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Bledsoe County Mayor's Office are governed by the County Purchasing Law of 1983, Section 5-14-201, Tennessee Code Annotated (TCA). This act provides for all purchases exceeding \$5,000 (\$10,000 effective May 10, 2007) (excluding emergency purchases) to be made based on competitive bids solicited through newspaper advertisement.

Office of Highway Superintendent

Purchasing procedures for the Highway Department are governed by provisions of Chapter 143, Private Acts of 1941, and the Uniform Road Law, Section 54-7-113, TCA, which provide for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit D-1

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General 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>							
Local Taxes	\$ 1,664,275	\$ 0	\$ 0	\$ 1,664,275	\$ 1,638,437	\$ 1,638,437	\$ 25,838
Licenses and Permits	4,204	0	0	4,204	6,700	6,700	(2,496)
Fines, Forfeitures, and Penalties	35,445	0	0	35,445	57,400	57,400	(21,955)
Charges for Current Services	7,551	0	0	7,551	6,750	6,750	801
Other Local Revenues	169,287	0	0	169,287	185,000	201,834	(32,547)
Fees Received from County Officials	367,714	0	0	367,714	322,965	322,965	44,749
State of Tennessee	404,870	0	0	404,870	385,830	390,230	14,640
Federal Government	182,619	0	0	182,619	88,000	191,368	(8,749)
Total Revenues	\$ 2,835,965	\$ 0	\$ 0	\$ 2,835,965	\$ 2,691,082	\$ 2,815,684	\$ 20,281
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 38,104	\$ 0	\$ 0	\$ 38,104	\$ 39,286	\$ 39,286	\$ 1,182
Board of Equalization	100	0	0	100	400	400	300
County Mayor/Executive	110,061	(215)	150	109,996	121,724	121,724	11,728
County Attorney	8,344	(56)	0	8,288	14,200	14,200	5,912
Election Commission	78,904	(414)	0	78,490	83,466	86,086	7,596
Register of Deeds	82,410	(1,241)	0	81,169	84,185	84,185	3,016
Planning	13,149	0	0	13,149	13,200	13,200	51
County Buildings	172,663	0	225	172,888	166,000	176,900	4,012
Other General Administration	329,498	0	0	329,498	404,500	399,550	70,052
<u>Finance</u>							
Property Assessor's Office	92,849	(30)	0	92,819	98,675	90,426	(2,393)
Reappraisal Program	25,214	0	0	25,214	16,650	27,619	2,405
County Trustee's Office	88,090	(365)	0	87,725	88,969	88,969	1,244
County Clerk's Office	80,603	(456)	1,260	81,407	82,204	82,204	797

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	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>Administration of Justice</u>							
Circuit Court	\$ 112,099	\$ (250)	\$ 0	\$ 111,849	\$ 117,406	\$ 117,406	\$ 5,557
General Sessions Court	74,758	0	0	74,758	74,758	74,758	0
Chancery Court	92,021	(359)	150	91,812	90,714	92,714	902
Juvenile Court	25,745	(431)	0	25,314	26,852	26,852	1,538
<u>Public Safety</u>							
Sheriff's Department	493,723	(400)	0	493,323	531,185	548,024	54,701
Jail	269,042	(387)	0	268,655	450,300	439,325	170,670
Fire Prevention and Control	18,500	0	0	18,500	18,500	18,500	0
Civil Defense	153,734	(16,771)	5,329	142,292	91,450	175,853	33,561
Rescue Squad	6,000	0	0	6,000	2,000	6,000	0
Other Emergency Management	21,569	(3,869)	0	17,700	0	18,965	1,265
County Coroner/Medical Examiner	15,069	0	0	15,069	7,500	10,175	(4,894)
<u>Public Health and Welfare</u>							
Local Health Center	30,311	(274)	0	30,037	35,759	40,159	10,122
Dental Health Program	63,666	0	0	63,666	92,650	92,650	28,984
Alcohol and Drug Programs	3,752	0	0	3,752	1,500	4,257	505
Crippled Children Services	971	0	0	971	971	971	0
General Welfare Assistance	2,473	0	0	2,473	2,400	2,473	0
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	1,000	0	0	1,000	1,000	1,000	0
Libraries	0	0	0	0	41,297	0	0
Parks and Fair Boards	6,208	0	0	6,208	8,000	8,000	1,792
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	45,558	0	0	45,558	47,400	47,400	1,842
Soil Conservation	3,000	0	0	3,000	0	3,000	0

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	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>Other Operations</u>							
Other Economic and Community Development	\$ 1,484	\$ 0	\$ 0	\$ 1,484	\$ 1,500	\$ 1,500	\$ 16
Veterans' Services	0	0	0	0	2,000	2,000	2,000
Contributions to Other Agencies	500	0	0	500	1,064	1,071	571
Total Expenditures	<u>\$ 2,561,172</u>	<u>\$ (25,518)</u>	<u>\$ 7,114</u>	<u>\$ 2,542,768</u>	<u>\$ 2,859,665</u>	<u>\$ 2,957,802</u>	<u>\$ 415,034</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 274,793	\$ 25,518	\$ (7,114)	\$ 293,197	\$ (168,583)	\$ (142,118)	\$ 435,315
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 5,864	\$ 0	\$ 0	\$ 5,864	\$ 0	\$ 0	\$ 5,864
Transfers Out	(41,297)	0	0	(41,297)	0	(41,297)	0
Total Other Financing Sources (Uses)	<u>\$ (35,433)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (35,433)</u>	<u>\$ 0</u>	<u>\$ (41,297)</u>	<u>\$ 5,864</u>
Net Change in Fund Balance	\$ 239,360	\$ 25,518	\$ (7,114)	\$ 257,764	\$ (168,583)	\$ (183,415)	\$ 441,179
Fund Balance, July 1, 2006	66,457	(25,518)	0	40,939	240,000	240,000	(199,061)
Fund Balance, June 30, 2007	<u>\$ 305,817</u>	<u>\$ 0</u>	<u>\$ (7,114)</u>	<u>\$ 298,703</u>	<u>\$ 71,417</u>	<u>\$ 56,585</u>	<u>\$ 242,118</u>

Exhibit D-2

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Ambulance Service Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	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	\$ 470,102	\$ 0	\$ 470,102	\$ 510,000	\$ 510,000	\$ (39,898)
Other Local Revenues	7,957	0	7,957	0	7,400	557
Total Revenues	<u>\$ 478,059</u>	<u>\$ 0</u>	<u>\$ 478,059</u>	<u>\$ 510,000</u>	<u>\$ 517,400</u>	<u>\$ (39,341)</u>
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Ambulance/Emergency Medical Services	\$ 580,773	\$ 1,002	\$ 581,775	\$ 673,700	\$ 681,100	\$ 99,325
Total Expenditures	<u>\$ 580,773</u>	<u>\$ 1,002</u>	<u>\$ 581,775</u>	<u>\$ 673,700</u>	<u>\$ 681,100</u>	<u>\$ 99,325</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (102,714)</u>	<u>\$ (1,002)</u>	<u>\$ (103,716)</u>	<u>\$ (163,700)</u>	<u>\$ (163,700)</u>	<u>\$ 59,984</u>
Net Change in Fund Balance	\$ (102,714)	\$ (1,002)	\$ (103,716)	\$ (163,700)	\$ (163,700)	\$ 59,984
Fund Balance, July 1, 2006	<u>339,185</u>	<u>0</u>	<u>339,185</u>	<u>250,000</u>	<u>250,000</u>	<u>89,185</u>
Fund Balance, June 30, 2007	<u>\$ 236,471</u>	<u>\$ (1,002)</u>	<u>\$ 235,469</u>	<u>\$ 86,300</u>	<u>\$ 86,300</u>	<u>\$ 149,169</u>

Exhibit D-3

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 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>							
Other Local Revenues	\$ 1,830	\$ 0	\$ 0	\$ 1,830	\$ 5,000	\$ 5,000	\$ (3,170)
State of Tennessee	1,631,838	0	0	1,631,838	1,659,954	2,134,954	(503,116)
Total Revenues	\$ 1,633,668	\$ 0	\$ 0	\$ 1,633,668	\$ 1,664,954	\$ 2,139,954	\$ (506,286)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 123,415	\$ 0	\$ 0	\$ 123,415	\$ 123,950	\$ 133,665	\$ 10,250
Highway and Bridge Maintenance	603,293	0	0	603,293	1,165,995	1,166,780	563,487
Operation and Maintenance of Equipment	161,416	0	0	161,416	241,500	242,100	80,684
Quarry Operations	2,247	0	0	2,247	2,500	2,500	253
Other Charges	75,464	0	0	75,464	74,450	82,250	6,786
Employee Benefits	202,750	0	0	202,750	263,000	263,000	60,250
Capital Outlay	210,004	(172,612)	463,490	500,882	215,000	697,340	196,458
Total Expenditures	\$ 1,378,589	\$ (172,612)	\$ 463,490	\$ 1,669,467	\$ 2,086,395	\$ 2,587,635	\$ 918,168
Excess (Deficiency) of Revenues Over Expenditures	\$ 255,079	\$ 172,612	\$ (463,490)	\$ (35,799)	\$ (421,441)	\$ (447,681)	\$ 411,882
Net Change in Fund Balance	\$ 255,079	\$ 172,612	\$ (463,490)	\$ (35,799)	\$ (421,441)	\$ (447,681)	\$ 411,882
Fund Balance, July 1, 2006	755,691	(172,612)	0	583,079	712,318	712,318	(129,239)
Fund Balance, June 30, 2007	\$ 1,010,770	\$ 0	\$ (463,490)	\$ 547,280	\$ 290,877	\$ 264,637	\$ 282,643

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

Required Supplementary Information
Schedule of Funding Progress for Bledsoe County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$ 7,273	\$ 7,656	\$ 383	94.99 %	\$ 3,483	11.00 %
6-30-03	6,429	6,830	401	94.13	2,973	13.49
6-30-01	5,738	6,189	451	92.71	2,852	15.81

BLEDSOE 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 County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

The county's budgetary basis of accounting is consistent with 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

General Fund expenditures and encumbrances exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control):

Major Category	Amount Overspent
Property Assessor's Office	\$ 2,393
County Coroner/Medical Examiner	4,894

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for the transactions relating to the disposal of solid waste.

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

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for transactions of the Bledsoe County Emergency Communications District.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for transactions of the fee and commission accounts of the trustee, clerks, register, and sheriff. Revenues from fees and commissions earned by these officials are remitted to the county's General Fund.

Debt Service Fund

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

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

Capital Projects Funds

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

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for community development projects.

HUD Grant Projects Fund – The HUD Grant Projects Fund is used to account for the HOME Investment Program.

Exhibit E-1

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

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	0
Equity in Pooled Cash and Investments	3,818	16,442	90,905	7,967	22,059
Accounts Receivable	0	167	240	0	2
Due from Other Governments	0	1,604	4,761	0	0
Property Taxes Receivable	0	0	88,881	0	0
Allowance for Uncollectible Property Taxes	0	0	(4,338)	0	0
Total Assets	<u>\$ 3,818</u>	<u>\$ 18,213</u>	<u>\$ 180,449</u>	<u>\$ 7,967</u>	<u>\$ 22,061</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 0	\$ 4,373	\$ 0	\$ 35
Due to Other Funds	0	0	0	0	0
Deferred Revenue - Current Property Taxes	0	0	79,228	0	0
Deferred Revenue - Delinquent Property Taxes	0	0	5,028	0	0
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 88,629</u>	<u>\$ 0</u>	<u>\$ 35</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 0	\$ 0	\$ 584	\$ 0	\$ 0
Reserved for Other General Purposes	0	1,604	0	0	0
Unreserved	3,818	16,609	91,236	7,967	22,026
Total Fund Balances	<u>\$ 3,818</u>	<u>\$ 18,213</u>	<u>\$ 91,820</u>	<u>\$ 7,967</u>	<u>\$ 22,026</u>
Total Liabilities and Fund Balances	<u>\$ 3,818</u>	<u>\$ 18,213</u>	<u>\$ 180,449</u>	<u>\$ 7,967</u>	<u>\$ 22,061</u>

(Continued)

Exhibit E-1

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

	Special Revenue Funds (Cont.)		Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Constitu- tional Officers - Fees	Total	General Debt Service	HUD Grant Projects	
<u>ASSETS</u>					
Cash	\$ 9,991	\$ 9,991	\$ 0	\$ 0	\$ 9,991
Equity in Pooled Cash and Investments	0	141,191	130,122	550	271,863
Accounts Receivable	341	750	0	0	750
Due from Other Governments	0	6,365	0	0	6,365
Property Taxes Receivable	0	88,881	142,187	0	231,068
Allowance for Uncollectible Property Taxes	0	(4,338)	(6,934)	0	(11,272)
Total Assets	\$ 10,332	\$ 242,840	\$ 265,375	\$ 550	\$ 508,765
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 4,408	\$ 0	\$ 0	\$ 4,408
Due to Other Funds	10,332	10,332	0	0	10,332
Deferred Revenue - Current Property Taxes	0	79,228	126,765	0	205,993
Deferred Revenue - Delinquent Property Taxes	0	5,028	8,029	0	13,057
Total Liabilities	\$ 10,332	\$ 98,996	\$ 134,794	\$ 0	\$ 233,790
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 0	\$ 584	\$ 0	\$ 0	\$ 584
Reserved for Other General Purposes	0	1,604	0	0	1,604
Unreserved	0	141,656	130,581	550	272,787
Total Fund Balances	\$ 0	\$ 143,844	\$ 130,581	\$ 550	\$ 274,975
Total Liabilities and Fund Balances	\$ 10,332	\$ 242,840	\$ 265,375	\$ 550	\$ 508,765

Exhibit E-2

Bledsoe 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
	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees	
<u>Revenues</u>							
Local Taxes	\$ 468	\$ 0	\$ 84,923	\$ 0	\$ 0	\$ 0	\$ 85,391
Licenses and Permits	1,045	0	286	0	0	0	1,331
Fines, Forfeitures, and Penalties	7,495	0	0	5,993	0	0	13,488
Charges for Current Services	0	1,937	0	0	43	4,334	6,314
Other Local Revenues	0	3,160	13,540	2,200	51	0	18,951
State of Tennessee	0	1,604	44,064	0	0	0	45,668
Federal Government	0	0	0	0	0	0	0
Other Governments and Citizens Groups	0	0	43,200	0	180,000	0	223,200
Total Revenues	\$ 9,008	\$ 6,701	\$ 186,013	\$ 8,193	\$ 180,094	\$ 4,334	\$ 394,343
<u>Expenditures</u>							
Current:							
General Government	\$ 11,235	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,235
Finance	0	0	0	0	0	2,342	2,342
Administration of Justice	0	0	0	0	0	1,992	1,992
Public Safety	0	0	0	8,302	177,342	0	185,644
Public Health and Welfare	0	0	158,792	0	0	0	158,792
Social, Cultural, and Recreational Services	0	49,536	0	0	0	0	49,536
Highways	0	0	32,972	0	0	0	32,972
Debt Service:							
Principal on Debt	0	0	38,383	0	0	0	38,383
Interest on Debt	0	0	4,817	0	0	0	4,817
Other Debt Service	0	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0	0
Total Expenditures	\$ 11,235	\$ 49,536	\$ 234,964	\$ 8,302	\$ 177,342	\$ 4,334	\$ 485,713
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,227)	\$ (42,835)	\$ (48,951)	\$ (109)	\$ 2,752	\$ 0	\$ (91,370)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 41,297	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,297
Total Other Financing Sources (Uses)	\$ 0	\$ 41,297	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,297
Net Change in Fund Balances	\$ (2,227)	\$ (1,538)	\$ (48,951)	\$ (109)	\$ 2,752	\$ 0	\$ (50,073)
Fund Balance, July 1, 2006	6,045	19,751	140,771	8,076	19,274	0	193,917
Fund Balance, June 30, 2007	\$ 3,818	\$ 18,213	\$ 91,820	\$ 7,967	\$ 22,026	\$ 0	\$ 143,844

(Continued)

Exhibit E-2

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

	Debt Service Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
		General Debt Service	Community Development/ Industrial Park	HUD Grant Projects	
<u>Revenues</u>					
Local Taxes	\$ 130,024	\$ 0	\$ 0	\$ 0	\$ 215,415
Licenses and Permits	350	0	0	0	1,681
Fines, Forfeitures, and Penalties	0	0	0	0	13,488
Charges for Current Services	0	0	0	0	6,314
Other Local Revenues	100,746	0	0	0	119,697
State of Tennessee	14,180	0	0	0	59,848
Federal Government	0	38,110	54,764	92,874	92,874
Other Governments and Citizens Groups	0	0	0	0	223,200
Total Revenues	<u>\$ 245,300</u>	<u>\$ 38,110</u>	<u>\$ 54,764</u>	<u>\$ 92,874</u>	<u>\$ 732,517</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,235
Finance	0	0	0	0	2,342
Administration of Justice	0	0	0	0	1,992
Public Safety	0	0	0	0	185,644
Public Health and Welfare	0	0	0	0	158,792
Social, Cultural, and Recreational Services	0	0	0	0	49,536
Highways	0	0	0	0	32,972
Debt Service:					
Principal on Debt	110,000	0	0	0	148,383
Interest on Debt	51,573	0	0	0	56,390
Other Debt Service	3,511	0	0	0	3,511
Capital Projects	0	38,110	54,764	92,874	92,874
Total Expenditures	<u>\$ 165,084</u>	<u>\$ 38,110</u>	<u>\$ 54,764</u>	<u>\$ 92,874</u>	<u>\$ 743,671</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 80,216</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(11,154)</u>
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,297
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 41,297</u>
Net Change in Fund Balances	\$ 80,216	\$ 0	\$ 0	\$ 0	\$ 30,143
Fund Balance, July 1, 2006	50,365	0	550	550	244,832
Fund Balance, June 30, 2007	<u>\$ 130,581</u>	<u>\$ 0</u>	<u>\$ 550</u>	<u>\$ 550</u>	<u>\$ 274,975</u>

Exhibit E-3

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse & Jail Maintenance Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 468	\$ 700	\$ 700	\$ (232)
Licenses and Permits	1,045	800	800	245
Fines, Forfeitures, and Penalties	7,495	7,393	7,393	102
Total Revenues	<u>\$ 9,008</u>	<u>\$ 8,893</u>	<u>\$ 8,893</u>	<u>\$ 115</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 11,146	\$ 12,000	\$ 12,000	\$ 854
Other General Administration	89	150	150	61
Total Expenditures	<u>\$ 11,235</u>	<u>\$ 12,150</u>	<u>\$ 12,150</u>	<u>\$ 915</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,227)</u>	<u>\$ (3,257)</u>	<u>\$ (3,257)</u>	<u>\$ 1,030</u>
Net Change in Fund Balance	\$ (2,227)	\$ (3,257)	\$ (3,257)	\$ 1,030
Fund Balance, July 1, 2006	<u>6,045</u>	<u>6,500</u>	<u>6,500</u>	<u>(455)</u>
Fund Balance, June 30, 2007	<u><u>\$ 3,818</u></u>	<u><u>\$ 3,243</u></u>	<u><u>\$ 3,243</u></u>	<u><u>\$ 575</u></u>

Exhibit E-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,937	\$ 1,500	\$ 1,500	\$ 437
Other Local Revenues	3,160	0	0	3,160
State of Tennessee	1,604	0	0	1,604
Total Revenues	<u>\$ 6,701</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 5,201</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 49,536	\$ 44,986	\$ 50,238	\$ 702
Total Expenditures	<u>\$ 49,536</u>	<u>\$ 44,986</u>	<u>\$ 50,238</u>	<u>\$ 702</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (42,835)</u>	<u>\$ (43,486)</u>	<u>\$ (48,738)</u>	<u>\$ 5,903</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 41,297	\$ 41,297	\$ 41,297	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 41,297</u>	<u>\$ 41,297</u>	<u>\$ 41,297</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (1,538)	\$ (2,189)	\$ (7,441)	\$ 5,903
Fund Balance, July 1, 2006	<u>19,751</u>	<u>18,000</u>	<u>18,000</u>	<u>1,751</u>
Fund Balance, June 30, 2007	<u><u>\$ 18,213</u></u>	<u><u>\$ 15,811</u></u>	<u><u>\$ 10,559</u></u>	<u><u>\$ 7,654</u></u>

Exhibit E-5

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 84,923	\$ 0	\$ 84,923	\$ 93,452	\$ 93,452	\$ (8,529)
Licenses and Permits	286	0	286	756	756	(470)
Other Local Revenues	13,540	0	13,540	5,500	5,500	8,040
State of Tennessee	44,064	0	44,064	54,500	54,500	(10,436)
Other Governments and Citizens Groups	43,200	0	43,200	0	43,200	0
Total Revenues	\$ 186,013	\$ 0	\$ 186,013	\$ 154,208	\$ 197,408	\$ (11,395)
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Convenience Centers	\$ 158,792	\$ 584	\$ 159,376	\$ 225,675	\$ 225,675	\$ 66,299
<u>Highways</u>						
Litter and Trash Collection	32,972	0	32,972	49,150	49,150	16,178
<u>Principal on Debt</u>						
General Government	38,383	0	38,383	0	38,383	0
<u>Interest on Debt</u>						
General Government	4,817	0	4,817	0	4,817	0
Total Expenditures	\$ 234,964	\$ 584	\$ 235,548	\$ 274,825	\$ 318,025	\$ 82,477
Excess (Deficiency) of Revenues Over Expenditures	\$ (48,951)	\$ (584)	\$ (49,535)	\$ (120,617)	\$ (120,617)	\$ 71,082
Net Change in Fund Balance	\$ (48,951)	\$ (584)	\$ (49,535)	\$ (120,617)	\$ (120,617)	\$ 71,082
Fund Balance, July 1, 2006	140,771	0	140,771	145,000	145,000	(4,229)
Fund Balance, June 30, 2007	\$ 91,820	\$ (584)	\$ 91,236	\$ 24,383	\$ 24,383	\$ 66,853

Exhibit E-6

Bledsoe 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	\$ 5,993	\$ 5,300	\$ 5,300	\$ 693
Other Local Revenues	2,200	0	0	2,200
Total Revenues	<u>\$ 8,193</u>	<u>\$ 5,300</u>	<u>\$ 5,300</u>	<u>\$ 2,893</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 7,759	\$ 11,000	\$ 11,000	\$ 3,241
Drug Enforcement	543	2,650	2,650	2,107
Total Expenditures	<u>\$ 8,302</u>	<u>\$ 13,650</u>	<u>\$ 13,650</u>	<u>\$ 5,348</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (109)</u>	<u>\$ (8,350)</u>	<u>\$ (8,350)</u>	<u>\$ 8,241</u>
Net Change in Fund Balance	\$ (109)	\$ (8,350)	\$ (8,350)	\$ 8,241
Fund Balance, July 1, 2006	8,076	9,100	9,100	(1,024)
Fund Balance, June 30, 2007	<u>\$ 7,967</u>	<u>\$ 750</u>	<u>\$ 750</u>	<u>\$ 7,217</u>

Exhibit E-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 43	\$ 0	\$ 43	\$ 0	\$ 0	43
Other Local Revenues	51	0	51	0	0	51
Other Governments and Citizens Groups	180,000	0	180,000	180,000	180,000	0
Total Revenues	\$ 180,094	\$ 0	\$ 180,094	\$ 180,000	\$ 180,000	\$ 94
<u>Expenditures</u>						
<u>Public Safety</u>						
Other Public Safety	\$ 177,342	\$ (500)	\$ 176,842	\$ 193,099	\$ 197,499	\$ 20,657
Total Expenditures	\$ 177,342	\$ (500)	\$ 176,842	\$ 193,099	\$ 197,499	\$ 20,657
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,752	\$ 500	\$ 3,252	\$ (13,099)	\$ (17,499)	\$ 20,751
Net Change in Fund Balance	\$ 2,752	\$ 500	\$ 3,252	\$ (13,099)	\$ (17,499)	\$ 20,751
Fund Balance, July 1, 2006	19,274	(500)	18,774	30,000	30,000	(11,226)
Fund Balance, June 30, 2007	\$ 22,026	\$ 0	\$ 22,026	\$ 16,901	\$ 12,501	\$ 9,525

Exhibit E-8

Bledsoe 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	\$ 130,024	\$ 119,268	\$ 119,268	\$ 10,756
Licenses and Permits	350	0	0	350
Other Local Revenues	100,746	56,200	56,200	44,546
State of Tennessee	14,180	0	0	14,180
Total Revenues	<u>\$ 245,300</u>	<u>\$ 175,468</u>	<u>\$ 175,468</u>	<u>\$ 69,832</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 110,000	\$ 70,000	\$ 110,000	\$ 0
<u>Interest on Debt</u>				
General Government	51,573	26,000	51,573	0
<u>Other Debt Service</u>				
General Government	3,511	4,500	4,500	989
Total Expenditures	<u>\$ 165,084</u>	<u>\$ 100,500</u>	<u>\$ 166,073</u>	<u>\$ 989</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 80,216</u>	<u>\$ 74,968</u>	<u>\$ 9,395</u>	<u>\$ 70,821</u>
Net Change in Fund Balance	\$ 80,216	\$ 74,968	\$ 9,395	\$ 70,821
Fund Balance, July 1, 2006	<u>50,365</u>	<u>25,000</u>	<u>25,000</u>	<u>25,365</u>
Fund Balance, June 30, 2007	<u>\$ 130,581</u>	<u>\$ 99,968</u>	<u>\$ 34,395</u>	<u>\$ 96,186</u>

Fiduciary Funds

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

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

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 F-1

Bledsoe 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	\$ 313,039	\$ 313,039
Due from Other Governments	31,075	0	31,075
Total Assets	<u>\$ 31,075</u>	<u>\$ 313,039</u>	<u>\$ 344,114</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 31,075	\$ 0	\$ 31,075
Due to Litigants, Heirs, and Others	0	313,039	313,039
Total Liabilities	<u>\$ 31,075</u>	<u>\$ 313,039</u>	<u>\$ 344,114</u>

Exhibit F-2

Bledsoe 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	\$ 187,290	\$ 187,290	\$ 0
Due from Other Governments	33,348	31,075	33,348	31,075
Total Assets	\$ 33,348	\$ 218,365	\$ 220,638	\$ 31,075
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 33,348	\$ 218,365	\$ 220,638	\$ 31,075
Total Liabilities	\$ 33,348	\$ 218,365	\$ 220,638	\$ 31,075
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 509,055	\$ 2,376,446	\$ 2,572,462	\$ 313,039
Total Assets	\$ 509,055	\$ 2,376,446	\$ 2,572,462	\$ 313,039
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 509,055	\$ 2,376,446	\$ 2,572,462	\$ 313,039
Total Liabilities	\$ 509,055	\$ 2,376,446	\$ 2,572,462	\$ 313,039
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 509,055	\$ 2,376,446	\$ 2,572,462	\$ 313,039
Equity in Pooled Cash and Investments	0	187,290	187,290	0
Due from Other Governments	33,348	31,075	33,348	31,075
Total Assets	\$ 542,403	\$ 2,594,811	\$ 2,793,100	\$ 344,114
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 33,348	\$ 218,365	\$ 220,638	\$ 31,075
Due to Litigants, Heirs, and Others	509,055	2,376,446	2,572,462	313,039
Total Liabilities	\$ 542,403	\$ 2,594,811	\$ 2,793,100	\$ 344,114

MISCELLANEOUS SCHEDULES

Exhibit G-1

Bledsoe County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
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	Paid and/or Matured During Period	Outstanding 6-30-07
<u>NOTES PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Jail Renovations and School Bus	\$ 460,000	4 to 5.8 %	8-1-1994	8-1-06	\$ 40,000	\$ 40,000	\$ 0
<u>Payable through Solid Waste Sanitation Fund</u>							
Bledsoe - Sequatchie Landfill Closure	234,000	3	8-29-03	8-29-09	\$ 160,574	\$ 38,383	\$ 122,191
Total Notes Payable					\$ 200,574	\$ 78,383	\$ 122,191
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Public Improvement Bond-Series 1998	1,600,000	3.6 to 4.5	9-1-1998	9-1-18	\$ 1,195,000	\$ 70,000	\$ 1,125,000

Exhibit G-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2008	\$ 70,000	\$ 47,595	\$ 117,595
2009	75,000	44,631	119,631
2010	80,000	41,404	121,404
2011	80,000	38,024	118,024
2012	85,000	34,496	119,496
2013	90,000	30,711	120,711
2014	95,000	26,676	121,676
2015	100,000	22,397	122,397
2016	105,000	17,861	122,861
2017	110,000	13,050	123,050
2018	115,000	7,987	122,987
2019	120,000	2,700	122,700
Total	<u>\$ 1,125,000</u>	<u>\$ 327,532</u>	<u>\$ 1,452,532</u>

Exhibit G-3

Bledsoe County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Public Library	Operations	<u>\$ 41,297</u>
Total Transfers			<u><u>\$ 41,297</u></u>

Exhibit G-4

Bledsoe County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
For the Year Ended June 30, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 60,139	\$ 25,000	NGM Insurance
Road Superintendent	Section 8-24-102, <u>TCA</u>	57,276	100,000	State Farm Fire and Casualty Company
Trustee	Section 8-24-102, <u>TCA</u>	52,069	476,000	NGM Insurance
Assessor of Property	Section 8-24-102, <u>TCA</u>	52,069	10,000	State Farm Fire and Casualty Company
County Clerk	Section 8-24-102, <u>TCA</u>	52,069	25,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	52,069	25,000	NGM Insurance
Clerk and Master	Section 8-24-102, <u>TCA</u>	52,069	45,000	State Farm Fire and Casualty Company
Register	Section 8-24-102, <u>TCA</u>	52,069	15,000	NGM Insurance
Sheriff:				
Bob Swafford (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	12,008	25,000	State Farm Fire and Casualty Company
James Morris (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	45,268	25,000	NGM Insurance
Employee Dishonesty Bond Coverage:				
General County			150,000	Local Government Property and Casualty Fund
Highway Department			150,000	"

Exhibit G-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Ambulance Service	Drug Control
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,325,198	\$ 0	\$ 0	\$ 73,626	\$ 0	0
Trustee's Collections - Prior Year	56,328	0	0	5,893	0	0
Circuit/Clerk & Master Collections - Prior Years	26,125	0	0	2,733	0	0
Interest and Penalty	11,192	0	0	1,060	0	0
Payments in-Lieu-of Taxes - T.V.A.	8,004	0	0	451	0	0
Payments in-Lieu-of Taxes - Local Utilities	1,167	0	0	68	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	64,688	0	0	0	0	0
Litigation Tax - General	20,262	468	0	0	0	0
Business Tax	26,218	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	19,650	0	0	1,092	0	0
Wholesale Beer Tax	105,443	0	0	0	0	0
Total Local Taxes	\$ 1,664,275	\$ 468	\$ 0	\$ 84,923	\$ 0	0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 3,634	\$ 0	\$ 0	\$ 286	\$ 0	0
<u>Permits</u>						
Beer Permits	570	1,045	0	0	0	0
Total Licenses and Permits	\$ 4,204	\$ 1,045	\$ 0	\$ 286	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 2,066	\$ 7,495	\$ 0	\$ 0	\$ 0	0
Officers Costs	1,310	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	1,465
Drug Court Fees	92	0	0	0	0	0
Jail Fees	124	0	0	0	0	0
DUI Treatment Fines	110	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	9,361	0	0	0	0	0

(Continued)

Exhibit G-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Ambulance Service	Drug Control
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Officers Costs	\$ 9,916	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	0	0	0	0	0	2,453
Drug Court Fees	28	0	0	0	0	0
Jail Fees	1,533	0	0	0	0	0
DUI Treatment Fines	2,904	0	0	0	0	0
Data Entry Fee - General Sessions Court	1,398	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	1,089	0	0	0	0	0
Courtroom Security Fee	8	0	0	0	0	0
<u>Chancery Court</u>						
Data Entry Fee - Chancery Court	122	0	0	0	0	0
Courtroom Security Fee	5,384	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	2,075
Total Fines, Forfeitures, and Penalties	\$ 35,445	\$ 7,495	\$ 0	\$ 0	\$ 0	\$ 5,993
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	470,102	\$ 0
<u>Fees</u>						
Copy Fees	0	0	1,051	0	0	0
Library Fees	0	0	886	0	0	0
Vending Machine Collections	213	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0
Data Processing Fee - Register	6,294	0	0	0	0	0
Data Processing Fee - Sheriff	44	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,000	0	0	0	0	0
Total Charges for Current Services	\$ 7,551	\$ 0	\$ 1,937	\$ 0	470,102	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit G-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Ambulance Service	Drug Control
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Lease/Rentals	\$ 127,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sale of Materials and Supplies	0	0	217	0	0	0
Sale of Recycled Materials	0	0	0	13,362	0	0
Miscellaneous Refunds	41,581	0	2,456	178	7,957	2,200
<u>Nonrecurring Items</u>						
Contributions & Gifts	0	0	487	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	206	0	0	0	0	0
Total Other Local Revenues	\$ 169,287	\$ 0	\$ 3,160	\$ 13,540	\$ 7,957	\$ 2,200
<u>Fees Received from County Officials</u>						
<u>Fees-In-Lieu of Salary</u>						
County Clerk	\$ 89,844	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	17,768	0	0	0	0	0
General Sessions Court Clerk	43,630	0	0	0	0	0
Clerk and Master	27,744	0	0	0	0	0
Juvenile Court Clerk	946	0	0	0	0	0
Register	63,732	0	0	0	0	0
Sheriff	13,630	0	0	0	0	0
Trustee	110,420	0	0	0	0	0
Total Fees Received from County Officials	\$ 367,714	\$ 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
State Reappraisal Grant	6,232	0	0	0	0	0
Solid Waste Grants	0	0	0	5,736	0	0
Other General Government Grants	2,500	0	0	0	0	0
<u>Public Safety Grants</u>						
Other Public Safety Grants	4,943	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	63,207	0	0	0	0	0

(Continued)

Exhibit G-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Ambulance Service	Drug Control
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants</u>						
Bridge Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Litter Program	0	0	0	29,465	0	0
<u>Other State Revenues</u>						
Income Tax	7,138	0	0	0	0	0
Beer Tax	8,765	0	0	0	0	0
Alcoholic Beverage Tax	27,429	0	0	0	0	0
State Revenue Sharing - T.V.A.	159,525	0	0	8,863	0	0
Contracted Prisoner Boarding	96,120	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0
Other State Grants	0	0	1,604	0	0	0
Other State Revenues	3,631	0	0	0	0	0
Total State of Tennessee	\$ 404,870	\$ 0	\$ 1,604	\$ 44,064	\$ 0	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Disaster Relief	4,403	0	0	0	0	0
Homeland Security Grants	175,491	0	0	0	0	0
Other Federal through State	1,300	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	1,425	0	0	0	0	0
Total Federal Government	\$ 182,619	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 43,200	\$ 0	0
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 43,200	\$ 0	0
Total	\$ 2,835,965	\$ 9,008	\$ 6,701	\$ 186,013	\$ 478,059	\$ 8,193

(Continued)

Exhibit G-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		Total
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	HUD Grant Projects	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 0	\$ 0	\$ 0	\$ 117,792	\$ 0	\$ 0	\$ 1,516,616
Trustee's Collections - Prior Year	0	0	0	5,893	0	0	68,114
Circuit/Clerk & Master Collections - Prior Years	0	0	0	2,733	0	0	31,591
Interest and Penalty	0	0	0	1,135	0	0	13,387
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	619	0	0	9,074
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	105	0	0	1,340
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	0	64,688
Litigation Tax - General	0	0	0	0	0	0	20,730
Business Tax	0	0	0	0	0	0	26,218
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	0	1,747	0	0	22,489
Wholesale Beer Tax	0	0	0	0	0	0	105,443
Total Local Taxes	\$ 0	\$ 0	\$ 0	\$ 130,024	\$ 0	\$ 0	\$ 1,879,690
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 350	\$ 0	\$ 0	\$ 4,270
<u>Permits</u>							
Beer Permits	0	0	0	0	0	0	1,615
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 350	\$ 0	\$ 0	\$ 5,885
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,561
Officers Costs	0	0	0	0	0	0	1,310
Drug Control Fines	0	0	0	0	0	0	1,465
Drug Court Fees	0	0	0	0	0	0	92
Jail Fees	0	0	0	0	0	0	124
DUI Treatment Fines	0	0	0	0	0	0	110
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	9,361

(Continued)

Exhibit G-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		Total
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	HUD Grant Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>General Sessions Court (Cont.)</u>							
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,916
Drug Control Fines	0	0	0	0	0	0	2,453
Drug Court Fees	0	0	0	0	0	0	28
Jail Fees	0	0	0	0	0	0	1,533
DUI Treatment Fines	0	0	0	0	0	0	2,904
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	1,398
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	1,089
Courtroom Security Fee	0	0	0	0	0	0	8
<u>Chancery Court</u>							
Data Entry Fee - Chancery Court	0	0	0	0	0	0	122
Courtroom Security Fee	0	0	0	0	0	0	5,384
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	2,075
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	48,933
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	470,102
<u>Fees</u>							
Copy Fees	0	0	0	0	0	0	1,051
Library Fees	0	0	0	0	0	0	886
Vending Machine Collections	43	0	0	0	0	0	256
Constitutional Officers' Fees and Commissions	0	4,334	0	0	0	0	4,334
Data Processing Fee - Register	0	0	0	0	0	0	6,294
Data Processing Fee - Sheriff	0	0	0	0	0	0	44
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	1,000
Total Charges for Current Services	\$ 43	\$ 4,334	\$ 0	\$ 0	\$ 0	\$ 0	483,967
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 0	100,746	\$ 0	\$ 0	100,746

(Continued)

Exhibit G-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		Total
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	HUD Grant Projects	
<u>Other Local Revenues (Cont.)</u>							
<u>Recurring Items (Cont.)</u>							
Lease/Rentals	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	127,500
Sale of Materials and Supplies	0	0	0	0	0	0	217
Sale of Recycled Materials	0	0	0	0	0	0	13,362
Miscellaneous Refunds	51	0	1,830	0	0	0	56,253
<u>Nonrecurring Items</u>							
Contributions & Gifts	0	0	0	0	0	0	487
<u>Other Local Revenues</u>							
Other Local Revenues	0	0	0	0	0	0	206
Total Other Local Revenues	\$ 51	\$ 0	\$ 1,830	\$ 100,746	\$ 0	\$ 0	298,771
<u>Fees Received from County Officials</u>							
<u>Fees-In-Lieu of Salary</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	89,844
Circuit Court Clerk	0	0	0	0	0	0	17,768
General Sessions Court Clerk	0	0	0	0	0	0	43,630
Clerk and Master	0	0	0	0	0	0	27,744
Juvenile Court Clerk	0	0	0	0	0	0	946
Register	0	0	0	0	0	0	63,732
Sheriff	0	0	0	0	0	0	13,630
Trustee	0	0	0	0	0	0	110,420
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	367,714
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000
State Reappraisal Grant	0	0	0	0	0	0	6,232
Solid Waste Grants	0	0	0	0	0	0	5,736
Other General Government Grants	0	0	0	0	0	0	2,500
<u>Public Safety Grants</u>							
Other Public Safety Grants	0	0	0	0	0	0	4,943
<u>Health and Welfare Grants</u>							
Other Health and Welfare Grants	0	0	0	0	0	0	63,207

(Continued)

Exhibit G-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds			Total
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	HUD Grant Projects		
<u>State of Tennessee (Cont.)</u>								
<u>Public Works Grants</u>								
Bridge Program	\$ 0	\$ 0	\$ 84,489	\$ 0	\$ 0	\$ 0	\$ 84,489	
Litter Program	0	0	0	0	0	0	29,465	
<u>Other State Revenues</u>								
Income Tax	0	0	0	0	0	0	7,138	
Beer Tax	0	0	0	0	0	0	8,765	
Alcoholic Beverage Tax	0	0	0	0	0	0	27,429	
State Revenue Sharing - T.V.A.	0	0	0	14,180	0	0	182,568	
Contracted Prisoner Boarding	0	0	0	0	0	0	96,120	
Gasoline and Motor Fuel Tax	0	0	1,537,401	0	0	0	1,537,401	
Petroleum Special Tax	0	0	9,948	0	0	0	9,948	
Registrar's Salary Supplement	0	0	0	0	0	0	16,380	
Other State Grants	0	0	0	0	0	0	1,604	
Other State Revenues	0	0	0	0	0	0	3,631	
Total State of Tennessee	\$ 0	\$ 0	\$ 1,631,838	\$ 14,180	\$ 0	\$ 0	\$ 2,096,556	
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,110	\$ 0	\$ 38,110	
Disaster Relief	0	0	0	0	0	0	4,403	
Homeland Security Grants	0	0	0	0	0	0	175,491	
Other Federal through State	0	0	0	0	0	54,764	56,064	
<u>Direct Federal Revenue</u>								
Other Direct Federal Revenue	0	0	0	0	0	0	1,425	
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,110	\$ 54,764	\$ 275,493	
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contributions	\$ 180,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 223,200	
Total Other Governments and Citizens Groups	\$ 180,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 223,200	
Total	\$ 180,094	\$ 4,334	\$ 1,633,668	\$ 245,300	\$ 38,110	\$ 54,764	\$ 5,680,209	

Exhibit G-6

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	33,148	
Audit Services		2,943	
Dues and Memberships		1,071	
Legal Notices, Recording, and Court Costs		942	
Total County Commission			\$ 38,104

Board of Equalization

Board and Committee Members Fees	\$	100	
Total Board of Equalization			100

County Mayor/Executive

County Official/Administrative Officer	\$	60,139	
Assistant(s)		21,519	
Secretary(ies)		15,041	
Communication		4,828	
Dues and Memberships		1,200	
Travel		3,579	
Office Supplies		3,095	
Premiums on Corporate Surety Bonds		510	
Other Charges		150	
Total County Mayor/Executive			110,061

County Attorney

Legal Services	\$	4,200	
Legal Notices, Recording, and Court Costs		4,144	
Total County Attorney			8,344

Election Commission

County Official/Administrative Officer	\$	41,666	
Election Commission		3,955	
Election Workers		18,710	
Communication		665	
Legal Notices, Recording, and Court Costs		1,204	
Travel		441	
Data Processing Supplies		10,836	
Office Supplies		1,427	
Total Election Commission			78,904

Register of Deeds

County Official/Administrative Officer	\$	52,069	
--	----	--------	--

(Continued)

Exhibit G-6

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Clerical Personnel	\$	18,728	
Communication		1,073	
Data Processing Services		6,429	
Dues and Memberships		424	
Travel		105	
Office Supplies		3,402	
Premiums on Corporate Surety Bonds		180	
Total Register of Deeds			\$ 82,410

Planning

Board and Committee Members Fees	\$	4,200	
Contracts with Government Agencies		8,500	
Other Contracted Services		449	
Total Planning			13,149

County Buildings

Custodial Personnel	\$	15,600	
Communication		34	
Maintenance & Repair Services - Buildings		120,258	
Custodial Supplies		1,997	
Electricity		28,171	
Water and Sewer		6,147	
Other Supplies and Materials		456	
Total County Buildings			172,663

Other General Administration

Guards	\$	4,355	
Other Salaries & Wages		1,893	
Social Security		91,982	
State Retirement		90,648	
Medical Insurance		12,732	
Unemployment Compensation		12,836	
Maintenance & Repair Services - Office Equipment		8,490	
Postal Charges		11,262	
Penalties		1,243	
Other Contracted Services		2,709	
Office Supplies		860	
Other Supplies and Materials		5,038	
Building and Contents Insurance		26,952	
Refunds		912	

(Continued)

Exhibit G-6

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Trustee's Commission	\$	33,326	
Workers' Compensation Insurance		20,901	
Other Charges		3,359	
Total Other General Administration			\$ 329,498

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		24,574	
Clerical Personnel		7,632	
Communication		1,277	
Contracts with Government Agencies		2,400	
Dues and Memberships		853	
Other Contracted Services		4,014	
Office Supplies		30	
Total Property Assessor's Office			92,849

Reappraisal Program

Data Processing Services	\$	1,805	
Travel		1,189	
Other Contracted Services		20,869	
Other Supplies and Materials		1,351	
Total Reappraisal Program			25,214

County Trustee's Office

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		15,600	
Communication		1,277	
Data Processing Services		10,500	
Dues and Memberships		708	
Legal Notices, Recording, and Court Costs		72	
Printing, Stationery, and Forms		756	
Travel		203	
Data Processing Supplies		2,379	
Office Supplies		1,110	
Premiums on Corporate Surety Bonds		3,416	
Total County Trustee's Office			88,090

County Clerk's Office

County Official/Administrative Officer	\$	52,069	
--	----	--------	--

(Continued)

Exhibit G-6

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Deputy(ies)	\$	25,495	
Communication		1,451	
Dues and Memberships		100	
Office Supplies		1,488	
Total County Clerk's Office			\$ 80,603

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	52,069	
Accountants/Bookkeepers		16,800	
Secretary(ies)		10,829	
Clerical Personnel		15,600	
Jury and Witness Fees		8,596	
Communication		3,108	
Travel		20	
Office Supplies		4,777	
Premiums on Corporate Surety Bonds		300	
Total Circuit Court			112,099

General Sessions Court

Judge(s)	\$	74,758	
Total General Sessions Court			74,758

Chancery Court

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		25,495	
Secretary(ies)		10,246	
Communication		1,243	
Dues and Memberships		359	
Office Supplies		1,891	
Data Processing Equipment		718	
Total Chancery Court			92,021

Juvenile Court

Social Workers	\$	22,252	
In-Service Training		1,153	
Communication		566	
Travel		318	
Office Supplies		1,456	
Total Juvenile Court			25,745

(Continued)

Exhibit G-6

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	57,276	
Deputy(ies)		235,577	
Youth Service Officer(s)		64,979	
Overtime Pay		15,297	
In-Service Training		8,757	
Communication		9,061	
Data Processing Services		2,500	
Dues and Memberships		1,200	
Maintenance & Repair Services - Equipment		3,733	
Maintenance & Repair Services - Vehicles		22,106	
Transportation - Other than Students		1,082	
Gasoline		42,310	
Office Supplies		3,420	
Uniforms		3,925	
Premiums on Corporate Surety Bonds		600	
Law Enforcement Equipment		5,000	
Motor Vehicles		16,900	
Total Sheriff's Department			\$ 493,723

Jail

Supervisor/Director	\$	23,306	
Guards		82,079	
Medical and Dental Services		54,164	
Other Contracted Services		50,828	
Custodial Supplies		2,609	
Electricity		6,333	
Food Supplies		33,312	
Office Supplies		3,411	
Water and Sewer		9,889	
Other Supplies and Materials		3,111	
Total Jail			269,042

Fire Prevention and Control

Contributions	\$	18,000	
Other Charges		500	
Total Fire Prevention and Control			18,500

Civil Defense

Communication	\$	362	
Dues and Memberships		35	

(Continued)

Exhibit G-6

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Travel	\$	462	
Office Supplies		1,729	
Other Supplies and Materials		73,571	
Other Charges		77,575	
Total Civil Defense			\$ 153,734

Rescue Squad

Contributions	\$	6,000	
Total Rescue Squad			6,000

Other Emergency Management

Other Supplies and Materials	\$	18,965	
Other Charges		2,604	
Total Other Emergency Management			21,569

County Coroner/Medical Examiner

Medical and Dental Services	\$	14,669	
Travel		400	
Total County Coroner/Medical Examiner			15,069

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	4,867	
Other Salaries & Wages		1,036	
Social Security		79	
Communication		3,166	
Contracts with Government Agencies		5,723	
Dues and Memberships		100	
Maintenance & Repair Services - Buildings		766	
Travel		284	
Other Contracted Services		1,621	
Custodial Supplies		630	
Electricity		8,653	
Office Supplies		820	
Utilities		2,566	
Total Local Health Center			30,311

Dental Health Program

Secretary(ies)	\$	5,642	
Other Salaries & Wages		53,540	

(Continued)

Exhibit G-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program (Cont.)

Social Security	\$ 4,484	
Total Dental Health Program		\$ 63,666

Alcohol and Drug Programs

Other Supplies and Materials	\$ 3,752	
Total Alcohol and Drug Programs		3,752

Crippled Children Services

Contracts with Government Agencies	\$ 971	
Total Crippled Children Services		971

General Welfare Assistance

Contributions	\$ 2,473	
Total General Welfare Assistance		2,473

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 1,000	
Total Senior Citizens Assistance		1,000

Parks and Fair Boards

Contributions	\$ 3,500	
Electricity	2,708	
Total Parks and Fair Boards		6,208

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 37,179	
Communication	3,184	
Transportation - Other than Students	2,000	
Other Supplies and Materials	3,195	
Total Agriculture Extension Service		45,558

Soil Conservation

Contributions	\$ 3,000	
Total Soil Conservation		3,000

Other Operations

Other Economic and Community Development

Contracts with Other Public Agencies	\$ 1,484	
Total Other Economic and Community Development		1,484

(Continued)

Exhibit G-6

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

Contributions	\$ 500	
Total Contributions to Other Agencies		\$ 500

Total General Fund \$ 2,561,172

Courthouse & Jail Maintenance Fund

General Government

County Buildings

Maintenance & Repair Services - Buildings	\$ 7,816	
Other Supplies and Materials	3,330	
Total County Buildings		\$ 11,146

Other General Administration

Trustee's Commission	\$ 89	
Total Other General Administration		89

Total Courthouse & Jail Maintenance Fund 11,235

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Assistant(s)	\$ 9,733	
Librarians	25,496	
Social Security	2,471	
Communication	2,016	
Dues and Memberships	10	
Maintenance & Repair Services - Buildings	180	
Postal Charges	1,200	
Travel	400	
Other Contracted Services	500	
Data Processing Supplies	700	
Library Books/Media	1,109	
Other Supplies and Materials	469	
Other Charges	5,252	
Total Libraries		\$ 49,536

Total Public Library Fund 49,536

(Continued)

Exhibit G-6

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Truck Drivers	\$	19,639	
Other Salaries & Wages		50,726	
Social Security		3,891	
State Retirement		1,904	
Communication		1,279	
Other Contracted Services		56,782	
Diesel Fuel		584	
Electricity		2,218	
Equipment and Machinery Parts		1,359	
Water and Sewer		238	
Other Supplies and Materials		8,482	
Building and Contents Insurance		5,000	
Trustee's Commission		1,765	
Vehicle and Equipment Insurance		2,000	
Other Construction		2,925	
Total Convenience Centers			\$ 158,792

Highways

Litter and Trash Collection

Education Media Personnel	\$	4,663	
Clerical Personnel		4,800	
Other Salaries & Wages		18,423	
Social Security		1,819	
State Retirement		505	
Other Supplies and Materials		2,762	
Total Litter and Trash Collection			32,972

Principal on Debt

General Government

Principal on Notes	\$	38,383	
Total General Government			38,383

Interest on Debt

General Government

Interest on Notes	\$	4,817	
Total General Government			4,817

Total Solid Waste/Sanitation Fund \$ 234,964

(Continued)

Exhibit G-6

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

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Medical Personnel	\$	274,526	
Part-time Personnel		13,069	
Overtime Pay		52,906	
In-Service Training		2,271	
Social Security		25,869	
State Retirement		9,438	
Medical Insurance		39,652	
Communication		2,721	
Consultants		3,000	
Dues and Memberships		130	
Licenses		550	
Maintenance & Repair Services - Buildings		2,922	
Maintenance & Repair Services - Equipment		2,727	
Maintenance & Repair Services - Vehicles		11,037	
Medical and Dental Services		32	
Postal Charges		421	
Travel		1,643	
Other Contracted Services		27,167	
Data Processing Supplies		934	
Drugs and Medical Supplies		17,858	
Electricity		4,259	
Gasoline		21,030	
Office Supplies		4,475	
Tires and Tubes		1,553	
Uniforms		6,447	
Other Supplies and Materials		711	
Liability Insurance		6,000	
Vehicle and Equipment Insurance		5,500	
Workers' Compensation Insurance		30,000	
Other Charges		9,564	
Communication Equipment		1,145	
Other Capital Outlay		1,216	
Total Ambulance/Emergency Medical Services			\$ 580,773

Total Ambulance Service Fund \$ 580,773

Drug Control Fund

Public Safety

Sheriff's Department

Travel	\$	935	
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(Continued)

Exhibit G-6

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Other Supplies and Materials	\$ 6,824	
Total Sheriff's Department		\$ 7,759

Drug Enforcement

Confidential Drug Enforcement Payments	\$ 500	
Trustee's Commission	43	
Total Drug Enforcement		543

Total Drug Control Fund		\$ 8,302
-------------------------	--	----------

Other Special Revenue Fund

Public Safety

Other Public Safety

Supervisor/Director	\$ 24,777	
Dispatchers/Radio Operators	72,626	
Overtime Pay	26,513	
In-Service Training	1,634	
Social Security	9,309	
State Retirement	8,007	
Communication	4,118	
Travel	3,295	
Other Contracted Services	9,434	
Electricity	3,134	
Office Supplies	1,061	
Uniforms	256	
Water and Sewer	653	
Building and Contents Insurance	3,500	
Workers' Compensation Insurance	6,000	
Other Charges	1,196	
Data Processing Equipment	1,829	
Total Other Public Safety		\$ 177,342

Total Other Special Revenue Fund		177,342
----------------------------------	--	---------

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 58	
Total County Trustee's Office		\$ 58

(Continued)

Exhibit G-6

Bledsoe 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	\$ 2,284	
Total County Clerk's Office		\$ 2,284

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$ 794	
Total Circuit Court		794

General Sessions Court

Constitutional Officers' Operating Expenses	\$ 1,198	
Total General Sessions Court		<u>1,198</u>

Total Constitutional Officers - Fees Fund		\$ 4,334
---	--	----------

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 57,276	
Data Processing Personnel	21,154	
Secretary(ies)	15,470	
Communication	4,552	
Data Processing Services	3,621	
Dues and Memberships	2,654	
Legal Notices, Recording, and Court Costs	330	
Postal Charges	268	
Travel	462	
Other Contracted Services	5,579	
Data Processing Supplies	230	
Electricity	4,655	
Office Supplies	395	
Propane Gas	2,565	
Water and Sewer	1,395	
Other Supplies and Materials	769	
Other Charges	<u>2,040</u>	
Total Administration		\$ 123,415

Highway and Bridge Maintenance

Foremen	\$ 51,915
Equipment Operators	73,771
Truck Drivers	62,849

(Continued)

Exhibit G-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Laborers	\$	48,961	
Overtime Pay		7,972	
Freight Expenses		62	
Other Contracted Services		17,784	
Asphalt		141,998	
Concrete		1,986	
Crushed Stone		171,439	
Ice		355	
Other Road Supplies		1,258	
Pipe - Metal		17,247	
Propane Gas		1,184	
Road Signs		990	
Wood Products		217	
Other Supplies and Materials		1,127	
Other Charges		2,178	
Total Highway and Bridge Maintenance			\$ 603,293

Operation and Maintenance of Equipment

Mechanic(s)	\$	23,699	
Nightwatchmen		32,700	
Freight Expenses		249	
Maintenance & Repair Services - Equipment		2,822	
Maintenance & Repair Services - Vehicles		1,337	
Other Contracted Services		179	
Diesel Fuel		48,558	
Equipment and Machinery Parts		19,298	
Garage Supplies		2,752	
Gasoline		14,911	
Lubricants		2,937	
Propane Gas		59	
Small Tools		461	
Tires and Tubes		10,258	
Other Supplies and Materials		862	
Other Charges		334	
Total Operation and Maintenance of Equipment			161,416

Quarry Operations

Other Charges	\$	2,247	
Total Quarry Operations			2,247

(Continued)

Exhibit G-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Licenses	\$	17	
Building and Contents Insurance		1,500	
Liability Insurance		9,800	
Trustee's Commission		15,526	
Vehicle and Equipment Insurance		9,074	
Workers' Compensation Insurance		39,547	
Total Other Charges			\$ 75,464

Employee Benefits

Social Security	\$	30,056	
State Retirement		31,965	
Employee and Dependent Insurance		137,790	
Unemployment Compensation		2,801	
Other Fringe Benefits		138	
Total Employee Benefits			202,750

Capital Outlay

Bridge Construction	\$	172,612	
Building Construction		6,340	
Building Improvements		1,680	
Highway Equipment		26,550	
Office Equipment		2,822	
Total Capital Outlay			210,004

Total Highway/Public Works Fund \$ 1,378,589

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	70,000	
Principal on Notes		40,000	
Total General Government			\$ 110,000

Interest on Debt

General Government

Interest on Bonds	\$	50,413	
Interest on Notes		1,160	
Total General Government			51,573

(Continued)

Exhibit G-6

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Other Debt Service</u>			
<u>General Government</u>			
Fiscal Agent Charges	\$	792	
Trustee's Commission		<u>2,719</u>	
Total General Government			<u>\$ 3,511</u>
Total General Debt Service Fund			\$ 165,084
 <u>Community Development/Industrial Park Fund</u>			
<u>Capital Projects</u>			
<u>Public Utility Projects</u>			
Engineering Services	\$	36,610	
Other Contracted Services		<u>1,500</u>	
Total Public Utility Projects			<u>\$ 38,110</u>
Total Community Development/Industrial Park Fund			38,110
 <u>HUD Grant Projects Fund</u>			
<u>Capital Projects</u>			
<u>General Administration Projects</u>			
Building Improvements	\$	<u>54,764</u>	
Total General Administration Projects			<u>\$ 54,764</u>
Total HUD Grant Projects Fund			<u>54,764</u>
Total Governmental Funds - Primary Government			<u><u>\$ 5,264,205</u></u>

Exhibit G-7

Bledsoe 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	\$ 187,290
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 185,417
Trustee's Commission	1,873
Total Cash Disbursements	<u>\$ 187,290</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2006	<u>0</u>
Cash Balance, June 30, 2007	<u><u>\$ 0</u></u>

ANNUAL FINANCIAL REPORT
BLEDSON COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF BLEDSON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2007

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

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

JAMES R. ARNETTE
Director

CARL LOWE, CGFM
Audit Manager

MICHAEL FORD, CPA, CGFM
Auditor 4

JIMMY HODGES, CFE
JENI PALADENI
State Auditors

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

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

Annual Financial Report
Bledsoe County School Department
For the Year Ended June 30, 2007

Scope

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

Results

Our report on the Bledsoe County School Department's financial statements is unqualified.

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

Findings

The following are summaries of the audit findings:

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Education Debt Service Fund expenditures exceeded total appropriations approved by the County Commission by \$7,873. Also, General Purpose School Fund expenditures and other uses exceeded appropriations approved by the County Commission in six major appropriation categories (the legal level of control).
- ◆ The School Federal Projects Fund had a cash overdraft of \$28,328 at June 30, 2007.

OTHER FINDINGS

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately among the official and employees at the School Department.
- ◆ The general sessions judge also served as the attorney for the Board of Education which does not comply with opinions issued by the state Attorney General's Office.

INTRODUCTORY SECTION

Bledsoe County School Officials
June 30, 2007

Official

Clettis McDaniel, Director of Schools

Board of Education

Stephen Smith, Chairman

Michelle Collier

Michael Deakins

Sue Everett

Will Frady

Jeff Smith

Barbara Swafford

+

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

September 13, 2007

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

To the Director of Schools and Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bledsoe County School Department, a component unit of Bledsoe County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise the Bledsoe County School Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Bledsoe County School Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bledsoe County School Department as of June 30, 2007, and the respective changes in financial position 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 September 13, 2007, on our consideration of the Bledsoe County School Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

The management of the Bledsoe County School Department did not prepare the management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison information on pages 41 through 43 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bledsoe County School Department's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, and the miscellaneous schedules have been subjected to the auditing procedures applied in the

audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Bledsoe County, Tennessee
Statement of Net Assets
Bledsoe County School Department
June 30, 2007

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 1,212,625
Cash	687
Due from Other Governments	232,121
Property Taxes Receivable	1,554,640
Allowance for Uncollectible Property Taxes	(75821)
Assets Not Depreciated:	
Land	380,846
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	10,745,908
Infrastructure	102,726
Other Capital Assets	1,382,428
Total Assets	<u>\$ 15,536,160</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 378
Payroll Deductions Payable	1,160
Cash Overdraft	28,328
Accrued Interest Payable	32,500
Deferred Revenue - Current Property Taxes	1,386,016
Noncurrent Liabilities:	
Due Within One Year	440,000
Due in More Than One Year	11,129,316
Total Liabilities	<u>\$ 13,017,698</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 1,264,908
Restricted for:	
Debt Service	326,994
Other Purposes:	
Cafeteria	209,077
Career Ladder Programs	12,128
Special Education	9,012
Other	3,915
Unrestricted	<u>692,428</u>
Total Net Assets	<u>\$ 2,518,462</u>

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

Exhibit B

Bledsoe County, Tennessee
Statement of Activities
Bledsoe County School Department
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets Total Governmental Activities
Governmental Activities:				
Instruction	\$ 7,692,291	\$ 0	\$ 938,305	\$ (6,753,986)
Support Services	5,016,991	495	0	(5,016,496)
Operation of Non-Instructional Services	1,655,964	318,588	946,803	(390,573)
Interest on Long-term Debt	480,278	0	0	(480,278)
Other Debt Service	7,873	0	0	(7,873)
Total Governmental Activities	\$ 14,853,397	\$ 319,083	\$ 1,885,108	\$ (12,649,206)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,317,771
Property Taxes Levied for Debt Service				81,709
Local Option Sales Tax				592,368
Other Local Taxes				3,866
Grants and Contributions Not Restricted to Specific Programs				10,430,441
Unrestricted Investment Income				2,341
Miscellaneous				4,245
Total General Revenues				\$ 12,432,741
Change in Net Assets				\$ (216,465)
Net Assets, July 1, 2006				2,734,927
Net Assets, June 30, 2007				\$ 2,518,462

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

Exhibit C-1

Bledsoe County, Tennessee
Balance Sheet - Governmental Funds
Bledsoe County School Department
June 30, 2007

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Education Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 687	\$ 687
Equity in Pooled Cash and Investments	731,971	301,416	179,238	1,212,625
Due from Other Governments	111,182	50,287	70,652	232,121
Due from Other Funds	245	0	0	245
Property Taxes Receivable	1,464,533	90,107	0	1,554,640
Allowance for Uncollectible Property Taxes	(71,427)	(4,394)	0	(75,821)
Total Assets	\$ 2,236,504	\$ 437,416	\$ 250,577	\$ 2,924,497
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 378	\$ 0	\$ 0	\$ 378
Payroll Deductions Payable	1,160	0	0	1,160
Cash Overdraft	0	0	28,328	28,328
Due to Other Funds	0	0	245	245
Deferred Revenue - Current Property Taxes	1,305,679	80,337	0	1,386,016
Deferred Revenue - Delinquent Property Taxes	82,695	5,085	0	87,780
Other Deferred Revenues	12,000	25,000	0	37,000
Total Liabilities	\$ 1,401,912	\$ 110,422	\$ 28,573	\$ 1,540,907
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 27,818	\$ 0	\$ 0	\$ 27,818
Reserved for Career Ladder - Extended Contract	2,224	0	0	2,224
Reserved for Career Ladder Program	9,904	0	0	9,904
Reserved for Special Education - Grants to States	0	0	9,012	9,012
Other Federal Reserves	0	0	3,915	3,915
Unreserved, Reported In:				
General Fund	794,646	0	0	794,646
Special Revenue Funds	0	0	209,077	209,077
Debt Service Funds	0	326,994	0	326,994
Total Fund Balances	\$ 834,592	\$ 326,994	\$ 222,004	\$ 1,383,590
Total Liabilities and Fund Balances	\$ 2,236,504	\$ 437,416	\$ 250,577	\$ 2,924,497

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

Exhibit C-2

Bledsoe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
Bledsoe 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 C-1)		\$ 1,383,590
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 380,846	
Add: buildings and improvements net of accumulated depreciation	10,745,908	
Add: infrastructure net of accumulated depreciation	102,726	
Add: other capital assets net of accumulated depreciation	<u>1,382,428</u>	12,611,908
(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	\$ (11,320,000)	
Less: notes payable	(27,000)	
Less: other long-term liabilities payable	(222,316)	
Less: accrued interest on bonds	<u>(32,500)</u>	(11,601,816)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>124,780</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 2,518,462</u></u>

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

Exhibit C-3

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

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Education Debt Service	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 1,538,073	\$ 499,091	\$ 0	\$ 2,037,164
Licenses and Permits	2,762	108	0	2,870
Charges for Current Services	3,223	0	315,560	318,783
Other Local Revenues	31,615	0	2,366	33,981
State of Tennessee	10,092,146	8,987	12,916	10,114,049
Federal Government	275,939	0	1,820,394	2,096,333
Total Revenues	<u>\$ 11,943,758</u>	<u>\$ 508,186</u>	<u>\$ 2,151,236</u>	<u>\$ 14,603,180</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 6,793,329	\$ 0	\$ 856,743	\$ 7,650,072
Support Services	4,373,821	0	357,435	4,731,256
Operation of Non-Instructional Services	524,627	0	1,063,373	1,588,000
Capital Outlay	170,518	0	0	170,518
Debt Service:				
Principal on Debt	9,000	405,000	0	414,000
Interest on Debt	0	479,445	0	479,445
Other Debt Service	0	13,873	0	13,873
Total Expenditures	<u>\$ 11,871,295</u>	<u>\$ 898,318</u>	<u>\$ 2,277,551</u>	<u>\$ 15,047,164</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 72,463</u>	<u>\$ (390,132)</u>	<u>\$ (126,315)</u>	<u>\$ (443,984)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 747	\$ 330,000	\$ 2,051	\$ 332,798
Transfers Out	(332,051)	0	(747)	(332,798)
Total Other Financing Sources (Uses)	<u>\$ (331,304)</u>	<u>\$ 330,000</u>	<u>\$ 1,304</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (258,841)	\$ (60,132)	\$ (125,011)	\$ (443,984)
Fund Balance, July 1, 2006	<u>1,093,433</u>	<u>387,126</u>	<u>347,015</u>	<u>1,827,574</u>
Fund Balance, June 30, 2007	<u>\$ 834,592</u>	<u>\$ 326,994</u>	<u>\$ 222,004</u>	<u>\$ 1,383,590</u>

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

Exhibit C-4

Bledsoe County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Bledsoe 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 C-3)		\$ (443,984)
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 288,137	
Less: current year depreciation expense	<u>(465,494)</u>	(177,357)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$ 124,780	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(139,071)</u>	(14,291)
<p>(3) The issuance of long-term debt (e.g., 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 net effect of these differences in the treatment of long-term debt and related items:</p>		
Add: principal payments on bonds	\$ 405,000	
Add: principal payments on notes	9,000	
Add: payments on other long-term liabilities	<u>6,000</u>	420,000
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Change in accrued interest payable		<u>(833)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (216,465)</u>

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

**BLEDSON COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF BLEDSON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2007**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bledson County School Department'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 the School Department:

A. Reporting Entity

The Bledson County School Department operates the public school system in the county, and the voters of Bledson County elect its board. The School Department is a component unit of Bledson County, the primary government. 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 Bledson 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.

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 School Department. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the School Department has no business-type activities to report.

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.

Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements.

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

for reporting purposes. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the School Department receives cash.

The School Department reports the following major governmental funds:

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

Education Debt Service Fund – This fund accounts for the accumulation of resources for, and the payment of, education related long-term debt principal, interest, and related costs.

Additionally, the School Department reports the following fund type:

Special Revenue Funds – These 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.

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds of Bledsoe County and the Bledsoe 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 primary government's General Debt Service Fund. Bledsoe County and the Bledsoe 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.

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.67 percent of total taxes levied

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

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

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

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

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than five 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 School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25-40
Other Capital Assets	5-30
Infrastructure	40-50

4. **Compensated Absences**

The general policy of the School Department does not allow for the accumulation of vacation days beyond year-end for professional personnel. All professional personnel (teachers) of the School Department are allowed to accumulate unlimited sick leave days. The granting of sick leave has no guaranteed payment attached, and therefore, is not required to be accrued or recorded.

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 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.

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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.

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**

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.

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. All annual appropriations lapse at fiscal year end.

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

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

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

B. Cash Overdraft

The School Federal Projects Fund had a cash overdraft of \$28,328 at June 30, 2007. This cash overdraft resulted from issuing warrants that exceeded cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2007.

C. Expenditures Exceeded Appropriations

Education Debt Service Fund expenditures exceeded total appropriations approved by the County Commission by \$7,873.

General Purpose School Fund expenditures and other uses exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control):

Major Category	Amount Overspent
Special Education Program	\$ 203
Other Student Support	3,297
Adult Programs	4,560
Community Services	40,552
Regular Capital Outlay	2,153
Transfers Out	332,051

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance in the Education Debt Service Fund and by excess appropriations in the General Purpose School Fund.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Bledsoe County and the Bledsoe 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 in the fund financial statements represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local

Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase. The county had no pooled or nonpooled investments at June 30, 2007.

B. Capital Assets

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

Governmental Activities:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 380,846	\$ 0	\$ 0	\$ 380,846
Total Capital Assets Not Depreciated	<u>\$ 380,846</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 380,846</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,511,167	\$ 0	\$ 0	\$ 14,511,167
Infrastructure	117,374	0	0	117,374
Other Capital Assets	1,802,934	289,137	(1,000)	2,091,071
Total Capital Assets Depreciated	<u>\$ 16,431,475</u>	<u>\$ 289,137</u>	<u>\$ (1,000)</u>	<u>\$ 16,719,612</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 3,430,535	\$ 334,724	\$ 0	\$ 3,765,259
Infrastructure	9,570	5,078	0	14,648
Other Capital Assets	582,951	125,692	0	708,643
Total Accumulated Depreciation	<u>\$ 4,023,056</u>	<u>\$ 465,494</u>	<u>\$ 0</u>	<u>\$ 4,488,550</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,408,419</u>	<u>\$ (176,357)</u>	<u>\$ (1,000)</u>	<u>\$ 12,231,062</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,789,265</u>	<u>\$ (176,357)</u>	<u>\$ (1,000)</u>	<u>\$ 12,611,908</u>

Depreciation expense was charged to functions of the School Department as follows:

Governmental Activities:

Instruction	\$ 3,218
Support Services	443,936
Operation of Non-Instructional Services	<u>18,340</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 465,494</u>

C. 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>
General Purpose School	Nonmajor governmental	\$ 245

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

Interfund Transfers:

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

<u>Transfers Out</u>	<u>Transfers In</u>		
	General Purpose School Fund	Education Debt Service Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 330,000	\$ 2,051
Nonmajor governmental funds	<u>747</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 747</u>	<u>\$ 330,000</u>	<u>\$ 2,051</u>

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

D. Commitment

The Tennessee Department of Environment and Conservation performed assessment and remediation activities on a leaking underground gas storage

tank at the Bledsoe County Bus Garage. The state department incurred total costs for cleaning up the site of \$308,316 as specified in an Amended Agreed Final Order between the county and the state department dated July 20, 2004. Bledsoe County agreed to pay back all costs of these activities to the state department at a rate of \$500 a month. During the year, the School Department made payments totaling \$6,000 to the state department from the Education Debt Service Fund. On June 30, 2007, the outstanding balance owed by the School Department was \$222,316, which has been included in the School Department's schedule of long-term debt in this report.

E. Long-term Debt

General Obligation Bonds and Notes

The county issues general obligation bonds and contributes the funds to the School Department 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 issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 25 years for bonds and ten years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2007, will be retired from the Education Debt Service and General Purpose School Funds.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds	3 to 4.7 %	\$ 7,500,000	\$ 6,590,000
General Obligation Bonds - Refunding	2 to 4.25	5,510,000	4,730,000
Capital Outlay Note	0	90,000	27,000

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2007, including interest payments on bonds, are presented in the table on the next page:

Year Ending June 30	Bonds		Note
	Principal	Interest	Principal
2008	\$ 425,000	\$ 466,045	\$ 9,000
2009	440,000	450,970	9,000
2010	450,000	435,445	9,000
2011	470,000	418,795	0
2012	495,000	400,733	0
2013-2017	2,805,000	1,694,426	0
2018-2022	3,520,000	1,033,528	0
2023-2027	2,715,000	291,781	0
Total	\$ 11,320,000	\$ 5,191,723	\$ 27,000

There is \$326,994 available in the Education Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$915, based on the 2000 federal census. Debt per capita, including bonds and notes totaled \$918, 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	\$ 11,725,000	\$ 36,000
Deductions	(405,000)	(9,000)
Balance, June 30, 2007	<u>\$ 11,320,000</u>	<u>\$ 27,000</u>
Balance Due Within One Year	<u>\$ 425,000</u>	<u>\$ 9,000</u>
		Long-term Commitment
Balance, July 1, 2006		\$ 228,316
Deductions		(6,000)
Balance, June 30, 2007		<u>\$ 222,316</u>
Balance Due Within One Year		<u>\$ 6,000</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 11,569,316
Less: Balance Due Within One Year	<u>(440,000)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 11,129,316</u>

F. Short-term Debt

The county issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Purpose School Fund. These notes were necessary because funds were not available to meet debt service payments coming due 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	\$ 450,000	\$ (450,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

During the 2006-07 year, the School Department purchased commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property, casualty, and workers' compensation. Settled claims did not exceed this commercial coverage in this fiscal year.

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

B. Accounting Change

At the beginning of the year, the Bledsoe County School Department 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 the prior year, Bledsoe County School Department had only elected to implement the provisions of Statement 34 that related to the fund financial statements.

C. Contingent Liabilities

The School Department's attorney did not disclose any pending lawsuits in which the School Department is involved.

D. Change in Administration

On August 15, 2006, Thad Colvard left the Office of Director of Schools and was succeeded by Clettis McDaniel.

E. Retirement Commitments

Employees

Plan Description

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

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

School Teachers

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Bledsoe 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 Bledsoe 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 \$405,653, \$347,368, and \$335,805, respectively, equal to the required contributions for each year.

F. Other Post-employment Benefits

In addition to the retirement commitments described above, the Board of Education agreed by contract to pay the county's and the individual's portion of the medical and health insurance expenses for the previous director (Thad Colvard, who left employment August 15, 2006). These payments will be made through the group plan currently available or acquired for board employees in the future, beginning immediately upon the retirement or resignation of the director of schools, through and until such date that the director attains Medicare insurance coverage. During the year, expenditures totaling \$2,349 were recognized for post-employment health care.

G. Purchasing Law

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 (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit D

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,538,073	\$ 0	\$ 1,538,073	\$ 1,594,222	\$ 1,594,222	\$ (56,149)
Licenses and Permits	2,762	0	2,762	5,207	5,207	(2,445)
Charges for Current Services	3,223	0	3,223	0	3,013	210
Other Local Revenues	31,615	0	31,615	37,626	37,626	(6,011)
State of Tennessee	10,092,146	0	10,092,146	10,014,123	10,045,898	46,248
Federal Government	275,939	0	275,939	259,057	262,282	13,657
Total Revenues	\$ 11,943,758	\$ 0	\$ 11,943,758	\$ 11,910,235	\$ 11,948,248	\$ (4,490)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 5,147,181	\$ 162	\$ 5,147,343	\$ 5,132,948	\$ 5,189,304	\$ 41,961
Alternative Instruction Program	3,733	0	3,733	18,715	18,715	14,982
Special Education Program	1,247,857	0	1,247,857	1,243,641	1,247,654	(203)
Vocational Education Program	329,353	0	329,353	343,531	351,419	22,066
Adult Education Program	65,205	0	65,205	72,582	72,582	7,377
<u>Support Services</u>						
Attendance	44,112	0	44,112	43,894	46,841	2,729
Health Services	88,746	0	88,746	89,695	89,695	949
Other Student Support	316,502	7,752	324,254	320,604	320,957	(3,297)
Regular Instruction Program	484,293	5,125	489,418	476,861	496,130	6,712
Special Education Program	134,332	0	134,332	130,825	134,485	153
Vocational Education Program	40,677	0	40,677	41,332	41,332	655
Adult Programs	68,914	0	68,914	64,354	64,354	(4,560)
Board of Education	221,965	0	221,965	234,721	237,359	15,394
Director of Schools	130,026	0	130,026	130,157	130,157	131
Office of the Principal	515,880	0	515,880	529,927	534,006	18,126

(Continued)

Exhibit D

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

	Actual (GAAP Basis)	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>						
Fiscal Services	\$ 120,350	\$ 8,144	\$ 128,494	\$ 107,513	\$ 132,793	\$ 4,299
Operation of Plant	967,251	0	967,251	967,613	967,613	362
Maintenance of Plant	190,964	0	190,964	193,309	194,622	3,658
Transportation	1,049,809	0	1,049,809	886,507	1,056,507	6,698
<u>Operation of Non-Instructional Services</u>						
Food Service	18,264	0	18,264	27,657	27,657	9,393
Community Services	506,363	0	506,363	465,811	465,811	(40,552)
<u>Capital Outlay</u>						
Regular Capital Outlay	170,518	6,635	177,153	125,000	175,000	(2,153)
<u>Principal on Debt</u>						
Education	9,000	0	9,000	9,000	9,000	0
<u>Other Debt Service</u>						
Education	0	0	0	330,000	330,000	330,000
Total Expenditures	\$ 11,871,295	\$ 27,818	\$ 11,899,113	\$ 11,986,197	\$ 12,333,993	\$ 434,880
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 72,463	\$ (27,818)	\$ 44,645	\$ (75,962)	\$ (385,745)	\$ 430,390
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 747	\$ 0	\$ 747	\$ 6,480	\$ 6,480	\$ (5,733)
Transfers Out	(332,051)	0	(332,051)	0	0	(332,051)
Total Other Financing Sources (Uses)	\$ (331,304)	\$ 0	\$ (331,304)	\$ 6,480	\$ 6,480	\$ (337,784)
Net Change in Fund Balance	\$ (258,841)	\$ (27,818)	\$ (286,659)	\$ (69,482)	\$ (379,265)	\$ 92,606
Fund Balance, July 1, 2006	1,093,433	0	1,093,433	1,146,202	1,146,202	(52,769)
Fund Balance, June 30, 2007	\$ 834,592	\$ (27,818)	\$ 806,774	\$ 1,076,720	\$ 766,937	\$ 39,837

**BLEDSOE COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF BLEDSOE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2007**

A. BUDGETARY INFORMATION

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

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

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

General Purpose School Fund expenditures, encumbrances, and other uses exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control):

<u>Major Category</u>	<u>Amount Overspent</u>
Special Education Program	\$ 203
Other Student Support	3,297
Adult Programs	4,560
Community Services	40,552
Regular Capital Outlay	2,153
Transfers Out	332,051

Such overexpenditures are a violation of state statutes. These overexpenditures were funded from excess appropriations.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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.

Exhibit E-1

Bledsoe County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Bledsoe County School Department
June 30, 2007

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Cash	\$ 0	\$ 687	\$ 687
Equity in Pooled Cash and Investments	0	179,238	179,238
Due from Other Governments	41,500	29,152	70,652
Total Assets	\$ 41,500	\$ 209,077	\$ 250,577
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Cash Overdraft	\$ 28,328	\$ 0	\$ 28,328
Due to Other Funds	245	0	245
Total Liabilities	\$ 28,573	\$ 0	\$ 28,573
<u>Fund Balances</u>			
Reserved for Special Education - Grants to States	\$ 9,012	\$ 0	\$ 9,012
Other Federal Reserves	3,915	0	3,915
Unreserved	0	209,077	209,077
Total Fund Balances	\$ 12,927	\$ 209,077	\$ 222,004
Total Liabilities and Fund Balances	\$ 41,500	\$ 209,077	\$ 250,577

Exhibit E-2

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

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 315,560	\$ 315,560
Other Local Revenues	0	2,366	2,366
State of Tennessee	0	12,916	12,916
Federal Government	1,129,567	690,827	1,820,394
Total Revenues	<u>\$ 1,129,567</u>	<u>\$ 1,021,669</u>	<u>\$ 2,151,236</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 856,743	\$ 0	\$ 856,743
Support Services	357,435	0	357,435
Operation of Non-Instructional Services	0	1,063,373	1,063,373
Total Expenditures	<u>\$ 1,214,178</u>	<u>\$ 1,063,373</u>	<u>\$ 2,277,551</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (84,611)</u>	<u>\$ (41,704)</u>	<u>\$ (126,315)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 0	\$ 2,051	\$ 2,051
Transfers Out	(747)	0	(747)
Total Other Financing Sources (Uses)	<u>\$ (747)</u>	<u>\$ 2,051</u>	<u>\$ 1,304</u>
Net Change in Fund Balances	\$ (85,358)	\$ (39,653)	\$ (125,011)
Fund Balance, July 1, 2006	98,285	248,730	347,015
Fund Balance, June 30, 2007	<u>\$ 12,927</u>	<u>\$ 209,077</u>	<u>\$ 222,004</u>

Exhibit E-3

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Bledsoe County School Department
School Federal Projects Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,129,567	\$ 1,748,897	\$ 1,305,701	\$ (176,134)
Total Revenues	\$ 1,129,567	\$ 1,748,897	\$ 1,305,701	\$ (176,134)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 377,190	\$ 752,953	\$ 421,085	\$ 43,895
Special Education Program	451,453	514,206	508,486	57,033
Vocational Education Program	28,100	27,080	28,100	0
<u>Support Services</u>				
Other Student Support	17,288	18,925	17,370	82
Regular Instruction Program	273,446	425,686	319,676	46,230
Special Education Program	54,460	78,211	80,932	26,472
Transportation	12,241	12,588	15,588	3,347
Total Expenditures	\$ 1,214,178	\$ 1,829,649	\$ 1,391,237	\$ 177,059
Excess (Deficiency) of Revenues Over Expenditures	\$ (84,611)	\$ (80,752)	\$ (85,536)	\$ 925
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (747)	\$ (17,536)	\$ (12,752)	\$ 12,005
Total Other Financing Sources (Uses)	\$ (747)	\$ (17,536)	\$ (12,752)	\$ 12,005
Net Change in Fund Balance	\$ (85,358)	\$ (98,288)	\$ (98,288)	\$ 12,930
Fund Balance, July 1, 2006	98,285	98,288	98,288	(3)
Fund Balance, June 30, 2007	\$ 12,927	\$ 0	\$ 0	\$ 12,927

Exhibit E-4

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 315,560	\$ 0	\$ 315,560	\$ 346,700	\$ 346,700	\$ (31,140)
Other Local Revenues	2,366	0	2,366	2,000	2,000	366
State of Tennessee	12,916	0	12,916	71,500	71,500	(58,584)
Federal Government	690,827	0	690,827	652,000	652,000	38,827
Total Revenues	\$ 1,021,669	\$ 0	\$ 1,021,669	\$ 1,072,200	\$ 1,072,200	\$ (50,531)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 1,007,257	\$ (18,410)	\$ 988,847	\$ 1,012,200	\$ 1,012,200	\$ 23,353
Community Services	56,116	0	56,116	60,000	60,000	3,884
Total Expenditures	\$ 1,063,373	\$ (18,410)	\$ 1,044,963	\$ 1,072,200	\$ 1,072,200	\$ 27,237
Excess (Deficiency) of Revenues Over Expenditures	\$ (41,704)	\$ 18,410	\$ (23,294)	\$ 0	\$ 0	\$ (23,294)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 2,051	\$ 0	\$ 2,051	\$ 0	\$ 0	\$ 2,051
Total Other Financing Sources (Uses)	\$ 2,051	\$ 0	\$ 2,051	\$ 0	\$ 0	\$ 2,051
Net Change in Fund Balance	\$ (39,653)	\$ 18,410	\$ (21,243)	\$ 0	\$ 0	\$ (21,243)
Fund Balance, July 1, 2006	248,730	(18,410)	230,320	248,000	248,000	(17,680)
Fund Balance, June 30, 2007	\$ 209,077	\$ 0	\$ 209,077	\$ 248,000	\$ 248,000	\$ (38,923)

Major Governmental Fund

Education Debt Service Fund

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

Exhibit F

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Bledsoe County School Department
Education 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	\$ 499,091	\$ 510,534	\$ 510,534	\$ (11,443)
Licenses and Permits	108	267	267	(159)
State of Tennessee	8,987	9,186	9,186	(199)
Total Revenues	<u>\$ 508,186</u>	<u>\$ 519,987</u>	<u>\$ 519,987</u>	<u>\$ (11,801)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 405,000	\$ 402,000	\$ 396,000	\$ (9,000)
<u>Interest on Debt</u>				
Education	479,445	479,445	479,445	0
<u>Other Debt Service</u>				
Education	13,873	9,000	15,000	1,127
Total Expenditures	<u>\$ 898,318</u>	<u>\$ 890,445</u>	<u>\$ 890,445</u>	<u>\$ (7,873)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (390,132)</u>	<u>\$ (370,458)</u>	<u>\$ (370,458)</u>	<u>\$ (19,674)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 330,000	\$ 330,000	\$ 330,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 330,000</u>	<u>\$ 330,000</u>	<u>\$ 330,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (60,132)	\$ (40,458)	\$ (40,458)	\$ (19,674)
Fund Balance, July 1, 2006	<u>387,126</u>	<u>386,456</u>	<u>386,456</u>	<u>670</u>
Fund Balance, June 30, 2007	<u>\$ 326,994</u>	<u>\$ 345,998</u>	<u>\$ 345,998</u>	<u>\$ (19,004)</u>

MISCELLANEOUS SCHEDULES

Exhibit G-1

Bledsoe County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
Bledsoe 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	Paid and/or Matured During Period	Outstanding 6-30-07
<u>NOTES PAYABLE</u>							
<u>Payable through General Purpose School Fund</u>							
Computer Lab Equipment	\$ 90,000	0 %	6-30-00	6-30-10	\$ 36,000	\$ 9,000	\$ 27,000
<u>BONDS PAYABLE</u>							
<u>Payable through Education Debt Service Fund</u>							
School Bonds Series 2001	7,500,000	3 to 4.7	10-1-01	10-1-26	\$ 6,785,000	\$ 195,000	\$ 6,590,000
School Refunding Series 2003	5,510,000	2 to 4.25	5-29-03	12-1-22	4,940,000	210,000	4,730,000
Total Bonds Payable					\$ 11,725,000	\$ 405,000	\$ 11,320,000

Exhibit G-2

Bledsoe County, Tennessee
Schedule of Bond and Interest Requirements by Year
Bledsoe County School Department

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2008	\$ 425,000	\$ 466,045	\$ 891,045
2009	440,000	450,970	890,970
2010	450,000	435,445	885,445
2011	470,000	418,795	888,795
2012	495,000	400,733	895,733
2013	515,000	381,756	896,756
2014	535,000	361,753	896,753
2015	560,000	340,402	900,402
2016	585,000	317,505	902,505
2017	610,000	293,010	903,010
2018	635,000	266,693	901,693
2019	665,000	238,562	903,562
2020	705,000	208,572	913,572
2021	740,000	176,669	916,669
2022	775,000	143,032	918,032
2023	820,000	107,423	927,423
2024	435,000	78,843	513,843
2025	460,000	57,810	517,810
2026	485,000	35,602	520,602
2027	515,000	12,103	527,103
Total	\$ 11,320,000	\$ 5,191,723	\$ 16,511,723

Exhibit G-3

Bledsoe County, Tennessee
Schedule of Transfers
Bledsoe County School Department
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 747
General Purpose School	Central Cafeteria	Reimbursement	2,051
General Purpose School	Education Debt Service	Debt retirement	<u>330,000</u>
Total Transfers			<u>\$ 332,798</u>

Exhibit G-4

Bledsoe County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Bledsoe County School Department
For the Year Ended June 30, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
Director of Schools:				
Thad Colvard (7-1-06 through 8-14-06)	State Board of Education and local Board of Education	\$ 14,307 (1)	(3)	
Clettis McDaniel (8-15-06 through 6-30-07)	State Board of Education and local Board of Education	81,738 (2)	(3)	
Employee Dishonesty Bond Coverage				
School Employees			\$ 100,000	Indiana Insurance

- (1) Includes travel allowance of \$600.
- (2) Includes chief executive officer training supplement of \$700.
- (3) The director of schools is covered under the employee dishonesty bond.

Exhibit G-5

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Debt Service	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,213,292	\$ 0	\$ 0	\$ 74,649	\$ 1,287,941
Trustee's Collections - Prior Year	63,474	0	0	5,951	69,425
Circuit/Clerk & Master Collections - Prior Years	29,440	0	0	2,760	32,200
Interest and Penalty	12,134	0	0	1,071	13,205
Payments in-Lieu-of Taxes - T.V.A.	6,454	0	0	457	6,911
Payments in-Lieu-of Taxes - Local Utilities	1,081	0	0	69	1,150
<u>County Local Option Taxes</u>					
Local Option Sales Tax	190,341	0	0	413,027	603,368
<u>Statutory Local Taxes</u>					
Bank Excise Tax	17,991	0	0	1,107	19,098
Interstate Telecommunications Tax	3,866	0	0	0	3,866
Total Local Taxes	\$ 1,538,073	\$ 0	\$ 0	\$ 499,091	\$ 2,037,164
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,008	\$ 0	\$ 0	\$ 0	\$ 1,008
Cable TV Franchise	1,754	0	0	108	1,862
Total Licenses and Permits	\$ 2,762	\$ 0	\$ 0	\$ 108	\$ 2,870
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 145,057	\$ 0	\$ 145,057
Lunch Payments - Adults	0	0	39,448	0	39,448
Income from Breakfast	0	0	21,689	0	21,689
A la carte Sales	0	0	109,366	0	109,366
Contract for Instructional Services with Other LEAs	195	0	0	0	195
Contract for Non-Instructional Services with Other LEAs	3,013	0	0	0	3,013
<u>Other Charges for Services</u>					
Other Charges for Services	15	0	0	0	15
Total Charges for Current Services	\$ 3,223	\$ 0	\$ 315,560	\$ 0	\$ 318,783
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 2,341	\$ 0	\$ 2,341
Lease/Rentals	300	0	0	0	300
Refund of Telecommunication & Internet Fees (E-Rate)	12,589	0	0	0	12,589
<u>Nonrecurring Items</u>					
Sale of Equipment	3,303	0	25	0	3,328
Damages Recovered from Individuals	770	0	0	0	770
Contributions & Gifts	14,506	0	0	0	14,506
<u>Other Local Revenues</u>					
Other Local Revenues	147	0	0	0	147
Total Other Local Revenues	\$ 31,615	\$ 0	\$ 2,366	\$ 0	\$ 33,981
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 9,384,497	\$ 0	\$ 0	\$ 0	\$ 9,384,497
Early Childhood Education	258,474	0	0	0	258,474

(Continued)

Exhibit G-5

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Debt Service	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
School Food Service	\$ 0	\$ 0	\$ 11,562	\$ 0	\$ 11,562
Other State Education Funds	76,292	0	0	0	76,292
Career Ladder Program	104,759	0	0	0	104,759
Career Ladder - Extended Contract	44,623	0	0	0	44,623
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	146,054	0	0	8,987	155,041
Other State Grants	75,251	0	0	0	75,251
Other State Revenues	2,196	0	1,354	0	3,550
Total State of Tennessee	\$ 10,092,146	\$ 0	\$ 12,916	\$ 8,987	\$ 10,114,049
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 450,324	\$ 0	\$ 450,324
Breakfast	0	0	173,987	0	173,987
USDA - Other	0	0	4,413	0	4,413
Adult Education State Grant Program	44,782	0	0	0	44,782
Vocational Education - Basic Grants to States	0	43,969	0	0	43,969
Title I Grants to Local Education Agencies	0	405,000	0	0	405,000
Innovative Education Program Strategies	0	58,119	0	0	58,119
Special Education - Grants to States	11,089	474,781	0	0	485,870
Special Education Preschool Grants	0	29,960	0	0	29,960
Eisenhower Professional Development State Grants	0	108,050	0	0	108,050
Other Federal through State	220,068	9,688	62,103	0	291,859
Total Federal Government	\$ 275,939	\$ 1,129,567	\$ 690,827	\$ 0	\$ 2,096,333
Total	\$ 11,943,758	\$ 1,129,567	\$ 1,021,669	\$ 508,186	\$ 14,603,180

Exhibit G-6

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 3,605,823	
Career Ladder Program	42,000	
Career Ladder Extended Contracts	30,800	
Homebound Teachers	8,371	
Educational Assistants	259,336	
Certified Substitute Teachers	9,288	
Non-certified Substitute Teachers	65,596	
Social Security	234,796	
State Retirement	246,694	
Life Insurance	291	
Medical Insurance	349,437	
Employer Medicare	54,861	
Instructional Supplies and Materials	91,531	
Textbooks	131,010	
Regular Instruction Equipment	17,347	
Total Regular Instruction Program		\$ 5,147,181

Alternative Instruction Program

Teachers	\$ 3,162	
Social Security	178	
State Retirement	194	
Medical Insurance	157	
Employer Medicare	42	
Total Alternative Instruction Program		3,733

Special Education Program

Teachers	\$ 752,831
Career Ladder Program	13,000
Homebound Teachers	7,150
Clerical Personnel	23,059
Educational Assistants	185,098
Social Security	56,479
State Retirement	64,894
Medical Insurance	84,603
Employer Medicare	13,209
Maintenance & Repair Services - Equipment	4,989
Travel	350
Other Contracted Services	14,017
Instructional Supplies and Materials	11,628

(Continued)

Exhibit G-6

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Supplies and Materials	\$ 3,412	
Special Education Equipment	13,138	
Total Special Education Program		\$ 1,247,857

Vocational Education Program

Teachers	\$ 255,536	
Career Ladder Program	5,800	
Non-certified Substitute Teachers	5,150	
Social Security	15,853	
State Retirement	15,910	
Medical Insurance	19,078	
Employer Medicare	3,733	
Other Contracted Services	1,740	
Instructional Supplies and Materials	6,553	
Total Vocational Education Program		329,353

Adult Education Program

Teachers	\$ 50,730	
Social Security	3,040	
State Retirement	2,294	
Medical Insurance	152	
Employer Medicare	711	
Instructional Supplies and Materials	8,278	
Total Adult Education Program		65,205

Support Services

Attendance

Supervisor/Director	\$ 31,195	
Career Ladder Program	1,000	
Social Security	1,996	
State Retirement	1,974	
Employer Medicare	467	
Other Contracted Services	588	
Other Supplies and Materials	2,035	
Attendance Equipment	4,857	
Total Attendance		44,112

Health Services

Medical Personnel	\$ 67,794	
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(Continued)

Exhibit G-6

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Social Security	\$	3,888	
State Retirement		4,156	
Medical Insurance		6,992	
Employer Medicare		909	
Travel		2,192	
Other Supplies and Materials		2,445	
In Service/Staff Development		370	
Total Health Services			\$ 88,746

Other Student Support

Career Ladder Program	\$	5,000	
Guidance Personnel		134,103	
Psychological Personnel		80,703	
School Resource Officer		28,688	
Social Security		14,371	
State Retirement		15,907	
Medical Insurance		25,385	
Employer Medicare		3,361	
Evaluation and Testing		2,570	
Other Supplies and Materials		2,614	
Other Charges		3,800	
Total Other Student Support			316,502

Regular Instruction Program

Supervisor/Director	\$	67,858	
Career Ladder Program		8,000	
Career Ladder Extended Contracts		12,166	
Librarians		125,907	
Materials Supervisor		57,070	
Instructional Computer Personnel		49,147	
Other Salaries & Wages		34,604	
Social Security		22,224	
State Retirement		23,676	
Medical Insurance		20,592	
Employer Medicare		5,197	
Travel		19,300	
Other Contracted Services		5,430	
Library Books/Media		8,073	
Other Supplies and Materials		1,465	

(Continued)

Exhibit G-6

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

In Service/Staff Development	\$ 23,584	
Total Regular Instruction Program		\$ 484,293

Special Education Program

Supervisor/Director	\$ 62,679	
Career Ladder Program	2,000	
Career Ladder Extended Contracts	3,500	
Secretary(ies)	28,575	
Social Security	5,712	
State Retirement	6,603	
Medical Insurance	4,387	
Employer Medicare	1,336	
Communication	47	
Postal Charges	100	
Travel	8,389	
Other Contracted Services	4,317	
Other Supplies and Materials	4,214	
In Service/Staff Development	410	
Other Charges	2,063	
Total Special Education Program		134,332

Vocational Education Program

Supervisor/Director	\$ 31,696	
Clerical Personnel	7,200	
Social Security	403	
State Retirement	611	
Employer Medicare	549	
Travel	218	
Total Vocational Education Program		40,677

Adult Programs

Supervisor/Director	\$ 48,520
Social Security	2,658
State Retirement	2,931
Medical Insurance	5,836
Employer Medicare	622
Communication	1,654
Travel	1,799
Other Charges	3,895

(Continued)

Exhibit G-6

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Other Equipment	\$ 999	
Total Adult Programs		\$ 68,914

Board of Education

Other Salaries & Wages	\$ 4,500	
Board and Committee Members Fees	24,300	
Social Security	1,786	
Unemployment Compensation	6,985	
Employer Medicare	418	
Audit Services	5,000	
Dues and Memberships	5,238	
Legal Services	6,612	
Travel	7,054	
Other Contracted Services	200	
Office Supplies	421	
Liability Insurance	32,406	
Trustee's Commission	49,138	
Workers' Compensation Insurance	77,667	
Refund to Applicant for Criminal Investigation	240	
Total Board of Education		221,965

Director of Schools

County Official/Administrative Officer	\$ 94,745	
Career Ladder Program	700	
Social Security	5,642	
State Retirement	5,888	
Medical Insurance	8,456	
Employer Medicare	1,319	
Communication	9,870	
Dues and Memberships	1,152	
Postal Charges	669	
Travel	939	
Other Contracted Services	227	
Office Supplies	419	
Total Director of Schools		130,026

Office of the Principal

Principals	\$ 313,998
Career Ladder Program	7,000

(Continued)

Exhibit G-6

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

General Purpose School Fund (Cont.)
Support Services (Cont.)

Office of the Principal (Cont.)

Career Ladder Extended Contracts	\$	3,500	
Secretary(ies)		109,536	
Social Security		25,693	
State Retirement		28,869	
Medical Insurance		18,599	
Employer Medicare		6,010	
Communication		2,675	
Total Office of the Principal			\$ 515,880

Fiscal Services

Accountants/Bookkeepers	\$	85,703	
Other Salaries & Wages		11,602	
Social Security		5,608	
State Retirement		3,443	
Medical Insurance		4,362	
Employer Medicare		1,312	
Data Processing Services		5,722	
Travel		198	
Other Contracted Services		1,295	
Office Supplies		824	
Administration Equipment		281	
Total Fiscal Services			120,350

Operation of Plant

Supervisor/Director	\$	48,274	
Custodial Personnel		291,456	
Social Security		20,756	
State Retirement		24,215	
Medical Insurance		1,482	
Employer Medicare		4,854	
Rentals		1	
Other Contracted Services		72,459	
Electricity		336,944	
Natural Gas		54,750	
Water and Sewer		26,506	
Other Supplies and Materials		81,704	
Plant Operation Equipment		3,850	
Total Operation of Plant			967,251

(Continued)

Exhibit G-6

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant

Supervisor/Director	\$	33,910	
Maintenance Personnel		65,717	
Other Salaries & Wages		17,505	
Social Security		6,920	
State Retirement		9,136	
Medical Insurance		1,897	
Employer Medicare		1,618	
Maintenance & Repair Services - Buildings		1,181	
Maintenance & Repair Services - Equipment		10,586	
Other Contracted Services		27,450	
Other Supplies and Materials		15,044	
Total Maintenance of Plant			\$ 190,964

Transportation

Supervisor/Director	\$	30,384	
Mechanic(s)		27,278	
Bus Drivers		364,518	
Other Salaries & Wages		19,941	
Social Security		26,661	
State Retirement		35,453	
Medical Insurance		1,100	
Employer Medicare		6,380	
Laundry Service		273	
Maintenance & Repair Services - Vehicles		10,557	
Medical and Dental Services		2,170	
Other Contracted Services		9,518	
Gasoline		154,458	
Tires and Tubes		17,967	
Vehicle Parts		34,234	
Other Supplies and Materials		4,610	
Vehicle and Equipment Insurance		15,170	
Transportation Equipment		289,137	
Total Transportation			1,049,809

Operation of Non-Instructional Services

Food Service

Other Salaries & Wages	\$	15,217	
Social Security		922	
State Retirement		747	

(Continued)

Exhibit G-6

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Medical Insurance	\$	229	
Employer Medicare		216	
Other Charges		873	
Food Service Equipment		60	
Total Food Service			\$ 18,264

Community Services

Supervisor/Director	\$	36,133	
Teachers		154,990	
Bus Drivers		25,608	
Clerical Personnel		2,065	
Educational Assistants		96,465	
Other Salaries & Wages		42,179	
Social Security		20,610	
State Retirement		24,188	
Medical Insurance		10,058	
Employer Medicare		4,824	
Communication		3,008	
Postal Charges		200	
Travel		4,957	
Other Contracted Services		17,202	
Gasoline		5,346	
Instructional Supplies and Materials		34,221	
Other Supplies and Materials		9,225	
Workers' Compensation Insurance		549	
In Service/Staff Development		535	
Regular Instruction Equipment		14,000	
Total Community Services			506,363

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	26,241	
Other Capital Outlay		144,277	
Total Regular Capital Outlay			170,518

Principal on Debt

Education

Principal on Notes	\$	9,000	
Total Education			9,000

Total General Purpose School Fund \$ 11,871,295

(Continued)

Exhibit G-6

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	198,113	
Educational Assistants		55,635	
Certified Substitute Teachers		2,540	
Social Security		15,238	
State Retirement		17,142	
Medical Insurance		18,822	
Employer Medicare		3,564	
Other Contracted Services		7,086	
Instructional Supplies and Materials		14,922	
Regular Instruction Equipment		44,128	
Total Regular Instruction Program			\$ 377,190

Special Education Program

Teachers	\$	22,947	
Educational Assistants		253,126	
Other Salaries & Wages		17,092	
Social Security		18,083	
State Retirement		20,562	
Employer Medicare		4,227	
Contracts with Private Agencies		29,517	
Other Contracted Services		22,855	
Instructional Supplies and Materials		63,044	
Total Special Education Program			451,453

Vocational Education Program

Travel	\$	7,220	
Instructional Supplies and Materials		2,109	
Vocational Instruction Equipment		18,771	
Total Vocational Education Program			28,100

Support Services

Other Student Support

Other Salaries & Wages	\$	13,252	
Social Security		822	
State Retirement		1,124	
Employer Medicare		191	
Travel		401	
In Service/Staff Development		80	
Other Charges		1,418	
Total Other Student Support			17,288

(Continued)

Exhibit G-6

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	45,788	
Instructional Computer Personnel		1,461	
Clerical Personnel		15,573	
In-Service Training		80,489	
Social Security		9,934	
State Retirement		8,718	
Medical Insurance		5,581	
Employer Medicare		2,258	
Travel		6,952	
Other Supplies and Materials		8,713	
In Service/Staff Development		87,979	
Total Regular Instruction Program			\$ 273,446

Special Education Program

Psychological Personnel	\$	3,954	
Secretary(ies)		15,821	
Clerical Personnel		14,044	
Social Security		1,824	
State Retirement		2,308	
Employer Medicare		484	
Travel		5,514	
In Service/Staff Development		10,511	
Total Special Education Program			54,460

Transportation

Bus Drivers	\$	466	
Social Security		29	
State Retirement		29	
Employer Medicare		7	
Contracts with Parents		11,710	
Total Transportation			12,241

Total School Federal Projects Fund \$ 1,214,178

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	33,914	
Clerical Personnel		11,264	

(Continued)

Exhibit G-6

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Cafeteria Personnel	\$	307,915	
Social Security		21,546	
State Retirement		28,006	
Unemployment Compensation		31	
Employer Medicare		5,039	
Communication		2,141	
Maintenance & Repair Services - Equipment		36,862	
Travel		2,736	
Other Contracted Services		2,596	
Food Preparation Supplies		41,771	
Food Supplies		418,791	
Office Supplies		3,627	
Uniforms		1,384	
Other Supplies and Materials		2,264	
In Service/Staff Development		31,358	
Other Charges		2,298	
Food Service Equipment		53,714	
Total Food Service			\$ 1,007,257

Community Services

Supervisor/Director	\$	2,412	
Other Salaries & Wages		18,730	
Social Security		1,311	
State Retirement		1,793	
Employer Medicare		307	
Communication		35	
Travel		4,118	
Food Preparation Supplies		1,175	
Food Supplies		26,127	
Office Supplies		19	
Other Charges		89	
Total Community Services			<u>56,116</u>

Total Central Cafeteria Fund \$ 1,063,373

Education Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$	<u>405,000</u>	
Total Education			\$ 405,000

(Continued)

Exhibit G-6

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

Education Debt Service Fund (Cont.)

Interest on Debt

Education

Interest on Bonds	\$ 479,445	
Total Education		\$ 479,445

Other Debt Service

Education

Fiscal Agent Charges	\$ 1,875	
Trustee's Commission	5,998	
Other Debt Service	6,000	
Total Education		<u>13,873</u>

Total Education Debt Service Fund		<u>\$ 898,318</u>
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Total Governmental Funds - Bledsoe County School Department		<u>\$ 15,047,164</u>
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SINGLE AUDIT REPORT
BLEDSON COUNTY, TENNESSEE
AND
BLEDSON COUNTY SCHOOL DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2007

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

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

JAMES R. ARNETTE
Director

CARL LOWE, CGFM
Audit Manager

MICHAEL FORD, CPA, CGFM
Auditor 4

JIMMY HODGES, CFE
JENI PALADENI
State Auditors

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

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

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

September 13, 2007

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

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

We have audited the financial statements of each major fund and the aggregate remaining fund information of Bledsoe County, Tennessee, and the governmental activities, each major fund, and the aggregate remaining fund information of the Bledsoe County School Department as of and for the year ended June 30, 2007, which collectively comprise a portion of Bledsoe County's and the Bledsoe County School Department's basic financial statements and have issued our reports thereon dated September 13, 2007. Our report on the financial statements of Bledsoe County, Tennessee, expresses an adverse opinion because the governmental-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. Our report on the financial statements of the Bledsoe County School Department is unqualified. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bledsoe County's and the Bledsoe County School Department'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 Bledsoe County's and the Bledsoe County School Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bledsoe County's and the Bledsoe County School Department'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: 07.05 and 07.08.

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 Bledsoe County's and the Bledsoe County School Department'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 significant weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bledsoe County's and the Bledsoe County School Department's financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as items 07.01, 07.02, 07.03, 07.04, 07.06, and 07.09.

We consider the following deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations: 07.07.

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

Bledsoe County's and the Bledsoe County School Department's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Bledsoe County's and the Bledsoe County School Department'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, County Commission, road superintendent, director of schools, Board of Education, others within Bledsoe County, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/sb



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

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

September 13, 2007

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

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

Compliance

We have audited the compliance of Bledsoe County and the Bledsoe County School Department with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of their major federal programs for the year ended June 30, 2007. Bledsoe County's and the Bledsoe County School Department's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of their major federal programs is the responsibility of Bledsoe County's and the Bledsoe County School Department's management. Our responsibility is to express an opinion on Bledsoe County's and the Bledsoe County School Department's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the 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 Bledsoe County's and the Bledsoe County School Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Bledsoe County's and the Bledsoe County School Department's compliance with those requirements.

In our opinion, Bledsoe County and the Bledsoe County School Department complied, in all material respects, with the requirements referred to above that are applicable to each of their major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as items 07.03 and 07.10.

Internal Control Over Compliance

The management of Bledsoe County and the Bledsoe County School Department 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 Bledsoe County's and the Bledsoe County School Department'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 Bledsoe County's and the Bledsoe County School Department'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 each major fund and the aggregate remaining fund information of Bledsoe County, and the governmental activities, each major fund, and the aggregate remaining fund information of the Bledsoe County School Department as of and for the year ended June 30, 2007, and have issued our reports thereon dated September 13, 2007. Our report on the financial statements of Bledsoe County, Tennessee, expresses an adverse opinion because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Bledsoe County's and the Bledsoe County School Department'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.

Bledsoe County's and the Bledsoe County School Department's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Bledsoe County's and the Bledsoe County School Department'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, County Commission, road superintendent, director of schools, Board of Education, others within Bledsoe County, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,



John G. Morgan
Comptroller of the Treasury

JGM/sb

Bledsoe County, Tennessee, and the Bledsoe County School Department
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:			
Direct Program:			
Rural Community Development Initiative	10.446	N/A	\$ 1,425
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	48,043
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	173,987
National School Lunch Program	10.555	N/A	450,324
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	N/A	4,413
Child Nutrition Cluster:			
Summer Food Service Program For Children	10.559	N/A	62,103
Total U.S. Department of Agriculture			<u>\$ 740,295</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/Small Cities Program	14.219	(2)	\$ 38,810
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	(2)	54,754
Total U.S. Department of Housing and Urban Development			<u>\$ 93,564</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	\$ 44,783
Passed-through State Department of Education:			
Title I Grants to Local Education Agencies	84.010	N/A	442,106
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	493,889
Special Education - Preschool Grants	84.173	N/A	35,873
Vocational Education - Basic Grants to States	84.048	N/A	43,969
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	9,688
State Grants for Innovative Programs	84.298	N/A	3,048
Education Technology State Grants	84.318	(2)	5,050
Rural Education	84.358	N/A	55,071
Improving Teacher Quality State Grants	84.367	N/A	137,321
Hurricane Education Recovery	84.938	N/A	13,241
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	(2)	3,225
Passed-through Sequatchie County Board of Education:			
Twenty-First Century Community Learning Centers	84.287	(2)	179,387
Total U.S. Department of Education			<u>\$ 1,466,651</u>
U.S. Elections Assistance Commission:			
Passed-through Tennessee Office of the Secretary of State:			
Help America Vote Act Requirements Payments	90.401	N/A	\$ 1,300
Total U.S. Elections Assistance Commission			<u>\$ 1,300</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Labor and Workforce Development:			
Temporary Assistance for Needy Families	93.558	Z-07-03420-00	\$ 13,109
Passed-through Sequatchie County Planning and Head Start:			
Head Start	93.600	(2)	11,106
U.S. Department of Health and Human Services			\$ 24,215
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	(3)	\$ 152,405
Homeland Security Grant Program	97.067	GG-05-20619-00	23,086
Total U.S. Department of Homeland Security			\$ 175,491
Total Expenditures of Federal Awards			\$ 2,501,516

<u>State Grants</u>	<u>Contract Number</u>	Expenditures
Adult Basic Education - State Department of Education	(2)	\$ 14,928
Litter Program - State Department of Transportation	(2)	29,465
Early Childhood Education - State Department of Education	(2)	65,000
Voluntary Pre K for Tennessee (Expansion) - State Department of Education	(2)	96,737
Voluntary Pre K for Tennessee (Lottery) - State Department of Education	(2)	96,737
Temporary Assistance for Needy Families - State Department of of Labor & Workforce Development	(2)	7,058
Family Resource Center - State Department of Education	(2)	53,265
State Reappraisal Program - Comptroller of the Treasury	(2)	6,232
Youth Services Program - State Commission on Children and Youth	Z-07-036506-00	9,000
High Visibility Law Enforcement Campaigns - State Department of Transportation	Z-07-035714-00	4,943
Local Health Services - State Department of Health	GG-07-12516-00	53,018
Health Access Community Initiative Project - State Department of Health	Z-07-03154-01	10,189
Three Star Grant Program - State Department of Economic & Community Development	GG-07-21770-00	2,500
Waste Tire Grant - State Department of Environment and Conservation	(2)	5,736
Total State Grants		\$ 454,808

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-04-020070-03: \$4,732; Z-04-022418-02: \$48,763; Z-05-0251433-00: \$98,910.

Bledsoe County, Tennessee, and the Bledsoe County School Department
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 Bledsoe County, Tennessee, and the Bledsoe County School Department for the year ended June 30, 2006, which have not been corrected.

BLEDSON COUNTY

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.01	12	Government-wide financial statements were not presented in accordance with generally accepted accounting principles

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.05(B)	14	The county did not account for the Emergency Communications District's transactions in an enterprise fund

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.08	16	The office did not issue receipts for funds collected

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.09	17	A central system of accounting, budgeting, and purchasing had not been adopted
06.10	17	Duties were not segregated adequately in the Offices of County Mayor; Road Superintendent; Director of Schools; Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register and Sheriff
06.11	18	The general sessions judge also served as county attorney, school board attorney, and delinquent tax attorney, contrary to opinions issued by the state Attorney General's Office

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

PART I, SUMMARY OF AUDITOR'S RESULTS

1. An adverse opinion was issued on the financial statements of Bledsoe County. Our report on the financial statements of the Bledsoe County School Department is unqualified.
2. The audit of the financial statements of Bledsoe County and the Bledsoe County School Department disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that was material to the financial statements of Bledsoe County. The audit disclosed no instances of noncompliance that were material to the financial statements of the Bledsoe County School Department.
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 one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program, the National School Lunch Program, and the Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the Title I Grants to Local Educational Agencies (CFDA No. 84.010); the Special Education Cluster: Special Education - Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), and the Twenty-First Century Community Learning Centers (CFDA No. 84.287) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Bledsoe County and the Bledsoe County School Department did not qualify as low-risk auditees.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses of the county mayor and the director of school 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.

BLED SOE COUNTY

FINDING 07.01 **GOVERNMENT-WIDE FINANCIAL STATEMENTS WERE NOT PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**
(Material Noncompliance Under Government Auditing Standards)

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

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

RECOMMENDATION

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

OFFICE OF COUNTY MAYOR

FINDING 07.02 **BLED SOE COUNTY DID NOT ACCOUNT FOR THE BLED SOE COUNTY EMERGENCY COMMUNICATIONS DISTRICT IN AN ENTERPRISE FUND**
(Noncompliance Under Government Auditing Standards)

In prior years, Bledsoe County and the Bledsoe County Emergency Communications District entered into an interlocal agreement for Bledsoe County to administer the emergency communications district. However, Bledsoe County did not account for the district's transactions in an enterprise fund (business-type fund) using the economic resources measurement focus and the accrual basis of accounting, but accounted for the district's transactions in a special revenue fund (governmental fund type) using the current financial resources measurement focus and the modified accrual basis of accounting. The Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts requires that the financial operations of Tennessee emergency communications districts be accounted for in an enterprise fund.

RECOMMENDATION

Bledsoe County should account for the transactions of the Bledsoe County Emergency Communications District in an enterprise fund as required by regulatory requirements.

FINDING 07.03 **COMPETITIVE BIDS WERE NOT SOLICITED FOR THE PURCHASE OF A FOUR-WHEEL DRIVE PICKUP TRUCK**
(Noncompliance Under Government Auditing Standards and OMB Circular A-133)

County officials solicited competitive bids for a two-wheel drive pickup truck. These bids were solicited in compliance with Section 5-14-201, Tennessee Code Annotated (TCA), which requires purchases exceeding \$5,000 (\$10,000 effective May 10, 2007) to be solicited through newspaper advertisement. Five dealerships submitted bids; however, all bids were rejected because officials decided a four-wheel drive pickup truck was needed instead of a two-wheel drive pickup truck. Officials then contacted two of the five bidders and obtained quotes of \$26,191 and \$26,476 for a four-wheel drive truck; however, officials finally purchased the four-wheel drive truck for \$26,530 from another dealer who was not among the original five bidders. Therefore, competitive bids were not solicited for the purchase of the four-wheel drive pickup truck as required by state statute. The county used federal grant funds (State Domestic Preparedness Equipment Program) to purchase the four-wheel drive truck. The county's failure to comply with local purchasing statutes is a violation of federal grant requirements.

RECOMMENDATION

Competitive bids should be solicited for all purchases exceeding \$5,000 (\$10,000 effective May 10, 2007) through newspaper advertisement as required by Section 5-14-201, TCA.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

The Emergency Management Agency’s (EMA) director will be submitting all bid information and purchase requests to the County Mayor’s Office. We will handle all paperwork for bids, submit the bid solicitations to the paper, and have the bids returned to our office. All merchandise will be delivered to the County Mayor’s Office and inventoried. The EMA director will pick up the merchandise and give us a report of where the merchandise will be located.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 07.04 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under Government Auditing Standards)

During our audit, we noted the following deficiencies in budget operations:

- A. Education Debt Service Fund expenditures exceeded total appropriations approved by the County Commission by \$7,873.

- B. Prior to June 30, 2007, the director of schools presented budget amendments for the General Purpose School Fund to the County Commission, and these amendments were approved. However, these amendments were not approved by the Board of Education until July 2, 2007. Since these amendments were not approved by the Board of Education prior to the end of the fiscal year and prior to submission to the County Commission, they have not been reflected in the financial statements of this report. The failure to properly approve these amendments resulted in General Purpose School Fund expenditures and other uses exceeding appropriations in the following major appropriation categories (the legal level of control):

<u>Major Category</u>	<u>Amount Overspent</u>
Special Education Program	\$ 203
Other Student Support	3,297
Adult Programs	4,560
Community Service	40,552
Regular Capital Outlay	2,153
Transfers Out	332,051

Section 5-9-401, Tennessee Code Annotated, states, “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. All School Department budget amendments should be approved by the Board of Education prior to being submitted to the County Commission for approval.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The Executive Committee of a Board of Education is defined as the Chairman of the Board and the Director of Schools (see Tennessee Code Annotated (TCA), Section 49-2-206). One of the powers assigned to the Executive Committee is to transact any other business assigned to the committee by the board (see TCA, Section 49-2-206 (b)(6)).

It has been the practice of Bledsoe County Board of Education for many years to give the Executive Committee the authority to file with the County Commission the final balancing budget amendments to the school board budget at the end of the fiscal year. This year, the school board was informed of the need to file the amendments; however, the amendments needed had not been prepared in written form. The substance of the amendments was thoroughly explained to the members of the board at the last regular meeting of the fiscal year. Once prepared, the amendments were sent to the members of the board with the directive that if there was no objection, then the director of schools should be contacted and, if no objection was raised, the amendments would be presented to the County Commission. Having received no contact from the individual members, the director of schools and the chairman of the board presented the amendments to the County Commission for approval. The board then gave its formal approval of the amendments at its July 2, 2007, meeting.

An uninformed reading of this finding would suggest that the total budget of the school district was significantly overspent. However, such is not the case. Funds were available within the school budget to cover all expenditures in fiscal 2007 in all categories. The audit finding is premised on the theory that the fund transfer amendments had not been approved by both the Board of Education and the County Commission prior to June 30. The Executive Committee believed it was operating under authority given to it by the Board of Education. For the purpose of this audit finding, management agrees that, in the future, all budget amendments will receive formal approval from both the Board of Education and the County Commission prior to June 30 of each fiscal year.

FINDING 07.05 THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT OF \$28,328
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The School Federal Projects Fund had a cash overdraft of \$28,328 at June 30, 2007. This overdraft resulted from the issuance of warrants that exceeded cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2007.

RECOMMENDATION

The office should not make disbursements that exceed available cash on deposit with the county trustee.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

We requested funds from the State Department of Education and anticipated receipt of those funds. In the future we will refrain from making disbursements until funds are known to be on hand.

OFFICE OF SHERIFF

FINDING 07.06 RECEIPTS WERE NOT ISSUED AT THE TIME OF COLLECTION
(Noncompliance Under Government Auditing Standards)

Receipts were not issued at the time of collection. Instead, receipts were issued for collections at the time bank deposits were prepared. The practice of issuing receipts subsequent to the actual collection increases the risks that officials will not properly account for funds. Since receipts were not issued at the point of collection, we were unable to determine if the Sheriff’s Office had complied with Section 5-8-207, Tennessee Code Annotated. This statute requires officials to deposit all receipts within three days of collection.

RECOMMENDATION

Receipts should be issued at the time of collection, and all deposits should be made within three business days as required by state statute.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 07.07 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**
(Internal Control – Control Finding Under Government Auditing Standards)

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

RECOMMENDATION

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

FINDING 07.08 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY MAYOR; ROAD SUPERINTENDENT; DIRECTOR OF SCHOOLS; TRUSTEE; 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 Mayor; Road Superintendent; Director of Schools; Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff. The officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Due to limited resources, personnel were not able to properly segregate duties.

FINDING 07.09

THE GENERAL SESSIONS JUDGE ALSO SERVED AS COUNTY ATTORNEY, SCHOOL BOARD ATTORNEY, AND DELINQUENT TAX ATTORNEY, CONTRARY TO OPINIONS ISSUED BY THE STATE ATTORNEY GENERAL'S OFFICE
(Noncompliance Under Government Auditing Standards)

As in prior years, the general sessions judge also served as the county attorney, School Board attorney, and delinquent tax attorney. The State Attorney General's Office has opined (in opinions U90-120 on August 16, 1990, and 99-156 on August 19, 1999) that the Tennessee Constitution prohibits judges of the supreme or inferior courts (including General Sessions Court) from holding any other office of trust or profit, such as the positions noted above.

RECOMMENDATION

County officials should take appropriate steps to comply with the state constitution's provisions prohibiting judges from holding another office of trust or profit.

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

<u>Federal/Pass-through Agencies</u>	<u>Finding Number</u>	<u>Federal CFDA Number</u>	<u>Criteria</u>	<u>Explanation</u>	<u>Amount Questioned</u>
U.S. Department of Homeland Security: Passed-through State Department of Military: State Domestic Preparedness Equipment Support Program	07.10	97.004	Circular A-133, Section 500 (d)(1)	Noncompliance - See Finding 07.03 - completive bids were not solicited for purchase of a four-wheel drive truck	\$ 26,530

**BLEDSON COUNTY, TENNESSEE, AND THE
BLEDSON COUNTY SCHOOL DEPARTMENT
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2007**

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

Office of County Mayor – Corrective Action Plan for Current Year Findings

FINDINGS 07.03 and 07.10

Contact Person: Gregg Ridley

Corrective Action Planned: The EMA director will submit all bid information and purchase requests to the County Mayor's Office. We will handle all paperwork for bids; submit bid requests to the paper, and have bids returned to our office. All merchandise will be delivered to the County Mayor's Office and inventoried. The EMA director will pick up the merchandise and report the location to us.

Anticipated Completion Date: Fiscal Year Ending June 30, 2008

Office of Director of Schools – Corrective Action Plan for Prior Year Findings

FINDINGS 06.10 and 06.12

Although the School Department as a whole lacks sufficient segregation of duties, additional controls are in place over the expenditure of federal funds and reporting to federal agencies that we feel mitigates the lack of segregation of duties as it pertains to federal awards.

FINDINGS 06.07 and 06.13

The School Department has developed a disaster recovery plan.