



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

SINGLE AUDIT REPORT



FOR THE YEAR ENDED JUNE 30, 2007



ANNUAL FINANCIAL REPORT
CROCKETT 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

CROCKETT COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Crockett 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 Crockett County as of and for the year ended June 30, 2007.

Results

Our report on Crockett 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 11 findings and recommendations, which we have reviewed with Crockett County management. Detailed findings and recommendations are included in the Single Audit Report.

Findings

The following are summaries of the audit findings:

CROCKETT COUNTY

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.
- ◆ Crockett County has not completed the steps set forth in the implementation plan for Governmental Accounting Standards Board Statement No. 34 filed with the Comptroller of the Treasury.

OFFICE OF COUNTY MAYOR

- ◆ A formal purchase order system had not been established.
 - ◆ The county failed to comply with state statutes when entering into a lease-purchase agreement.
 - ◆ General Fund expenditures exceeded appropriations approved by the County Commission in the Election Commission and Transfers Out major appropriation categories (the legal level of control) by \$3,868 and \$787, respectively. Also, expenditures exceeded total appropriations in the Drug Control Fund by \$820.
-

OFFICE OF ROAD SUPERVISOR

- ◆ A county road list was not submitted to the County Commission for approval.
 - ◆ The office had purchasing deficiencies.
-

OFFICE OF SHERIFF

- ◆ Receipts were issued for collections at the time bank deposits were prepared instead of at the time collections were received.
-

OFFICE OF ASSESSOR OF PROPERTY

- ◆ Assessment records were changed during the year as property transfers were made, violating state statute.
-

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 Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff.

INTRODUCTORY SECTION

Crockett County Officials

June 30, 2007

Officials

Larry Griffin, County Mayor
Billy Wayne Vernon, Road Supervisor
Gary Spraggins, Trustee
Gary Reasons, Assessor of Property
Ernest Bushart, County Clerk
Kim Kail, Circuit, General Sessions, and Juvenile Courts Clerk
Nancy Evans, Clerk and Master
Alan Castellaw, Register
Troy Klyce, Sheriff

Board of County Commissioners

Larry Griffin, Chairman	Harold Park
Alpha Worrell, Chairman ProTem	Donald Prescott
Pat Branch	John Schwerdt
Harold Craig	Jane Smith
James East	Edwin Tritt
Flynold Gregory	Gaylon Turnage
Lee Hickman	Ronnie Turner
Letha Johnson	Richard Walker
Marlon Jordan	Charles Paul Ward
Melvin Lawson	Jimmy Webb
Jerrel Little	Cartha Williams
Darrell Lowery	Gary Williams
Carolyn Nance	

Road Commission

Thomas Haynes, Chairman
Paul North, Secretary
William Beard

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 11, 2007

Crockett County Mayor and
Board of County Commissioners
Crockett 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 Crockett County, Tennessee, as of and for the year ended June 30, 2007, as shown on pages 15 through 35 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 Crockett County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities and the 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, Crockett 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 Crockett 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 Crockett 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.

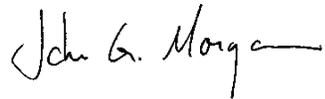
In accordance with Government Auditing Standards, we have also issued our report dated September 11, 2007, on our consideration of Crockett County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 39 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 Crockett County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, and miscellaneous schedules are presented for purposes of additional analysis and are not a

required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, 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/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Major Funds			Nonmajor Funds	Total Govern- mental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 3,497	\$ 3,497
Equity in Pooled Cash and Investments	662,673	1,032,980	1,490,747	244,679	3,431,079
Accounts Receivable	1,062	27	0	0	1,089
Due from Other Governments	79,280	239,949	75,160	27,651	422,040
Due from Other Funds	53,497	0	19,000	0	72,497
Property Taxes Receivable	2,924,599	0	665,598	0	3,590,197
Allowance for Uncollectible Property Taxes	(94,511)	0	(21,510)	0	(116,021)
Total Assets	<u>\$ 3,626,600</u>	<u>\$ 1,272,956</u>	<u>\$ 2,228,995</u>	<u>\$ 275,827</u>	<u>\$ 7,404,378</u>

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable	\$ 5,650	\$ 0	\$ 0	\$ 0	\$ 5,650
Due to Other Funds	19,000	0	0	53,497	72,497
Deferred Revenue - Current Property Taxes	2,634,591	0	599,596	0	3,234,187
Deferred Revenue - Delinquent Property Taxes	190,794	0	43,392	0	234,186
Other Deferred Revenues	8,540	117,982	37,444	18,688	182,654
Total Liabilities	<u>\$ 2,858,575</u>	<u>\$ 117,982</u>	<u>\$ 680,432</u>	<u>\$ 72,185</u>	<u>\$ 3,729,174</u>

(Continued)

Exhibit A

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	
<u>LIABILITIES AND FUND BALANCES (CONT.)</u>					
<u>Fund Balances</u>					
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	\$ 28,536	\$ 0	\$ 0	\$ 0	\$ 28,536
Reserved for Sexual Offender Registration	3,296	0	0	0	3,296
Reserved for Computer System - Register	25,567	0	0	0	25,567
Reserved for Automation Purposes - General Sessions Court	2,206	0	0	0	2,206
Reserved for Automation Purposes - Chancery Court	4,410	0	0	0	4,410
Reserved for Automation Purposes - Sheriff	3,612	0	0	0	3,612
Reserved for State Reappraisal Grant	3,794	0	0	0	3,794
Reserved for Capital Outlay	3,759	0	0	0	3,759
Unreserved, Reported In:					
General Fund	692,845	0	0	0	692,845
Special Revenue Funds	0	1,154,974	0	203,598	1,358,572
Debt Service Fund	0	0	1,548,563	0	1,548,563
Capital Projects Fund	0	0	0	44	44
Total Fund Balances	\$ 768,025	\$ 1,154,974	\$ 1,548,563	\$ 203,642	\$ 3,675,204
Total Liabilities and Fund Balances	\$ 3,626,600	\$ 1,272,956	\$ 2,228,995	\$ 275,827	\$ 7,404,378

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

Exhibit B

Crockett 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	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 2,788,444	\$ 354,732	\$ 1,335,136	\$ 174,243	\$ 4,652,555
Licenses and Permits	3,345	0	0	0	3,345
Fines, Forfeitures, and Penalties	89,369	0	0	23,358	112,727
Charges for Current Services	601,780	0	0	0	601,780
Other Local Revenues	36,395	5,832	232,838	225	275,290
Fees Received from County Officials	586,229	0	0	0	586,229
State of Tennessee	699,510	1,668,973	0	49,361	2,417,844
Federal Government	181,867	0	0	124,299	306,166
Other Governments and Citizens Groups	62,571	4,493	370,000	500	437,564
Total Revenues	\$ 5,049,510	\$ 2,034,030	\$ 1,937,974	\$ 371,986	\$ 9,393,500
<u>Expenditures</u>					
Current:					
General Government	\$ 638,492	\$ 0	\$ 0	\$ 0	\$ 638,492
Finance	360,413	0	0	0	360,413
Administration of Justice	455,510	0	0	0	455,510
Public Safety	1,555,172	0	0	20,246	1,575,418
Public Health and Welfare	827,608	0	0	237,571	1,065,179
Social, Cultural, and Recreational Services	270,855	0	0	0	270,855
Agricultural and Natural Resources	141,551	0	0	0	141,551
Other Operations	836,792	0	0	0	836,792
Highways	0	1,909,678	0	0	1,909,678
Debt Service:					
Principal on Debt	0	4,588	940,075	0	944,663
Interest on Debt	0	1,497	908,750	0	910,247
Other Debt Service	0	0	23,350	0	23,350
Capital Projects	0	0	0	124,755	124,755
Total Expenditures	\$ 5,086,393	\$ 1,915,763	\$ 1,872,175	\$ 382,572	\$ 9,256,903
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (36,883)	\$ 118,267	\$ 65,799	\$ (10,586)	\$ 136,597
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 84,000	\$ 0	\$ 0	\$ 0	\$ 84,000
Capital Leases Issued	21,002	205,706	0	0	226,708
Insurance Recovery	0	1,079	0	0	1,079
Transfers In	0	0	19,000	787	19,787
Transfers Out	(19,787)	0	0	0	(19,787)
Total Other Financing Sources (Uses)	\$ 85,215	\$ 206,785	\$ 19,000	\$ 787	\$ 311,787
Net Change in Fund Balances					
Fund Balance, July 1, 2006	\$ 719,693	\$ 829,922	\$ 1,463,764	\$ 212,517	\$ 3,225,896
Prior Period Adjustment	0	0	0	924	924
Fund Balance, June 30, 2007	\$ 768,025	\$ 1,154,974	\$ 1,548,563	\$ 203,642	\$ 3,675,204

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

Exhibit C

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 3,121
Cash	442,754
Investments	100,228
Due from Other Governments	80,830
Taxes Receivable	515,088
Allowance for Uncollectible Taxes	(16,665)
Notes Receivable - Long-Term	<u>7,428</u>
Total Assets	<u>\$ 1,132,784</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 582,374
Due to Litigants, Heirs, and Others	<u>550,410</u>
Total Liabilities	<u>\$ 1,132,784</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Crockett 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.

Crockett 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. Crockett 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 Crockett County's auditor to issue an adverse opinion on the county's financial statements.

Although Crockett 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 Crockett County:

A. Reporting Entity

Crockett County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Crockett County (the primary government).

Blended Component Units – There are no legally separate component units of Crockett 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 Crockett 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 the government-wide financial statements to emphasize that they are legally separate from the county.

The Crockett County School Department operates the public school system in the county, with the exception of the city school systems of Alamo and Bells, which operate the elementary schools in those cities. The voters of Crockett County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Crockett County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Crockett County, and the Crockett 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 Crockett County School Department and the Crockett 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. Crockett County Emergency Communications District's financial statements are published as a separate report. Complete financial statements of the Crockett County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Crockett County Emergency Communications District
884 South Cavalier Drive
Alamo, TN 38001

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

Fund financial statements of Crockett County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary,

and fiduciary. However, the county does not have any proprietary funds to report. An emphasis is placed on major funds within the governmental category.

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

Crockett County reports the following major governmental funds:

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

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

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

Additionally, Crockett County reports the following fund types:

Capital Projects Funds – These funds account for transactions for the acquisition or construction of major capital facilities.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Crockett County, and the city school systems' share of educational revenues. 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 Crockett County and the Crockett County School Department funds. Each fund's portion of this pool is displayed on the balance sheets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. In addition, investments are held separately by the county's Constitutional Officers – Agency Fund. Crockett County and the Crockett 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.

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 1.77 percent of total taxes levied.

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

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

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

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

3. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition. Crockett 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, Crockett County does not present government-wide statements.

4. Compensated Absences

The policy of Crockett County (with the exception of the Highway Department's policy noted below) does not provide for employees to receive compensation for unused accumulated vacation or sick leave days.

The policy of Crockett County's Highway Department permits employees to accumulate a limited amount of earned but unused sick leave benefits, which will be paid to employees upon retirement from county service. A liability for sick leave benefits is reported in governmental funds only if amounts have matured, for example, as a result of employee retirements.

5. Long-term Obligations

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations 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. Designations of fund balance represent tentative management plans that are subject to

change. The County Commission has designated \$80,977 from the General Fund for library building construction.

7. Prior-period Adjustment

Accounts payable from the prior year in the General Capital Projects Fund was restated (\$924) because of a reduction in the architect's billing on the construction of the health department building.

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

The budgetary level of control is at the major category level established by the State Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, County Mayor/Executive, etc.). Management may make revisions within major categories, but only the Crockett 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 Election Commission (\$3,868) and Transfers Out (\$787) major appropriation categories (the legal level of control) of the General Fund. Also, expenditures exceeded total appropriations in the Drug Control Fund by \$820. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

C. **A Lease-Purchase Agreement Was Not Authorized by the County Commission**

On January 19, 2007, Crockett County officials entered into a two-year lease-purchase agreement for a patrol car without the approval of the County Commission. Terms of the agreement require total lease payments of \$21,002 plus interest of 6.8 percent.

III. **DETAILED NOTES ON ALL FUNDS**

A. **Deposits and Investments**

Crockett County and the Crockett County School Department participate in an internal cash and investment pool through the Office of Trustee. The Crockett County School Department meets the criteria for a discretely presented component unit of Crockett County. Since Crockett County is presenting fund financial statements only, the financial information for the Crockett 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 and investments reflected in the fund financial statements represent nonpooled amounts held separately by individual funds.

Deposits

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

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

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

Investments

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

Investment Balances. As of June 30, 2007, Crockett County had the following investments carried at fair value or cost. Except for the investments in the Constitutional Officers - Agency Fund, all investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Crockett County and the discretely presented Crockett County School Department since both pool their deposits and investments through the county trustee.

The investments in the Constitutional Officers - Agency Fund are by court order at the request of a litigant. These investments do not expose the county to any risk; therefore, further disclosure is not required.

Investment	Maturities	Fair Value or Cost
County Trustee's Investment Pool:		
State Treasurer's Investment Pool	Daily	\$ 557,587
Constitutional Officers - Agency Fund:		
Goldman Sachs Government Money Market	On Demand	546
Fidelity Institutional Short Intermediate		
Government Mutual Fund	On Demand	4,036
Vanguard Bond Index Mutual Fund	On Demand	31,536
Vanguard Intermediate Term Treasury		
Mutual Fund	On Demand	4,088

Investment (Cont.)	Maturities	Fair Value or Cost
ABN AMRO/Montag & Caldwell Growth CLI Mutual Fund	On Demand	\$ 7,500
Fidelity Low Price Stock Mutual Fund	On Demand	4,073
Longleaf Partners Mutual Fund	On Demand	5,931
T. Rowe Price Growth Stock Mutual Fund	On Demand	7,684
T. Rowe Price Equity Income Mutual Fund	On Demand	14,764
T. Rowe Price Mid Cap Growth Mutual Fund	On Demand	6,206
Vanguard International Growth Mutual Fund	On Demand	5,833
Vanguard Explorer FD 24 Mutual Fund	On Demand	2,048
Vanguard Index S&P 500 Mutual Fund	On Demand	<u>5,983</u>
 Total		 <u>\$ 657,815</u>

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Crockett County has no investment policy that would further limit its investment choices. As of June 30, 2007, Crockett County's investment in the State Treasurer's Investment Pool was unrated. The investments in the Constitutional Officers - Agency Fund are by court order at the request of a litigant. These investments do not expose the county to any credit risk.

B. Notes Receivable

Notes receivable in the Constitutional Officers - Agency Fund consist of loans receivable of \$7,428 in the Clerk and Master's Office.

C. Interfund Receivables, Payables, and Transfers

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

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 53,497
General Debt Service	General	19,000

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

Interfund Transfers:

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

Transfers Out	Transfers In	
	General Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 19,000	\$ 787
Total	\$ 19,000	\$ 787

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

D. Capital Leases

On January 19, 2007, Crockett County entered into a two-year lease-purchase agreement for a patrol car. The terms of the agreement require total lease payments of \$21,002 plus interest payments of 6.8 percent. Title to the patrol car transfers to Crockett County at the end of the lease period. The lease payments are made from the General Fund. This lease-purchase agreement was not entered into in compliance with state statutes.

On April 25, 2007, Crockett County entered into a three-year lease-purchase agreement for two dump trucks. The terms of the agreement require total lease payments of \$205,706 plus interest payments of 4.39 percent. Titles to the dump trucks transfer to Crockett County at the end of the lease period. The lease payments are made from the Highway/Public Works Fund.

Since Crockett County is presenting fund financial statements only, the present value of minimum lease payments under the lease agreement has not been 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 the government-wide financial statements, but Crockett County is not presenting government-wide financial statements. Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2007, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2008	\$ 43,974
2009	43,974
2010	148,624
Total Minimum Lease Payments	<u>\$ 236,572</u>
Amount Representing Interest	<u>(21,918)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 214,654</u></u>

E. Long-term Debt

Since Crockett 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 Crockett 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. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds 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 40 years for bonds and up to 12 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 Fund.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds	4.5 to 5% \$	16,435,000 \$	8,466,276
General Obligation Bonds - Refunding	2.5 to 5	13,040,000	10,235,000
Capital Outlay Notes	0 to 5.1	904,000	501,483
Capital Leases	4.39 and 6.8	226,708	214,654

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

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2008	\$ 962,475	\$ 848,389	\$ 80,120	\$ 17,772
2009	1,028,849	804,000	83,361	14,531
2010	1,120,291	755,970	86,160	11,142
2011	1,196,806	701,994	48,867	7,626
2012	1,228,396	644,314	44,581	6,027
2013-2017	6,505,103	2,392,054	158,394	9,277
2018-2022	6,402,326	732,409	0	0
2023-2027	60,034	58,547	0	0
2028-2032	76,620	41,961	0	0
2033-2037	97,788	20,792	0	0
2038	22,588	1,129	0	0
Total	\$ 18,701,276	\$ 7,001,559	\$ 501,483	\$ 66,375

There is \$1,548,563 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,287, based on the 2000 federal census. Debt per capita, including bonds, notes, and capital leases totaled \$1,336, 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	Capital Leases
Balance, July 1, 2006	\$ 19,572,542	\$ 486,292	\$ 14,663
Additions	0	84,000	226,708
Deductions	(871,266)	(68,809)	(26,717)
Balance, June 30, 2007	<u>\$ 18,701,276</u>	<u>\$ 501,483</u>	<u>\$ 214,654</u>
Balance Due Within One Year	<u>\$ 962,475</u>	<u>\$ 80,120</u>	<u>\$ 34,789</u>

Defeasance of Prior Debt

In the prior year, Crockett County defeased certain outstanding general obligation bonds by placing the proceeds of the new bonds into an irrevocable trust to provide all future debt service payments on the old bonds until the old bonds are called on April 1, 2011. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2007, the following outstanding bonds are considered defeased:

	<u>Amount</u>
2001 General Obligation School	\$ 6,300,000

IV. OTHER INFORMATION

A. Risk Management

Employee Health Insurance

Crockett County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local government agencies 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 8-27-201, Tennessee Code Annotated, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Liability, Property, Casualty, and Workers' Compensation Insurance

Crockett County joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. Crockett County pays annual premiums to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TSB-RMT provides for it to be self-sustaining through member premiums. The TSB-RMT reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

B. Contingent Liabilities

The county attorney advised of only one lawsuit involving Crockett County. A local industry has filed an appeal involving several years worth of real estate taxes owed to Crockett County. There will be no liability to the county except for attorney fees incurred in defending the matter.

C. Change in Administration

On December 31, 2006, Betty Johnson left the Office of Clerk and Master and was succeeded by Nancy Evans.

D. Retirement Commitments

Employees

Plan Description

Employees of Crockett 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 Crockett 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

Crockett 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 7.01 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Crockett County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2007, Crockett County’s annual pension cost of \$287,752 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. Crockett County’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was ten years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$287,752	100%	\$0
6-30-06	204,890	100	0
6-30-05	196,189	100	0

E. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, 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 Road Supervisor

Purchasing procedures for the Highway Department are governed by provisions of Chapter 26, Private Acts of 1933, as amended, and the Uniform Road Law, Section 54-7-113, TCA. These statutes place purchasing responsibilities with the County Road Commission and require all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit D-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,788,444	\$ 2,812,749	\$ 2,815,511	\$ (27,067)
Licenses and Permits	3,345	5,780	5,780	(2,435)
Fines, Forfeitures, and Penalties	89,369	76,915	80,344	9,025
Charges for Current Services	601,780	597,100	597,100	4,680
Other Local Revenues	36,395	54,000	54,000	(17,605)
Fees Received from County Officials	586,229	568,000	574,386	11,843
State of Tennessee	699,510	657,733	707,733	(8,223)
Federal Government	181,867	168,000	184,773	(2,906)
Other Governments and Citizens Groups	62,571	0	0	62,571
Total Revenues	\$ 5,049,510	\$ 4,940,277	\$ 5,019,627	\$ 29,883
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 13,593	\$ 14,055	\$ 14,055	\$ 462
Board of Equalization	380	200	380	0
Beer Board	100	300	300	200
County Mayor/Executive	133,850	135,027	135,027	1,177
County Attorney	1,295	3,000	3,000	1,705
Election Commission	247,768	237,602	243,900	(3,868)
Register of Deeds	82,818	86,348	86,348	3,530
County Buildings	158,688	188,317	187,237	28,549
<u>Finance</u>				
Accounting and Budgeting	5,272	7,000	7,000	1,728
Property Assessor's Office	111,318	113,821	113,821	2,503
Reappraisal Program	4,325	5,761	5,761	1,436
County Trustee's Office	110,298	111,321	111,321	1,023
County Clerk's Office	129,200	130,400	130,400	1,200
<u>Administration of Justice</u>				
Circuit Court	187,243	185,573	190,645	3,402
General Sessions Judge	83,416	83,663	83,663	247
Drug Court	43,796	5,000	55,000	11,204
Chancery Court	79,759	81,554	81,554	1,795
Juvenile Court	52,370	52,443	52,443	73
Other Administration of Justice	8,926	9,000	9,000	74
<u>Public Safety</u>				
Sheriff's Department	726,323	680,738	730,243	3,920
Jail	623,306	667,261	679,326	56,020
Fire Prevention and Control	52,939	53,000	53,000	61
Civil Defense	129,845	40,330	133,546	3,701
Rescue Squad	7,000	7,000	7,000	0
Other Emergency Management	9,918	0	10,010	92
County Coroner/Medical Examiner	2,859	5,000	5,200	2,341
Other Public Safety	2,982	3,047	3,047	65

(Continued)

Exhibit D-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 69,917	\$ 74,727	\$ 77,495	\$ 7,578
Rabies and Animal Control	33,625	36,674	36,674	3,049
Ambulance/Emergency Medical Services	620,418	645,367	655,792	35,374
Maternal and Child Health Services	4,000	4,000	4,000	0
Alcohol and Drug Programs	15,165	15,165	15,165	0
Crippled Children Services	1,650	1,650	1,650	0
Other Local Health Services	2,000	2,000	2,000	0
Appropriation to State	51,905	53,920	51,921	16
Other Local Welfare Services	695	1,500	1,500	805
Waste Pickup	28,233	29,237	29,237	1,004
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	201,013	212,759	212,759	11,746
Libraries	59,879	62,466	62,466	2,587
Parks and Fair Boards	9,963	10,000	10,000	37
<u>Agriculture & Natural Resources</u>				
Agriculture Extension Service	50,601	50,765	50,903	302
Soil Conservation	80,800	80,806	80,806	6
Flood Control	10,150	10,150	10,150	0
<u>Other Operations</u>				
Veterans' Services	18,253	16,230	18,460	207
Other Charges	209,453	208,200	220,849	11,396
Contributions to Other Agencies	42,300	42,300	42,300	0
Employee Benefits	536,123	540,000	540,000	3,877
Miscellaneous	30,663	40,500	40,500	9,837
Total Expenditures	\$ 5,086,393	\$ 5,045,177	\$ 5,296,854	\$ 210,461
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (36,883)	\$ (104,900)	\$ (277,227)	\$ 240,344
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 84,000	\$ 0	\$ 84,000	\$ 0
Capital Leases Issued	21,002	0	0	21,002
Insurance Recovery	0	3,000	3,000	(3,000)
Transfers Out	(19,787)	(19,000)	(19,000)	(787)
Total Other Financing Sources (Uses)	\$ 85,215	\$ (16,000)	\$ 68,000	\$ 17,215
Net Change in Fund Balance				
Fund Balance, July 1, 2006	\$ 719,693	\$ 771,099	\$ 771,099	\$ (51,406)
Fund Balance, June 30, 2007				
	\$ 768,025	\$ 650,199	\$ 561,872	\$ 206,153

Exhibit D-2

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 354,732	\$ 328,388	\$ 328,388	\$ 26,344
Other Local Revenues	5,832	0	0	5,832
State of Tennessee	1,668,973	1,922,003	1,922,003	(253,030)
Other Governments and Citizens Groups	4,493	0	0	4,493
Total Revenues	<u>\$ 2,034,030</u>	<u>\$ 2,250,391</u>	<u>\$ 2,250,391</u>	<u>\$ (216,361)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 130,461	\$ 159,500	\$ 159,500	\$ 29,039
Highway and Bridge Maintenance	538,816	807,074	807,074	268,258
Operation and Maintenance of Equipment	301,998	420,138	420,138	118,140
Other Charges	92,464	105,211	105,211	12,747
Employee Benefits	199,527	225,197	225,197	25,670
Capital Outlay	646,412	1,114,902	1,314,523	668,111
<u>Principal on Debt</u>				
Highways and Streets	4,588	0	4,588	0
<u>Interest on Debt</u>				
Highways and Streets	1,497	0	1,497	0
Total Expenditures	<u>\$ 1,915,763</u>	<u>\$ 2,832,022</u>	<u>\$ 3,037,728</u>	<u>\$ 1,121,965</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 118,267</u>	<u>\$ (581,631)</u>	<u>\$ (787,337)</u>	<u>\$ 905,604</u>
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 205,706	\$ 0	\$ 205,706	\$ 0
Insurance Recovery	1,079	0	0	1,079
Total Other Financing Sources (Uses)	<u>\$ 206,785</u>	<u>\$ 0</u>	<u>\$ 205,706</u>	<u>\$ 1,079</u>
Net Change in Fund Balance	\$ 325,052	\$ (581,631)	\$ (581,631)	\$ 906,683
Fund Balance, July 1, 2006	829,922	737,781	737,781	92,141
Fund Balance, June 30, 2007	<u>\$ 1,154,974</u>	<u>\$ 156,150</u>	<u>\$ 156,150</u>	<u>\$ 998,824</u>

Exhibit D-3

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

Required Supplementary Information

Schedule of Funding Progress for Crockett 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	\$ 8,358	\$ 9,298	\$ 940	89.89 %	\$ 3,436	27.35 %
6-30-03	7,534	7,642	108	98.59	2,823	3.83
6-30-01	6,795	6,958	163	97.66	2,937	5.55

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

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

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the Election Commission and Transfers Out major appropriation categories (the legal level of control) of the General Fund by \$3,868 and \$787, respectively. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Crockett County's convenience center operations.

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

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for 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.

Capital Projects Funds

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

General Capital Projects Fund – The General Capital Projects Fund is used to account for state and local funds to be used for the construction of a county health department. This fund was closed during the year.

Community Development/Industrial Park Capital Projects Fund – The Community Development/Industrial Park Fund is used to account for the construction of housing for low income families.

Exhibit E-1

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

	<u>Special Revenue Funds</u>				<u>Capital</u>	<u>Total</u>	
	<u>Solid</u>	<u>Drug</u>	<u>Constitu -</u>	<u>Total</u>	<u>Projects</u>		
	<u>Waste /</u>	<u>Control</u>	<u>tional</u>		<u>Development/</u>	<u>Nonmajor</u>	
	<u>Sanitation</u>		<u>Officers -</u>		<u>Industrial</u>	<u>Governmental</u>	
			<u>Fees</u>		<u>Park</u>	<u>Funds</u>	
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 3,497	\$ 3,497	\$ 0	\$ 3,497	
Equity in Pooled Cash and Investments	223,878	20,757	0	244,635	44	244,679	
Due from Other Governments	27,651	0	0	27,651	0	27,651	
Total Assets	\$ 251,529	\$ 20,757	\$ 3,497	\$ 275,783	\$ 44	\$ 275,827	
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Due to Other Funds	\$ 50,000	\$ 0	\$ 3,497	\$ 53,497	\$ 0	\$ 53,497	
Other Deferred Revenues	18,688	0	0	18,688	0	18,688	
Total Liabilities	\$ 68,688	\$ 0	\$ 3,497	\$ 72,185	\$ 0	\$ 72,185	
<u>Fund Balances</u>							
Unreserved	\$ 182,841	\$ 20,757	\$ 0	\$ 203,598	\$ 44	\$ 203,642	
Total Fund Balances	\$ 182,841	\$ 20,757	\$ 0	\$ 203,598	\$ 44	\$ 203,642	
Total Liabilities and Fund Balances	\$ 251,529	\$ 20,757	\$ 3,497	\$ 275,783	\$ 44	\$ 275,827	

Exhibit E-2

Crockett 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			Capital Projects Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Total	General Capital Projects	Community Development/ Industrial Park	Total	
<u>Revenues</u>							
Local Taxes	\$ 174,243	\$ 0	\$ 174,243	\$ 0	\$ 0	\$ 0	\$ 174,243
Fines, Forfeitures, and Penalties	0	23,358	23,358	0	0	0	23,358
Other Local Revenues	225	0	225	0	0	0	225
State of Tennessee	49,361	0	49,361	0	0	0	49,361
Federal Government	0	0	0	0	124,299	124,299	124,299
Other Governments and Citizens Groups	0	0	0	0	500	500	500
Total Revenues	<u>\$ 223,829</u>	<u>\$ 23,358</u>	<u>\$ 247,187</u>	<u>\$ 0</u>	<u>\$ 124,799</u>	<u>\$ 124,799</u>	<u>\$ 371,986</u>
<u>Expenditures</u>							
Current:							
Public Safety	\$ 0	\$ 20,246	\$ 20,246	\$ 0	\$ 0	\$ 0	\$ 20,246
Public Health and Welfare	237,571	0	237,571	0	0	0	237,571
Capital Projects	0	0	0	0	124,755	124,755	124,755
Total Expenditures	<u>\$ 237,571</u>	<u>\$ 20,246</u>	<u>\$ 257,817</u>	<u>\$ 0</u>	<u>\$ 124,755</u>	<u>\$ 124,755</u>	<u>\$ 382,572</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (13,742)</u>	<u>\$ 3,112</u>	<u>\$ (10,630)</u>	<u>\$ 0</u>	<u>\$ 44</u>	<u>\$ 44</u>	<u>\$ (10,586)</u>
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 787	\$ 0	\$ 787	\$ 787
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 787</u>	<u>\$ 0</u>	<u>\$ 787</u>	<u>\$ 787</u>
Net Change in Fund Balances	\$ (13,742)	\$ 3,112	\$ (10,630)	\$ 787	\$ 44	\$ 831	\$ (9,799)
Fund Balance, July 1, 2006	196,583	17,645	214,228	(1,711)	0	(1,711)	212,517
Prior Period Adjustment	0	0	0	924	0	924	924
Fund Balance, June 30, 2007	<u>\$ 182,841</u>	<u>\$ 20,757</u>	<u>\$ 203,598</u>	<u>\$ 0</u>	<u>\$ 44</u>	<u>\$ 44</u>	<u>\$ 203,642</u>

Exhibit E-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 174,243	\$ 162,700	\$ 162,700	\$ 11,543
Other Local Revenues	225	0	0	225
State of Tennessee	49,361	45,785	45,785	3,576
Total Revenues	<u>\$ 223,829</u>	<u>\$ 208,485</u>	<u>\$ 208,485</u>	<u>\$ 15,344</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 237,571	\$ 232,709	\$ 245,044	\$ 7,473
Total Expenditures	<u>\$ 237,571</u>	<u>\$ 232,709</u>	<u>\$ 245,044</u>	<u>\$ 7,473</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (13,742)</u>	<u>\$ (24,224)</u>	<u>\$ (36,559)</u>	<u>\$ 22,817</u>
Net Change in Fund Balance	\$ (13,742)	\$ (24,224)	\$ (36,559)	\$ 22,817
Fund Balance, July 1, 2006	<u>196,583</u>	<u>196,583</u>	<u>196,583</u>	<u>0</u>
Fund Balance, June 30, 2007	<u>\$ 182,841</u>	<u>\$ 172,359</u>	<u>\$ 160,024</u>	<u>\$ 22,817</u>

Exhibit E-4

Crockett 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	\$ 23,358	\$ 13,000	\$ 13,000	\$ 10,358
Total Revenues	\$ 23,358	\$ 13,000	\$ 13,000	\$ 10,358
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 20,246	\$ 16,450	\$ 19,426	\$ (820)
Total Expenditures	\$ 20,246	\$ 16,450	\$ 19,426	\$ (820)
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,112	\$ (3,450)	\$ (6,426)	\$ 9,538
Net Change in Fund Balance	\$ 3,112	\$ (3,450)	\$ (6,426)	\$ 9,538
Fund Balance, July 1, 2006	17,645	17,645	17,645	0
Fund Balance, June 30, 2007	\$ 20,757	\$ 14,195	\$ 11,219	\$ 9,538

Major Governmental Fund

General Debt Service Fund

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

Exhibit F

Crockett 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	\$ 1,335,136	\$ 1,308,288	\$ 1,308,288	\$ 26,848
Other Local Revenues	232,838	195,000	195,000	37,838
Other Governments and Citizens Groups	370,000	370,000	370,000	0
Total Revenues	<u>\$ 1,937,974</u>	<u>\$ 1,873,288</u>	<u>\$ 1,873,288</u>	<u>\$ 64,686</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 56,531	\$ 56,433	\$ 56,541	\$ 10
Education	883,544	883,345	883,661	117
<u>Interest on Debt</u>				
General Government	41,393	41,493	41,394	1
Education	867,357	867,558	867,436	79
<u>Other Debt Service</u>				
General Government	21,722	27,500	25,668	3,946
Education	1,628	0	1,629	1
Total Expenditures	<u>\$ 1,872,175</u>	<u>\$ 1,876,329</u>	<u>\$ 1,876,329</u>	<u>\$ 4,154</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 65,799</u>	<u>\$ (3,041)</u>	<u>\$ (3,041)</u>	<u>\$ 68,840</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 19,000	\$ 19,000	\$ 19,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 19,000</u>	<u>\$ 19,000</u>	<u>\$ 19,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 84,799	\$ 15,959	\$ 15,959	\$ 68,840
Fund Balance, July 1, 2006	1,463,764	1,463,765	1,463,765	(1)
Fund Balance, June 30, 2007	<u>\$ 1,548,563</u>	<u>\$ 1,479,724</u>	<u>\$ 1,479,724</u>	<u>\$ 68,839</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.

City School ADA - Alamo Fund and City School ADA - Bells Fund – These two funds are used to account for the city school systems' shares of education revenues collected by the county that must be apportioned between the various school systems on an average daily attendance basis. These collections are remitted to the city school systems 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 G-1

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

	Agency Funds				Total
	Cities - Sales Tax	City School ADA - Alamo	City School ADA - Bells	Constitu- tional Officers - Agency	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 0	\$ 1,777	\$ 1,344	\$ 0	\$ 3,121
Cash	0	0	0	442,754	442,754
Investments	0	0	0	100,228	100,228
Due from Other Governments	57,260	13,418	10,152	0	80,830
Taxes Receivable	0	293,234	221,854	0	515,088
Allowance for Uncollectible Taxes	0	(9,487)	(7,178)	0	(16,665)
Notes Receivable - Long-Term	0	0	0	7,428	7,428
Total Assets	<u>\$ 57,260</u>	<u>\$ 298,942</u>	<u>\$ 226,172</u>	<u>\$ 550,410</u>	<u>\$ 1,132,784</u>
<u>LIABILITIES</u>					
Due to Other Taxing Units	\$ 57,260	\$ 298,942	\$ 226,172	\$ 0	\$ 582,374
Due to Litigants, Heirs, and Others	0	0	0	550,410	550,410
Total Liabilities	<u>\$ 57,260</u>	<u>\$ 298,942</u>	<u>\$ 226,172</u>	<u>\$ 550,410</u>	<u>\$ 1,132,784</u>

Exhibit G-2

Crockett 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	\$ 341,212	\$ 341,212	\$ 0
Due from Other Governments	55,444	57,260	55,444	57,260
Total Assets	\$ 55,444	\$ 398,472	\$ 396,656	\$ 57,260
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 55,444	\$ 398,472	\$ 396,656	\$ 57,260
Total Liabilities	\$ 55,444	\$ 398,472	\$ 396,656	\$ 57,260
<u>City School ADA - Alamo Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,382	\$ 352,061	\$ 351,666	\$ 1,777
Due from Other Governments	13,672	13,418	13,672	13,418
Taxes Receivable	279,235	293,234	279,235	293,234
Allowance for Uncollectible Taxes	(8,892)	(9,487)	(8,892)	(9,487)
Total Assets	\$ 285,397	\$ 649,226	\$ 635,681	\$ 298,942
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 285,397	\$ 649,226	\$ 635,681	\$ 298,942
Total Liabilities	\$ 285,397	\$ 649,226	\$ 635,681	\$ 298,942
<u>City School ADA - Bells Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,074	\$ 266,358	\$ 266,088	\$ 1,344
Due from Other Governments	10,639	10,152	10,639	10,152
Taxes Receivable	217,287	221,854	217,287	221,854
Allowance for Uncollectible Taxes	(6,919)	(7,178)	(6,919)	(7,178)
Total Assets	\$ 222,081	\$ 491,186	\$ 487,095	\$ 226,172
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 222,081	\$ 491,186	\$ 487,095	\$ 226,172
Total Liabilities	\$ 222,081	\$ 491,186	\$ 487,095	\$ 226,172

(Continued)

Exhibit G-2

Crockett County, Tennessee

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 403,850	\$ 2,836,768	\$ 2,797,864	\$ 442,754
Investments	100,228	0	0	100,228
Notes Receivable - Long-Term	7,428	0	0	7,428
Total Assets	<u>\$ 511,506</u>	<u>\$ 2,836,768</u>	<u>\$ 2,797,864</u>	<u>\$ 550,410</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 511,506	\$ 2,836,768	\$ 2,797,864	\$ 550,410
Total Liabilities	<u>\$ 511,506</u>	<u>\$ 2,836,768</u>	<u>\$ 2,797,864</u>	<u>\$ 550,410</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,456	\$ 959,631	\$ 958,966	\$ 3,121
Cash	403,850	2,836,768	2,797,864	442,754
Investments	100,228	0	0	100,228
Due from Other Governments	79,755	80,830	79,755	80,830
Taxes Receivable	496,522	515,088	496,522	515,088
Allowance for Uncollectible Taxes	(15,811)	(16,665)	(15,811)	(16,665)
Notes Receivable - Long-Term	7,428	0	0	7,428
Total Assets	<u>\$ 1,074,428</u>	<u>\$ 4,375,652</u>	<u>\$ 4,317,296</u>	<u>\$ 1,132,784</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 562,922	\$ 1,538,884	\$ 1,519,432	\$ 582,374
Due to Litigants, Heirs, and Others	511,506	2,836,768	2,797,864	550,410
Total Liabilities	<u>\$ 1,074,428</u>	<u>\$ 4,375,652</u>	<u>\$ 4,317,296</u>	<u>\$ 1,132,784</u>

Exhibit H-1

Crockett County, Tennessee
Schedule of Changes in Long-Term Notes, Capital Leases, 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	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Classrooms and Fieldhouse	\$ 360,000	5.1%	6-22-1998	6-30-10	\$ 144,066	\$ 0	\$ 33,410	\$ 110,656
Trash Compactors and Site Preparation	60,000	3.974	Various	4-15-11	28,028	0	5,265	22,763
School Construction	400,000	3.95	3-6-03	12-15-14	314,198	0	30,134	284,064
Emergency Management Building	84,000	0	6-30-07	2-17-17	0	84,000	0	84,000
Total Notes Payable					\$ 486,292	\$ 84,000	\$ 68,809	\$ 501,483
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Fund</u>								
Sheriff's Patrol Cars	44,022	5	5-20-05	5-7-07	\$ 14,663	\$ 0	\$ 14,663	\$ 0
Sheriff's Patrol Car	21,002	6.8	1-19-07	1-19-09	0	21,002	7,466	13,536
Total Payable through General Fund					\$ 14,663	\$ 21,002	\$ 22,129	\$ 13,536
<u>Payable through Highway/Public Works Fund</u>								
Dump Trucks	205,706	4.39	4-25-07	5-25-10	\$ 0	\$ 205,706	\$ 4,588	\$ 201,118
Total Capital Leases Payable					\$ 14,663	\$ 226,708	\$ 26,717	\$ 214,654
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Courthouse and Library	200,000	5	1-28-1976	1-1-16	\$ 90,798	\$ 0	\$ 7,391	\$ 83,407
Courthouse and Library	50,000	5	12-30-1976	12-1-16	22,640	0	1,852	20,788
Nursing Home	300,000	5	10-26-1977	1-1-17	146,627	0	10,486	136,141
Nursing Home	50,000	5	2-9-1979	1-1-19	27,701	0	1,560	26,141
Nursing Home	500,000	5	8-9-1982	1-1-11	145,000	0	25,000	120,000
School Refunding 1997 Series	3,595,000	4 to 5	11-1-1997	4-1-12	2,965,000	0	440,000	2,525,000
Courthouse and Senior Citizens' Buildings Renovations	400,000	5	10-14-1999	10-14-37	374,776	0	4,977	369,799
General Obligation School	9,850,000	4.5 to 4.875	8-9-01	4-1-17	3,250,000	0	100,000	3,150,000
General Obligation School Refunding	2,710,000	2.5 to 4.875	4-17-02	4-1-14	1,270,000	0	135,000	1,135,000
General Obligation School	5,085,000	4.55 to 5	4-17-02	4-1-17	4,685,000	0	125,000	4,560,000
General Obligation School Refunding	6,735,000	4.15	9-1-05	4-1-21	6,595,000	0	20,000	6,575,000
Total Bonds Payable					\$ 19,572,542	\$ 0	\$ 871,266	\$ 18,701,276

Exhibit H-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2008	\$ 962,475	\$ 848,389	\$ 1,810,864
2009	1,028,849	804,000	1,832,849
2010	1,120,291	755,970	1,876,261
2011	1,196,806	701,994	1,898,800
2012	1,228,396	644,314	1,872,710
2013	1,035,066	585,789	1,620,855
2014	1,106,819	538,686	1,645,505
2015	1,313,660	487,341	1,801,001
2016	1,473,809	425,233	1,899,042
2017	1,575,749	355,005	1,930,754
2018	1,591,213	278,993	1,870,206
2019	1,581,526	212,862	1,794,388
2020	1,614,385	147,131	1,761,516
2021	1,604,855	80,054	1,684,909
2022	10,347	13,369	23,716
2023	10,865	12,852	23,717
2024	11,408	12,308	23,716
2025	11,978	11,738	23,716
2026	12,577	11,139	23,716
2027	13,206	10,510	23,716
2028	13,866	9,850	23,716
2029	14,560	9,156	23,716
2030	15,288	8,429	23,717
2031	16,052	7,664	23,716
2032	16,854	6,862	23,716
2033	17,697	6,019	23,716
2034	18,582	5,134	23,716
2035	19,511	4,205	23,716
2036	20,487	3,229	23,716
2037	21,511	2,205	23,716
2038	22,588	1,129	23,717
Total	\$ 18,701,276	\$ 7,001,559	\$ 25,702,835

Exhibit H-3

Crockett County, Tennessee
Schedule of Investments
June 30, 2007

<u>Fund and Type</u>	<u>Amount</u>
<u>Constitutional Officers - Agency Fund</u>	
<u>Clerk and Master</u>	
Goldman Sachs Government Money Market	\$ 546
Fidelity Institutional Short Intermediate Government Mutual Fund	4,036
Vanguard Bond Index Mutual Fund	31,536
Vanguard Intermediate Term Treasury Mutual Fund	4,088
ABN AMRO/Montag & Caldwell Growth CLI Mutual Fund	7,500
Fidelity Low Price Stock Mutual Fund	4,073
Longleaf Partners Mutual Fund	5,931
T. Rowe Price Growth Stock Mutual Fund	7,684
T. Rowe Price Equity Income Mutual Fund	14,764
T. Rowe Price Mid Cap Growth Mutual Fund	6,206
Vanguard International Growth Mutual Fund	5,833
Vanguard Explorer FD 24 Mutual Fund	2,048
Vanguard Index S&P 500 Mutual Fund	<u>5,983</u>
Total Constitutional Officers - Agency Fund	<u>\$ 100,228</u>
Total Investments	<u><u>\$ 100,228</u></u>

Exhibit H-4

Crockett County, Tennessee
Schedule of Notes Receivable
June 30, 2007

<u>Description</u>	<u>Amount</u>
<u>Constitutional Officers - Agency Fund</u>	
<u>Clerk and Master</u>	
Loan Notes	<u>\$ 7,428</u>
Total Notes Receivable	<u><u>\$ 7,428</u></u>

Exhibit H-5

Crockett 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	General Debt Service	Litigation tax for debt retirement	\$ 19,000
General	General Capital Projects	To provide funds for health department building construction	<u>787</u>
Total Transfers			<u><u>\$ 19,787</u></u>

Exhibit H-6

Crockett 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	\$ 50,000	Auto Owners Insurance Company
Road Supervisor	Section 8-24-102, <u>TCA</u>	53,276	100,000	Western Surety Company
Trustee	Section 8-24-102, <u>TCA</u>	52,069	609,280	Auto Owners Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	52,069	10,000	"
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	"
Clerk and Master:				
Betty Johnson (7-1-06 through 12-31-06)	Section 8-24-102, <u>TCA</u>	26,035	30,000	"
Nancy Evans (1-1-07 through 6-30-07)	Section 8-24-102, <u>TCA</u>	26,034	30,000	"
Register	Section 8-24-102, <u>TCA</u>	52,069	15,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	57,870 (1)	25,000	"
Employee Bonds:				
General Fund Employees			150,000	Tennessee School Boards Risk Management Trust
Road Supervisor's Bookkeeper			10,000	Western Surety Company

(1) Includes law enforcement training supplement of \$600.

MISCELLANEOUS SCHEDULES

Exhibit H-7

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 2,399,510	\$ 0	\$ 0	\$ 0	\$ 546,088	\$ 0	\$ 2,945,598
Discount on Property Taxes	(16,781)	0	0	0	(3,819)	0	(20,600)
Trustee's Collections - Prior Year	87,669	0	0	0	37,615	0	125,284
Trustee's Collections - Bankruptcy	5,203	0	0	0	1,778	0	6,981
Circuit/Clerk & Master Collections - Prior Years	37,576	0	0	0	12,831	0	50,407
Interest and Penalty	18,004	0	0	0	7,012	0	25,016
Payments in-Lieu-of Taxes - T.V.A.	96	0	0	0	7	0	103
Payments in-Lieu-of Taxes - Other	2,376	0	0	0	0	0	2,376
<u>County Local Option Taxes</u>							
Local Option Sales Tax	50,000	57,772	0	0	450,947	0	558,719
Hotel/Motel Tax	12,968	0	0	0	0	0	12,968
Wheel Tax	0	0	0	354,732	282,677	0	637,409
Litigation Tax - General	52,647	0	0	0	0	0	52,647
Litigation Tax - Jail, Workhouse, or Courthouse	19,530	0	0	0	0	0	19,530
Business Tax	60,040	0	0	0	0	0	60,040
<u>Statutory Local Taxes</u>							
Bank Excise Tax	59,606	0	0	0	0	0	59,606
Wholesale Beer Tax	0	115,820	0	0	0	0	115,820
Interstate Telecommunications Tax	0	651	0	0	0	0	651
Total Local Taxes	\$ 2,788,444	\$ 174,243	\$ 0	\$ 354,732	\$ 1,335,136	\$ 0	\$ 4,652,555
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Vaccination	\$ 2,039	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,039
<u>Permits</u>							
Beer Permits	1,306	0	0	0	0	0	1,306
Total Licenses and Permits	\$ 3,345	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,345
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 5,063	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,063
Officers Costs	3,713	0	0	0	0	0	3,713

(Continued)

Exhibit H-7

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

	Special Revenue Funds				Debt	Capital	Total
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	Service Fund	Projects Fund	
					General Debt Service	Community Development/Industrial Park	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Circuit Court (Cont.)</u>							
Drug Control Fines	\$ 665	\$ 0	\$ 601	\$ 0	\$ 0	\$ 0	1,266
Drug Court Fees	80	0	0	0	0	0	80
Jail Fees	351	0	0	0	0	0	351
DUI Treatment Fines	380	0	0	0	0	0	380
Data Entry Fee - Circuit Court	200	0	0	0	0	0	200
Courtroom Security Fee	104	0	0	0	0	0	104
<u>General Sessions Court</u>							
Fines	22,173	0	0	0	0	0	22,173
Officers Costs	23,279	0	0	0	0	0	23,279
Game and Fish Fines	85	0	0	0	0	0	85
Drug Control Fines	2,600	0	1,681	0	0	0	4,281
Drug Court Fees	1,607	0	0	0	0	0	1,607
Jail Fees	4,027	0	0	0	0	0	4,027
DUI Treatment Fines	4,279	0	0	0	0	0	4,279
Data Entry Fee - General Sessions Court	4,086	0	0	0	0	0	4,086
Courtroom Security Fee	3,408	0	0	0	0	0	3,408
<u>Juvenile Court</u>							
Officers Costs	3,159	0	0	0	0	0	3,159
<u>Chancery Court</u>							
Officers Costs	2,478	0	0	0	0	0	2,478
Data Entry Fee - Chancery Court	936	0	0	0	0	0	936
<u>Judicial District Drug Program</u>							
Courtroom Security Fee	96	0	0	0	0	0	96
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	6,600	0	20,976	0	0	0	27,576
Other Fines, Forfeitures, and Penalties	0	0	100	0	0	0	100
Total Fines, Forfeitures, and Penalties	\$ 89,369	\$ 0	\$ 23,358	\$ 0	\$ 0	\$ 0	112,727
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Self-Insurance Premiums/Contributions	\$ 554	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	554
Patient Charges	583,844	0	0	0	0	0	583,844

(Continued)

Exhibit H-7

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	
<u>Charges for Current Services (Cont.)</u>							
<u>Fees</u>							
Library Fees	\$ 195	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	195
Telephone Commissions	7,946	0	0	0	0	0	7,946
Vending Machine Collections	361	0	0	0	0	0	361
Data Processing Fee - Register	5,589	0	0	0	0	0	5,589
Data Processing Fee - Sheriff	1,875	0	0	0	0	0	1,875
Sexual Offender Registration Fees - Sheriff	1,416	0	0	0	0	0	1,416
Total Charges for Current Services	\$ 601,780	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	601,780
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 2,739	\$ 0	\$ 0	\$ 0	127,464	\$ 0	130,203
Lease/Rentals	28,115	0	0	0	105,374	0	133,489
Sale of Materials and Supplies	0	0	0	4,655	0	0	4,655
Miscellaneous Refunds	2,971	225	0	1,177	0	0	4,373
<u>Nonrecurring Items</u>							
Sale of Property	1,500	0	0	0	0	0	1,500
Contributions & Gifts	120	0	0	0	0	0	120
Performance Bond Forfeitures	950	0	0	0	0	0	950
Total Other Local Revenues	\$ 36,395	\$ 225	\$ 0	\$ 5,832	\$ 232,838	\$ 0	275,290
<u>Fees Received from County Officials</u>							
<u>Fees-In-Lieu of Salary</u>							
County Clerk	\$ 128,155	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	128,155
Circuit Court Clerk	31,929	0	0	0	0	0	31,929
General Sessions Court Clerk	107,643	0	0	0	0	0	107,643
Clerk and Master	57,507	0	0	0	0	0	57,507
Juvenile Court Clerk	22,306	0	0	0	0	0	22,306
Register	64,036	0	0	0	0	0	64,036
Sheriff	7,364	0	0	0	0	0	7,364
Trustee	167,289	0	0	0	0	0	167,289
Total Fees Received from County Officials	\$ 586,229	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	586,229

(Continued)

Exhibit H-7

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000
Aging Programs	107,838	0	0	0	0	0	107,838
State Reappraisal Grant	5,809	0	0	0	0	0	5,809
Solid Waste Grants	0	7,000	0	8,081	0	0	15,081
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	12,306	0	0	0	0	0	12,306
Other Public Safety Grants	19,891	0	0	0	0	0	19,891
<u>Health and Welfare Grants</u>							
Health Department Programs	54,932	0	0	0	0	0	54,932
<u>Public Works Grants</u>							
Bridge Program	0	0	0	140,539	0	0	140,539
State Aid Program	0	0	0	103,246	0	0	103,246
Litter Program	9,520	0	0	0	0	0	9,520
<u>Other State Revenues</u>							
Income Tax	17,385	0	0	0	0	0	17,385
Beer Tax	0	18,753	0	0	0	0	18,753
Alcoholic Beverage Tax	0	23,608	0	0	0	0	23,608
Mixed Drink Tax	608	0	0	0	0	0	608
State Revenue Sharing - T.V.A.	198,644	0	0	0	0	0	198,644
Contracted Prisoner Boarding	200,634	0	0	0	0	0	200,634
Gasoline and Motor Fuel Tax	0	0	0	1,405,417	0	0	1,405,417
Petroleum Special Tax	0	0	0	11,690	0	0	11,690
Registrar's Salary Supplement	16,380	0	0	0	0	0	16,380
Other State Grants	44,688	0	0	0	0	0	44,688
Other State Revenues	1,875	0	0	0	0	0	1,875
Total State of Tennessee	\$ 699,510	\$ 49,361	\$ 0	\$ 1,668,973	\$ 0	\$ 0	\$ 2,417,844
<u>Federal Government</u>							
<u>Federal Through State</u>							
USDA - Other	\$ 3,763	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,763
Community Development	0	0	0	0	0	124,299	124,299
Homeland Security Grants	20,629	0	0	0	0	0	20,629

(Continued)

Exhibit H-7

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	
<u>Federal Government (Cont.)</u>							
<u>Federal Through State (Cont.)</u>							
Other Federal through State	\$ 157,475	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 157,475
Total Federal Government	\$ 181,867	\$ 0	\$ 0	\$ 0	\$ 0	\$ 124,299	\$ 306,166
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Prisoner Board	\$ 44,077	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,077
Contributions	0	0	0	0	370,000	500	370,500
Contracted Services	2,018	0	0	4,493	0	0	6,511
<u>Citizens Groups</u>							
Donations	16,476	0	0	0	0	0	16,476
Total Other Governments and Citizens Groups	\$ 62,571	\$ 0	\$ 0	\$ 4,493	\$ 370,000	\$ 500	\$ 437,564
Total	\$ 5,049,510	\$ 223,829	\$ 23,358	\$ 2,034,030	\$ 1,937,974	\$ 124,799	\$ 9,393,500

Exhibit H-8

Crockett 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	\$	12,293	
Dues and Memberships		<u>1,300</u>	
Total County Commission	\$		13,593

Board of Equalization

Board and Committee Members Fees	\$	<u>380</u>	
Total Board of Equalization			380

Beer Board

Board and Committee Members Fees	\$	<u>100</u>	
Total Beer Board			100

County Mayor/Executive

County Official/Administrative Officer	\$	60,139	
Accountants/Bookkeepers		27,417	
Secretary(ies)		22,780	
Longevity Pay		600	
Contracts with Private Agencies		6,040	
Dues and Memberships		2,090	
Postal Charges		1,503	
Printing, Stationery, and Forms		1,735	
Travel		3,977	
Office Supplies		3,288	
Other Charges		500	
Office Equipment		<u>3,781</u>	
Total County Mayor/Executive			133,850

County Attorney

County Official/Administrative Officer	\$	<u>1,295</u>	
Total County Attorney			1,295

Election Commission

County Official/Administrative Officer	\$	46,862	
Temporary Personnel		8,784	
Election Commission		4,277	
Election Workers		17,091	
In-Service Training		2,550	
Contracts with Private Agencies		4,173	
Data Processing Services		2,096	
Dues and Memberships		150	

(Continued)

Exhibit H-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Legal Notices, Recording, and Court Costs	\$	4,363	
Postal Charges		1,457	
Printing, Stationery, and Forms		117	
Travel		964	
Office Supplies		2,053	
Office Equipment		1,366	
Other Equipment		151,465	
Total Election Commission			\$ 247,768

Register of Deeds

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		21,225	
Longevity Pay		100	
Data Processing Services		4,459	
Dues and Memberships		470	
Postal Charges		364	
Printing, Stationery, and Forms		299	
Travel		442	
Office Supplies		2,150	
Office Equipment		1,240	
Total Register of Deeds			82,818

County Buildings

Custodial Personnel	\$	3,745	
Other Salaries & Wages		5,679	
Communication		28,717	
Maintenance & Repair Services - Buildings		48,086	
Maintenance & Repair Services - Equipment		2,443	
Pest Control		2,150	
Other Contracted Services		47	
Custodial Supplies		10,960	
Electricity		22,000	
Natural Gas		10,502	
Water and Sewer		5,321	
Building and Contents Insurance		19,038	
Total County Buildings			158,688

Finance

Accounting and Budgeting

Accounting Services	\$	568	
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(Continued)

Exhibit H-8

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Audit Services	\$ 4,704	
Total Accounting and Budgeting		\$ 5,272

Property Assessor's Office

County Official/Administrative Officer	\$ 52,069	
Deputy(ies)	40,410	
Longevity Pay	150	
Contracts with Private Agencies	8,115	
Data Processing Services	4,940	
Dues and Memberships	1,014	
Legal Notices, Recording, and Court Costs	55	
Postal Charges	80	
Printing, Stationery, and Forms	46	
Travel	1,992	
Office Supplies	155	
Office Equipment	1,519	
Other Equipment	773	
Total Property Assessor's Office		111,318

Reappraisal Program

Data Processing Personnel	\$ 1,245	
In-Service Training	665	
Data Processing Services	1,615	
Travel	800	
Total Reappraisal Program		4,325

County Trustee's Office

County Official/Administrative Officer	\$ 52,069	
Deputy(ies)	41,989	
Longevity Pay	1,250	
Data Processing Services	3,754	
Dues and Memberships	355	
Maintenance Agreements	2,411	
Postal Charges	2,596	
Printing, Stationery, and Forms	1,000	
Travel	1,029	
Other Contracted Services	1,763	
Office Supplies	1,621	
Office Equipment	461	
Total County Trustee's Office		110,298

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		59,331	
Longevity Pay		1,000	
Dues and Memberships		455	
Postal Charges		3,284	
Printing, Stationery, and Forms		297	
Travel		869	
Other Contracted Services		8,007	
Office Supplies		2,604	
Office Equipment		1,284	
Total County Clerk's Office			\$ 129,200

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		102,792	
Longevity Pay		2,000	
Jury and Witness Fees		4,513	
Data Processing Services		7,506	
Dues and Memberships		420	
Postal Charges		1,415	
Printing, Stationery, and Forms		1,565	
Travel		736	
Office Supplies		6,499	
Other Charges		510	
Other Equipment		7,218	
Total Circuit Court			187,243

General Sessions Judge

Judge(s)	\$	73,088	
Dues and Memberships		366	
Travel		2,223	
Other Contracted Services		6,994	
Office Supplies		745	
Total General Sessions Judge			83,416

Drug Court

Assistant(s)	\$	8,493	
Supervisor/Director		15,838	
Social Security		2,615	

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court (Cont.)

Communication	\$	844	
Travel		2,942	
Drug Treatment		4,186	
Office Supplies		2,972	
Other Charges		112	
Office Equipment		464	
Other Equipment		5,330	
Total Drug Court			\$ 43,796

Chancery Court

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		20,834	
Longevity Pay		750	
Dues and Memberships		420	
Maintenance & Repair Services - Office Equipment		156	
Postal Charges		1,879	
Printing, Stationery, and Forms		700	
Travel		778	
Other Contracted Services		939	
Office Supplies		1,234	
Total Chancery Court			79,759

Juvenile Court

Supervisor/Director	\$	26,046	
Probation Officer(s)		15,211	
Longevity Pay		850	
Communication		1,426	
Maintenance & Repair Services - Vehicles		46	
Travel		1,008	
Other Contracted Services		1,518	
Office Supplies		414	
Other Charges		5,851	
Total Juvenile Court			52,370

Other Administration of Justice

Other Salaries & Wages	\$	7,744	
In-Service Training		767	
Other Charges		415	
Total Other Administration of Justice			8,926

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	57,270	
Assistant(s)		32,577	
Deputy(ies)		336,269	
Dispatchers/Radio Operators		24,119	
Guards		11,269	
Secretary(ies)		9,133	
Longevity Pay		4,600	
Other Salaries & Wages		37,844	
In-Service Training		10,166	
Communication		18,258	
Contracts with Private Agencies		11,771	
Data Processing Services		4,491	
Dues and Memberships		1,505	
Maintenance & Repair Services - Vehicles		29,498	
Postal Charges		3,033	
Travel		220	
Other Contracted Services		322	
Gasoline		51,559	
Law Enforcement Supplies		3,589	
Office Supplies		5,413	
Tires and Tubes		8,006	
Uniforms		9,636	
Other Supplies and Materials		3,409	
Other Charges		46	
Principal on Capital Leases		22,129	
Interest on Capital Leases		711	
Motor Vehicles		24,015	
Office Equipment		500	
Other Equipment		4,965	
Total Sheriff's Department			\$ 726,323

Jail

Dispatchers/Radio Operators	\$	108,418
Guards		202,916
Cafeteria Personnel		15,997
Longevity Pay		4,450
Other Salaries & Wages		28,700
In-Service Training		1,220
Medical and Dental Services		48,073
Custodial Supplies		12,705

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Drugs and Medical Supplies	\$	34,511	
Electricity		22,265	
Food Supplies		100,232	
Natural Gas		14,872	
Uniforms		6,829	
Water and Sewer		8,883	
Other Supplies and Materials		3,956	
Other Charges		31	
Office Equipment		5,834	
Other Equipment		3,414	
Total Jail			\$ 623,306

Fire Prevention and Control

Contributions	\$	52,000	
Other Charges		939	
Total Fire Prevention and Control			52,939

Civil Defense

Assistant(s)	\$	5,999	
Supervisor/Director		14,929	
Communication		3,450	
Dues and Memberships		192	
Maintenance & Repair Services - Equipment		738	
Postal Charges		80	
Travel		1,244	
Electricity		673	
Gasoline		2,290	
Office Supplies		2,365	
Uniforms		403	
Utilities		2,579	
Other Supplies and Materials		1,034	
Other Charges		1,685	
Motor Vehicles		349	
Building Purchases		84,000	
Other Equipment		7,835	
Total Civil Defense			129,845

Rescue Squad

Contributions	\$	7,000	
Total Rescue Squad			7,000

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Other Supplies and Materials	\$ 9,918	
Total Other Emergency Management		\$ 9,918

County Coroner/Medical Examiner

Other Per Diem & Fees	\$ 1,366	
Contracts with Government Agencies	1,400	
Other Equipment	93	
Total County Coroner/Medical Examiner		2,859

Other Public Safety

Other Salaries & Wages	\$ 2,982	
Total Other Public Safety		2,982

Public Health and Welfare

Local Health Center

Custodial Personnel	\$ 7,890	
Longevity Pay	50	
Communication	4,043	
Contracts with Other Public Agencies	43,104	
Postal Charges	1,308	
Printing, Stationery, and Forms	377	
Travel	615	
Custodial Supplies	833	
Drugs and Medical Supplies	1,116	
Office Supplies	1,082	
Utilities	8,822	
Other Charges	677	
Total Local Health Center		69,917

Rabies and Animal Control

Supervisor/Director	\$ 22,612	
Longevity Pay	850	
Communication	730	
Travel	5,580	
Other Contracted Services	1,020	
Other Supplies and Materials	2,833	
Total Rabies and Animal Control		33,625

Ambulance/Emergency Medical Services

Assistant(s)	\$ 572	
--------------	--------	--

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Supervisor/Director	\$	44,583	
Medical Personnel		321,805	
Secretary(ies)		21,083	
Part-time Personnel		46,231	
Longevity Pay		5,600	
Other Salaries & Wages		55,512	
In-Service Training		3,483	
Communication		5,296	
Contracts with Private Agencies		7,784	
Dues and Memberships		140	
Evaluation and Testing		195	
Licenses		938	
Maintenance & Repair Services - Vehicles		18,873	
Postal Charges		1,060	
Travel		1,577	
Custodial Supplies		244	
Diesel Fuel		28,078	
Drugs and Medical Supplies		34,408	
Office Supplies		3,440	
Uniforms		2,579	
Other Supplies and Materials		1,726	
Other Charges		2,000	
Motor Vehicles		10,188	
Other Equipment		3,023	
Total Ambulance/Emergency Medical Services			\$ 620,418

Maternal and Child Health Services

Contributions	\$	4,000	
Total Maternal and Child Health Services			4,000

Alcohol and Drug Programs

Contributions	\$	15,165	
Total Alcohol and Drug Programs			15,165

Crippled Children Services

Contributions	\$	1,650	
Total Crippled Children Services			1,650

Other Local Health Services

Contributions	\$	2,000	
Total Other Local Health Services			2,000

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Appropriation to State

Contracts with Government Agencies	\$	43,905	
Contracts with Other Public Agencies		6,000	
Contributions		2,000	
Total Appropriation to State			\$ 51,905

Other Local Welfare Services

Other Charges	\$	695	
Total Other Local Welfare Services			695

Waste Pickup

Other Salaries & Wages	\$	16,253	
Equipment and Machinery Parts		672	
Gasoline		763	
Instructional Supplies and Materials		10,327	
Other Charges		218	
Total Waste Pickup			28,233

Social, Cultural, and Recreational Services

Adult Activities

Assistant(s)	\$	17,260	
Supervisor/Director		30,942	
Investigator(s)		8,955	
Social Workers		17,776	
Medical Personnel		15,323	
Bus Drivers		13,997	
Clerical Personnel		11,544	
Educational Assistants		14,851	
Cafeteria Personnel		13,923	
Maintenance Personnel		8,931	
Part-time Personnel		5,894	
Longevity Pay		1,750	
Other Salaries & Wages		1,430	
Maintenance & Repair Services - Buildings		1,878	
Maintenance & Repair Services - Vehicles		1,433	
Postal Charges		197	
Travel		8,005	
Other Contracted Services		5,585	
Custodial Supplies		1,609	
Gasoline		6,578	
Office Supplies		1,261	

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Adult Activities (Cont.)

Utilities	\$	10,213	
Office Equipment		<u>1,678</u>	
Total Adult Activities	\$		201,013

Libraries

Librarians	\$	18,439	
Custodial Personnel		960	
Longevity Pay		100	
Other Salaries & Wages		20,848	
Communication		1,657	
Postal Charges		156	
Travel		526	
Library Books/Media		3,784	
Office Supplies		572	
Utilities		7,357	
Other Supplies and Materials		687	
Other Charges		976	
Data Processing Equipment		2,912	
Office Equipment		<u>905</u>	
Total Libraries			59,879

Parks and Fair Boards

Contributions	\$	3,000	
Other Contracted Services		2,400	
Electricity		2,888	
Other Charges		<u>1,675</u>	
Total Parks and Fair Boards			9,963

Agriculture & Natural Resources

Agriculture Extension Service

County Official/Administrative Officer	\$	14,086	
Assistant(s)		12,249	
Supervisor/Director		11,073	
Clerical Personnel		4,453	
Communication		4,658	
Dues and Memberships		300	
Travel		458	
Office Supplies		796	
Other Charges		138	
Maintenance Equipment		<u>2,390</u>	
Total Agriculture Extension Service			50,601

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Soil Conservation

Supervisor/Director	\$	30,010	
Secretary(ies)		22,622	
Longevity Pay		2,900	
Other Salaries & Wages		19,768	
Other Charges		5,500	
Total Soil Conservation			\$ 80,800

Flood Control

Dues and Memberships	\$	10,150	
Total Flood Control			10,150

Other Operations

Veterans' Services

Supervisor/Director	\$	10,321	
Postal Charges		351	
Travel		104	
Office Supplies		564	
Other Charges		6,913	
Total Veterans' Services			18,253

Other Charges

Legal Services	\$	9,148	
Liability Insurance		46,300	
Trustee's Commission		63,456	
Vehicle and Equipment Insurance		25,200	
Workers' Compensation Insurance		65,349	
Total Other Charges			209,453

Contributions to Other Agencies

Contributions	\$	42,300	
Total Contributions to Other Agencies			42,300

Employee Benefits

Social Security	\$	199,454	
State Retirement		167,008	
Employee and Dependent Insurance		462	
Medical Insurance		161,117	
Unemployment Compensation		8,082	
Total Employee Benefits			536,123

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Contracts with Government Agencies	\$	8,500	
Legal Notices, Recording, and Court Costs		1,052	
Postal Charges		816	
Other Contracted Services		3,924	
Office Supplies		2,990	
Premiums on Corporate Surety Bonds		391	
Other Charges		9,990	
Office Equipment		3,000	
Total Miscellaneous			\$ 30,663

Total General Fund \$ 5,086,393

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Supervisor/Director	\$	6,040	
Attendants		34,414	
Social Security		2,633	
Communication		1,700	
Contracts with Private Agencies		178,345	
Maintenance & Repair Services - Equipment		762	
Maintenance & Repair Services - Vehicles		10	
Other Contracted Services		8,008	
Utilities		2,876	
Trustee's Commission		2,665	
Other Charges		118	
Total Convenience Centers			\$ 237,571

Total Solid Waste/Sanitation Fund 237,571

Drug Control Fund

Public Safety

Drug Enforcement

In-Service Training	\$	706	
Dues and Memberships		232	
Maintenance & Repair Services - Vehicles		1,296	
Veterinary Services		152	
Animal Food and Supplies		353	
Instructional Supplies and Materials		2,187	
Law Enforcement Supplies		11,963	

(Continued)

Exhibit H-8

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Other Supplies and Materials	\$ 32	
Trustee's Commission	24	
Other Charges	3,301	
Total Drug Enforcement	\$ 20,246	

Total Drug Control Fund \$ 20,246

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 57,276	
Accountants/Bookkeepers	31,888	
Board and Committee Members Fees	14,220	
Communication	2,706	
Data Processing Services	5,444	
Dues and Memberships	2,817	
Legal Notices, Recording, and Court Costs	1,208	
Maintenance & Repair Services - Buildings	1,066	
Maintenance & Repair Services - Office Equipment	80	
Postal Charges	461	
Printing, Stationery, and Forms	615	
Travel	517	
Custodial Supplies	365	
Data Processing Supplies	461	
Drugs and Medical Supplies	460	
Electricity	3,927	
Natural Gas	569	
Office Supplies	1,065	
Water and Sewer	1,130	
Other Charges	4,186	
Total Administration	\$ 130,461	

Highway and Bridge Maintenance

Foremen	\$ 84,971
Equipment Operators	99,323
Truck Drivers	54,340
Laborers	129,026
Engineering Services	14,333
Asphalt - Cold Mix	2,478
Asphalt - Hot Mix	13,226

(Continued)

Exhibit H-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Asphalt - Liquid	\$	30,538	
Concrete		18	
Crushed Stone		75,131	
Fertilizer, Lime, and Seed		284	
Pipe		30,813	
Road Signs		1,843	
Wood Products		1,870	
Other Supplies and Materials		622	
Total Highway and Bridge Maintenance			\$ 538,816

Operation and Maintenance of Equipment

Mechanic(s)	\$	49,479	
Laborers		49,625	
Laundry Service		2,922	
Maintenance & Repair Services - Equipment		24,635	
Diesel Fuel		93,665	
Equipment and Machinery Parts		33,218	
Garage Supplies		1,675	
Gasoline		24,951	
Lubricants		5,432	
Propane Gas		192	
Small Tools		361	
Tires and Tubes		15,795	
Other Supplies and Materials		48	
Total Operation and Maintenance of Equipment			301,998

Other Charges

Premiums on Corporate Surety Bonds	\$	100	
Trustee's Commission		17,692	
Vehicle and Equipment Insurance		38,197	
Workers' Compensation Insurance		36,475	
Total Other Charges			92,464

Employee Benefits

Social Security	\$	35,349	
State Retirement		38,628	
Employee and Dependent Insurance		112,446	
Unemployment Compensation		4,837	
Employer Medicare		8,267	
Total Employee Benefits			199,527

(Continued)

Exhibit H-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Bridge Construction	\$	176,664	
Building Construction		3,379	
Highway Equipment		57,193	
Maintenance Equipment		13,870	
Motor Vehicles		255,280	
State Aid Projects		140,026	
Total Capital Outlay			\$ 646,412

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$	4,588	
Total Highways and Streets			4,588

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$	1,497	
Total Highways and Streets			1,497

Total Highway/Public Works Fund \$ 1,915,763

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	51,266	
Principal on Notes		5,265	
Total General Government			\$ 56,531

Education

Principal on Bonds	\$	820,000	
Principal on Notes		63,544	
Total Education			883,544

Interest on Debt

General Government

Interest on Bonds	\$	40,273	
Interest on Notes		1,120	
Total General Government			41,393

Education

Interest on Bonds	\$	847,795	
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(Continued)

Exhibit H-8

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Interest on Debt (Cont.)</u>		
<u>Education (Cont.)</u>		
Interest on Notes	\$ 19,562	
Total Education		\$ 867,357
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 21,722	
Total General Government		21,722
<u>Education</u>		
Fiscal Agent Charges	\$ 1,628	
Total Education		<u>1,628</u>
Total General Debt Service Fund		\$ 1,872,175
<u>Community Development/Industrial Park Fund</u>		
<u>Capital Projects</u>		
<u>Public Health and Welfare Projects</u>		
Contracts with Private Agencies	\$ 11,704	
Legal Notices, Recording, and Court Costs	22	
Other Contracted Services	<u>113,029</u>	
Total Public Health and Welfare Projects		<u>\$ 124,755</u>
Total Community Development/Industrial Park Fund		<u>124,755</u>
Total Governmental Funds - Primary Government		<u><u>\$ 9,256,903</u></u>

Exhibit H-9

Crockett County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2007

	Cities - Sales Tax Fund	City School ADA - Alamo Fund	City School ADA - Bells Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 240,451	\$ 181,915	\$ 422,366
Discount on Property Taxes	0	(1,684)	(1,274)	(2,958)
Trustee's Collections - Prior Years	0	11,939	9,014	20,953
Trustee's Collections - Bankruptcy	0	622	509	1,131
Circuit/Clerk and Master Collections - Prior Years	0	4,686	3,536	8,222
Interest and Penalty	0	2,182	1,661	3,843
Payments in Lieu of Taxes - T.V.A.	0	12	9	21
Local Option Sales Tax	341,212	82,736	62,597	486,545
Wheel Tax	0	10,240	7,728	17,968
Interstate Telecommunications Tax	0	573	433	1,006
Marriage Licenses	0	190	143	333
Mixed Drink Tax	0	114	87	201
Total Cash Receipts	\$ 341,212	\$ 352,061	\$ 266,358	\$ 959,631
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 337,800	\$ 345,607	\$ 261,503	\$ 944,910
Trustee's Commission	3,412	6,059	4,585	14,056
Total Cash Disbursements	\$ 341,212	\$ 351,666	\$ 266,088	\$ 958,966
<u>Excess of Cash Receipts Over (Under)</u>				
Cash Disbursements	\$ 0	\$ 395	\$ 270	\$ 665
Cash Balance, July 1, 2006	0	1,382	1,074	2,456
Cash Balance, June 30, 2007	\$ 0	\$ 1,777	\$ 1,344	\$ 3,121

ANNUAL FINANCIAL REPORT
CROCKETT COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF CROCKETT 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

NORMAN R. NORMENT, CGFM
Audit Manager

HORACE B. WISEMAN, CGFM
Auditor 4

B. KEITH RICE, CGFM
ELISHA CROWELL, CFE
State Auditors

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

**CROCKETT COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF CROCKETT COUNTY, TENNESSEE
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Audit Highlights
Annual Financial Report
Crockett County School Department
For the Year Ended June 30, 2007

Scope

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

Results

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

Our audit resulted in two findings and recommendations, which we have reviewed with Crockett County School Department management. Detailed findings, recommendations, and management's response are included in the Single Audit Report.

Findings

The following is a summary of the audit findings:

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ System back-ups were not stored off-site. In the event of a disaster, all back-up data could be destroyed. Also, a back-up log was not maintained. If system back-ups are not labeled and inventoried systematically, discrepancies may occur and affect the integrity of system back-ups in the event of a hardware or software failure.

OTHER FINDING

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

INTRODUCTORY SECTION

Crockett County School Officials
June 30, 2007

Official

Stan Black, Director of Schools

Board of Education

Jasper Taylor, IV, Chairman

John Cole

David Eubanks

Mark Faulkner

Henry King

David Russell

Will Spence

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 11, 2007

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

To the Director of Schools and the 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 Crockett County School Department, a component unit of Crockett County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise the Crockett County School Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Crockett 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 Crockett County School Department as of June 30, 2007, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

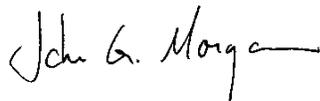
In accordance with Government Auditing Standards, we have also issued our report dated September 11, 2007, on our consideration of the Crockett County School Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

The budgetary comparison information on pages 35 through 39 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 Crockett 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 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,



John G. Morgan
Comptroller of the Treasury

JGM/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

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

<u>ASSETS</u>	<u>Governmental Activities</u>
Equity in Pooled Cash and Investments	\$ 1,741,296
Accounts Receivable	2,028
Due from Other Governments	230,754
Property Taxes Receivable	1,319,756
Allowance for Uncollectible Property Taxes	(42,650)
Capital Assets:	
Assets Not Depreciated:	
Land	789,805
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	14,496,804
Infrastructure	387,037
Other Capital Assets	639,285
Total Assets	<u>\$ 19,564,115</u>
 <u>LIABILITIES</u> 	
Accounts Payable	\$ 21,333
Deferred Revenue - Current Property Taxes	1,188,886
Total Liabilities	<u>\$ 1,210,219</u>
 <u>NET ASSETS</u> 	
Invested in Capital Assets	\$ 16,312,931
Restricted for:	
Central Cafeteria	172,143
Other Purposes	114,684
Unrestricted	1,754,138
Total Net Assets	<u>\$ 18,353,896</u>

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

Exhibit B

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 6,895,121	\$ 968	\$ 1,178,440	\$ 10	\$ (5,715,703)
Support Services	4,041,713	8,529	125,934	0	(3,907,250)
Operation of Non-Instructional Services	1,114,674	334,805	505,453	0	(274,416)
Other Debt Service	370,000	0	0	0	(370,000)
Total Governmental Activities	<u>\$ 12,421,508</u>	<u>\$ 344,302</u>	<u>\$ 1,809,827</u>	<u>\$ 10</u>	<u>\$ (10,267,369)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 1,149,173
Local Option Sales Tax					304,732
Other Local Taxes					122,657
Grants and Contributions Not Restricted to Specific Programs					8,024,508
Unrestricted Investment Income					98,435
Miscellaneous					26,294
Total General Revenues					<u>\$ 9,725,799</u>
Change in Net Assets					\$ (541,570)
Net Assets, July 1, 2006					<u>18,895,466</u>
Net Assets, June 30, 2007					<u>\$ 18,353,896</u>

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

Exhibit C-1

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

	Major Funds		Nonmajor Funds	Total Govern- mental Funds
	General Purpose School	School Transpor - tation	Other Govern- mental Funds	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 1,479,219	\$ 7,708	\$ 243,117	\$ 1,730,044
Accounts Receivable	1,545	0	483	2,028
Due from Other Governments	226,934	0	3,820	230,754
Due from Other Funds	11,252	0	0	11,252
Property Taxes Receivable	1,077,720	242,036	0	1,319,756
Allowance for Uncollectible Property Taxes	(34,828)	(7,822)	0	(42,650)
Total Assets	<u>\$ 2,761,842</u>	<u>\$ 241,922</u>	<u>\$ 247,420</u>	<u>\$ 3,251,184</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 21,333	\$ 0	\$ 0	\$ 21,333
Deferred Revenue - Current Property Taxes	970,851	218,035	0	1,188,886
Deferred Revenue - Delinquent Property Taxes	70,287	15,786	0	86,073
Other Deferred Revenues	25,533	0	0	25,533
Total Liabilities	<u>\$ 1,088,004</u>	<u>\$ 233,821</u>	<u>\$ 0</u>	<u>\$ 1,321,825</u>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 26,126	\$ 0	\$ 0	\$ 26,126
Reserved for Career Ladder - Extended Contract	15,520	0	0	15,520
Reserved for Title I Grants to Local Education Agencies	0	0	14,039	14,039
Reserved for Special Education - Grants to States	0	0	48,363	48,363
Other Federal Reserves	0	0	12,875	12,875
Unreserved, Reported In:				
General Fund	1,632,192	0	0	1,632,192
Special Revenue Funds	0	8,101	172,143	180,244
Total Fund Balances	<u>\$ 1,673,838</u>	<u>\$ 8,101</u>	<u>\$ 247,420</u>	<u>\$ 1,929,359</u>
Total Liabilities and Fund Balances	<u>\$ 2,761,842</u>	<u>\$ 241,922</u>	<u>\$ 247,420</u>	<u>\$ 3,251,184</u>

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

Exhibit C-2

Crockett County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Crockett 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)		\$	1,929,359
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	789,805	
Add: buildings and improvements net of accumulated depreciation		14,496,804	
Add: infrastructure net of accumulated depreciation		387,037	
Add: other capital assets net of accumulated depreciation		<u>639,285</u>	16,312,931
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>111,606</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>18,353,896</u></u>

Exhibit C-3

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

	Major Funds		Nonmajor	Total
	General Purpose School	School Transportation	Funds Other Governmental Funds	
<u>Revenues</u>				
Local Taxes	\$ 1,289,874	\$ 294,808	\$ 0	\$ 1,584,682
Licenses and Permits	693	0	0	693
Charges for Current Services	38,115	0	306,187	344,302
Other Local Revenues	165,634	0	7,180	172,814
State of Tennessee	8,211,514	0	9,288	8,220,802
Federal Government	224,627	0	1,310,159	1,534,786
Total Revenues	<u>\$ 9,930,457</u>	<u>\$ 294,808</u>	<u>\$ 1,632,814</u>	<u>\$ 11,858,079</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 5,732,191	\$ 0	\$ 726,955	\$ 6,459,146
Support Services	3,954,655	5,067	134,625	4,094,347
Operation of Non-Instructional Services	206,787	0	821,255	1,028,042
Capital Outlay	14,800	0	0	14,800
Debt Service:				
Other Debt Service	370,000	0	0	370,000
Capital Projects	0	0	406	406
Total Expenditures	<u>\$ 10,278,433</u>	<u>\$ 5,067</u>	<u>\$ 1,683,241</u>	<u>\$ 11,966,741</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (347,976)</u>	<u>\$ 289,741</u>	<u>\$ (50,427)</u>	<u>\$ (108,662)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 303,088	\$ 0	\$ 0	\$ 303,088
Transfers Out	0	(290,296)	(12,792)	(303,088)
Total Other Financing Sources (Uses)	<u>\$ 303,088</u>	<u>\$ (290,296)</u>	<u>\$ (12,792)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (44,888)	\$ (555)	\$ (63,219)	\$ (108,662)
Fund Balance, July 1, 2006	<u>1,718,726</u>	<u>8,656</u>	<u>310,639</u>	<u>2,038,021</u>
Fund Balance, June 30, 2007	<u>\$ 1,673,838</u>	<u>\$ 8,101</u>	<u>\$ 247,420</u>	<u>\$ 1,929,359</u>

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

Exhibit C-4

Crockett County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Crockett 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)		\$ (108,662)
<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	\$ 150,174	
Less: current year depreciation expense	<u>(575,004)</u>	(424,830)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property tax and other deferred June 30, 2007	\$ 111,606	
Less: deferred delinquent property tax and other deferred June 30, 2006	<u>(119,684)</u>	<u>(8,078)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (541,570)</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Crockett 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 School Department operates the public school system in the county, with the exception of the city school systems of Alamo and Bells, which operate the elementary schools in those cities. The voters of Crockett County elect its seven-member board. The School Department is a component unit of Crockett County, the primary government. The School Department is fiscally dependent on Crockett County because it may not issue debt without county approval, and its budget and property tax levy are subject to the Crockett County Commission's approval. The School Department's taxes are levied under the taxing authority of Crockett County and are included as part of Crockett 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 does not have any business-type activities to report and only reports governmental activities in the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other

items not properly included among program revenues are reported instead as general revenues.

Crockett County issues all debt for the School Department. No new debt issues were contributed by the county to the School Department during the year ended June 30, 2007.

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.

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. 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.

School Transportation Fund – This fund accounts for a local tax levy used to fund the transportation of all students in the county.

Additionally, the School Department reports the following fund type:

Capital Projects Fund – The Education Capital Projects Fund accounts for building construction and renovations of the School Department.

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 School Department's policy to use restricted first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

State statutes authorize Crockett 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 Crockett County and the 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. Crockett County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at

amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.77 percent of total taxes levied.

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

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

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

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

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., parking lots and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25-50
Other Capital Assets	3-10
Infrastructure:	
Improvements Other than Buildings	8-20

4. Compensated Absences

There is no liability for unpaid accumulated vacation leave for employees of the School Department since those benefits do not vest or accumulate and must be used within the year or lost. There is also no liability for unpaid accumulated sick leave since the School Department does not have a policy to pay any amounts when employees separate from service with the government.

5. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2007, Crockett County had \$18,339,719 in outstanding debt for capital purposes for the School Department. In accordance with state statutes, certain school debt proceeds must be shared with other public school systems in the county (City of Alamo School System and City of Bells School System) based on average daily attendance proration. This debt is a liability of Crockett County, but the capital assets acquired are reported in the financial statements of the School Department and the City of Alamo and the City of Bells school systems. The School Department received assets significantly increasing its unrestricted net assets with no corresponding increase in the School Department's liabilities.

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 changes in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide statement of activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the capital projects fund, which adopts project length budgets. 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 Crockett 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, Alternative Instruction Program, Special Education Program, Vocational Education Program, etc.). Management may make revisions within major categories, but only the Crockett County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Crockett County and the School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, 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.

Deposits

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

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

Investments

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

Investment Balances. As of June 30, 2007, the following investment was carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for

Crockett County and the School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturity</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	<u>\$ 557,587</u>
Total		<u><u>\$ 557,587</u></u>

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. The county has no investment policy that would further limit its investment choices. As of June 30, 2007, Crockett County's investment in the State Treasurer's Investment Pool was unrated.

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	\$ 776,905	\$ 12,900	\$ 0	\$ 789,805
Total Capital Assets				
Not Depreciated	<u>\$ 776,905</u>	<u>\$ 12,900</u>	<u>\$ 0</u>	<u>\$ 789,805</u>

Governmental Activities (Cont.):

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets				
Depreciated:				
Buildings and				
Improvements	\$ 19,328,841	\$ 0	\$ 0	\$ 19,328,841
Infrastructure	497,553	0	0	497,553
Other Capital Assets	2,459,658	137,274	(78,263)	2,518,669
Total Capital Assets				
Depreciated	\$ 22,286,052	\$ 137,274	\$ (78,263)	\$ 22,345,063
Less Accumulated				
Depreciated For:				
Buildings and				
Improvements	\$ 4,444,419	\$ 387,618	\$ 0	\$ 4,832,037
Infrastructure	85,638	24,878	0	110,516
Other Capital Assets	1,795,139	162,508	(78,263)	1,879,384
Total Accumulated				
Depreciation	\$ 6,325,196	\$ 575,004	\$ (78,263)	\$ 6,821,937
Total Capital Assets				
Depreciated, Net	\$ 15,960,856	\$ (437,730)	\$ 0	\$ 15,523,126
Governmental				
Activities				
Capital Assets, Net	\$ 16,737,761	\$ (424,830)	\$ 0	\$ 16,312,931

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

Governmental Activities:

Instruction	\$ 366,847
Support Services	154,772
Operation of Non-Instructional Services	<u>53,385</u>
Total Depreciation Expense -	
Governmental Activities	<u>\$ 575,004</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	\$ 11,252

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.

The receivable in the General Purpose School Fund (\$11,252) was in transit from the School Federal Projects Fund at June 30, 2007.

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
School Transportation Fund	\$ 290,296
Nonmajor governmental fund	<u>12,792</u>
Total	<u><u>\$ 303,088</u></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.

V. OTHER INFORMATION

A. Risk Management

Employee Health Insurance

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-302, Tennessee Code Annotated, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Report of the State of Tennessee, but the state does

not retain any risk for losses by this fund. The state statute provides for the LEGIF to be self-sustaining through member premiums.

Liability, Property, Casualty, and Workers' Compensation Insurance

The School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Board Association, an association of member school districts. The School Department pays annual premiums to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TSB-RMT provides for it to be self-sustaining through member premiums. The TSB-RMT reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

B. Contingent Liabilities

The School Department is involved in one pending lawsuit. The School Department's legal counsel estimates that the potential claims against the School Department not covered by insurance resulting from such litigation would not materially affect the School Department's financial statements.

C. Retirement Commitments

Employees

Plan Description

Employees of Crockett 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 Crockett 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/>.

Since the School Department participates in Crockett County's plan, retirement information for the 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.D of the Annual Financial Report of Crockett County, Tennessee.

School Teachers

Plan Description

The 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 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 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 \$338,109, \$289,746, and \$287,002, respectively, equal to the required contributions for each year.

D. 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-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,289,874	\$ 0	\$ 0	\$ 1,289,874	\$ 1,305,112	\$ 1,305,112	\$ (15,238)
Licenses and Permits	693	0	0	693	900	900	(207)
Charges for Current Services	38,115	0	0	38,115	39,500	39,500	(1,385)
Other Local Revenues	165,634	0	0	165,634	102,480	112,480	53,154
State of Tennessee	8,211,514	0	0	8,211,514	7,999,785	8,177,937	33,577
Federal Government	224,627	0	0	224,627	227,940	237,876	(13,249)
Total Revenues	\$ 9,930,457	\$ 0	\$ 0	\$ 9,930,457	\$ 9,675,717	\$ 9,873,805	\$ 56,652
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 4,439,327	\$ (18,091)	\$ 9,715	\$ 4,430,951	\$ 4,604,920	\$ 4,688,630	\$ 257,679
Alternative Instruction Program	90,253	0	0	90,253	94,270	96,320	6,067
Special Education Program	422,822	0	0	422,822	500,395	515,695	92,873
Vocational Education Program	706,605	0	0	706,605	721,910	739,510	32,905
Adult Education Program	73,184	0	0	73,184	66,885	78,285	5,101
<u>Support Services</u>							
Attendance	40,116	0	0	40,116	41,080	42,130	2,014
Health Services	4,152	0	0	4,152	4,750	4,750	598
Other Student Support	409,754	(142)	1,021	410,633	399,960	438,460	27,827
Regular Instruction Program	335,015	0	0	335,015	318,255	351,615	16,600
Special Education Program	0	0	0	0	27,180	0	0
Vocational Education Program	7,115	0	0	7,115	8,000	8,000	885
Adult Programs	81,223	0	0	81,223	67,755	82,855	1,632
Board of Education	185,566	(512)	0	185,054	213,120	213,120	28,066
Director of Schools	174,479	0	0	174,479	170,980	177,710	3,231
Office of the Principal	746,382	0	0	746,382	761,700	766,205	19,823

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 98,060	\$ 0	\$ 0	\$ 98,060	\$ 102,415	\$ 104,815	\$ 6,755
Operation of Plant	988,943	0	11,133	1,000,076	1,016,478	1,042,478	42,402
Maintenance of Plant	331,537	0	3,438	334,975	369,850	373,350	38,375
Transportation	552,313	0	0	552,313	574,840	578,160	25,847
<u>Operation of Non-Instructional Services</u>							
Community Services	62,841	0	0	62,841	40,000	79,925	17,084
Early Childhood Education	143,946	0	819	144,765	75,000	163,695	18,930
<u>Capital Outlay</u>							
Regular Capital Outlay	14,800	(250)	0	14,550	210,000	42,123	27,573
<u>Other Debt Service</u>							
Education	370,000	0	0	370,000	370,000	370,000	0
Total Expenditures	\$ 10,278,433	\$ (18,995)	\$ 26,126	\$ 10,285,564	\$ 10,759,743	\$ 10,957,831	\$ 672,267
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (347,976)	\$ 18,995	\$ (26,126)	\$ (355,107)	\$ (1,084,026)	\$ (1,084,026)	\$ 728,919
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 303,088	\$ 0	\$ 0	\$ 303,088	\$ 301,653	\$ 301,653	\$ 1,435
Total Other Financing Sources (Uses)	\$ 303,088	\$ 0	\$ 0	\$ 303,088	\$ 301,653	\$ 301,653	\$ 1,435
Net Change in Fund Balance							
Fund Balance, July 1, 2006	\$ (44,888)	\$ 18,995	\$ (26,126)	\$ (52,019)	\$ (782,373)	\$ (782,373)	\$ 730,354
	1,718,726	(18,995)	0	1,699,731	1,688,392	1,688,392	11,339
Fund Balance, June 30, 2007							
	\$ 1,673,838	\$ 0	\$ (26,126)	\$ 1,647,712	\$ 906,019	\$ 906,019	\$ 741,693

Exhibit D-2

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 294,808	\$ 294,347	\$ 304,447	\$ (9,639)
Total Revenues	\$ 294,808	\$ 294,347	\$ 304,447	\$ (9,639)
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 5,067	\$ 4,870	\$ 4,970	\$ (97)
Total Expenditures	\$ 5,067	\$ 4,870	\$ 4,970	\$ (97)
Excess (Deficiency) of Revenues Over Expenditures	\$ 289,741	\$ 289,477	\$ 299,477	\$ (9,736)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (290,296)	\$ (289,477)	\$ (299,477)	\$ 9,181
Total Other Financing Sources (Uses)	\$ (290,296)	\$ (289,477)	\$ (299,477)	\$ 9,181
Net Change in Fund Balance	\$ (555)	\$ 0	\$ 0	\$ (555)
Fund Balance, July 1, 2006	8,656	8,048	8,048	608
Fund Balance, June 30, 2007	\$ 8,101	\$ 8,048	\$ 8,048	\$ 53

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

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 Crockett 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, Alternative Instruction Program, Special Education Program, Vocational Education Program, etc.). Management may make revisions within major categories, but only the Crockett 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.

**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.

Capital Projects Funds

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department. This fund was closed during the year.

Exhibit E-1

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

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 75,277	\$ 167,840	\$ 243,117
Accounts Receivable	0	483	483
Due from Other Governments	0	3,820	3,820
Total Assets	<u>\$ 75,277</u>	<u>\$ 172,143</u>	<u>\$ 247,420</u>
<u>FUND BALANCES</u>			
Reserved for Title I Grants to Local Education Agencies	\$ 14,039	\$ 0	\$ 14,039
Reserved for Special Education - Grants to States	48,363	0	48,363
Other Federal Reserves	12,875	0	12,875
Unreserved	0	172,143	172,143
Total Fund Balances	<u>\$ 75,277</u>	<u>\$ 172,143</u>	<u>\$ 247,420</u>

Exhibit E-2

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

	Special Revenue Funds			Capital Projects Fund	Total
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Nonmajor Governmental Funds
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 306,187	\$ 306,187	\$ 0	\$ 306,187
Other Local Revenues	0	7,170	7,170	10	7,180
State of Tennessee	0	9,288	9,288	0	9,288
Federal Government	850,563	459,596	1,310,159	0	1,310,159
Total Revenues	\$ 850,563	\$ 782,241	\$ 1,632,804	\$ 10	\$ 1,632,814
<u>Expenditures</u>					
Current:					
Instruction	\$ 726,955	\$ 0	\$ 726,955	\$ 0	\$ 726,955
Support Services	134,625	0	134,625	0	134,625
Operation of Non-Instructional Services	0	821,255	821,255	0	821,255
Capital Projects	0	0	0	406	406
Total Expenditures	\$ 861,580	\$ 821,255	\$ 1,682,835	\$ 406	\$ 1,683,241
Excess (Deficiency) of Revenues Over Expenditures	\$ (11,017)	\$ (39,014)	\$ (50,031)	\$ (396)	\$ (50,427)
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (12,792)	\$ 0	\$ (12,792)	\$ 0	\$ (12,792)
Total Other Financing Sources (Uses)	\$ (12,792)	\$ 0	\$ (12,792)	\$ 0	\$ (12,792)
Net Change in Fund Balances	\$ (23,809)	\$ (39,014)	\$ (62,823)	\$ (396)	\$ (63,219)
Fund Balance, July 1, 2006	99,086	211,157	310,243	396	310,639
Fund Balance, June 30, 2007	\$ 75,277	\$ 172,143	\$ 247,420	\$ 0	\$ 247,420

Exhibit E-3

Crockett County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Crockett 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	\$ 850,563	\$ 850,564	\$ 850,564	\$ (1)
Total Revenues	\$ 850,563	\$ 850,564	\$ 850,564	\$ (1)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 390,851	\$ 391,998	\$ 432,779	\$ 41,928
Alternative Instruction Program	5,430	5,430	5,430	0
Special Education Program	286,724	322,466	322,466	35,742
Vocational Education Program	43,950	44,000	44,000	50
<u>Support Services</u>				
Other Student Support	12,800	13,490	13,501	701
Regular Instruction Program	78,454	123,535	82,891	4,437
Special Education Program	15,533	30,677	30,677	15,144
Transportation	27,838	33,914	33,914	6,076
Total Expenditures	\$ 861,580	\$ 965,510	\$ 965,658	\$ 104,078
Excess (Deficiency) of Revenues Over Expenditures	\$ (11,017)	\$ (114,946)	\$ (115,094)	\$ 104,077
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 73,776	\$ 0	\$ 0
Transfers Out	(12,792)	(87,794)	(13,870)	1,078
Total Other Financing Sources (Uses)	\$ (12,792)	\$ (14,018)	\$ (13,870)	\$ 1,078
Net Change in Fund Balance	\$ (23,809)	\$ (128,964)	\$ (128,964)	\$ 105,155
Fund Balance, July 1, 2006	99,086	128,964	128,964	(29,878)
Fund Balance, June 30, 2007	\$ 75,277	\$ 0	\$ 0	\$ 75,277

Exhibit E-4

Crockett County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Crockett County School Department
Central Cafeteria 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	\$ 306,187	\$ 306,440	\$ 305,623	\$ 564
Other Local Revenues	7,170	4,110	6,791	379
State of Tennessee	9,288	9,689	9,288	0
Federal Government	459,596	454,320	466,194	(6,598)
Total Revenues	<u>\$ 782,241</u>	<u>\$ 774,559</u>	<u>\$ 787,896</u>	<u>\$ (5,655)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 821,255	\$ 773,758	\$ 824,453	\$ 3,198
Total Expenditures	<u>\$ 821,255</u>	<u>\$ 773,758</u>	<u>\$ 824,453</u>	<u>\$ 3,198</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (39,014)</u>	<u>\$ 801</u>	<u>\$ (36,557)</u>	<u>\$ (2,457)</u>
Net Change in Fund Balance	\$ (39,014)	\$ 801	\$ (36,557)	\$ (2,457)
Fund Balance, July 1, 2006	<u>211,157</u>	<u>224,378</u>	<u>224,378</u>	<u>(13,221)</u>
Fund Balance, June 30, 2007	<u>\$ 172,143</u>	<u>\$ 225,179</u>	<u>\$ 187,821</u>	<u>\$ (15,678)</u>

MISCELLANEOUS SCHEDULES

Exhibit F-1

Crockett County, Tennessee
Schedule of Transfers
Crockett 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	\$ 12,792
School Transportation	General Purpose School	To provide funds for school transportation	<u>290,296</u>
Total Transfers			<u><u>\$ 303,088</u></u>

Exhibit F-2

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
Director of Schools	State Board of Education and County Board of Education	\$ 96,751 (1)	\$ 50,000	Auto Owners Insurance Company
Employee Bonds:				
Director of School's Employees			150,000	Tennessee School Boards Risk Management Trust

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

Exhibit F-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor- tation	Education Capital Projects	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 882,689	\$ 0	\$ 0	\$ 198,237	\$ 0	\$ 1,080,926
Discount on Property Taxes	(6,184)	0	0	(1,389)	0	(7,573)
Trustee's Collections - Prior Year	41,514	0	0	8,893	0	50,407
Trustee's Collections - Bankruptcy	2,381	0	0	507	0	2,888
Circuit/Clerk & Master Collections - Prior Years	17,134	0	0	3,666	0	20,800
Interest and Penalty	7,981	0	0	1,744	0	9,725
Payments in-Lieu-of Taxes - T.V.A.	45	0	0	10	0	55
<u>County Local Option Taxes</u>						
Local Option Sales Tax	304,789	0	0	0	0	304,789
Wheel Tax	37,459	0	0	83,140	0	120,599
<u>Statutory Local Taxes</u>						
Interstate Telecommunications Tax	2,066	0	0	0	0	2,066
Total Local Taxes	\$ 1,289,874	\$ 0	\$ 0	\$ 294,808	\$ 0	\$ 1,584,682
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 693	\$ 0	\$ 0	\$ 0	\$ 0	\$ 693
Total Licenses and Permits	\$ 693	\$ 0	\$ 0	\$ 0	\$ 0	\$ 693
<u>Charges for Current Services</u>						
<u>Fees</u>						
Vending Machine Collections	\$ 126	\$ 0	\$ 0	\$ 0	\$ 0	\$ 126
<u>Education Charges</u>						
Lunch Payments - Children	0	0	121,758	0	0	121,758
Lunch Payments - Adults	0	0	16,344	0	0	16,344
Income from Breakfast	0	0	35,747	0	0	35,747
A la carte Sales	0	0	112,830	0	0	112,830
Transportation - Other State Systems	8,529	0	0	0	0	8,529
Receipts from Individual Schools	28,618	0	0	0	0	28,618
<u>Other Charges for Services</u>						
Other Charges for Services	842	0	19,508	0	0	20,350
Total Charges for Current Services	\$ 38,115	\$ 0	\$ 306,187	\$ 0	\$ 0	\$ 344,302

(Continued)

Exhibit F-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor - tation	Education Capital Projects	Total
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 98,435	\$ 0	\$ 6,631	\$ 0	\$ 10	\$ 105,076
Lease/Rentals	17,199	0	0	0	0	17,199
Refund of Telecommunication & Internet Fees (E-Rate)	27,882	0	0	0	0	27,882
Miscellaneous Refunds	3,323	0	539	0	0	3,862
<u>Nonrecurring Items</u>						
Sale of Equipment	5,208	0	0	0	0	5,208
Damages Recovered from Individuals	25	0	0	0	0	25
Contributions & Gifts	13,500	0	0	0	0	13,500
<u>Other Local Revenues</u>						
Other Local Revenues	62	0	0	0	0	62
Total Other Local Revenues	\$ 165,634	\$ 0	\$ 7,170	\$ 0	\$ 10	\$ 172,814
<u>State of Tennessee</u>						
<u>State Education Funds</u>						
Basic Education Program	\$ 7,634,468	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,634,468
Early Childhood Education	83,338	0	0	0	0	83,338
School Food Service	0	0	9,288	0	0	9,288
Driver Education	7,334	0	0	0	0	7,334
Other State Education Funds	155,412	0	0	0	0	155,412
Career Ladder Program	76,948	0	0	0	0	76,948
Career Ladder - Extended Contract	64,913	0	0	0	0	64,913
Other Vocational	21,238	0	0	0	0	21,238
<u>Other State Revenues</u>						
Mixed Drink Tax	410	0	0	0	0	410
State Revenue Sharing - T.V.A.	50,000	0	0	0	0	50,000
Other State Grants	88,128	0	0	0	0	88,128
Other State Revenues	29,325	0	0	0	0	29,325
Total State of Tennessee	\$ 8,211,514	\$ 0	\$ 9,288	\$ 0	\$ 0	\$ 8,220,802
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 330,126	\$ 0	\$ 0	\$ 330,126
Breakfast	0	0	124,278	0	0	124,278
USDA - Other	0	0	5,192	0	0	5,192
Adult Education State Grant Program	83,298	0	0	0	0	83,298

(Continued)

Exhibit F-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor - tation	Education Capital Projects	Total
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Vocational Education - Basic Grants to States	\$ 0	\$ 50,159	\$ 0	\$ 0	\$ 0	\$ 50,159
Other Vocational	12,432	0	0	0	0	12,432
Title I Grants to Local Education Agencies	0	322,524	0	0	0	322,524
Innovative Education Program Strategies	0	2,810	0	0	0	2,810
Special Education - Grants to States	4,936	336,831	0	0	0	341,767
Special Education Preschool Grants	0	9,924	0	0	0	9,924
Eisenhower Professional Development State Grants	0	97,343	0	0	0	97,343
Other Federal through State	123,961	30,972	0	0	0	154,933
Total Federal Government	\$ 224,627	\$ 850,563	\$ 459,596	\$ 0	\$ 0	\$ 1,534,786
Total	\$ 9,930,457	\$ 850,563	\$ 782,241	\$ 294,808	\$ 10	\$ 11,858,079

Exhibit F-4

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	3,175,172	
Career Ladder Program		38,000	
Career Ladder Extended Contracts		40,954	
Homebound Teachers		12,258	
Educational Assistants		78,678	
Other Salaries & Wages		7,333	
Certified Substitute Teachers		20,760	
Non-certified Substitute Teachers		43,155	
Social Security		197,347	
State Retirement		200,525	
Medical Insurance		256,984	
Unemployment Compensation		5,469	
Employer Medicare		46,154	
Maintenance & Repair Services - Equipment		69,939	
Other Contracted Services		2,529	
Instructional Supplies and Materials		56,504	
Textbooks		108,657	
Other Charges		1,127	
Regular Instruction Equipment		77,782	
Total Regular Instruction Program			\$ 4,439,327

Alternative Instruction Program

Teachers	\$	73,220	
Career Ladder Program		2,000	
Social Security		4,319	
State Retirement		2,519	
Medical Insurance		7,021	
Unemployment Compensation		164	
Employer Medicare		1,010	
Total Alternative Instruction Program			90,253

Special Education Program

Teachers	\$	295,356	
Career Ladder Program		4,000	
Career Ladder Extended Contracts		500	
Educational Assistants		30,604	
Other Salaries & Wages		1,800	
Social Security		18,136	
State Retirement		20,174	

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Medical Insurance	\$	47,143	
Unemployment Compensation		584	
Employer Medicare		4,242	
Other Supplies and Materials		7	
Other Charges		276	
Total Special Education Program			\$ 422,822

Vocational Education Program

Teachers	\$	546,405	
Career Ladder Program		6,000	
Clerical Personnel		10,690	
Certified Substitute Teachers		4,505	
Non-certified Substitute Teachers		4,900	
Social Security		32,949	
State Retirement		32,918	
Medical Insurance		38,724	
Unemployment Compensation		900	
Employer Medicare		7,706	
Maintenance & Repair Services - Equipment		1,358	
Instructional Supplies and Materials		15,751	
Other Supplies and Materials		1,999	
Other Charges		1,800	
Total Vocational Education Program			706,605

Adult Education Program

Teachers	\$	51,482	
Social Security		2,945	
State Retirement		2,592	
Medical Insurance		4,439	
Unemployment Compensation		126	
Employer Medicare		689	
Instructional Supplies and Materials		10,560	
Other Supplies and Materials		351	
Total Adult Education Program			73,184

Support Services

Attendance

Supervisor/Director	\$	30,497	
Career Ladder Program		1,000	

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Career Ladder Extended Contracts	\$	1,660	
Social Security		1,983	
State Retirement		2,033	
Medical Insurance		1,400	
Unemployment Compensation		27	
Employer Medicare		464	
Travel		1,052	
Total Attendance			\$ 40,116

Health Services

Other Supplies and Materials	\$	476	
Other Charges		3,676	
Total Health Services			4,152

Other Student Support

Guidance Personnel	\$	133,653	
Career Ladder Extended Contracts		1,320	
Secretary(ies)		40,650	
School Resource Officer		2,300	
Other Salaries & Wages		69,740	
Social Security		13,879	
State Retirement		16,012	
Medical Insurance		29,111	
Unemployment Compensation		477	
Employer Medicare		3,246	
Evaluation and Testing		6,408	
Travel		759	
Other Contracted Services		2,870	
Other Supplies and Materials		35,636	
Other Charges		50,593	
Other Equipment		3,100	
Total Other Student Support			409,754

Regular Instruction Program

Supervisor/Director	\$	59,555	
Career Ladder Program		3,945	
Career Ladder Extended Contracts		2,640	
Librarians		84,207	
Other Salaries & Wages		82,054	

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Social Security	\$	13,364	
State Retirement		14,968	
Medical Insurance		15,609	
Unemployment Compensation		273	
Employer Medicare		3,126	
Travel		4,530	
Library Books/Media		32,237	
In Service/Staff Development		18,507	
Total Regular Instruction Program			\$ 335,015

Vocational Education Program

Travel	\$	4,135	
Other Supplies and Materials		1,980	
Other Charges		1,000	
Total Vocational Education Program			7,115

Adult Programs

Supervisor/Director	\$	52,627	
Career Ladder Program		1,000	
Other Salaries & Wages		13,812	
Social Security		4,170	
State Retirement		3,290	
Unemployment Compensation		112	
Employer Medicare		971	
Travel		834	
Other Supplies and Materials		376	
In Service/Staff Development		3,846	
Other Charges		185	
Total Adult Programs			81,223

Board of Education

Board and Committee Members Fees	\$	3,630	
Social Security		225	
Unemployment Compensation		28	
Employer Medicare		53	
Audit Services		3,600	
Dues and Memberships		6,148	
Travel		911	
Other Contracted Services		1,250	

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Liability Insurance	\$	20,270	
Premiums on Corporate Surety Bonds		140	
Trustee's Commission		42,528	
Workers' Compensation Insurance		77,112	
Refund to Applicant for Criminal Investigation		2,296	
Other Charges		27,375	
Total Board of Education			\$ 185,566

Director of Schools

County Official/Administrative Officer	\$	95,751	
Career Ladder Program		1,000	
Secretary(ies)		26,124	
Other Salaries & Wages		3,000	
Social Security		7,209	
State Retirement		7,762	
Medical Insurance		14,847	
Unemployment Compensation		109	
Employer Medicare		1,686	
Communication		5,697	
Postal Charges		1,417	
Travel		4,640	
Other Contracted Services		3,321	
In Service/Staff Development		460	
Other Charges		1,170	
Administration Equipment		286	
Total Director of Schools			174,479

Office of the Principal

Principals	\$	310,197	
Career Ladder Program		11,000	
Career Ladder Extended Contracts		9,660	
Assistant Principals		145,545	
Secretary(ies)		82,315	
Clerical Personnel		10,585	
Social Security		33,160	
State Retirement		35,445	
Medical Insurance		29,763	
Unemployment Compensation		709	
Employer Medicare		7,755	

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Communication	\$	31,616	
Dues and Memberships		2,060	
Postal Charges		4,826	
Travel		6,518	
Other Contracted Services		19,923	
Office Supplies		5,305	
Total Office of the Principal			\$ 746,382

Fiscal Services

Accountants/Bookkeepers	\$	40,270	
Clerical Personnel		28,625	
Social Security		3,601	
State Retirement		4,830	
Medical Insurance		11,536	
Unemployment Compensation		109	
Employer Medicare		842	
Data Processing Services		3,939	
Travel		84	
Office Supplies		3,785	
Administration Equipment		439	
Total Fiscal Services			98,060

Operation of Plant

Custodial Personnel	\$	155,607	
Social Security		8,352	
State Retirement		8,432	
Medical Insurance		24,104	
Unemployment Compensation		616	
Employer Medicare		1,953	
Other Contracted Services		36,630	
Electricity		370,081	
Natural Gas		123,152	
Water and Sewer		24,506	
Other Supplies and Materials		25,968	
Boiler Insurance		4,633	
Building and Contents Insurance		84,415	
Other Charges		9,016	
Plant Operation Equipment		111,478	
Total Operation of Plant			988,943

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant

Maintenance Personnel	\$	107,271	
Social Security		6,008	
State Retirement		7,520	
Medical Insurance		15,958	
Unemployment Compensation		207	
Employer Medicare		1,405	
Communication		1,939	
Maintenance & Repair Services - Buildings		62,855	
Maintenance & Repair Services - Equipment		51,217	
Maintenance & Repair Services - Vehicles		4,060	
Travel		610	
Other Supplies and Materials		40,940	
Other Charges		9,025	
Maintenance Equipment		22,522	
Total Maintenance of Plant			\$ 331,537

Transportation

Supervisor/Director	\$	41,248
Mechanic(s)		39,366
Bus Drivers		162,757
Other Salaries & Wages		2,496
Social Security		14,899
State Retirement		5,398
Medical Insurance		6,405
Unemployment Compensation		892
Employer Medicare		3,485
Communication		930
Maintenance & Repair Services - Vehicles		46
Medical and Dental Services		2,071
Travel		469
Diesel Fuel		70,673
Equipment and Machinery Parts		642
Gasoline		10,573
Lubricants		3,195
Tires and Tubes		7,853
Vehicle Parts		12,622
Other Supplies and Materials		544
Vehicle and Equipment Insurance		26,063
Other Charges		2,412

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Transportation Equipment	\$ 137,274	
Total Transportation		\$ 552,313

Operation of Non-Instructional Services

Community Services

Teachers	\$ 29,484	
Clerical Personnel	1,000	
Educational Assistants	21,081	
Other Salaries & Wages	1,310	
Social Security	3,278	
State Retirement	3,323	
Unemployment Compensation	66	
Employer Medicare	767	
Travel	215	
Other Supplies and Materials	1,151	
Refunds	60	
Other Charges	1,106	
Total Community Services		62,841

Early Childhood Education

Supervisor/Director	\$ 33,550	
Teachers	31,508	
Educational Assistants	12,850	
Social Security	4,427	
State Retirement	4,501	
Medical Insurance	7,999	
Unemployment Compensation	155	
Employer Medicare	1,035	
Travel	2,198	
Other Contracted Services	3,750	
Instructional Supplies and Materials	5,912	
Other Supplies and Materials	16,262	
In Service/Staff Development	189	
Other Charges	20	
Other Equipment	19,590	
Total Early Childhood Education		143,946

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Engineering Services	\$	650	
Building Construction		1,250	
Land		12,900	
Total Regular Capital Outlay			\$ 14,800

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	370,000	
Total Education			370,000

Total General Purpose School Fund \$ 10,278,433

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	243,295	
Educational Assistants		56,124	
Other Salaries & Wages		16,650	
Non-certified Substitute Teachers		1,600	
Social Security		18,185	
State Retirement		17,712	
Medical Insurance		23,058	
Unemployment Compensation		584	
Employer Medicare		4,253	
Instructional Supplies and Materials		9,390	
Total Regular Instruction Program			\$ 390,851

Alternative Instruction Program

Instructional Supplies and Materials	\$	5,430	
Total Alternative Instruction Program			5,430

Special Education Program

Teachers	\$	119,872	
Educational Assistants		120,145	
Social Security		13,986	
State Retirement		14,495	
Unemployment Compensation		670	
Employer Medicare		3,271	
Other Contracted Services		10,806	

(Continued)

Exhibit F-4

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Instructional Supplies and Materials	\$ 3,479	
Total Special Education Program		\$ 286,724

Vocational Education Program

Travel	\$ 2,000	
Instructional Supplies and Materials	12,000	
Vocational Instruction Equipment	29,950	
Total Vocational Education Program		43,950

Support Services

Other Student Support

Travel	\$ 3,160	
Other Contracted Services	3,600	
Other Supplies and Materials	1,241	
In Service/Staff Development	3,049	
Other Charges	1,750	
Total Other Student Support		12,800

Regular Instruction Program

Supervisor/Director	\$ 56,800	
Social Security	3,239	
State Retirement	3,575	
Medical Insurance	6,988	
Unemployment Compensation	55	
Employer Medicare	758	
Travel	4,476	
In Service/Staff Development	2,563	
Total Regular Instruction Program		78,454

Special Education Program

Travel	\$ 3,113	
Other Contracted Services	8,875	
In Service/Staff Development	2,254	
Other Charges	1,291	
Total Special Education Program		15,533

Transportation

Bus Drivers	\$ 18,004	
Social Security	1,077	

(Continued)

Exhibit F-4

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Unemployment Compensation	\$ 112	
Employer Medicare	252	
Diesel Fuel	8,393	
Total Transportation	8,393	\$ 27,838

Total School Federal Projects Fund \$ 861,580

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 40,470	
Accountants/Bookkeepers	26,335	
Cafeteria Personnel	248,051	
Social Security	18,318	
State Retirement	18,376	
Medical Insurance	22,975	
Unemployment Compensation	1,458	
Employer Medicare	4,284	
Communication	2,168	
Maintenance & Repair Services - Equipment	6,623	
Payments to Schools - Lunch	26	
Postal Charges	854	
Travel	12,295	
Other Contracted Services	7,352	
Food Supplies	325,165	
Office Supplies	5,059	
Uniforms	1,877	
Other Supplies and Materials	31,315	
Trustee's Commission	82	
In Service/Staff Development	6,019	
Other Charges	19,803	
Food Service Equipment	22,350	
Total Food Service	22,350	\$ 821,255

Total Central Cafeteria Fund 821,255

(Continued)

Exhibit F-4

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

<u>School Transportation Fund</u>			
<u>Support Services</u>			
<u>Board of Education</u>			
Trustee's Commission	\$	5,067	
Total Board of Education			\$ 5,067
Total School Transportation Fund			\$ 5,067
<u>Education Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Building Construction	\$	406	
Total Education Capital Projects			\$ 406
Total Education Capital Projects Fund			406
Total Governmental Funds - Crockett County School Department			<u>\$ 11,966,741</u>

SINGLE AUDIT REPORT
CROCKETT COUNTY, TENNESSEE
AND
CROCKETT 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

NORMAN R. NORMENT, CGFM
Audit Manager

HORACE B. WISEMAN, CGFM
Auditor 4

B. KEITH RICE, CGFM
ELISHA CROWELL, CFE
State Auditors

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

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

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

September 11, 2007

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

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

We have audited the financial statements of each major fund and the aggregate remaining fund information of Crockett County, Tennessee, and the governmental activities, each major fund, and the aggregate remaining fund information of the Crockett County School Department as of and for the year ended June 30, 2007, which collectively comprise a portion of Crockett County's and Crockett County School Department's basic financial statements and have issued our reports thereon dated September 11, 2007. Our report on the financial statements of Crockett County, Tennessee, expresses an adverse opinion because government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. Our report on the financial statements of the Crockett County School Department was 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 Crockett County's and the Crockett 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 Crockett County's and the Crockett County School Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Crockett County's and the Crockett 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: 07.03, 07.07(A), 07.08, and 07.12.

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 Crockett County's and the Crockett 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 Crockett County's and the Crockett 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 are described in the accompanying Schedule of

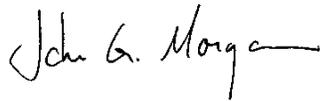
Findings and Questioned Costs as items 07.01, 07.02, 07.04, 07.05, 07.06, 07.07(B,C,D), 07.09, and 07.10.

We consider item 07.11 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also noted certain matters that we reported to the management of Crockett County and the Crockett County School Department in separate communications.

The Crockett County School Department's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Crockett County School Department's response and, accordingly, we express no opinion on it.

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

Very truly yours,

A handwritten signature in 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/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

September 11, 2007

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

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

Compliance

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

In our opinion, Crockett County and the Crockett 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.

Internal Control Over Compliance

The management of Crockett County and the Crockett 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 Crockett County's and the Crockett 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 Crockett County's and the Crockett County School Department's internal control over compliance.

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

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 07.08 and 07.13 to be significant deficiencies.

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. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of each major fund and the aggregate remaining fund information of Crockett County, Tennessee, and the governmental activities, each major fund, and the aggregate remaining fund information of the Crockett County School Department, a component unit of Crockett County, Tennessee, as of and for the year ended June 30, 2007, and have issued our reports thereon dated September 11, 2007. Our report on the financial statements of Crockett County, Tennessee, expresses an adverse opinion because government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. Our report on the financial statements of the Crockett County School Department was unqualified. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Crockett County's and the Crockett 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.

The Crockett County School Department's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Crockett County School Department's response and, accordingly, we express no opinion on it.

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

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/yu

Crockett County, Tennessee, and the Crockett 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:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 29,938
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	124,278
National School Lunch Program	10.555	N/A	330,126
Total U.S. Department of Agriculture			<u>\$ 484,342</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	HM-04-09	\$ 124,299
Total U.S. Department of Housing and Urban Development			<u>\$ 124,299</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-06-002583-00	\$ 9,000
Total U.S. Department of Justice			<u>\$ 9,000</u>
U.S. Department of Labor:			
Passed-through Dyersburg State Community College:			
WIA Youth Activities	17.259	06-12-300-003-YOUTH	\$ 5,643
Total U.S. Department of Labor			<u>\$ 5,643</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(3)	\$ 140,510
Special Education - Grants to States	84.027	(4)	4,936
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	358,526
Special Education Cluster:			
Special Education - Grants to States	84.027	(4)	320,172
Special Education - Preschool Grants	84.173	N/A	9,924
Vocational Education - Basic Grants to States	84.048	N/A	50,159
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	13,611
Even Start - State Educational Agencies	84.213	(2)	61,133
State Grants for Innovative Programs	84.298	N/A	2,810
English Language Acquisition Grants	84.365	N/A	22,752
Improving Teacher Quality State Grants	84.367	N/A	96,418
Hurricane Education Recovery	84.938	(2)	6,916
Total U.S. Department of Education			<u>\$ 1,087,867</u>
U.S. Department of Health and Human Services:			
Passed-through Northwest Tennessee Development District:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 107,838
Passed-through State Department of Education:			
Promoting Safe and Stable Families	93.556	07-120-12	33,000
Temporary Assistance for Needy Families	93.558	Z-06-027172-00	23,222
Total U.S. Department of Health and Human Services			<u>\$ 164,060</u>

(Continued)

Crockett County, Tennessee, and the Crockett 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 Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Cluster:			
Emergency Management Performance Grants	97.042	Z-06-032832-00	\$ 5,732
Homeland Security Grant Program	97.067	(5)	<u>14,897</u>
Total U.S. Department of Homeland Security			<u>\$ 20,629</u>
Total Expenditures of Federal Awards			<u>\$ 1,895,840</u>
Contract			
Number			
State Grants:			
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 5,809
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	Z-03-011310-02	7,000
Used Oil Grant - State Department of Environment and Conservation	N/A	Z-05-024429-00	8,081
Emergency Communications District - State Emergency Communications Board	N/A	DG-04-01861-03	19,891
Preventive Health and Human Services - State Department of Health	N/A	(6)	54,932
Litter Grant - State Department of Transportation	N/A	Z-07-033785-00	9,520
Drug Court Grant - State Department of Finance and Administration	N/A	Z-05-025523-00	39,729
Highway Safety Grant - State Department of Transportation	N/A	Z-07-035761-00	4,959
Library Grant - State Department of Archives	N/A	N/A	1,875
Soil Conservation - State Department of Agriculture	N/A	N/A	3,763
Certified Voting System/Training - Tennessee Department of State	N/A	N/A	157,475
Lottery for Education: Afterschool Program - State Department of Education	N/A	019-06-1-016	62,781
Safe Schools Act - State Department of Education	N/A	N/A	9,667
High Schools That Work - State Department of Education	N/A	GG-05-12-007-00	8,638
Crockett Academy - State Department of Children's Services	N/A	GG-07-12578-00	88,128
Northwest SSMS Regional User Group - State Department of Education	N/A	GG-06-12105-01	<u>5,000</u>
Total State Grants			<u>\$ 487,248</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

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

(2) Information not available.

(3) Z-07-033684-00: \$111,064; GG-07-12942-00: \$4,514; (2): \$24,932.

(4) Information not available: \$325,108.

(5) Z-05-025146-00: \$2,535; Z-07-20595-00: \$12,362.

(6) GG-06-11729-00: \$3,690; Z-07-031554-00: \$43,548; Z-06-026000-02: \$7,694.

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

CROCKETT 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>
06.02	13	A formal purchase order system had not been established

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.06	15	Receipts were not issued at the time of collection

OFFICE OF ASSESSOR OF PROPERTY

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.07	15	Assessment records were changed during the year as property transfers were made

OTHER FINDINGS

Finding Number	Page Number	Subject
06.08	16	A central system of accounting, budgeting, and purchasing had not been adopted
06.09	16	Duties were not segregated adequately in the Offices of Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff

**CROCKETT COUNTY, TENNESSEE, AND THE
CROCKETT 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 Crockett County, and an unqualified opinion was issued on financial statements of the Crockett County School Department.
2. The audit of the financial statements of Crockett County and the Crockett County School Department disclosed significant deficiencies in internal control. None of these conditions were considered to be a material weakness.
3. The audit disclosed three instances of noncompliance that are material to the financial statements of Crockett County. The audit did not disclose any instances of noncompliance that were material to the financial statements of the Crockett County School Department.
4. The audit disclosed one significant deficiency in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed one finding which is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), Title I Grants to Local Educational Agencies (CFDA No. 84.010), and the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Crockett County and the Crockett County School Department did not qualify as low-risk auditees.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written response of the director of schools is 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.

CROCKETT COUNTY

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

Crockett County did not identify and determine the historical value of its capital assets and the related depreciation amounts of these assets. Therefore, Crockett 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, Crockett 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. Crockett County’s financial statements are presented in compliance with these requirements.

RECOMMENDATION

Crockett 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.

FINDING 07.02 CROCKETT COUNTY HAS NOT COMPLETED THE STEPS SET OUT IN THE IMPLEMENTATION PLAN FOR GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 34 FILED WITH THE COMPTROLLER OF THE TREASURY
(Material Noncompliance Under Government Auditing Standards)

As noted in finding 07.01, Crockett County has not taken the necessary steps to present its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34. In order to encourage local governments to comply with GASB Statement No. 34, the Tennessee General Assembly passed legislation (Sections 9-3-401 through 9-3-405, Tennessee Code Annotated) requiring local governments that were not in compliance with GASB Statement No. 34 to file an implementation plan with the Comptroller of the Treasury showing the steps and the timeline local governments would follow to implement the standard no later than June 30, 2008. An examination of the plan Crockett County filed with the Comptroller's Office shows that the county has failed to perform the steps in accordance with the timeline set out in their plan. If Crockett County does not comply with GASB Statement No. 34 by June 30, 2008, the statutes further provide that the state may withhold certain state funds from the county.

RECOMMENDATION

Crockett County should take the necessary steps to ensure compliance with GASB Statement No. 34 by June 30, 2008.

OFFICE OF COUNTY MAYOR

FINDING 07.03 A FORMAL PURCHASE ORDER SYSTEM HAD NOT BEEN ESTABLISHED
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The County Mayor's Office had not established a formal purchase order system. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments.

RECOMMENDATION

The office should establish a formal purchase order system to improve internal controls over the purchasing process and to document purchasing commitments.

**FINDING 07.04 THE COUNTY FAILED TO COMPLY WITH STATE STATUTES
WHEN ENTERING INTO A LEASE-PURCHASE AGREEMENT**
(Material Noncompliance Under Government Auditing Standards)

On January 19, 2007, the office entered into a two-year lease-purchase agreement for a sheriff's patrol car (\$21,002) without the prior approval of the County Commission. Section 7-51-904, Tennessee Code Annotated (TCA), requires lease-purchase agreements to be approved by the County Commission. Additionally, the office did not file a Report on Debt Obligation with the state director of Local Finance. Section 9-21-151, TCA, requires that within 45 days following the issuance of debt, the county must provide to the state director of Local Finance certain information, such as a description of the purchase/construction for which the debt was issued, and a description of the debt obligation.

RECOMMENDATION

Lease-purchase agreements should be approved by the County Commission, and the county should file a Report on Debt Obligation with the state director of Local Finance within 45 days of the issuance of the debt.

FINDING 07.05 EXPENDITURES EXCEEDED APPROPRIATIONS
(Noncompliance Under Government Auditing Standards)

General Fund expenditures exceeded appropriations approved by the County Commission in the Election Commission and Transfers Out major appropriation categories (the legal level of control) by \$3,868 and \$787, respectively. Also, expenditures exceeded total appropriations in the Drug Control Fund by \$820. Section 5-9-401, Tennessee Code Annotated, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county government shall be appropriated to such use by the county legislative bodies."

RECOMMENDATION

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

OFFICE OF ROAD SUPERVISOR

**FINDING 07.06 A COUNTY ROAD LIST WAS NOT SUBMITTED TO THE
COUNTY COMMISSION FOR APPROVAL**
(Noncompliance Under Government Auditing Standards)

The road supervisor did not prepare and submit a list of county roads to the County Commission as required by state statute. Section 54-10-103, Tennessee Code Annotated, requires the road supervisor to submit a list of county roads to the County Commission for

its approval at the January session each year. This list must include the classification, width, and distance of each county-maintained road, and a summary of changes from the prior year that provides the road name, date the change was approved by the County Commission, and the reason for the change. Highway Department officials need a current approved list of county roads to determine which roads the department is authorized to work.

RECOMMENDATION

The road supervisor should submit to the County Commission a list of county roads that includes the classification, width, and distance of each road, and summary of changes as required by state statute.

FINDING 07.07 THE OFFICE HAD PURCHASING DEFICIENCIES
(A. – Internal Control – Significant Deficiency Under Government Auditing Standards; B., C., and D. – Noncompliance Under Government Auditing Standards)

Our examination noted the following purchasing deficiencies:

- A. On March 19, 2007, the County Commission approved a lease-purchase agreement for certain Highway Department equipment; however, the minutes of the County Commission did not reflect the value of the equipment or specify the type of equipment. On May 1, 2007, the road supervisor entered into a lease-purchase agreement for two dump trucks totaling \$205,706.
- B. The office did not file a Report on Debt Obligation with the state director of Local Finance for the lease-purchase of the two dump trucks. Section 9-21-151, Tennessee Code Annotated (TCA), requires that within 45 days following the issuance of debt, a county must provide to the state director of Local Finance certain information, such as a description of the purchase for which the debt is issued, a description of the debt obligation, and an itemized description of the cost of issuance.
- C. The lease-purchase for the two dump trucks was not competitively bid. Section 54-7-113, TCA, requires public advertisement and solicitation of competitive bids for all leases or lease-purchase agreements exceeding \$10,000.
- D. Competitive bids were not solicited for the purchase of a used 1999 Mack truck (\$23,000). Section 54-7-113, TCA, requires purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids. Sales price and mileage statements were on file at the Highway Department from two companies for 1999 Mack trucks; however, none of these documents were signed.

RECOMMENDATION

County Commission minutes should reflect the estimated value and a detailed description of the equipment on any approved lease-purchase agreement. All debt obligations should be reported to the state director of Local Finance, and competitive bids should be solicited on all purchases exceeding \$10,000 as required by state statutes.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 07.08 **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACK-UP PROCEDURES**
(Internal Control – Significant Deficiency Under Government Auditing Standards and OMB Circular A-133)

The following weaknesses regarding computer system back-up procedures were identified:

- A. System back-ups were not stored off-site. In the event of a disaster, all back-up data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process.

- B. A back-up log was not maintained. If system back-ups are not labeled and inventoried systematically, discrepancies may occur and affect the integrity of system back-ups in the event of a hardware or software failure.

RECOMMENDATION

Weekly back-ups should be rotated off-site on a weekly basis. Year-end back-ups should be stored off-site and retained indefinitely. Some possibilities for an off-site storage location would be another county office building with a fireproof vault or a safe deposit box at a local bank. Furthermore, a current log of all back-ups that includes label descriptions, date of creation, contents, and storage location should be maintained.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

In order to correct deficiencies in our computer system back-up procedures, we will take a weekly back-up tape to an off-site vault at Crockett County High School. Year-end back-up tapes will be stored indefinitely at the same location. Daily back-ups will be stored in a fireproof filing cabinet at the director of school’s office. Additionally, a current log of all back-ups will be maintained.

OFFICE OF SHERIFF

FINDING 07.09 RECEIPTS WERE NOT ISSUED AT THE TIME OF COLLECTION
(Noncompliance Under Government Auditing Standards)

Receipts were issued for collections at the time bank deposits were prepared instead of at the time collections were received. Since receipts were not issued at the point of collection, we were unable to determine if funds were deposited to the office bank account within three days of collection as required by Section 5-8-207, Tennessee Code Annotated. The practice of issuing receipts subsequent to the actual collection increases the risk that officials will not properly account for funds.

RECOMMENDATION

Receipts should be issued at the time of collection for all funds received, and collections should be deposited to the office bank account within three days of receipt as required by state statute.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 07.10 ASSESSMENT RECORDS WERE CHANGED DURING THE YEAR AS PROPERTY TRANSFERS WERE MADE
(Noncompliance Under Government Auditing Standards)

The assessor updated the assessment records as property transfers were made during the year to reflect the current property owners. Section 67-5-502, Tennessee Code Annotated, requires all property to be assessed “to the person or persons owning or claiming to own the same on January 1 for the year for which the assessment is made.”

RECOMMENDATION

Property should be assessed to the person or persons owning the property as of January 1 in compliance with state statute.

OTHER FINDINGS AND RECOMMENDATION

FINDING 07.11 A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED
(Internal Control – Control Deficiency 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 system of central accounting, budgeting, and purchasing covering all county departments.

FINDING 07.12 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF 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 officials and employees in the Offices of Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff. Officials and employees responsible for maintaining the accounting records in these offices were also involved in issuing receipts, preparing bank deposits, taking deposits to the bank, posting receipts to the cash journal, and/or reconciling bank statements. These same employees also performed the daily reconciliation of receipts with cash. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

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

<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 Education: Passed-through State Department of Education: Title I Grants to Local Educational Agencies	07.13	84.010	Circular A-133, Section 500 (c) (3)	Significant deficiency in internal control See Finding 07.08 - the Office of Director of Schools had deficiencies in computer system back-up procedures	\$ 0
Special Education Cluster: Special Education - Grants to States		84.027			
Special Education - Preschool Grants		84.173			

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

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

Director of Schools – Corrective Action Plan for Current Year Finding

Findings 07.08 and 07.13

Contact Person: Stan Black, Director of Schools

Corrective Action Planned: In order to correct deficiencies in our computer system back-up procedures, we will take a weekly back-up tape to an off-site vault at Crockett County High School. Year-end back-up tapes will be stored indefinitely at the same location. Daily back-ups will be stored in a fireproof filing cabinet at the director of school's office. Additionally, a current log of all back-ups will be maintained.

Implementation Date: August 21, 2007