

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

SINGLE AUDIT REPORT



FOR THE YEAR ENDED JUNE 30, 2007



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

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Comptroller of the Treasury*

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

COFFEE COUNTY, TENNESSEE

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Audit Highlights

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

Scope

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

Results

Our report on the aggregate discretely presented component units expresses an adverse opinion because two of the required component units are omitted. Our report on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information is unqualified.

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The county paid compensation equal to 67 percent of the cost of single health insurance coverage to employees who chose not to be covered under the county's plan and could show proof of coverage under another plan.

OFFICES OF COUNTY MAYOR AND SHERIFF

- ◆ Monies from the Drug Control Fund totaling \$2,000 were contributed to Coffee County Central High School for scholarships. These contributions did not meet the criteria set forth by state statute for the authorized use of drug control funds.
-

COFFEE COUNTY LIBRARIES

- ◆ Other auditors audited the financial statements of the Coffee County Libraries (a special revenue fund). The other auditors' report of the Coffee County Libraries for the year ended June 30, 2007, noted several deficiencies in the operations of the county's libraries. These deficiencies included expenditures exceeding appropriations; funds not deposited within three days of collection; expenditures and reimbursements not documented; deficiencies in payroll, purchasing, and receipting processes; use of the libraries' tax-exempt status for employees' personal use; deficiencies in the issuance of checks; and deficiencies in administration of bank accounts.
-

OTHER FINDINGS

- ◆ County officials had not adopted a central system of accounting and budgeting.
- ◆ Duties were not segregated adequately among the officials and employees in the Offices of County Mayor, Trustee, County Clerk, Clerk and Master, Register, and Sheriff.
- ◆ A portion of sales tax collected outside municipalities was not apportioned with city school systems.

INTRODUCTORY SECTION



COFFEE COUNTY GOVERNMENT
1329 McArthur Street, Suite 5
Manchester, Tennessee 37355
931-723-5102

November 30, 2007

Coffee County Commissioners
Citizens of Coffee County

Dear Commissioners and Citizens:

We are pleased to submit to you the Annual Financial Report of Coffee County, Tennessee, for the year ended June 30, 2007. The county's Office of Accounts and Budgets prepared this report in conjunction with the State of Tennessee Office of the Comptroller of the Treasury, Department of Audit, Division of County Audit.

The financial reporting entity includes all the funds of the primary government (i.e., the county) as well as its component units. Component units are legally separate entities for which the primary government is financially accountable. Component units are discretely presented to emphasize they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows from those of the primary government. The Coffee County School Department, the Coffee County Emergency Communications District, the Coffee County Public Building Authority, and the Coffee County Joint Industrial Board are discretely presented component units of the primary government. For more information regarding the reporting entity, please see the notes to the financial statements.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentations, including all disclosures, rests with the county. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the county and its component units. All disclosures necessary to enable the reader to gain an understanding of the county's financial activities have been included.

Coffee County's financial statements have been audited by the State of Tennessee's Office of the Comptroller of the Treasury, Department of Audit, Division of County Audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of Coffee County for the fiscal year ended June 30, 2007, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this report. This report on the financial statements of the aggregate discretely presented component units of Coffee County, Tennessee, expresses an adverse opinion because the financial statements do not include

the financial statements of the Coffee County School Department and the Coffee County Public Building Authority as required by accounting principles generally accepted in the United States of America. This report also expresses an adverse opinion on the financial statements of the Coffee County School Department because management did not present government-wide financial statements as required by accounting principles generally accepted in the United States of America. The independent auditor's report on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Coffee County, Tennessee, expresses an unqualified opinion for the fiscal year ended June 30, 2007.

The county is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to the single audit includes a schedule of expenditures of federal awards and state grants, schedule of findings and recommendations, auditor's report on internal control over financial statements performed in accordance with Government Auditing Standards, auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.

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

PROFILE OF COFFEE COUNTY, TENNESSEE

Coffee County, Tennessee, is located in the south central portion of the State of Tennessee. The county is bounded to the north by Cannon County, to the south by Franklin County, to the east by Warren and Grundy counties, and to the west predominately by Bedford County. Manchester, the county seat, is approximately 64 miles southeast of Nashville and 69 miles northwest of Chattanooga. According to the 2000 census, the county has a population of 48,014 with the City of Manchester's population at 8,294 and the City of Tullahoma's at 17,994.

The county operates under a County Mayor - County Commission form of government. Policymaking and legislative authority are vested in the county mayor (the executive branch of the county). The County Commission is responsible for, among other things, passing resolutions, adopting the budget, and appointing committees. The county mayor is responsible for, among other things, carrying out the policies and resolutions of the County Commission, overseeing the day-to-day operations of the government, and appointing the heads of many of the county's departments.

The Coffee County Government continues to strive to provide essential services that enhance the quality of life for families throughout Coffee County. This requires detailed planning and the implementation of a number of initiatives and programs, which include a wide range of services from emergency management planning to expanding needed

infrastructure, to running water and sewer to new and existing homes throughout Coffee County. Coffee County is also financially accountable for a legally separate school district, which is reported separately within its financial statements. Additional information on this legally separate entity along with the county's other discretely presented component units is incorporated into the financial statements.

The annual budget serves as the foundation for Coffee County's planning and control. All agencies of Coffee County are required to submit requests for appropriations to the Budget Office. These requests are used as the starting point for developing a proposed budget. The county mayor and the director of accounts and budgets review the requests and then submit a budget to the Budget and Finance Committee for discussion. The official vote on the budget by the County Commission is normally during the month of July. The appropriated budget is prepared by fund, function (e.g., general government, administration of justice, public safety), and department (e.g., county mayor, county clerk, general sessions court, sheriff). Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated budget has been adopted.

ECONOMIC CONDITIONS

The county's land area is approximately 278,000 acres or 435 square miles in size. The majority of the county lies along the Highland Rim, a natural division of the state, at an average elevation of 1,050 feet above sea level. The general relief of the Highland Rim is gently rolling to rolling and has traditionally been a fertile farming area producing a variety of crops such as hay, corn, potatoes, cotton, tobacco, and fruits. Farming accounts for about 72 percent of the county's land use. Aside from farming; livestock, poultry, and dairy products are major industries.

Recreation within the county is centered on water activities which takes place on the county's three major lakes: Tim's Ford Reservoir, Wood's Reservoir, and Normandy Reservoir. The three lakes provide the county with 406 miles of shoreline and 17,900 acres of water for recreation.

Manufacturing and commerce have grown significantly in importance in the county in recent years. The growth of the Arnold Engineering Development Center (A.E.D.C.), a 41,300-acre site partially located in Coffee County, has served as a stimulus for this growth. A.E.D.C. provides testing for the development of turbojets, ramjets, turboprop engines, aircraft, missiles, rockets, and related components. The ability of the Middle Tennessee area to supply ample labor for industry is enhanced by an excellent rural road system and a moderate climate. These two factors allow the employer to draw labor from a wide geographic area. The labor force in this area is characterized by an eagerness to learn, willingness to work, and a high level of productivity.

The county's primary revenue sources are property and sales taxes. The accounts of the county are organized based on funds, each of which is considered a separate accounting entity. Revenues for such funds are recognized when they become measurable and available as net current assets.

AWARDS AND ACKNOWLEDGEMENTS

Coffee County is a member of the State of Tennessee's Three-Star Program. The Three-Star program is designed as a road map to assist local communities in their effort to achieve excellence in community and economic development. Participating communities are guided through a comprehensive plan of essential criteria developed by local economic development professionals and a cooperative collaboration of various state agencies. These combined efforts have made the Three-Star Program an important component of our state's economic strategy. This program is designed to help communities take full advantage of economic development opportunities. The goals are to preserve existing employment, create new employment opportunities, increase Tennessee family income, improve quality of life, and create a strong leadership base.

The preparation of the Annual Financial Report was accomplished through the dedicated service of the employees of the Office of Accounts and Budgets. We express our appreciation to all those who contributed to its preparation. We also express our appreciation to the County Commissioners for their interest, support, and leadership in the financial operations of the county.

Sincerely,

A handwritten signature in black ink that reads "Marianna Edinger". The script is cursive and fluid.

Marianna Edinger, Director of Accounts and Budgets

A handwritten signature in black ink that reads "David Pennington". The script is cursive and fluid.

David Pennington, Coffee County Mayor

Coffee County Officials
June 30, 2007

Officials

David Pennington, County Mayor
Alvin Harper, Road Superintendent
James Wilhelm, Trustee
Jimmy White, Assessor of Property
Teresa McFadden, County Clerk
Heather Hinds Duncan, Circuit, General Sessions, and Juvenile Courts Clerk
Charlotte Broyles, Clerk and Master
Ellen Vaughn, Register
Steve Graves, Sheriff

Board of County Commissioners

David Pennington, Chairman
Virgil Alford
Rennie Bell
John Berry
Jimmy Bradford
B. Rush Bricken
Bobby Bryan
G. Steven Cline
Lee Duckett
Janet Fann
Kerry Farrar

Ted Frisby
Charles Harris
Robin Hines
Paul Hogan
Mark Kelly
Tim Morris
Don Northcutt
Sam Rittenberry
Mark Schempp
Robert Stewart
Wilma Thomas

Budget and Finance Committee

Virgil Alford, Chairman
B. Rush Bricken
Lee Duckett
Robin Hines
Sam Rittenberry

Road Commission

Ronald Bell, Chairman
Dale Brandon
Raymond Duke
Grady Finney
Jamie Spry

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

December 21, 2007

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Coffee County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise Coffee County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Coffee County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Coffee County Libraries, a special revenue fund, which represent five percent and 12 percent, respectively, of the assets and revenues of the aggregate remaining fund information as of June 30, 2007. We also did not audit the financial statements of the discretely presented Coffee County Emergency Communications District, which represent 58 percent and 64 percent, respectively, of the assets and revenues of the aggregate discretely presented component units or the discretely presented Industrial Board of Coffee County, which represent 42 percent and 36 percent, respectively, of the assets and revenues of the aggregate discretely presented component units as of June 30, 2007, and for the year then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Coffee County Libraries, Coffee County Emergency Communications District, and Industrial Board of Coffee County, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the

United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

As discussed in Note I to the financial statements, the financial statements of the aggregate discretely presented component units referred to above do not include the financial statements of the Coffee County School Department and the Coffee County Public Building Authority. Accounting principles generally accepted in the United States of America require that the financial activities of the Coffee County School Department and the Coffee County Public Building Authority be presented in the basic financial statements of Coffee County as discretely presented component units. The amounts that would be reported in the government-wide financial statements for the aggregate discretely component units are not reasonably determinable.

In our opinion, based on our audit and the reports of other auditors, because of the effects of the matter discussed in the preceding paragraph, 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 the aggregate discretely presented component units of Coffee County, Tennessee, as of June 30 2007, and the changes in financial position and cash flows, where applicable, thereof for the year then ended.

Additionally, in our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Coffee County, Tennessee, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 21, 2007, on our consideration of Coffee County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

The management's discussion and analysis on pages 17 through 27 and the budgetary comparison and pension information on pages 81 through 87 are not required parts of the basic financial statements but are 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 Coffee County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the debt service funds, and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the debt service funds, and the miscellaneous schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our report and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/sb

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Coffee County Government (the county), we offer readers of Coffee County's financial statements this narrative overview and analysis of the financial activities and financial position of the county for the fiscal year ended June 30, 2007. In the broadest context, the financial well being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically so that the county's tax base, service levels, county assets, and the county's desirability will be maintained not just for the current year but well into the future. Financial reporting is limited in its ability to provide the future vision, but rather focuses on financial position and changes in financial position. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal as well as other community information found on the county's website at www.coffeecountytn.org. It should be noted that the Independent Auditors' Report describes the auditors' association with the various sections of this report and that all of the additional information from the website and other county sources is unaudited.

IN BRIEF

- The assets of Coffee County, including its governmental activities, business-type activities, and discretely presented component units, exceeded its liabilities at the close of the most recent fiscal year by \$19,332,692 (net assets). It should be noted that 77.7 percent of the county's net assets are capital assets (e.g. land, building, equipment, improvements, and infrastructure) and that most capital assets in government, with the exception of business-type assets, do not directly generate revenue nor can they be sold to generate liquid capital.
- As of the close of the current fiscal year, Coffee County's governmental funds reported combined ending fund balances of \$7,930,763.
- In the county's governmental funds, long-term liabilities decreased by \$707,456 during the year ending June 30, 2007. In the county's business-type activities, long-term liabilities increased by \$321,803 during the period due to the issuance of \$324,000 in rural development loans. These rural development loans were authorized by the County Commission in conjunction with an Appalachian Regional Commission grant which funded the construction of a wastewater treatment facility in rural Coffee County.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the county's basic financial statements. The county's basic financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information which includes this management's discussion and analysis. In addition to the basic financial statements, this report also contains other supplementary information as listed in the Table of Contents.

Government-wide Financial Statements

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

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

The statement of activities presents information showing how the county's net assets changed during the most recent fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish between functions of the county that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the county include general government and administration, court and judicial system, public safety, rural fire protection, communications center, cultural, and public health. The government-wide financial statements should include not only the county (the primary government) but also its other component units. These component units are legally separate organizations for which the county is financially accountable. They are the Coffee County School Department, Coffee County Emergency Communications District, Coffee County Public Building Authority, and Coffee County Industrial Board. However, the financial statements of the Coffee County School Department and the Coffee County Public Building Authority were not available and therefore are not included in the county's government-wide financial statements. Since the Coffee County Government is the main funding source for the libraries, the libraries are considered part of the primary government. The Coffee County School Department is reported under a separate cover elsewhere in this report.

Fund Financial Statements

Fund financial statements of Coffee 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 constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Coffee County only reports one proprietary fund, an enterprise fund. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All other governmental funds and enterprise funds are aggregated into single columns on the fund financial statements. Fiduciary funds in total are reported in a single column.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Nonfinancial assets such as governmental buildings, roads, bridges, land, and long-term liabilities such as bonds payable or long-term liabilities that will not be paid with current assets are excluded. Such information may be useful in evaluating a government's near-term financing requirements.

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

Coffee County reports the following major governmental funds: the General Fund and the Highway/Public Works Fund. Additionally, Coffee County reports the following fund types: Debt Service Funds, Capital Project Funds, an Enterprise Fund, and Agency Funds. Agency 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 Coffee County, and state grants and other restricted revenues held for the benefit of the Fourteenth Judicial District Drug Task Force. Agency funds are custodial in nature (assets equal liabilities). Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for major funds. Data from the other nonmajor governmental funds, i.e., Public Library Fund, Solid Waste/Sanitation Fund, Industrial/Economic Development Fund, Local Purpose Tax Fund, Drug Control Fund, District Attorney General Fund, Special Revenue Fund (Commissary), Constitutional Officers - Fees Fund, debt service funds, and capital projects funds, are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the Annual Financial Report.

Proprietary Fund

In April 2002, the Coffee County Commission approved Resolution #2002-12 which created a Coffee County Water and Wastewater Authority to allow the county to own and operate wastewater treatment systems within the rural areas of Coffee County. This allowed the county to have a means to develop parts of Coffee County that previously would not have been capable of supporting development due to poor soil conditions. Construction began on Coffee County's first wastewater septic system in 2006. The county accounts for the operation of this system in a proprietary fund as a business-type activity. The system was not completed as of year end and is listed on the statement of net assets as construction in progress.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets and especially net assets by category may serve over time as a useful indicator of the government's financial position. In the case of the county, assets of the governmental activities, business-type activities, and the discretely presented component units exceeded liabilities by \$19,332,692 as of June 30, 2007.

The largest portion of the county's net assets \$15,022,968 (77.7%) reflects its investments in capital assets (e.g., land, building, equipment, improvements and infrastructure), less any debt used to acquire those assets that is still outstanding. The county uses these capital assets to provide service to citizens; consequently these assets are not available for future spending and do not generate direct revenue for the county. They do represent, however, an obligation on the part of the county to maintain these assets into the future. Although the county's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Coffee County Statement of Net Assets June 30, 2007

	Govern- mental Activities	Business- type Activities	Component Units	Totals
Assets:				
Current and other assets	\$ 19,745,421	\$ 8,128	\$ 1,860,754	\$ 21,614,303
Capital assets	24,527,765	846,537	381,956	25,756,258
Total Assets	\$ 44,273,186	\$ 854,665	\$ 2,242,710	\$ 47,370,561
Liabilities:				
Current liabilities	\$ 11,258,655	\$ 5,592	\$ 0	\$ 11,264,247
Long-term liabilities	16,445,853	318,161	9,608	16,773,622
Total Liabilities	\$ 27,704,508	\$ 323,753	\$ 9,608	\$ 28,037,869
Net Assets:				
Invested in capital assets - net of related debt	\$ 14,116,278	\$ 524,734	\$ 381,956	\$ 15,022,968
Restricted	5,833,815	0	0	5,833,815
Unrestricted	(3,381,415)	6,178	1,851,146	(1,524,091)
Total Net Assets	\$ 16,568,678	\$ 530,912	\$ 2,233,102	\$ 19,332,692

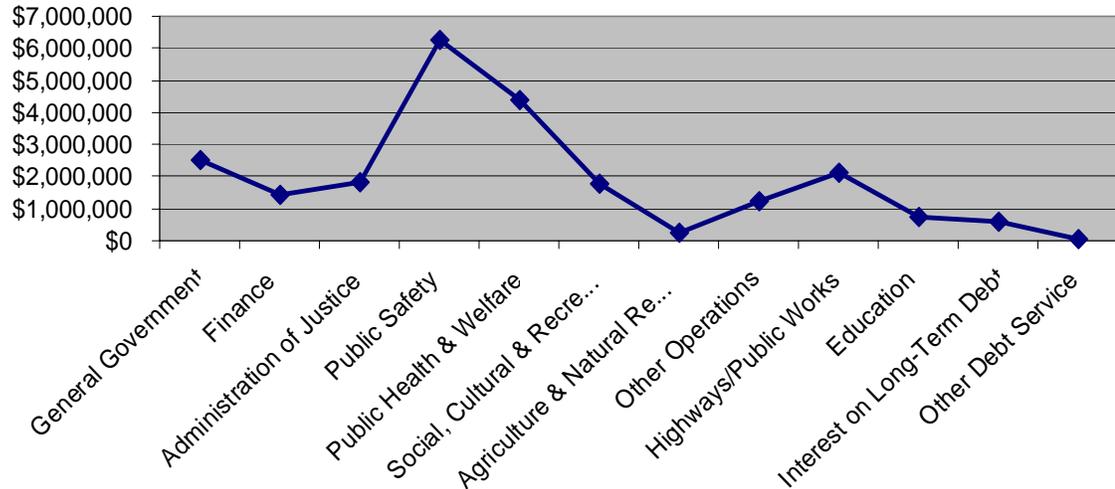
As of June 30, 2007, the county has positive balances in all three categories of the statement of net assets. The primary government's net assets increased \$3,907,668 during the fiscal year.

At year-end, long-term liabilities of the primary government included outstanding debt issued of \$18,617,780 and compensated absences of \$454,458. During the year, the county issued three-year capital outlay notes totaling \$718,460 and also issued \$324,000 in rural development loans.

**Coffee County
Statement of Activities
For the Year Ended June 30, 2007**

	Govern- mental Activities	Business- type Activities	Component Units	Totals
Revenues:				
Program Revenues:				
Charges for Services	\$ 6,106,881	\$ 19,987	\$ 479,466	\$ 6,606,334
Operating Grants and Contributions	4,968,966	0	0	4,968,966
Capital Grants and Contributions	823,380	522,537	0	1,345,917
General Revenues:				
Property Taxes	10,058,864	0	0	10,058,864
Local Option Sales Taxes	1,065,701	0	0	1,065,701
Other Taxes	1,574,118	0	0	1,574,118
Grants and Contributions Not				
Restricted for Specific Programs	266,048	0	455,520	721,568
Unrestricted Investment Earnings	445,845	0	72,728	518,573
Amortized Premium	8,092	0	22,590	30,682
Insurance Recovery	31,955	0	0	31,955
Miscellaneous	10,102	0	109,502	119,604
Total Revenues	\$ 25,359,952	\$ 542,524	\$ 1,139,806	\$ 27,042,282
Expenses:				
General Government	\$ 2,493,183	\$ 0	\$ 0	\$ 2,493,183
Finance	1,416,044	0	0	1,416,044
Administration of Justice	1,825,303	0	0	1,825,303
Public Safety	5,813,781	0	422,356	6,236,137
Public Health and Welfare	4,404,737	0	0	4,404,737
Social, Cultural, and Recreational	1,775,328	0	0	1,775,328
Agriculture and Natural Resources	255,721	0	0	255,721
Other Operations	955,464	11,612	241,770	1,208,846
Highways/Public Works	2,134,595	0	0	2,134,595
Education	718,460	0	0	718,460
Interest on Long-term Debt	613,998	0	0	613,998
Other Debt Service	52,262	0	0	52,262
Total Expenses	\$ 22,458,876	\$ 11,612	\$ 664,126	\$ 23,134,614
Increase (Decrease) in Net Assets	\$ 2,901,076	\$ 530,912	\$ 475,680	\$ 3,907,668
Net Assets, July 1, 2006	13,667,602	0	1,757,422	15,425,024
Net Assets, June 30, 2007	\$ 16,568,678	\$ 530,912	\$ 2,233,102	\$ 19,332,692

Coffee County receives funding from a variety of sources, including state shared revenues, local revenues, property taxes, sales taxes, charges for services, operating and capital grants, and contributions. The graph below illustrates how those dollars are allocated to the various functional areas of Coffee County:



Property taxes are the main funding source of the county with 65 percent of the uniform tax rate being allocated to the three school systems. Property tax rates for the last five years are as follows:

Coffee County Property Tax Rates

Calendar Year	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Fiscal Year	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
General Fund	\$ 1.06	\$ 1.01	\$ 0.92	\$ 0.92	\$ 0.81
School Purposes	1.32	1.37	1.26	1.26	1.54
General Debt Service Fund	0.18	0.18	0.07	0.07	0.02
Total Uniform Rate	\$ 2.56	2.56	2.25	2.25	2.37
Education Debt Service	0.08	0.08	0.07	0.07	0.08
Total Education Debt Service	\$ 2.64	\$ 2.64	\$ 2.32	\$ 2.32	\$ 2.45
Rural Debt Service	0.17	0.17	0.12	0.12	0.12
Rural Solid Waste/Sanitation	0.21	0.21	0.21	0.21	0.21
Total Rural Property Tax	\$ 3.02	\$ 3.02	\$ 2.65	\$ 2.65	\$ 2.78
Industrial Park Tax					
Special Purpose Tax	0.19	0.29	0.28	0.28	0.28
Total Industrial Park Tax	\$ 3.21	\$ 3.31	\$ 2.93	\$ 2.93	\$ 3.06

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

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

At the end of the current fiscal year, the county's governmental funds reported combined ending fund balances of \$7,930,763. Within this total, \$2,634,230 is reserved for specific purposes and the remaining \$5,296,533 comprises the unreserved fund balances in the General Fund, Highway/Public Works Fund, and other nonmajor governmental funds.

In the General Fund, the county budgeted for a fund balance decrease in the current year of \$74,642. It is one of the county's financial policies to maintain a fund balance in the General Fund equal to \$700,000. Due to actual revenues being more than budgeted and actual expenditures and net transfers being less than budgeted, the actual budget basis fund balance change was an increase for fiscal year 2007 of \$154,894. The amount of excess fund balance exceeding the 2007 budget will be addressed during the 2008 budget deliberations.

Fund balances in the county's General Debt Service, Rural Debt Service, and Education Debt Service Funds decreased in fiscal year 2007 by \$232,015 primarily due to the County Commission's budgetary approval to spend down some of the excess fund balances in these funds. The County Commission set aside additional revenues from the $\frac{3}{4}$ cent sales tax referendum that was approved by the voters in February 2007, into two new debt service funds to be used for rural county schools construction and renovation. In the General Capital Projects Fund, the county appropriated \$183,000 for paving projects during the fiscal year.

Proprietary Fund

The county's proprietary fund statement provides the same type of information found in the government-wide financial statements, but in more detail. This fund reflects the operations of the Wayside Acres Sewer System. The construction of this system is being funded through grants from the State of Tennessee and rural development loans. The fund was created during the current fiscal year and will be funded through user charges. A total of \$846,537 was expended for the construction of the Wayside Acres Sewer System during the fiscal year and this amount is reflected as construction in progress at June 30, 2007, in the financial statements of this report. Construction is scheduled to be completed by the end of 2007.

General Fund Budgetary Highlights

During the year, revisions to the original appropriations were approved by the Coffee County Commission. Overall these changes resulted in an increase in budgeted expenditures from the original budget of six percent or \$908,568. The majority of the increase was due to the receipt of a grant from the State of Tennessee to purchase electronic voting machines, a grant to purchase video cameras for the sheriff's patrol cars, and a transfer to the capital projects fund for paving projects. Management's estimate of the General Fund's budgeted revenues increased \$1,336,079 from the original budget based on grant monies received from the state, increases in court collections, and other revenues that came in higher than originally budgeted.

CAPITAL ASSETS

The county's investment in capital assets for its primary government as of June 30, 2007, totals \$25,756,258 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, infrastructure, library assets, and construction in progress. The total increase in the county's investment in capital assets for the current fiscal year was \$1,772,912 or 6.9 percent.

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

- Renovating the new Coffee County Health Department at Tullahoma
- Paving at the Coffee County Administrative Plaza, the new Tullahoma Health Department, the Manchester Senior Citizens Center, and the Manchester Library
- Constructing the wastewater treatment plant at Wayside Acres Subdivision
- Purchasing voting machines

Coffee County Capital Assets at Year End Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Component Units	
	2006	2007	2006	2007	2006	2007
<u>Capital Assets</u>						
Land	\$ 3,492,701	\$ 3,492,701	\$ 0	\$ 0	\$ 0	\$ 0
Buildings and						
Improvements	10,991,364	11,151,407	0	0	34,247	31,227
Other Capital Assets	1,819,943	2,229,896	0	0	422,756	350,730
Infrastructure	6,451,328	6,895,478	0	0	0	0
Library Assets	771,008	758,283	0	0	0	0
Construction in Progress	0	0	0	846,537	0	0
Total Capital Assets	\$ 23,526,344	\$ 24,527,765	\$ 0	\$ 846,537	\$ 457,003	\$ 381,957

DEBT ADMINISTRATION

At the end of the current fiscal year, Coffee County had total outstanding debt of \$18,617,780. Of that amount, \$18,295,977 comprises debt backed by the full faith and credit of the government and \$321,803 represents bonds secured solely by wastewater revenues. In October and November of the 2006-07 fiscal year, the county refinanced a large portion of its outstanding bonds and loans payable at a savings of approximately \$312,000 over the life of the debt. The county issued a total of \$1,042,460 in new debt this fiscal year with \$718,460 being for the rural schools and \$324,000 in rural development loans. The county has a debt rating of A by Standard and Poor's on the county-wide debt and an A3 by Moody's on the rural school pledges.

Coffee County Outstanding Debt at Year End

Fund/Description	6-30-06	6-30-07
<u>General Debt Service</u>		
Series 1998 GO Bonds	\$ 350,000	\$ 180,000
Series 2000 GO Bonds	1,640,000	0
Renovation Southtown Shopping Center	1,279,700	0
Vocational Training Center, Conference Center, Public Facility Bonds	5,362,500	965,000
Series 9001 B Public Facility Bonds	525,000	360,000
Series 2002 A-7-D TN Loans	1,500,000	1,500,000
2004 Six-Year Capital Outlay Note	545,000	436,000
Series 2006 C GO Refunding Bonds	0	2,590,000
Coffee County Portion of Z-4-A PBA Loans	0	4,475,000
<u>Rural Debt Service</u>		
Series 1998 Rural School Refunding	2,810,000	0
Series A-7-D GO Public Improvement Bonds	265,000	0
2004 Six-Year Capital Outlay Note	585,008	436,517
Series 2006 B Rural School Refunding Bonds	0	2,580,000
2007 Three-Year Capital Outlay Note	0	718,460
<u>Education Debt Service</u>		
Series 1996 Senior High Bonds	40,000	0
Series 1998 Senior High Bonds	3,185,000	0
Series 1999 Senior High Bonds	910,000	0
Series 2006 A Senior High Refunding Bonds	0	4,055,000

**Coffee County
Outstanding Debt at Year End (Cont.)**

<u>Fund/Description</u>	<u>6-30-06</u>	<u>6-30-07</u>
<u>Wayside Acres Sewer Fund</u>		
\$224,000 Rural Development Loan	\$ 0	\$ 222,332
\$100,000 Rural Development Loan	0	99,471
<u>Highway/Public Works Fund</u>		
Capital Lease - Paver	<u>6,225</u>	<u>0</u>
Total Long-term Debt Outstanding	<u>\$ 19,003,433</u>	<u>\$ 18,617,780</u>

LIMIT ON AMOUNT OF OUTSTANDING DEBT

Since nearly all services rendered by the county are required by the state and require sizeable investments in capital improvements, counties are not limited as to their amount of indebtedness as stated in Section 9-21-103 Tennessee Code Annotated, (TCA). However, when a county's debt ratio of outstanding debt to property values exceeds the state average or a national standard recognized by firms that trade municipal bonds, the county will pay a higher interest rate or be unable to issue additional bonds.

All debt issued must first be authorized by resolution adopted by the County Commission and then approved by the state director of Local Finance, a division of the State Comptroller of the Treasury. Before the director of Local Finance will approve the issuance of debt, the county must adopt a balanced budget which must also be approved by this same director in accordance with Sections 9-21-403 and 9-21-404, TCA.

Additional information on the county's long term-debt can be found in the supplemental information provided in this document.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Based on the 2000 census, the population of Coffee County is 48,014. Coffee County has favorable economic factors with a steady tax base and an unemployment rate of 5.4 percent. With three industrial parks within its boundaries, Coffee County offers a wide variety of industry. Tullahoma is home to a municipal airport and the CSX and Caney, Fork & Western Railroads also provide transportation to and from the county.

Due to continual overcrowding at the Coffee County Jail, the Coffee County Sheriff realizes the need for an addition to the current facility and is in the process of studying the fiscal impact of an expansion. The Coffee County School Board and director of schools are preparing a major school building program with anticipated bond revenues of up to \$35 million.

In the fiscal year 2007-2008 budget, General Fund revenues are budgeted to decrease by three percent from the 2006-2007 final budget with property taxes making up 53 percent of General Fund budgeted revenues. Certified assessed valuations increased 3.2 percent from the previous years' valuation. The General Fund portion of the ad valorem tax rate was decreased by 13 percent to increase the appropriation to the three school systems. Coffee County Government had in prior years apportioned 65 percent of the second half rural sales tax collections to the Coffee County Schools Rural Transportation fund, but was informed by the State Comptroller's Office that these types of collections would have to be apportioned with the city school systems on the basis of "weighted full-time equivalent average daily attendance" as required by Section 49-3-315, TCA. In the fiscal year 2007-2008 budget, the second half sales tax collections in question were replaced with property tax revenues. The balance in the General Fund at year end is estimated at \$711,227, but historically, a significant part of the annual appropriation has not been utilized and is returned to the unreserved fund balance at the end of the fiscal year.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the county's finances. If you have questions about this report or need any additional information, contact the Office of Accounts & Budgets, Attn: Budget Director at 1329 McArthur Street, Suite 5, Manchester, TN 37355 or call (931) 723-5102 or e-mail marianna@coffeecountytn.org.

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government			Component Units	
	Governmental	Business-type	Total	Coffee County	Industrial
	Activities	Activities		Emergency	Board of
				Communications	Coffee
				District	County
<u>ASSETS</u>					
Cash	\$ 871,126	\$ 0	\$ 871,126	\$ 859,884	\$ 877,024
Equity in Pooled Cash and Investments	6,010,282	5,630	6,015,912	0	0
Inventories	13,161	0	13,161	0	0
Accounts Receivable	2,500,773	2,498	2,503,271	25,899	6,456
Allowance for Uncollectibles	(282,109)	0	(282,109)	0	0
Due from Other Governments	1,344,325	0	1,344,325	16,064	0
Internal Balances	1,950	(1,950)	0	0	0
Property Taxes Receivable	9,387,097	0	9,387,097	0	0
Allowance for Uncollectible Property Taxes	(349,847)	0	(349,847)	0	0
Prepaid Items	0	0	0	12,907	0
Note Receivable	0	0	0	0	62,520
Deferred Charges - Debt Issuance Costs	248,663	0	248,663	0	0
Capital Assets:					
Assets Not Depreciated:					
Land	3,492,701	0	3,492,701	0	0
Construction in Progress	0	846,537	846,537	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	11,151,407	0	11,151,407	31,226	0
Infrastructure	6,895,478	0	6,895,478	0	0
Other Capital Assets	2,229,896	0	2,229,896	345,638	5,092
Library Assets	758,283		758,283	0	0
Total Assets	\$ 44,273,186	\$ 852,715	\$ 45,125,901	\$ 1,291,618	\$ 951,092

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental	Business-type	Total	Coffee County Emergency Communications District	Industrial Board of Coffee County
	Activities	Activities			
<u>LIABILITIES</u>					
Accounts Payable	\$ 158,450	\$ 0	\$ 158,450	\$ 9,608	\$ 0
Payroll Deductions Payable	19,957	0	19,957	0	0
Retainage Payable	78,169	0	78,169	0	0
Accrued Interest Payable	256,601	0	256,601	0	0
Deferred Revenue - Current Property Taxes	8,661,068	0	8,661,068	0	0
Noncurrent Liabilities:					
Due Within One Year	1,966,076	3,642	1,969,718	0	0
Due in More Than One Year (net of deferred amount on refunding and unamortized premiums on debt)	16,564,187	318,161	16,882,348	0	0
Total Liabilities	<u>\$ 27,704,508</u>	<u>\$ 321,803</u>	<u>\$ 28,026,311</u>	<u>\$ 9,608</u>	<u>\$ 0</u>
<u>NET ASSETS</u>					
Invested in Capital Assets, Net of Related Debt	\$ 14,116,278	\$ 524,734	\$ 14,641,012	\$ 0	\$ 0
Invested in Capital Assets	0	0	0	376,864	5,092
Restricted for:					
Public Library	301,521	0	301,521	0	0
Solid Waste/Sanitation	584,001	0	584,001	0	0
Industrial/Economic Development	24,210	0	24,210	0	0
Local Purpose Tax	118,462	0	118,462	0	0
Drug Control	248,665	0	248,665	0	0
District Attorney General	146,414	0	146,414	0	0
Highway/Public Works	1,448,001	0	1,448,001	0	0
Capital Projects	187,648	0	187,648	0	0
Debt Service	2,139,791	0	2,139,791	0	0
Other Purposes	635,102	0	635,102	0	0
Unrestricted	(3,381,415)	6,178	(3,375,237)	905,146	946,000
Total Net Assets	<u>\$ 16,568,678</u>	<u>\$ 530,912</u>	<u>\$ 17,099,590</u>	<u>\$ 1,282,010</u>	<u>\$ 951,092</u>

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

Exhibit B

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Coffee County Emergency Communications District	Industrial Board of Coffee County
					Governmental Activities	Business- type Activities	Total		
Primary Government:									
Governmental Activities:									
General Government	\$ 2,493,183	\$ 1,997,688	\$ 81,871	\$ 175,370	\$ (238,254)	\$ 0	\$ (238,254)	\$ 0	\$ 0
Finance	1,416,044	719,994	17,776	0	(678,274)	0	(678,274)	0	0
Administration of Justice	1,825,303	1,328,528	0	0	(496,775)	0	(496,775)	0	0
Public Safety	5,813,781	228,607	1,314,708	28,630	(4,241,836)	0	(4,241,836)	0	0
Public Health and Welfare	4,404,737	1,739,766	554,313	619,380	(1,491,278)	0	(1,491,278)	0	0
Social, Cultural, and Recreational Services	1,775,328	84,866	814,663	0	(875,799)	0	(875,799)	0	0
Agriculture and Natural Resources	255,721	0	0	0	(255,721)	0	(255,721)	0	0
Other Operations	955,464	5,585	0	0	(949,879)	0	(949,879)	0	0
Highways	2,134,595	1,847	2,185,635	0	52,887	0	52,887	0	0
Education	718,460	0	0	0	(718,460)	0	(718,460)	0	0
Interest on Long-term Debt	613,998	0	0	0	(613,998)	0	(613,998)	0	0
Other Debt Service	52,262	0	0	0	(52,262)	0	(52,262)	0	0
Total Governmental Activities	\$ 22,458,876	\$ 6,106,881	\$ 4,968,966	\$ 823,380	\$ (10,559,649)	\$ 0	\$ (10,559,649)	\$ 0	\$ 0
Business-type Activities:									
Wayside Acres Sewer Fund	\$ 11,612	\$ 19,987	\$ 0	\$ 522,537	\$ 0	\$ 530,912	\$ 530,912	\$ 0	\$ 0
Total Business-type Activities	\$ 11,612	\$ 19,987	\$ 0	\$ 522,537	\$ 0	\$ 530,912	\$ 530,912	\$ 0	\$ 0
Total Primary Government	\$ 22,470,488	\$ 6,126,868	\$ 4,968,966	\$ 1,345,917	\$ (10,559,649)	\$ 530,912	\$ (10,028,737)	\$ 0	\$ 0
Component Units:									
Emergency Communications District	\$ 422,356	\$ 479,466	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 57,110	\$ 0
Industrial Board of Coffee County	241,770	0	0	0	(241,770)	0	(241,770)	0	(241,770)
Total Component Units	\$ 664,126	\$ 479,466	\$ 0	\$ 0	\$ (241,770)	\$ 0	\$ (241,770)	\$ 57,110	\$ (241,770)

(Continued)

Exhibit B

Coffee County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business- type Activities	Total	Coffee County Emergency Communications District	Industrial Board of Coffee County
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					\$ 8,640,087	\$ 0	\$ 8,640,087	\$ 0	\$ 0
Property Taxes Levied for Debt Service					1,418,777	0	1,418,777	0	0
Local Option Sales Taxes					1,065,701	0	1,065,701	0	0
Other Local Taxes					1,574,118	0	1,574,118	0	0
Grants and Contributions Not Restricted for Specific Programs					266,048	0	266,048	190,000	265,520
Unrestricted Investment Earnings					445,845	0	445,845	29,590	43,138
Miscellaneous					10,102	0	10,102	3,132	1,750
Amortized Premium					8,092	0	8,092	22,590	0
Sale of Property					0	0	0	0	104,620
Insurance Recovery					31,955	0	31,955	0	0
Total General Revenues					\$ 13,460,725	\$ 0	\$ 13,460,725	\$ 245,312	\$ 415,028
Change in Net Assets					\$ 2,901,076	\$ 530,912	\$ 3,431,988	\$ 302,422	\$ 173,258
Net Assets, July 1, 2006					13,667,602	0	13,667,602	979,588	777,834
Net Assets, June 30, 2007					\$ 16,568,678	\$ 530,912	\$ 17,099,590	\$ 1,282,010	\$ 951,092

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

Exhibit C-1

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

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	
	<u>General</u>	<u>Highway / Public Works</u>	<u>Other Govern- mental Funds</u>	<u>Total Govern- mental Funds</u>
<u>ASSETS</u>				
Cash	\$ 1,500	\$ 25	\$ 869,601	\$ 871,126
Equity in Pooled Cash and Investments	1,888,897	1,295,198	2,826,187	6,010,282
Inventories	7,413	0	5,748	13,161
Accounts Receivable	2,432,921	0	67,852	2,500,773
Allowance for Uncollectibles	(282,109)	0	0	(282,109)
Due from Other Governments	384,049	368,314	591,962	1,344,325
Due from Other Funds	0	0	5,907	5,907
Property Taxes Receivable	7,266,364	0	2,120,733	9,387,097
Allowance for Uncollectible Property Taxes	(208,570)	0	(141,277)	(349,847)
Total Assets	\$ 11,490,465	\$ 1,663,537	\$ 6,346,713	\$ 19,500,715
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 78,717	\$ 31,608	\$ 48,125	\$ 158,450
Payroll Deductions Payable	12,813	7,020	124	19,957
Retainage Payable	0	0	78,169	78,169
Due to Other Funds	3,957	0	0	3,957
Deferred Revenue - Current Property Taxes	6,823,554	0	1,837,514	8,661,068
Deferred Revenue - Delinquent Property Taxes	152,949	0	128,868	281,817
Other Deferred Revenues	1,975,014	176,908	214,612	2,366,534
Total Liabilities	\$ 9,047,004	\$ 215,536	\$ 2,307,412	\$ 11,569,952
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 286,906	\$ 11,421	\$ 81,447	\$ 379,774
Reserved for Alcohol and Drug Treatment	38,063	0	0	38,063
Reserved for Drug Court	177,948	0	0	177,948
Reserved for Sexual Offender Registration	4,721	0	0	4,721
Reserved for Computer System - Register	18,344	0	0	18,344
Reserved for Automation Purposes - Chancery Court	3,105	0	0	3,105
Reserved for Automation Purposes - Sheriff	306	0	0	306
Reserved for State Reappraisal Grant	80,833	0	0	80,833
Reserved for Other General Purposes	13,701	0	0	13,701
Unreserved, Reported In:				
General Fund	1,819,534	0	0	1,819,534
Special Revenue Funds	0	1,436,580	2,040,419	3,476,999
Debt Service Funds	0	0	1,798,684	1,798,684
Capital Projects Funds	0	0	118,751	118,751
Total Fund Balances	\$ 2,443,461	\$ 1,448,001	\$ 4,039,301	\$ 7,930,763
Total Liabilities and Fund Balances	\$ 11,490,465	\$ 1,663,537	\$ 6,346,713	\$ 19,500,715

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

Exhibit C-2

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

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	7,930,763
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	3,492,701	
Add: buildings and improvements net of accumulated depreciation		11,151,407	
Add: infrastructure net of accumulated depreciation		6,895,478	
Add: other capital assets net of accumulated depreciation		2,229,896	
Add: library assets net of accumulated depreciation		<u>758,283</u>	24,527,765
(2) Long-term liabilities are not due in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(9,405,000)	
Less: notes payable		(1,590,977)	
Less: other loans payable		(7,300,000)	
Less: compensated absences payable		(454,458)	
Less: accrued interest on bonds		(155,644)	
Less: accrued interest on notes		(10,929)	
Less: accrued interest on other loans		(90,028)	
Less: other deferred revenue - premium on debt		(118,334)	
Add: deferred charges - debt issuance costs		248,663	
Add: deferred charges - refunding		<u>338,506</u>	(18,538,201)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>2,648,351</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>16,568,678</u></u>

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

Exhibit C-3

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

	Major Funds		Nonmajor Funds	Total
	General	Highway / Public Works	Other Govern- mental Funds	Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 8,953,549	\$ 98,939	\$ 3,412,649	\$ 12,465,137
Licenses and Permits	99,231	0	6,729	105,960
Fines, Forfeitures, and Penalties	509,424	0	89,344	598,768
Charges for Current Services	1,265,334	0	1,658,407	2,923,741
Other Local Revenues	302,170	2,240	716,669	1,021,079
Fees Received from County Officials	1,401,332	0	0	1,401,332
State of Tennessee	1,942,432	2,176,923	278,367	4,397,722
Federal Government	142,396	0	310,460	452,856
Other Governments and Citizens Groups	17,253	0	1,013,483	1,030,736
Total Revenues	\$ 14,633,121	\$ 2,278,102	\$ 7,486,108	\$ 24,397,331
<u>Expenditures</u>				
Current:				
General Government	\$ 1,787,025	\$ 0	\$ 160,900	\$ 1,947,925
Finance	924,322	0	445,569	1,369,891
Administration of Justice	1,059,870	0	790,201	1,850,071
Public Safety	5,486,264	0	308,633	5,794,897
Public Health and Welfare	2,708,911	0	1,290,473	3,999,384
Social, Cultural, and Recreational Services	891,225	0	856,619	1,747,844
Agriculture and Natural Resources	254,455	0	0	254,455
Other Operations	1,183,155	0	112,160	1,295,315
Highways	0	2,465,337	0	2,465,337
Debt Service:				
Principal on Debt	0	6,225	1,907,491	1,913,716
Interest on Debt	0	40	665,219	665,259
Other Debt Service	0	0	310,440	310,440
Capital Projects	0	0	1,289,250	1,289,250
Capital Projects - Donated	0	0	718,460	718,460
Total Expenditures	\$ 14,295,227	\$ 2,471,602	\$ 8,855,415	\$ 25,622,244
Excess (Deficiency) of Revenues Over Expenditures	\$ 337,894	\$ (193,500)	\$ (1,369,307)	\$ (1,224,913)
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 0	\$ 718,460	\$ 718,460
Refunding Debt Issued	0	0	13,980,000	13,980,000
Premiums on Debt Issued	0	0	126,426	126,426
Other Loans Issued	0	0	324,000	324,000
Insurance Recovery	0	31,955	0	31,955
Transfers In	0	0	183,000	183,000
Transfers Out	(183,000)	0	0	(183,000)
Payments to Refunded Debt Escrow Agent	0	0	(13,841,798)	(13,841,798)
Total Other Financing Sources (Uses)	\$ (183,000)	\$ 31,955	\$ 1,490,088	\$ 1,339,043
Net Change in Fund Balances	\$ 154,894	\$ (161,545)	\$ 120,781	\$ 114,130
Fund Balance, July 1, 2006	2,288,567	1,609,546	3,918,520	7,816,633
Fund Balance, June 30, 2007	\$ 2,443,461	\$ 1,448,001	\$ 4,039,301	\$ 7,930,763

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

Exhibit C-4

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

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 114,130
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 2,096,481	
Less: current year depreciation expense	<u>(1,083,960)</u>	1,012,521
(2) The effect of the disposal of capital assets during the current period is to decrease net assets.		(11,100)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$ 2,648,351	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(2,029,170)</u>	619,181
(4) The issuance of long-term debt (e.g., bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Less: note proceeds	\$ (718,460)	
Less: refunding bonds	(13,980,000)	
Less: premium on debt proceeds	(118,334)	
Add: deferred debt issuance costs	248,663	
Add: principal payments on capital leases	6,225	
Add: principal payments on notes	257,491	
Add: principal payments on bonds	1,030,000	
Add: principal payments on other loans	620,000	
Add: payment to refunding agent	13,841,798	
Less: amortization of deferred amount on refunding	<u>(11,092)</u>	1,176,291
(5) Some expenses reported in the statement of activities do not require the uses of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in accrued interest payable	\$ 51,261	
Change in compensated absences	<u>(61,208)</u>	<u>(9,947)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 2,901,076</u>

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

Exhibit D-1

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

	<u>Business-type Activities</u> Wayside Acres Sewer Fund
<u>Operating Revenues</u>	
Charges for Current Services	\$ 19,987
Total Operating Revenues	<u>\$ 19,987</u>
<u>Operating Expenses</u>	
Public Health and Welfare	\$ 3,303
Total Operating Expenses	<u>\$ 3,303</u>
Operating Income (Loss)	<u>\$ 16,684</u>
<u>Nonoperating Revenues (Expenses)</u>	
Contributions	\$ 522,537
Interest on Other Loans	<u>(8,309)</u>
Total Nonoperating Expenses	<u>\$ 514,228</u>
Change in Net Assets	\$ 530,912
Net Assets, July 1, 2006	<u>0</u>
Net Assets, June 30, 2007	<u><u>\$ 530,912</u></u>

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

Exhibit D-2

Coffee County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2007

	<u>Business-type Activities</u>
	<u>Wayside Acres Sewer Fund</u>
<u>Cash Flows From Operating Activities</u>	
Receipts from Customers and Users	\$ 17,489
Payments to Suppliers	(3,303)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 14,186</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Principal Paid on Other Loans	\$ (1,791)
Interest Paid on Other Loans	(6,765)
Loan Proceeds	324,000
Construction in Progress	(846,537)
Contribution	522,537
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (8,556)</u>
Net Increase (Decrease) in Cash	\$ 5,630
Cash, July 1, 2006	<u>0</u>
Cash, June 30, 2007	<u><u>\$ 5,630</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 16,684
Adjustment to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	<u>(2,498)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 14,186</u></u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,398,132
Equity in Pooled Cash and Investments	355,710
Due from Other Governments	2,281,523
Property Taxes Receivable	6,621,351
Allowance for Uncollectible Property Taxes	<u>(163,803)</u>
Total Assets	<u>\$ 10,492,913</u>
<u>LIABILITIES</u>	
Cash Overdraft	\$ 61,844
Due to Other Taxing Units	8,740,879
Due to Litigants, Heirs, and Others	1,398,132
Due to Joint Ventures	<u>292,058</u>
Total Liabilities	<u>\$ 10,492,913</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Coffee County is a public municipal corporation governed by an elected 21-member board. As required by GAAP, these financial statements include Coffee County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

The Coffee County School Department operates the public school system in the county, and the voters of Coffee 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 School Department did not prepare government-wide financial statements for inclusion in this report.

The Coffee County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Coffee County, and the Coffee 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 Industrial Board of Coffee County provides and assists industry in Coffee County, and the Coffee County Commission appoints its Board of Directors. The board comprises three members each from the City of Tullahoma, the City of Manchester, and from rural areas. The board is primarily funded by appropriations from the county.

The Coffee County Public Building Authority (PBA) oversees the operations of the conference center which benefits the citizens of Manchester and Coffee County. The Coffee County Commission appoints the seven-member Board of Directors, and Coffee County and the City of Manchester share equally in the profits and losses of the conference center. The center is primarily funded by charges assessed for the use of the facility. The financial statements of the Coffee County Public Building Authority were not available from other auditors in time for inclusion in this report.

The Coffee County School Department, the Coffee County Emergency Communications District, the Industrial Board of Coffee County, and the Coffee County Public Building Authority issue separate financial statements from those of the county. Although required by GAAP, these financial statements do not include the School Department and the Coffee County Public Building Authority, as previously mentioned. The School Department's financial statements are published as a separate report but under the same cover as the county's financial statements while the financial statements of the Coffee County Public Building Authority were not available in time for inclusion. The Coffee County Emergency Communications District's and the Industrial Board of Coffee County's financial statements are published as separate reports. Complete financial statements of the Coffee County Emergency Communications District, the Industrial Board of Coffee County, and the Coffee County Public Building Authority can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Coffee County Emergency Communications District
911 Jack Welch Drive
Manchester, TN 37355

Coffee County Industrial Board
1329 McArthur Street, Suite 4
Manchester, TN 37355

Coffee County Public Building Authority
147 Hospitality Boulevard
Manchester, TN 37555

B. Government-wide and Fund Financial Statements

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

The 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.

Coffee County issues all debt for the discretely presented Coffee County School Department. Net debt issues (\$718,460) were contributed by the county to the School Department during the year ended June 30, 2007.

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

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

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

Fund financial statements of Coffee County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Coffee County only reports one proprietary fund, an enterprise fund.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds and the enterprise fund are aggregated into single columns on the fund financial statements. 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. Coffee 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 county's debt service funds for payments to be made early in the following year.

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

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

Coffee 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.

Additionally, Coffee County reports the following fund types:

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

Capital Projects Funds – These funds are used to account for the receipt of debt and other financial resources to be used for the acquisition or construction of major capital facilities.

Enterprise Fund – This fund is used to account for the transactions of the Wayside Acres Sewer Fund.

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 Coffee County, the city school systems’ share of educational revenues, and state grants and other restricted revenues held for the benefit of the Fourteenth Judicial District Drug Task Force. 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to the same limitations. Coffee County has elected not to follow subsequent private-sector guidance.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund, an enterprise fund used to account for the transactions of the Wayside Acres sewer operation. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the county's enterprise fund are charges for services.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the statement of cash flows, cash includes cash on deposit with the county trustee.

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 Coffee County and Coffee County School Department funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Coffee County and the Coffee County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.61 percent of total taxes levied.

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

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

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

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

Retainage payable in the General Capital Projects Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments.

3. Inventories

Inventories in governmental funds consist of expendable supplies held for consumption and are valued at the lower of cost or market based on the first-in, first-out method.

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column and the business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10-50
Land Improvements	10-50
Infrastructure	15-40
Other Capital Assets	3-20
Library Assets	2-40

5. Compensated Absences

The general policy of Coffee County allows employees to accumulate a limited number of unused vacation days. Unused vacation days that exceed the limit allowed by the county policy are transferred to sick days on the employee's anniversary date. These vacation days have no guaranteed payment attached and no liability is accrued and recorded in the governmental funds. The general policy of the Highway Department does not allow for the accumulation of vacation days

beyond year end. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

County employees are allowed to accumulate unlimited sick leave days; however, the granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded. Highway Department employees earn sick leave at the rate of one day per month and unused sick leave is paid to employees in December of each year.

6. Long-term Obligations

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

7. Net Assets and Fund Equity

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

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

On the government-wide statement of net assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$635,102, with the primary restrictions being for: (1) drug court (\$177,948); (2) computer systems for various offices (\$21,755); (3) alcohol and drug treatment (\$38,063); and (4) state reappraisal grant funds (\$80,833).

As of June 30, 2007, Coffee County had \$7,789,977 in outstanding debt for capital purposes for the discretely presented Coffee County School Department. This debt is a liability of Coffee County, but the capital assets acquired are reported in the financial statements of the Coffee County School Department. Therefore, Coffee County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

B. Cash Overdraft

The City School ADA – Tullahoma Fund (agency fund) had a cash overdraft of \$61,844 at June 30, 2007. This cash overdraft resulted from required adjustments to applicable property and other taxes for the current average daily attendance proration. Subsequent to June 30, 2007, this cash overdraft was liquidated from funds received from various taxes.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Drug Court major appropriation category (the legal level of control) of the General Fund by \$14,536. Such overexpenditures are a violation of state statutes. This overexpenditure was funded by available fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for 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, Coffee County had the following investments carried at cost. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Coffee County and the discretely presented Coffee County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	<u>\$ 613,453</u>
Total		<u><u>\$ 613,453</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. Coffee 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 insurer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Coffee County has no

investment policy that would further limit its investment choices. As of June 30, 2007, Coffee County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

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

Governmental Activities:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 3,492,701	\$ 0	\$ 0	\$ 3,492,701
Total Capital Assets Not Depreciated	<u>\$ 3,492,701</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,492,701</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 15,598,239	\$ 509,569	\$ 0	\$ 16,107,808
Infrastructure	10,662,456	825,132	0	11,487,588
Other Capital Assets	2,890,547	655,701	(11,100)	3,535,148
Library Assets	1,975,962	106,079	0	2,082,041
Total Capital Assets Depreciated	<u>\$ 31,127,204</u>	<u>\$ 2,096,481</u>	<u>\$ (11,100)</u>	<u>\$ 33,212,585</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,606,875	\$ 349,526	\$ 0	\$ 4,956,401
Infrastructure	4,211,128	380,982	0	4,592,110
Other Capital Assets	1,070,604	234,648	0	1,305,252
Library Assets	1,204,954	118,804	0	1,323,758
Total Accumulated Depreciation	<u>\$ 11,093,561</u>	<u>\$ 1,083,960</u>	<u>\$ 0</u>	<u>\$ 12,177,521</u>
Total Capital Assets Depreciated, Net	<u>\$ 20,033,643</u>	<u>\$ 1,012,521</u>	<u>\$ (11,100)</u>	<u>\$ 21,035,064</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 23,526,344</u></u>	<u><u>\$ 1,012,521</u></u>	<u><u>\$ (11,100)</u></u>	<u><u>\$ 24,527,765</u></u>

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

Governmental Activities:

General Government	\$ 330,028
Finance	7,634
Administration of Justice	2,161
Public Safety	81,632
Public Health and Welfare	98,688
Social, Cultural, and Recreational	118,804
Other General Government	1,283
Highways/Public Works	<u>443,730</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,083,960</u></u>

Business-type Activities

	Balance 7-1-06	Increases	Balance 6-30-07
Capital Assets Not Depreciated:			
Construction in Progress	\$ 0	\$ 846,537	\$ 846,537
Total Capital Assets Not Depreciated	<u>\$ 0</u>	<u>\$ 846,537</u>	<u>\$ 846,537</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 0</u>	 <u>\$ 846,537</u>	 <u>\$ 846,537</u>

C. Construction Commitments

At June 30, 2007, the county had uncompleted construction contracts of approximately \$12,697 for projects payable through the General Capital Projects Fund. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

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

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor governmental	General	\$ 3,957
Nonmajor governmental	Nonmajor enterprise	1,950

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 amount:

Transfers Out	Transfers In Nonmajor Govern- mental Fund
General Fund	\$ 183,000
Total	\$ 183,000

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.

E. Long-term Debt

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 22 years for bonds, up to six years for notes, and up to 20 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. General obligation bonds included in long-term debt as of June 30, 2007, will be retired from the

General Debt Service Fund, the Rural Debt Service Fund, and the Education Debt Service Fund. Notes and other loans included in long-term debt will be retired from the General Debt Service Fund and the Rural Debt Service Fund.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds	3.7 to 4.4 %	\$ 6,250,000	\$ 180,000
General Obligation Bonds - Refunding	3.75 to 4	16,850,000	9,225,000
Capital Outlay Notes	3.4 to 3.83	2,272,460	1,590,977
Other Loans	3.55 to 6.7	11,510,000	5,800,000
Other Loans	Variable	1,500,000	1,500,000

During the 2000-01 year, Coffee County entered into two loan agreements with the Coffee County Public Building Authority. Under the first agreement, the authority loaned \$5,800,000 to Coffee County at interest rates ranging from 3.75 to 5 percent for the construction of various public facilities, the development of an industrial park, construction of water and sewer line projects, and construction of a convention center. Under the second agreement, the authority loaned Coffee County \$1,200,000 at interest rates ranging from 5.8 to 6.7 percent for public facilities and the construction of water and sewer line projects.

During the 2002-03 year, Coffee County entered into a loan agreement with the Blount County Public Building Authority. Under this agreement, the authority loaned \$1,500,000 to Coffee County for public improvement projects. This loan is repayable at tax-exempt variable rates of interest determined by the remarketing agent daily or weekly, depending on the particular program. At June 30, 2007, the variable interest rate was 3.76 percent on this loan. In addition, the county pays various fees (remarketing, trustee, liquidity, issuer, etc.) in connection with this loan, which total approximately .47 percent.

On November 2, 2006, Coffee County entered into a loan agreement with the Coffee County Public Building Authority. Under this agreement, the authority loaned \$4,510,000 to Coffee County at interest rates ranging from 3.55 to 4 percent to refinance a portion of the outstanding balance of the loan issued in the 2000-01 year.

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

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2008	\$ 1,125,000	\$ 373,545	\$ 493,311	\$ 55,037
2009	995,000	327,825	507,819	36,822
2010	1,015,000	288,025	480,847	18,214
2011	1,055,000	247,425	109,000	2,780
2012	1,095,000	205,225	0	0
2013-2017	4,025,000	473,488	0	0
2018	95,000	3,657	0	0
Total	\$ 9,405,000	\$ 1,919,190	\$ 1,590,977	\$ 112,853

Year Ending June 30	Other Loans (\$5,800,000 and \$1,200,000)		
	Principal	Interest	Total
2008	\$ 305,000	\$ 67,140	\$ 372,140
2009	325,000	50,260	375,260
2010	355,000	31,985	386,985
2011	340,000	16,720	356,720
Total	\$ 1,325,000	\$ 166,105	\$ 1,491,105

Year Ending June 30	Other Loans (\$4,510,000)		
	Principal	Interest	Total
2008	\$ 20,000	\$ 175,268	\$ 195,268
2009	20,000	174,558	194,558
2010	25,000	173,848	198,848
2011	25,000	172,960	197,960
2012	335,000	172,073	507,073
2013-2017	2,000,000	642,163	2,642,163
2018-2021	2,050,000	206,583	2,256,583
Total	\$ 4,475,000	\$ 1,717,453	\$ 6,192,453

Year Ending June 30	Other Loans (\$1,500,000)			Total
	Principal	Interest	Other Fees	
2008	\$ 0	\$ 56,400	\$ 7,050	\$ 63,450
2009	0	56,400	7,050	63,450
2010	0	56,400	7,050	63,450
2011	0	56,400	7,050	63,450
2012	0	56,400	7,050	63,450
2013-2017	1,500,000	170,328	21,291	1,691,619
Total	\$ 1,500,000	\$ 452,328	\$ 56,541	\$ 2,008,869

There is \$1,798,684 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$196, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans totaled \$381, 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	\$ 8,935,000	\$ 1,130,008	\$ 6,225
Additions	9,470,000	718,460	0
Deductions	(9,000,000)	(257,491)	(6,225)
Balance, June 30, 2007	<u>\$ 9,405,000</u>	<u>\$ 1,590,977</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 1,125,000</u>	<u>\$ 493,311</u>	<u>\$ 0</u>

	Compensated Absences	Other Loans
Balance, July 1, 2006	\$ 365,304	\$ 8,932,200
Additions	104,022	4,510,000
Deductions	(14,868)	(6,142,200)
Balance, June 30, 2007	<u>\$ 454,458</u>	<u>\$ 7,300,000</u>
Balance Due Within One Year	<u>\$ 21,108</u>	<u>\$ 325,000</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 18,750,435
Less: Balance Due Within One Year	(1,966,076)
Add: Unamortized Premium on Debt	118,334
Less: Deferred Amount on Refunding	<u>(338,506)</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 16,564,187</u>
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Compensated absences will be paid from the employing funds, primarily the General Fund and the Highway/Public Works Fund.

Current Refunding

In November 2006, Coffee County advance refunded two other loan issues and several general obligation bond issues with separate general obligation bond issues. The county issued \$13,980,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next 15 years will be reduced by \$359,924, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$312,701 was obtained.

Wayside Acres Sewer Fund (enterprise fund)

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

Year Ending June 30	Other Loan (\$224,000)		Other Loan (\$100,000)	
	Principal	Interest	Principal	Interest
2008	\$ 2,561	\$ 9,139	\$ 1,081	\$ 4,331
2009	2,668	9,032	1,129	4,283
2010	2,780	8,920	1,179	4,233
2011	2,897	8,803	1,231	4,181
2012	3,019	8,681	1,286	4,126
2013-2017	17,109	41,391	7,335	19,725
2018-2022	21,022	37,478	9,114	17,946
2023-2027	25,829	32,671	11,328	15,732
2028-2032	31,742	26,758	14,080	12,980
2033-2037	39,006	19,494	17,504	9,556
2038-2042	47,933	10,567	21,766	5,293
2043-2045	25,766	1,313	12,438	734
Total	\$ 222,332	\$ 214,247	\$ 99,471	\$ 103,120

Changes in Long-term Liabilities

Long-term liability activity for the Wayside Acres Sewer Fund (enterprise fund) for the year ended June 30, 2007, was as follows:

Business-type Activities:

	<u>Other Loans</u>
Balance, July 1, 2006	\$ 0
Additions	324,000
Deductions	<u>(2,197)</u>
Balance, June 30, 2007	<u>\$ 321,803</u>
Balance Due Within One Year	<u>\$ 3,642</u>

V. **OTHER INFORMATION**

A. **Risk Management**

Coffee County's risk of loss (except for the Ambulance Service) relating to general liability, property, casualty, and workers' compensation is covered by participation in the Local Government Property and Casualty Fund (LGPCF) and the Local Government Workers' Compensation Fund, which are public entity risk pools established by the Tennessee County Services Association, an association of member counties. The county pays annual premiums to the pools for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of these pools provides for them to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims of more than \$100,000 for each insured event.

The Coffee County Ambulance Service purchases commercial insurance for the risk of losses to which it is exposed. These risks include general liability, property, casualty, and accident. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

B. Accounting Change

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

C. Subsequent Event

On October 25, 2007, Coffee County received a loan from the Tennessee Local Government Alternative Loan Program totaling \$3,000,000 for the purchase of a building to house the alternative school and school bus garage.

D. Contingent Liabilities

The county is the defendant in a lawsuit filed by the cities of Manchester and Tullahoma and their respective boards of education. The plaintiffs in this case are seeking reimbursement of certain sales tax proceeds that they allege to be due them as a result of Coffee County failing to follow state statute relative to the disbursement of sales tax proceeds which are used for educational purposes. This claim requests reimbursement for the years 1987 to the present and also requests reimbursement of attorney fees and accrued interest. The county attorney stated that the estimate of potential risk to the county should judgment be entered for the plaintiff could be as high as \$10 million. He further stated that the suit is being actively defended and that limited settlement discussions have been held between the parties.

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

E. Changes in Administration

On August 31, 2006, Ray Johnson left the Office of County Mayor and was succeeded by David Pennington, and Barbara Arp left the Office of Trustee and was succeeded by James Wilhelm.

F. Joint Venture

The Fourteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fourteenth Judicial District and participating municipalities in the district. The DTF interlocal agreement was signed by the sheriff of Coffee County, and the police chiefs of the cities of Manchester and Tullahoma. The purpose of the DTF is to provide multi-jurisdictional law enforcement to

promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Coffee County made no contributions to the DTF for the year ended June 30, 2007, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Office of District Attorney General
Fourteenth Judicial District
307 South Woodland
Manchester, TN 37355

G. Jointly Governed Organization

The Tri-County Railroad Authority is jointly operated by Coffee County, in conjunction with Warren and White counties. The authority's board comprises the county mayor/executive of each county and one member selected by the governing body of each county; however, the counties do not have any ongoing financial interest or responsibility for the entity.

H. Retirement Commitments

Plan Description

Employees of Coffee 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 Coffee 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

Coffee 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 9.17 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Coffee County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2007, Coffee County’s annual pension cost of \$996,647 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. Coffee 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	\$996,647	100%	\$0
6-30-06	763,952	100	0
6-30-05	722,039	100	0

I. Purchasing Laws

Offices of County Mayor and Road Superintendent

Purchasing procedures for these offices are governed by provisions of the County Purchasing Law of 1957, Section 5-14-101, et seq., Tennessee Code Annotated (TCA). Purchasing procedures in the Highway Department are also governed by the Uniform Road Law, Section 54-7-113, TCA. These statutes provide for the purchasing agent to make purchases for these departments, with purchases exceeding \$10,000 to be made on the basis of competitive bids solicited through public advertisement.

VI. OTHER NOTES – COFFEE COUNTY LIBRARIES

A. Organization and Reporting Entity

The Coffee County Library Board is a part of the primary government of Coffee County, Tennessee. This board does not have separate legal standing from the primary government of Coffee County Tennessee. The board was organized to administer the affairs of the Coffee County Libraries. This board is made up of seven members appointed by the Coffee County Board of Commissioners; four members from the Manchester area who act as a committee to administer the affairs of the Manchester Public Library on a monthly basis, and three members from the Tullahoma area who act as a committee to administer the affairs of the Lannom Memorial Public Library on a monthly basis. Board members are appointed for three-year terms and are eligible to serve two consecutive terms. Then, members must stay off the Board for one year before being eligible to be reappointed to the board. Each library committee has one member's term expiring each year. Every third year (beginning with 1998), the terms of two members from the Manchester committee expire. The Coffee County Library Board submits a line item budget to the Coffee County Board of Commissioners who set county appropriations to the library systems. Allocation from the primary government is the major source of revenue for the Coffee County Libraries.

B. Summary of Significant Accounting Policies

1. Basis of Presentation

The Coffee County Library Board is reported as a special revenue fund of Coffee County, the primary government.

2. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the liability is incurred.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. The Coffee County Libraries have elected to implement the general provisions of the statement in the current year.

3. Budgets and Budgetary Accounting

Revenues from city and county allocations are classified as appropriated funds and all other sources of funds are classified as unappropriated funds. A budget is prepared only for the appropriated funds. Since the budget only covers selected revenues and expenditures, it is not appropriate to present a Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual as part of the financial statements.

4. Capital Assets and Depreciation

Capital assets are reported in the government-wide statement of net assets. The libraries follow the capitalization policy adopted by Coffee County. The valuation basis for capital assets is historical cost. The capitalization threshold for an individual item is \$5,000. Depreciation of capital assets is computed and recorded by the straight-line method. The estimated useful life of buildings is 40 years, improvements are 15 years, furnishings are five years, office equipment is ten years, audio visual media is three years, and books are divided into paperbacks which have a useful life of two years and hardbound books with a useful life of seven years.

C. Compensated Absences and Restatement

Accrued vacation pay is administered according to the plan set out in the Coffee County employee handbook. During the year, Coffee County began incurring the liability for the libraries’ accrued absences. As a result the July 1, 2006, fund balance was restated to reflect this change.

The following summarizes the aforementioned adjustment to the fund balance at July 1, 2006:

	Manchester Public Library	Lannom Memorial Library	Total
Fund Balance, July 1, 2006	\$ 105,008	\$ 131,210	\$ 236,218
Restatements as discussed above	10,807	9,317	20,124
Total	<u>\$ 115,815</u>	<u>\$ 140,527</u>	<u>\$ 256,342</u>

D. Pension Plan

The employees of the Coffee County Library Board are covered under the plan covering employees of Coffee County. The Coffee County Government pays for this plan.

E. Insurance

The Coffee County Libraries are covered by the county for the risks of losses to which it is exposed. These risks include general liability, property and casualty, workers' compensation, and environmental. Settled claims have not exceeded commercial coverage in the past three fiscal years, and there are currently no pending lawsuits.

F. Bank Deposits

The libraries are authorized to invest in the following types of securities and indebtedness, in accordance with governing statutes:

- (1) Bonds, notes, treasury bills or similar types of indebtedness to the United States.
- (2) Non-convertible debt including Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank, and Student Loan Marketing Association.
- (3) Other obligations not specified above which provide guaranteed principal and interest by the United States or any of its agencies.
- (4) Repurchase agreements which involve obligations of the United States or its agencies provided the term of the repurchase agreement does not extend beyond the maturity date of the obligation and the market value of the security exceeds the cost of the security.
- (5) Money market funds invested in any of the aforementioned securities.

The libraries' deposits at year-end were entirely covered by federal depository insurance or by collateral held by the libraries' custodial banks in the libraries' name. The carrying amount of total cash deposits (including petty cash) at June 30, 2007, is \$313,110. With the exception of petty cash, all cash deposits were entirely covered by federal depository insurance or by collateral held by the libraries' custodial banks in the libraries' name.

G. Commitments and Contingencies

Both the Coffee County Manchester Public Library and the Tullahoma Lannom Memorial Library participate in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent the libraries have not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinions of both the Coffee County Manchester Public Library and the Tullahoma Lannom Memorial Library, there are no significant contingent liabilities relating to the compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

H. Budget Variances

The libraries' actual expenditures exceeded the amount appropriated. This practice is contrary to state statutes, which require all expenditures to be authorized by the governing body.

I. Capital Assets

Changes in capital assets are summarized by major classifications for the year ended June 30, 2007, as follows:

Assets	Balance 7-1-06	Additions	Balance 6-30-07
Land	\$ 8,050	\$ 0	\$ 8,050
Buildings/Improvements	1,405,297	0	1,405,297
Furniture and Office Equipment	92,090	0	92,090
Other Capital Assets	470,525	106,079	576,604
Total Assets	\$ 1,975,962	\$ 106,079	\$ 2,082,041
Less: Accumulated Depreciation	(1,204,954)	(118,804)	(1,323,758)
Capital Assets, Net	\$ 2,746,970	\$ (12,725)	\$ 758,283

VII. OTHER NOTES – DISCRETELY PRESENTED COFFEE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

The Coffee County Emergency Communication District was established on April 4, 1987, for the purpose of providing an enhanced level of 911 service to the Coffee County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a discretely presented component unit of Coffee County. The Coffee County Emergency Communications District is run by a board of directors, which is appointed by Coffee County. The district must file a budget with Coffee County each year. Any bond issued by the district is subject to approval by Coffee County.

The district uses the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board. As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the Board has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989.

Depreciation is computed at rates designed to amortize the cost of the individual assets over their useful lives using the straight-line method. Depreciation begins when the fixed assets are placed in service. Depreciation is summarized as follows:

	<u>Method</u>	<u>Estimated Useful Life (years)</u>	<u>2007 Depreciation</u>
Buildings/Improvements	S/L	10-30	\$ 3,020
Office Equipment	S/L	5-10	5,282
Furniture and Fixtures	S/L	5-10	6,137
Communication Equipment	S/L	5-20	<u>60,705</u>
Total			<u><u>\$ 75,144</u></u>

The major source of operating revenue is emergency telephone and wireless surcharges. The district's non-operating revenue consists of a grant, contributions from other governments and agencies, insurance proceeds, interest/investment income, and sales of map books.

B. Cash and Cash Investments

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

Checking – First National Bank	\$ 76,561
Money Market – American City Bank	130,480
Investment Account – AEDC	49
Certificates of Deposit – Coffee County Bank	250,102
Certificates of Deposit – First National Bank	<u>402,692</u>
Total	<u>\$ 859,884</u>

At June 30, 2007, the carrying amount of the Coffee County Emergency Communications District's cash deposits was \$859,884. The district's deposit accounts are covered up to \$100,000 by the Federal Deposit Insurance Corporation. Any amounts over \$100,000 are covered by collateralization held by First National Bank and Coffee County Bank in the district's name and American City Bank is a member of the Government Collateralization Pool. The district is authorized to deposit and invest funds according to the provisions of Section 5-8-301 of Tennessee Code Annotated.

C. Bonding and Insurance

Coffee County Emergency Communications District has a bond covering certain members of the board at June 30, 2007. The district has liability insurance covering the building and its contents. The policy also insures employees automobiles used in the counsel of business. The district had no settlements that exceeded the coverage for the past three years. Insurance reimbursements were received for damaged equipment totaling \$22,590. All damaged equipment was retired as of June 30, 2007.

D. Capital Assets

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

<u>Assets</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Buildings/Improvements	\$ 61,528	\$ 30,301	\$ 31,227
Office Equipment	46,862	23,804	23,058
Furniture and Fixtures	41,955	19,659	22,296
Communication Equipment	710,649	410,366	300,283
Total	<u>\$ 860,994</u>	<u>\$ 484,130</u>	<u>\$ 376,864</u>

Assets	Balance 7-1-06	Additions	Balance 6-30-07
Buildings/Improvements	\$ 61,528	\$ 0	\$ 61,528
Office Equipment	39,916	6,946	46,862
Furniture and Fixtures	38,817	3,138	41,955
Communication Equipment	650,263	60,386	710,649
Total	\$ 790,524	\$ 70,470	\$ 860,994

E. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions.

F. Accounts Receivable/Due from Other Governments

The amounts due to the district from subscriber services and wireless charges include the following:

Bell South	\$ 18,223
Ben Lomand	1,609
Sub-total	19,832
State Emergency Communications Board	16,064
Total	\$ 35,896

G. Compensated Absences

There were no compensated absences as of June 30, 2007.

H. Salaries and Wages

In accordance with a contract, Coffee County provides the director and dispatcher for the district.

I. Calculation of Invested in Capital Assets

Net Book Value	\$ 376,864
Current and Noncurrent Debt	0
Total Invested in Capital Assets	\$ 376,864

J. Bad Debt Expense

Bad debt expense of \$1,667 consists of telephone service charges revenue that the telephone companies have deemed uncollectible by them and therefore cannot be forwarded to the district.

OTHER NOTES - DISCRETELY PRESENTED INDUSTRIAL BOARD OF COFFEE COUNTY

A. Summary of Significant Accounting Policies

The Industrial Board of Coffee County, Tennessee, was incorporated in 1969. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Industrial Board of Coffee County, Tennessee, Inc. The board is a discretely presented component unit of Coffee County, Tennessee (the primary government). The purpose of the board is to promote industry and develop trade for Coffee County, Tennessee. The financial statements of the Industrial Board of Coffee County, Tennessee, Inc., have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standard Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. The more significant of the board's accounting policies are described below:

1. Government-Wide Statements

In the government-wide Statement of Net Assets, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The government-wide Statement of Activities reports both the gross and the net cost of the board's programs. The functions are also supported by general governmental revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function.

The board adopted the provisions of Governmental Accounting Standards Board Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Statement No. 34 established standards for external financial reporting for all state and local governmental entities which includes a statement of net assets, a statement of activities and changes in net assets, and a statement of cash flows. It requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt – This component of net assets 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. If there are significant unspent related debt proceeds at year-end, the portion of debt is included in the same net assets component as the unspent proceeds.
- Restricted – This component of net assets consists of constraints placed on the use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

2. Fund Financial Statements

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). Available means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

The financial transactions of the board are reported in individual funds in the fund financial statement. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures. The board reports the following funds:

General Fund – This fund is used as the general operating fund of the board. It is used to account for all financial resources except those required to be accounted for in another fund.

The board adopts a budget for the General Fund as a management control device. The budget is adopted on a basis consistent with generally accepted accounting principles.

3. **Estimates**

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts or revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. **Equipment**

Equipment is stated at cost, less accumulated depreciation, which is computed by the straight-line method over an estimated useful life of 5-20 years. Major expenditures for equipment and for repairs which substantially increase the useful lives are capitalized. Maintenance, minor repairs, and minor acquisitions are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in revenue or expense.

5. **Cash and Cash Equivalents**

For purposes of reporting cash flows, cash equivalents include all short-term highly liquid investments with maturities of three months or less.

6. **Accounts Receivable**

The board considers accounts receivable to be fully collectible at June 30, 2007; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged off when that determination is made.

7. **Compensated Absences**

There are no compensated absences to be accrued.

8. **Pension Plan**

The board does not provide a pension plan for its employees; however, they are covered under the plan for Coffee County.

9. **Federal Income Taxes**

The Industrial Board of Coffee County is exempt from federal and state income tax.

B. Cash Deposits with Financial Institutions

The board is authorized to deposit its funds in banks, trust companies, or other depositories as the board may select. Deposits are carried at cost. At year-end the carrying amount of deposits was \$877,024, and the bank balance was \$879,961. Of the banks balances, \$300,000 was covered by federal deposit insurance and \$579,961 was collateralized with securities pledged that comply with statutes as acceptable collateral.

C. Capital Assets

Property, plant, and equipment consist of various office machines and improvements, which are depreciated over 5-20 years using the straight-line method.

A summary of changes in the capital assets is as follows:

	Balance 7-1-06	Additions	Balance 6-30-07
Equipment	\$ 15,846	\$ 1,826	\$ 17,672
Less: Accumulated Depreciation	(10,851)	(1,729)	(12,580)
Total	\$ 4,995	\$ 97	\$ 5,092

D. Contingency

The board receives a substantial amount of its support from local governments. A significant reduction in the level of such support, if this were to occur, may have an effect on the board's programs and activities.

E. Note Receivable

The board has a note receivable due from an individual dated September 28, 2006, to sell 17.42 acres located in the Coffee County Interstate Industrial Park. The gross sales price was \$104,520, with \$42,000 paid to the board at closing, and a note receivable for the remainder of \$62,520. The note is due September 28, 2013, and is secured by a deed of trust on the property. No monthly payments are due until September 28, 2010, at which time payments of \$633 will commence for not more than three years, with the remainder being due at September 28, 2013. The interest rate is 5.5 percent. The balance of the note receivable at June 30, 2007 was \$62,520.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,953,549	\$ 0	\$ 0	\$ 8,953,549	\$ 8,671,849	\$ 8,771,849	\$ 181,700
Licenses and Permits	99,231	0	0	99,231	85,000	85,000	14,231
Fines, Forfeitures, and Penalties	509,424	0	0	509,424	480,584	556,442	(47,018)
Charges for Current Services	1,265,334	0	0	1,265,334	1,163,556	1,207,623	57,711
Other Local Revenues	302,170	0	0	302,170	287,145	296,154	6,016
Fees Received from County Officials	1,401,332	0	0	1,401,332	1,012,800	1,334,319	67,013
State of Tennessee	1,942,432	0	0	1,942,432	1,340,032	1,937,820	4,612
Federal Government	142,396	0	0	142,396	143,394	166,789	(24,393)
Other Governments and Citizens Groups	17,253	0	0	17,253	16,758	16,808	445
Total Revenues	\$ 14,633,121	\$ 0	\$ 0	\$ 14,633,121	\$ 13,201,118	\$ 14,372,804	\$ 260,317
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 57,053	\$ 0	\$ 0	\$ 57,053	\$ 47,336	\$ 64,136	\$ 7,083
Board of Equalization	1,392	0	0	1,392	4,521	4,521	3,129
Other Boards and Committees	36,133	0	0	36,133	34,960	36,565	432
County Mayor/Executive	180,633	(662)	0	179,971	183,154	183,154	3,183
County Attorney	8,055	0	0	8,055	20,800	17,800	9,745
Election Commission	579,470	(10,213)	350	569,607	301,769	578,091	8,484
Register of Deeds	75,290	(582)	1,786	76,494	87,242	87,242	10,748
Planning	98,326	0	0	98,326	92,389	106,389	8,063
County Buildings	660,220	(17,811)	2,965	645,374	786,959	948,372	302,998
Other General Administration	90,453	(3,555)	8,261	95,159	96,000	96,000	841
<u>Finance</u>							
Accounting and Budgeting	272,139	0	0	272,139	277,298	277,298	5,159
Central Services	107,882	0	1,875	109,757	112,264	112,264	2,507
Property Assessor's Office	342,071	0	541	342,612	373,774	373,774	31,162

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Reappraisal Program	\$ 2,388	\$ 0	\$ 1,623	\$ 4,011	\$ 20,765	\$ 20,765	\$ 16,754
County Trustee's Office	76,761	0	0	76,761	77,232	78,232	1,471
County Clerk's Office	123,081	0	400	123,481	129,991	129,991	6,510
<u>Administration of Justice</u>							
Circuit Court	287,088	0	8,620	295,708	259,240	316,976	21,268
General Sessions Court	16,352	0	0	16,352	17,150	17,150	798
General Sessions Judge	303,026	0	0	303,026	296,624	304,524	1,498
Drug Court	228,076	0	0	228,076	55,339	213,540	(14,536)
Chancery Court	112,042	(177)	0	111,865	115,941	124,074	12,209
Judicial Commissioners	113,286	0	0	113,286	118,640	118,640	5,354
<u>Public Safety</u>							
Sheriff's Department	2,031,268	(316)	1,144	2,032,096	2,182,495	2,202,870	170,774
Traffic Control	49,931	0	1,809	51,740	85,000	85,000	33,260
Administration of the Sexual Offender Registry	281	0	0	281	300	300	19
Jail	2,023,473	(92,490)	24,700	1,955,683	1,917,741	1,976,166	20,483
Juvenile Services	289,463	0	0	289,463	321,481	321,481	32,018
Rural Fire Protection	217,000	0	0	217,000	217,000	217,000	0
Civil Defense	191,338	(6,292)	5,135	190,181	107,364	199,426	9,245
Rescue Squad	13,000	0	0	13,000	13,000	13,000	0
County Coroner/Medical Examiner	33,845	0	0	33,845	37,100	37,100	3,255
Other Public Safety	636,665	0	0	636,665	655,403	655,403	18,738
<u>Public Health and Welfare</u>							
Local Health Center	640,732	(4,977)	0	635,755	626,292	651,388	15,633
Rabies and Animal Control	84,657	0	0	84,657	91,017	91,017	6,360
Ambulance/Emergency Medical Services	1,841,335	(8,119)	13,414	1,846,630	1,969,020	1,969,020	122,390
Alcohol and Drug Programs	6,700	0	0	6,700	7,500	7,500	800

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Appropriation to State	\$ 87,192	\$ 0	\$ 0	\$ 87,192	\$ 88,338	\$ 88,338	\$ 1,146
General Welfare Assistance	20,400	0	0	20,400	20,400	20,400	0
Other Waste Disposal	27,895	0	0	27,895	27,895	27,895	0
Postclosure Care Costs	0	0	0	0	2,000	2,000	2,000
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	109,425	0	0	109,425	95,000	112,000	2,575
Libraries	781,800	0	0	781,800	781,800	781,800	0
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	174,386	0	1,200	175,586	176,300	176,300	714
Soil Conservation	80,069	0	0	80,069	81,469	81,469	1,400
<u>Other Operations</u>							
Industrial Development	342,439	0	199,472	541,911	565,960	565,960	24,049
Veterans' Services	17,237	0	0	17,237	18,513	18,513	1,276
Other Charges	734,365	0	11,393	745,758	943,366	755,866	10,108
Contributions to Other Agencies	43,062	0	2,218	45,280	45,280	45,280	0
Payments to Cities	46,000	0	0	46,000	46,000	46,000	0
Miscellaneous	52	0	0	52	1,000	1,000	948
Total Expenditures	\$ 14,295,227	\$ (145,194)	\$ 286,906	\$ 14,436,939	\$ 14,633,422	\$ 15,358,990	\$ 922,051
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 337,894	\$ 145,194	\$ (286,906)	\$ 196,182	\$ (1,432,304)	\$ (986,186)	\$ 1,182,368
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 164,393	\$ (164,393)
Transfers Out	(183,000)	0	0	(183,000)	0	(183,000)	0
Total Other Financing Sources (Uses)	\$ (183,000)	\$ 0	\$ 0	\$ (183,000)	\$ 0	\$ (18,607)	\$ (164,393)
Net Change in Fund Balance							
Fund Balance, July 1, 2006	\$ 154,894	\$ 145,194	\$ (286,906)	\$ 13,182	\$ (1,432,304)	\$ (1,004,793)	\$ 1,017,975
	2,288,567	(145,194)	0	2,143,373	2,218,015	2,218,015	(74,642)
Fund Balance, June 30, 2007							
	\$ 2,443,461	\$ 0	\$ (286,906)	\$ 2,156,555	\$ 785,711	\$ 1,213,222	\$ 943,333

Exhibit F-2

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 98,939	\$ 0	\$ 0	\$ 98,939	\$ 84,500	\$ 84,500	\$ 14,439
Other Local Revenues	2,240	0	0	2,240	4,700	4,700	(2,460)
State of Tennessee	2,176,923	0	0	2,176,923	2,230,532	2,230,532	(53,609)
Total Revenues	\$ 2,278,102	\$ 0	\$ 0	\$ 2,278,102	\$ 2,319,732	\$ 2,319,732	\$ (41,630)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 218,571	\$ 0	\$ 0	\$ 218,571	\$ 223,187	\$ 223,187	\$ 4,616
Highway and Bridge Maintenance	1,693,037	0	10,779	1,703,816	1,639,292	1,769,292	65,476
Operation and Maintenance of Equipment	283,598	(2,082)	642	282,158	295,086	336,221	54,063
Other Charges	130,376	0	0	130,376	144,637	144,637	14,261
Capital Outlay	139,755	0	0	139,755	162,400	300,055	160,300
<u>Principal on Debt</u>							
Highways and Streets	6,225	0	0	6,225	6,266	6,266	41
<u>Interest on Debt</u>							
Highways and Streets	40	0	0	40	42	42	2
Total Expenditures	\$ 2,471,602	\$ (2,082)	\$ 11,421	\$ 2,480,941	\$ 2,470,910	\$ 2,779,700	\$ 298,759
Excess (Deficiency) of Revenues Over Expenditures	\$ (193,500)	\$ 2,082	\$ (11,421)	\$ (202,839)	\$ (151,178)	\$ (459,968)	\$ 257,129
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 31,955	\$ 0	\$ 0	\$ 31,955	\$ 0	\$ 41,135	\$ (9,180)
Total Other Financing Sources (Uses)	\$ 31,955	\$ 0	\$ 0	\$ 31,955	\$ 0	\$ 41,135	\$ (9,180)
Net Change in Fund Balance	\$ (161,545)	\$ 2,082	\$ (11,421)	\$ (170,884)	\$ (151,178)	\$ (418,833)	\$ 247,949
Fund Balance, July 1, 2006	1,609,546	(2,082)	0	1,607,464	1,429,553	1,429,553	177,911
Fund Balance, June 30, 2007	\$ 1,448,001	\$ 0	\$ (11,421)	\$ 1,436,580	\$ 1,278,375	\$ 1,010,720	\$ 425,860

Exhibit F-3

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

Required Supplementary Information

Schedule of Funding Progress for Coffee 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 (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$ 16,681	\$ 18,766	\$ 2,085	88.89 %	\$ 9,487	21.98 %
6-30-03	13,992	16,256	2,264	86.07	8,448	26.80
6-30-01	11,620	14,013	2,393	82.92	7,902	30.28

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

A. BUDGETARY INFORMATION

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

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

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the Drug Court major appropriation category (the legal level of control) of the General Fund by \$14,536. Such overexpenditures are a violation of state statutes. This overexpenditure was 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.

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

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

Industrial/Economic Development Fund – The Industrial/Economic Development Fund is used to account for revenues and expenditures associated with the Coffee County Joint Industrial Park.

Local Purpose Tax Fund – The Local Purpose Tax Fund is used to account for a special property tax levied at the Interstate Industrial Park to provide city services for the park.

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

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

Commissary Fund – The Commissary Fund is used to account for transactions of the commissary operation administered by the Sheriff's Office.

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

Debt Service Funds

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

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

Rural Debt Service Fund – The Rural 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 of school projects outside the territorial limits of the Special School District.

Special Debt Service Fund – The Special 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 of future school construction and renovation projects to be financed with the first half of the additional $\frac{3}{4}$ cent sales tax approved in 2007.

Education Debt Service Fund – The Education Debt Service Fund is used to account for the accumulation of resources for, and the retirement of, bonds issued for improvements to the county's senior high school.

Other Debt Service Fund – The Other 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 of future school construction and renovation projects to be financed with the second half of the additional $\frac{3}{4}$ cent sales tax approved in 2007.

Capital Projects Funds

Capital Projects Funds are used to account for the receipt of debt and other 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 general capital expenditures of the county. The remaining balance in this fund represents unexpended bond proceeds to be used for various projects including renovation of the justice center, construction of a workhouse at the jail, and construction of water and sewer lines in the rural areas of the county.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for debt proceeds issued by Coffee County that are paid to the Coffee County School Department.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for expenditures related to the acquisition and repair of capital assets of the Coffee County Ambulance Department.

Exhibit G-1

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

	Special Revenue Funds					
	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control	District Attorney General
<u>ASSETS</u>						
Cash	\$ 313,110	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	0	523,012	24,210	117,377	248,665	147,140
Inventories	0	0	0	0	0	0
Accounts Receivable	0	64,077	0	0	0	0
Due from Other Governments	0	35,676	0	0	0	0
Due from Other Funds	0	3,957	0	0	0	0
Property Taxes Receivable	0	829,808	0	170,631	0	0
Allowance for Uncollectible Property Taxes	0	(50,521)	0	(32,847)	0	0
Total Assets	\$ 313,110	\$ 1,406,009	\$ 24,210	\$ 255,161	\$ 248,665	\$ 147,140
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 11,589	\$ 32,977	\$ 0	\$ 0	\$ 0	\$ 726
Payroll Deductions Payable	0	124	0	0	0	0
Retainage Payable	0	0	0	0	0	0
Deferred Revenue - Current Property Taxes	0	725,819	0	115,510	0	0
Deferred Revenue - Delinquent Property Taxes	0	52,560	0	21,189	0	0
Other Deferred Revenues	0	10,528	0	0	0	0
Total Liabilities	\$ 11,589	\$ 822,008	\$ 0	\$ 136,699	\$ 0	\$ 726
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 0	\$ 8,800	\$ 0	\$ 0	\$ 1,500	\$ 0
Unreserved	301,521	575,201	24,210	118,462	247,165	146,414
Total Fund Balances	\$ 301,521	\$ 584,001	\$ 24,210	\$ 118,462	\$ 248,665	\$ 146,414
Total Liabilities and Fund Balances	\$ 313,110	\$ 1,406,009	\$ 24,210	\$ 255,161	\$ 248,665	\$ 147,140

(Continued)

Exhibit G-1

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

	<u>Special Revenue Funds (Cont.)</u>			<u>Debt Service Funds</u>		
	<u>Commissary</u>	<u>Constitu- tional Officers - Fees</u>	<u>Total</u>	<u>General Debt Service</u>	<u>Rural Debt Service</u>	<u>Special Debt Service</u>
<u>ASSETS</u>						
Cash	\$ 0	\$ 556,491	\$ 869,601	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	65,592	0	1,125,996	1,009,289	53,674	103,151
Inventories	5,748	0	5,748	0	0	0
Accounts Receivable	2,989	729	67,795	57	0	0
Due from Other Governments	0	0	35,676	7,916	152,708	261,640
Due from Other Funds	0	0	3,957	0	0	0
Property Taxes Receivable	0	0	1,000,439	197,346	474,176	0
Allowance for Uncollectible Property Taxes	0	0	(83,368)	(11,040)	(28,869)	0
Total Assets	<u>\$ 74,329</u>	<u>\$ 557,220</u>	<u>\$ 3,025,844</u>	<u>\$ 1,203,568</u>	<u>\$ 651,689</u>	<u>\$ 364,791</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 1,853	\$ 0	\$ 47,145	\$ 0	\$ 0	\$ 0
Payroll Deductions Payable	0	0	124	0	0	0
Retainage Payable	0	0	0	0	0	0
Deferred Revenue - Current Property Taxes	0	0	841,329	168,483	414,753	0
Deferred Revenue - Delinquent Property Taxes	0	0	73,749	11,771	30,035	0
Other Deferred Revenues	0	0	10,528	0	42,111	118,107
Total Liabilities	<u>\$ 1,853</u>	<u>\$ 0</u>	<u>\$ 972,875</u>	<u>\$ 180,254</u>	<u>\$ 486,899</u>	<u>\$ 118,107</u>
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 2,250	\$ 0	\$ 12,550	\$ 0	\$ 0	\$ 0
Unreserved	70,226	557,220	2,040,419	1,023,314	164,790	246,684
Total Fund Balances	<u>\$ 72,476</u>	<u>\$ 557,220</u>	<u>\$ 2,052,969</u>	<u>\$ 1,023,314</u>	<u>\$ 164,790</u>	<u>\$ 246,684</u>
Total Liabilities and Fund Balances	<u>\$ 74,329</u>	<u>\$ 557,220</u>	<u>\$ 3,025,844</u>	<u>\$ 1,203,568</u>	<u>\$ 651,689</u>	<u>\$ 364,791</u>

(Continued)

Exhibit G-1

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

	<u>Debt Service Funds (Cont.)</u>			<u>Capital Projects Funds</u>			Total Nonmajor Governmental Funds
	Education Debt Service	Other Debt Service	Total	General Capital Projects	Other Capital Projects	Total	
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 869,601
Equity in Pooled Cash and Investments	242,220	27,010	1,435,344	172,553	92,294	264,847	2,826,187
Inventories	0	0	0	0	0	0	5,748
Accounts Receivable	0	0	57	0	0	0	67,852
Due from Other Governments	0	134,022	556,286	0	0	0	591,962
Due from Other Funds	0	0	0	1,950	0	1,950	5,907
Property Taxes Receivable	448,772	0	1,120,294	0	0	0	2,120,733
Allowance for Uncollectible Property Taxes	(18,000)	0	(57,909)	0	0	0	(141,277)
Total Assets	\$ 672,992	\$ 161,032	\$ 3,054,072	\$ 174,503	\$ 92,294	\$ 266,797	\$ 6,346,713
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 980	\$ 0	\$ 980	\$ 48,125
Payroll Deductions Payable	0	0	0	0	0	0	124
Retainage Payable	0	0	0	78,169	0	78,169	78,169
Deferred Revenue - Current Property Taxes	412,949	0	996,185	0	0	0	1,837,514
Deferred Revenue - Delinquent Property Taxes	13,313	0	55,119	0	0	0	128,868
Other Deferred Revenues	0	43,866	204,084	0	0	0	214,612
Total Liabilities	\$ 426,262	\$ 43,866	\$ 1,255,388	\$ 79,149	\$ 0	\$ 79,149	\$ 2,307,412
<u>Fund Balances</u>							
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 12,697	\$ 56,200	\$ 68,897	\$ 81,447
Unreserved	246,730	117,166	1,798,684	82,657	36,094	118,751	3,957,854
Total Fund Balances	\$ 246,730	\$ 117,166	\$ 1,798,684	\$ 95,354	\$ 92,294	\$ 187,648	\$ 4,039,301
Total Liabilities and Fund Balances	\$ 672,992	\$ 161,032	\$ 3,054,072	\$ 174,503	\$ 92,294	\$ 266,797	\$ 6,346,713

Exhibit G-2

Coffee 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						
	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control	District Attorney General	Commissary
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 1,073,539	\$ 0	\$ 149,514	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	6,729	0	0	0	0	0
Fines, Forfeitures, and Penalties	0	0	0	0	89,344	0	0
Charges for Current Services	84,866	72,493	0	0	0	0	9,320
Other Local Revenues	2,269	46,910	5,585	0	1,180	200	99,764
State of Tennessee	0	70,759	0	0	90,327	0	0
Federal Government	0	0	0	0	15,080	0	0
Other Governments and Citizens Groups	814,663	0	0	0	1,250	197,570	0
Total Revenues	\$ 901,798	\$ 1,270,430	\$ 5,585	\$ 149,514	\$ 197,181	\$ 197,770	\$ 109,084
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	0	0	0	0	0	0	0
Administration of Justice	0	0	0	0	0	100,513	0
Public Safety	0	0	0	0	214,387	0	93,812
Public Health and Welfare	0	1,232,823	0	0	0	0	0
Social, Cultural, and Recreational Services	856,619	0	0	0	0	0	0
Other Operations	0	18,500	15,556	78,104	0	0	0
Debt Service:							
Principal on Debt	0	0	0	0	0	0	0
Interest on Debt	0	0	0	0	0	0	0
Other Debt Service	0	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0	0
Capital Projects - Donated	0	0	0	0	0	0	0
Total Expenditures	\$ 856,619	\$ 1,251,323	\$ 15,556	\$ 78,104	\$ 214,387	\$ 100,513	\$ 93,812
Excess (Deficiency) of Revenues Over Expenditures	\$ 45,179	\$ 19,107	\$ (9,971)	\$ 71,410	\$ (17,206)	\$ 97,257	\$ 15,272
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Refunding Debt Issued	0	0	0	0	0	0	0
Premiums on Debt Issued	0	0	0	0	0	0	0

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)						
	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control	District Attorney General	Commissary
<u>Other Financing Sources (Uses) (Cont.)</u>							
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Transfers In	0	0	0	0	0	0	0
Payments to Refunded Debt Escrow Agent	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
Net Change in Fund Balances	\$ 45,179	\$ 19,107	\$ (9,971)	\$ 71,410	\$ (17,206)	\$ 97,257	\$ 15,272
Fund Balance, July 1, 2006	<u>256,342</u>	<u>564,894</u>	<u>34,181</u>	<u>47,052</u>	<u>265,871</u>	<u>49,157</u>	<u>57,204</u>
Fund Balance, June 30, 2007	<u>\$ 301,521</u>	<u>\$ 584,001</u>	<u>\$ 24,210</u>	<u>\$ 118,462</u>	<u>\$ 248,665</u>	<u>\$ 146,414</u>	<u>\$ 72,476</u>

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)		Debt Service Funds					Total
	Constitutional Officers - Fees	Total	General Debt Service	Rural Debt Service	Special Debt Service	Education Debt Service	Other Debt Service	
<u>Revenues</u>								
Local Taxes	\$ 0	\$ 1,223,053	\$ 698,842	\$ 758,569	\$ 247,726	\$ 367,020	\$ 117,439	\$ 2,189,596
Licenses and Permits	0	6,729	0	0	0	0	0	0
Fines, Forfeitures, and Penalties	0	89,344	0	0	0	0	0	0
Charges for Current Services	1,346,528	1,513,207	0	0	0	0	0	0
Other Local Revenues	0	155,908	560,761	0	0	0	0	560,761
State of Tennessee	0	161,086	0	0	0	0	0	0
Federal Government	0	15,080	0	0	0	0	0	0
Other Governments and Citizens Groups	0	1,013,483	0	0	0	0	0	0
Total Revenues	\$ 1,346,528	\$ 4,177,890	\$ 1,259,603	\$ 758,569	\$ 247,726	\$ 367,020	\$ 117,439	\$ 2,750,357
<u>Expenditures</u>								
Current:								
General Government	\$ 160,900	\$ 160,900	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	445,569	445,569	0	0	0	0	0	0
Administration of Justice	689,688	790,201	0	0	0	0	0	0
Public Safety	434	308,633	0	0	0	0	0	0
Public Health and Welfare	0	1,232,823	0	0	0	0	0	0
Social, Cultural, and Recreational Services	0	856,619	0	0	0	0	0	0
Other Operations	0	112,160	0	0	0	0	0	0
Debt Service:								
Principal on Debt	0	0	1,029,000	708,491	0	170,000	0	1,907,491
Interest on Debt	0	0	426,668	119,317	0	119,234	0	665,219
Other Debt Service	0	0	182,129	52,611	1,042	74,385	273	310,440
Capital Projects	0	0	0	0	0	0	0	0
Capital Projects - Donated	0	0	0	0	0	0	0	0
Total Expenditures	\$ 1,296,591	\$ 3,906,905	\$ 1,637,797	\$ 880,419	\$ 1,042	\$ 363,619	\$ 273	\$ 2,883,150
Excess (Deficiency) of Revenues								
Over Expenditures	\$ 49,937	\$ 270,985	\$ (378,194)	\$ (121,850)	\$ 246,684	\$ 3,401	\$ 117,166	\$ (132,793)
<u>Other Financing Sources (Uses)</u>								
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Refunding Debt Issued	0	0	7,255,000	2,615,000	0	4,110,000	0	13,980,000
Premiums on Debt Issued	0	0	57,404	38,076	0	30,946	0	126,426

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)		Debt Service Funds (Cont.)					Total
	Constituti- onal Officers - Fees	Total	General Debt Service	Rural Debt Service	Special Debt Service	Education Debt Service	Other Debt Service	
<u>Other Financing Sources (Uses) (Cont.)</u>								
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0	0	0
Payments to Refunded Debt Escrow Agent	0	0	(7,154,702)	(2,612,042)	0	(4,075,054)	0	(13,841,798)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 157,702	\$ 41,034	\$ 0	\$ 65,892	\$ 0	\$ 264,628
Net Change in Fund Balances	\$ 49,937	\$ 270,985	\$ (220,492)	\$ (80,816)	\$ 246,684	\$ 69,293	\$ 117,166	\$ 131,835
Fund Balance, July 1, 2006	507,283	1,781,984	1,243,806	245,606	0	177,437	0	1,666,849
Fund Balance, June 30, 2007	\$ 557,220	\$ 2,052,969	\$ 1,023,314	\$ 164,790	\$ 246,684	\$ 246,730	\$ 117,166	\$ 1,798,684

(Continued)

Exhibit G-2

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Education Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,412,649
Licenses and Permits	0	0	0	0	6,729
Fines, Forfeitures, and Penalties	0	0	0	0	89,344
Charges for Current Services	200	0	145,000	145,200	1,658,407
Other Local Revenues	0	0	0	0	716,669
State of Tennessee	117,281	0	0	117,281	278,367
Federal Government	295,380	0	0	295,380	310,460
Other Governments and Citizens Groups	0	0	0	0	1,013,483
Total Revenues	\$ 412,861	\$ 0	\$ 145,000	\$ 557,861	\$ 7,486,108
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 160,900
Finance	0	0	0	0	445,569
Administration of Justice	0	0	0	0	790,201
Public Safety	0	0	0	0	308,633
Public Health and Welfare	0	0	57,650	57,650	1,290,473
Social, Cultural, and Recreational Services	0	0	0	0	856,619
Other Operations	0	0	0	0	112,160
Debt Service:					
Principal on Debt	0	0	0	0	1,907,491
Interest on Debt	0	0	0	0	665,219
Other Debt Service	0	0	0	0	310,440
Capital Projects	1,289,250	0	0	1,289,250	1,289,250
Capital Projects - Donated	0	718,460	0	718,460	718,460
Total Expenditures	\$ 1,289,250	\$ 718,460	\$ 57,650	\$ 2,065,360	\$ 8,855,415
Excess (Deficiency) of Revenues Over Expenditures	\$ (876,389)	\$ (718,460)	\$ 87,350	\$ (1,507,499)	\$ (1,369,307)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 718,460	\$ 0	\$ 718,460	\$ 718,460
Refunding Debt Issued	0	0	0	0	13,980,000
Premiums on Debt Issued	0	0	0	0	126,426

(Continued)

Exhibit G-2

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

	Capital Projects Funds (Cont.)				Total Nonmajor Governmental Funds
	General Capital Projects	Education Capital Projects	Other Capital Projects	Total	
<u>Other Financing Sources (Uses) (Cont.)</u>					
Other Loans Issued	\$ 324,000	\$ 0	\$ 0	\$ 324,000	\$ 324,000
Transfers In	183,000	0	0	183,000	183,000
Payments to Refunded Debt Escrow Agent	0	0	0	0	(13,841,798)
Total Other Financing Sources (Uses)	\$ 507,000	\$ 718,460	\$ 0	\$ 1,225,460	\$ 1,490,088
Net Change in Fund Balances	\$ (369,389)	\$ 0	\$ 87,350	\$ (282,039)	\$ 120,781
Fund Balance, July 1, 2006	464,743	0	4,944	469,687	3,918,520
Fund Balance, June 30, 2007	\$ 95,354	\$ 0	\$ 92,294	\$ 187,648	\$ 4,039,301

Exhibit G-3

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

	Actual (GAAP Basis)	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	\$ 1,073,539	\$ 0	\$ 0	\$ 1,073,539	\$ 1,032,653	\$ 1,032,653	\$ 40,886
Licenses and Permits	6,729	0	0	6,729	6,180	6,180	549
Charges for Current Services	72,493	0	0	72,493	67,680	67,680	4,813
Other Local Revenues	46,910	0	0	46,910	33,150	33,150	13,760
State of Tennessee	70,759	0	0	70,759	74,509	74,509	(3,750)
Total Revenues	\$ 1,270,430	\$ 0	\$ 0	\$ 1,270,430	\$ 1,214,172	\$ 1,214,172	\$ 56,258
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Management	\$ 142,851	\$ (2,750)	\$ 1,537	\$ 141,638	\$ 153,518	\$ 153,518	\$ 11,880
Waste Pickup	752,256	0	3,108	755,364	586,159	791,159	35,795
Convenience Centers	270,009	0	4,155	274,164	306,369	306,369	32,205
Other Waste Collection	67,707	0	0	67,707	75,611	75,611	7,904
Other Waste Disposal	0	0	0	0	4,500	4,500	4,500
<u>Other Operations</u>							
Other Charges	18,500	0	0	18,500	18,500	18,500	0
Total Expenditures	\$ 1,251,323	\$ (2,750)	\$ 8,800	\$ 1,257,373	\$ 1,144,657	\$ 1,349,657	\$ 92,284
Excess (Deficiency) of Revenues Over Expenditures	\$ 19,107	\$ 2,750	\$ (8,800)	\$ 13,057	\$ 69,515	\$ (135,485)	\$ 148,542
Net Change in Fund Balance	\$ 19,107	\$ 2,750	\$ (8,800)	\$ 13,057	\$ 69,515	\$ (135,485)	\$ 148,542
Fund Balance, July 1, 2006	564,894	(2,750)	0	562,144	549,898	549,898	12,246
Fund Balance, June 30, 2007	\$ 584,001	\$ 0	\$ (8,800)	\$ 575,201	\$ 619,413	\$ 414,413	\$ 160,788

Exhibit G-4

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Industrial/Economic Development Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 5,585	\$ 5,585	\$ 5,585	\$ 0
Total Revenues	\$ 5,585	\$ 5,585	\$ 5,585	\$ 0
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 15,556	\$ 12,156	\$ 18,156	\$ 2,600
Total Expenditures	\$ 15,556	\$ 12,156	\$ 18,156	\$ 2,600
Excess (Deficiency) of Revenues Over Expenditures	\$ (9,971)	\$ (6,571)	\$ (12,571)	\$ 2,600
Net Change in Fund Balance	\$ (9,971)	\$ (6,571)	\$ (12,571)	\$ 2,600
Fund Balance, July 1, 2006	34,181	34,180	34,180	1
Fund Balance, June 30, 2007	\$ 24,210	\$ 27,609	\$ 21,609	\$ 2,601

Exhibit G-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 149,514	\$ 124,077	\$ 148,881	\$ 633
Total Revenues	\$ 149,514	\$ 124,077	\$ 148,881	\$ 633
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 78,104	\$ 87,000	\$ 87,000	\$ 8,896
Total Expenditures	\$ 78,104	\$ 87,000	\$ 87,000	\$ 8,896
Excess (Deficiency) of Revenues Over Expenditures	\$ 71,410	\$ 37,077	\$ 61,881	\$ 9,529
Net Change in Fund Balance	\$ 71,410	\$ 37,077	\$ 61,881	\$ 9,529
Fund Balance, July 1, 2006	47,052	40,298	40,298	6,754
Fund Balance, June 30, 2007	\$ 118,462	\$ 77,375	\$ 102,179	\$ 16,283

Exhibit G-6

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 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>							
Fines, Forfeitures, and Penalties	\$ 89,344	\$ 0	\$ 0	\$ 89,344	\$ 138,507	\$ 138,507	\$ (49,163)
Other Local Revenues	1,180	0	0	1,180	30,000	30,000	(28,820)
State of Tennessee	90,327	0	0	90,327	24,200	101,548	(11,221)
Federal Government	15,080	0	0	15,080	3,165	15,080	0
Other Governments and Citizens Groups	1,250	0	0	1,250	0	1,250	0
Total Revenues	\$ 197,181	\$ 0	\$ 0	\$ 197,181	\$ 195,872	\$ 286,385	\$ (89,204)
<u>Expenditures</u>							
<u>Public Safety</u>							
Drug Enforcement	\$ 214,387	\$ (10,800)	\$ 1,500	\$ 205,087	\$ 138,800	\$ 228,878	\$ 23,791
Total Expenditures	\$ 214,387	\$ (10,800)	\$ 1,500	\$ 205,087	\$ 138,800	\$ 228,878	\$ 23,791
Excess (Deficiency) of Revenues Over Expenditures	\$ (17,206)	\$ 10,800	\$ (1,500)	\$ (7,906)	\$ 57,072	\$ 57,507	\$ (65,413)
Net Change in Fund Balance	\$ (17,206)	\$ 10,800	\$ (1,500)	\$ (7,906)	\$ 57,072	\$ 57,507	\$ (65,413)
Fund Balance, July 1, 2006	265,871	(10,800)	0	255,071	265,870	265,870	(10,799)
Fund Balance, June 30, 2007	\$ 248,665	\$ 0	\$ (1,500)	\$ 247,165	\$ 322,942	\$ 323,377	\$ (76,212)

Exhibit G-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 9,320	\$ 0	\$ 0	\$ 9,320	\$ 11,000	\$ 11,000	\$ (1,680)
Other Local Revenues	99,764	0	0	99,764	118,000	118,000	(18,236)
Total Revenues	\$ 109,084	\$ 0	\$ 0	\$ 109,084	\$ 129,000	\$ 129,000	\$ (19,916)
<u>Expenditures</u>							
<u>Public Safety</u>							
Commissary	\$ 93,812	\$ (1,950)	\$ 2,250	\$ 94,112	\$ 107,162	\$ 107,162	\$ 13,050
Total Expenditures	\$ 93,812	\$ (1,950)	\$ 2,250	\$ 94,112	\$ 107,162	\$ 107,162	\$ 13,050
Excess (Deficiency) of Revenues Over Expenditures	\$ 15,272	\$ 1,950	\$ (2,250)	\$ 14,972	\$ 21,838	\$ 21,838	\$ (6,866)
Net Change in Fund Balance	\$ 15,272	\$ 1,950	\$ (2,250)	\$ 14,972	\$ 21,838	\$ 21,838	\$ (6,866)
Fund Balance, July 1, 2006	57,204	(1,950)	0	55,254	60,056	60,056	(4,802)
Fund Balance, June 30, 2007	\$ 72,476	\$ 0	\$ (2,250)	\$ 70,226	\$ 81,894	\$ 81,894	\$ (11,668)

Exhibit G-8

Coffee 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	\$ 698,842	\$ 685,889	\$ 685,889	\$ 12,953
Other Local Revenues	560,761	463,000	463,000	97,761
Total Revenues	<u>\$ 1,259,603</u>	<u>\$ 1,148,889</u>	<u>\$ 1,148,889</u>	<u>\$ 110,714</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,029,000	\$ 912,700	\$ 1,029,000	\$ 0
<u>Interest on Debt</u>				
General Government	426,668	532,518	432,518	5,850
<u>Other Debt Service</u>				
General Government	182,129	45,500	203,202	21,073
Total Expenditures	<u>\$ 1,637,797</u>	<u>\$ 1,490,718</u>	<u>\$ 1,664,720</u>	<u>\$ 26,923</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (378,194)</u>	<u>\$ (341,829)</u>	<u>\$ (515,831)</u>	<u>\$ 137,637</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 7,255,000	\$ 0	\$ 7,255,000	\$ 0
Premiums on Debt Issued	57,404	0	57,404	0
Payments to Refunded Debt Escrow Agent	(7,154,702)	0	(7,154,702)	0
Total Other Financing Sources (Uses)	<u>\$ 157,702</u>	<u>\$ 0</u>	<u>\$ 157,702</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (220,492)	\$ (341,829)	\$ (358,129)	\$ 137,637
Fund Balance, July 1, 2006	1,243,806	1,235,077	1,235,077	8,729
Fund Balance, June 30, 2007	<u>\$ 1,023,314</u>	<u>\$ 893,248</u>	<u>\$ 876,948</u>	<u>\$ 146,366</u>

Exhibit G-9

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Rural 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	\$ 758,569	\$ 695,937	\$ 695,937	\$ 62,632
Total Revenues	\$ 758,569	\$ 695,937	\$ 695,937	\$ 62,632
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 708,491	\$ 673,475	\$ 709,155	\$ 664
<u>Interest on Debt</u>				
Education	119,317	159,915	124,235	4,918
<u>Other Debt Service</u>				
General Government	0	15,700	0	0
Education	52,611	0	56,734	4,123
Total Expenditures	\$ 880,419	\$ 849,090	\$ 890,124	\$ 9,705
Excess (Deficiency) of Revenues Over Expenditures	\$ (121,850)	\$ (153,153)	\$ (194,187)	\$ 72,337
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 2,615,000	\$ 0	\$ 2,615,000	\$ 0
Premiums on Debt Issued	38,076	0	38,076	0
Payments to Refunded Debt Escrow Agent	(2,612,042)	0	(2,612,042)	0
Total Other Financing Sources (Uses)	\$ 41,034	\$ 0	\$ 41,034	\$ 0
Net Change in Fund Balance	\$ (80,816)	\$ (153,153)	\$ (153,153)	\$ 72,337
Fund Balance, July 1, 2006	245,606	217,811	217,811	27,795
Fund Balance, June 30, 2007	\$ 164,790	\$ 64,658	\$ 64,658	\$ 100,132

Exhibit G-10

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Special 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	\$ 247,726	\$ 0	\$ 247,726	\$ 0
Total Revenues	\$ 247,726	\$ 0	\$ 247,726	\$ 0
<u>Expenditures</u>				
<u>Other Debt Service</u>				
General Government	\$ 1,042	\$ 0	\$ 1,042	\$ 0
Total Expenditures	\$ 1,042	\$ 0	\$ 1,042	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 246,684	\$ 0	\$ 246,684	\$ 0
Net Change in Fund Balance	\$ 246,684	\$ 0	\$ 246,684	\$ 0
Fund Balance, July 1, 2006	0	0	0	0
Fund Balance, June 30, 2007	\$ 246,684	\$ 0	\$ 246,684	\$ 0

Exhibit G-11

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 367,020	\$ 357,817	\$ 357,817	\$ 9,203
Total Revenues	\$ 367,020	\$ 357,817	\$ 357,817	\$ 9,203
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 170,000	\$ 115,000	\$ 170,000	\$ 0
<u>Interest on Debt</u>				
Education	119,234	179,356	119,356	122
<u>Other Debt Service</u>				
General Government	0	8,200	0	0
Education	74,385	0	79,092	4,707
Total Expenditures	\$ 363,619	\$ 302,556	\$ 368,448	\$ 4,829
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,401	\$ 55,261	\$ (10,631)	\$ 14,032
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 4,110,000	\$ 0	\$ 4,110,000	\$ 0
Premiums on Debt Issued	30,946	0	30,946	0
Payments to Refunded Debt Escrow Agent	(4,075,054)	0	(4,075,054)	0
Total Other Financing Sources (Uses)	\$ 65,892	\$ 0	\$ 65,892	\$ 0
Net Change in Fund Balance	\$ 69,293	\$ 55,261	\$ 55,261	\$ 14,032
Fund Balance, July 1, 2006	177,437	174,205	174,205	3,232
Fund Balance, June 30, 2007	\$ 246,730	\$ 229,466	\$ 229,466	\$ 17,264

Exhibit G-12

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other 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	\$ 117,439	\$ 0	\$ 27,283	\$ 90,156
Total Revenues	\$ 117,439	\$ 0	\$ 27,283	\$ 90,156
<u>Expenditures</u>				
<u>Other Debt Service</u>				
General Government	\$ 273	\$ 0	\$ 273	\$ 0
Total Expenditures	\$ 273	\$ 0	\$ 273	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 117,166	\$ 0	\$ 27,010	\$ 90,156
Net Change in Fund Balance	\$ 117,166	\$ 0	\$ 27,010	\$ 90,156
Fund Balance, July 1, 2006	0	0	0	0
Fund Balance, June 30, 2007	\$ 117,166	\$ 0	\$ 27,010	\$ 90,156

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 - Tullahoma Fund – The City School ADA - Tullahoma Fund is used to account for the Tullahoma City School's share of education revenues collected by the county that must be apportioned between the school systems on an average daily attendance basis.

City School ADA - Manchester Fund – The City School ADA - Manchester Fund is used to account for the Manchester City School's share of education revenues collected by the county that must be apportioned between the school systems on an average daily attendance 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.

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for state grants and other restricted revenues held in trust for the benefit of the Fourteenth Judicial District Drug Task Force.

Exhibit H-1

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

	Agency Funds					Total
	Cities - Sales Tax	City School ADA- Tulahoma Fund	City School ADA- Manchester Fund	Constitu- tional Officers - Agency	Judicial District Drug Fund	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 1,398,132	\$ 0	\$ 1,398,132
Equity in Pooled Cash and Investments	0	11,663	53,799	0	290,248	355,710
Due from Other Governments	2,019,839	244	259,630	0	1,810	2,281,523
Property Taxes Receivable	0	4,726,514	1,894,837	0	0	6,621,351
Allowance for Uncollectible Property Taxes	0	(117,685)	(46,118)	0	0	(163,803)
Total Assets	\$ 2,019,839	\$ 4,620,736	\$ 2,162,148	\$ 1,398,132	\$ 292,058	\$ 10,492,913
<u>LIABILITIES</u>						
Cash Overdraft	\$ 0	\$ 61,844	\$ 0	\$ 0	\$ 0	\$ 61,844
Due to Other Taxing Units	2,019,839	4,558,892	2,162,148	0	0	8,740,879
Due to Litigants, Heirs, and Others	0	0	0	1,398,132	0	1,398,132
Due to Joint Ventures	0	0	0	0	292,058	292,058
Total Liabilities	\$ 2,019,839	\$ 4,620,736	\$ 2,162,148	\$ 1,398,132	\$ 292,058	\$ 10,492,913

Exhibit H-2

Coffee 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	\$ 9,693,507	\$ 9,693,507	\$ 0
Due from Other Governments	1,650,606	2,019,839	1,650,606	2,019,839
Total Assets	\$ 1,650,606	\$ 11,713,346	\$ 11,344,113	\$ 2,019,839
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,650,606	\$ 11,713,346	\$ 11,344,113	\$ 2,019,839
Total Liabilities	\$ 1,650,606	\$ 11,713,346	\$ 11,344,113	\$ 2,019,839
<u>City School ADA-Tulahoma Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,663,098	\$ 3,651,435	\$ 11,663
Due from Other Governments	0	244	0	244
Property Taxes Receivable	3,852,300	4,726,514	3,852,300	4,726,514
Allowance for Uncollectible Property Taxes	(103,667)	103,667	117,685	(117,685)
Total Assets	\$ 3,748,633	\$ 8,493,523	\$ 7,621,420	\$ 4,620,736
<u>Liabilities</u>				
Cash Overdraft	\$ 35,225	\$ 26,619	\$ 0	\$ 61,844
Due to Other Taxing Units	3,713,408	8,466,904	7,621,420	4,558,892
Total Liabilities	\$ 3,748,633	\$ 8,493,523	\$ 7,621,420	\$ 4,620,736
<u>City School ADA-Manchester Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 35,594	\$ 1,470,758	\$ 1,452,553	\$ 53,799
Due from Other Governments	181,554	259,630	181,554	259,630
Property Taxes Receivable	1,467,919	1,894,837	1,467,919	1,894,837
Allowance for Uncollectible Property Taxes	(39,499)	39,499	46,118	(46,118)
Total Assets	\$ 1,645,568	\$ 3,664,724	\$ 3,148,144	\$ 2,162,148
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,645,568	\$ 3,664,724	\$ 3,148,144	\$ 2,162,148
Total Liabilities	\$ 1,645,568	\$ 3,664,724	\$ 3,148,144	\$ 2,162,148
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,495,420	\$ 10,969,295	\$ 11,066,583	\$ 1,398,132
Total Assets	\$ 1,495,420	\$ 10,969,295	\$ 11,066,583	\$ 1,398,132
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,495,420	\$ 10,969,295	\$ 11,066,583	\$ 1,398,132
Total Liabilities	\$ 1,495,420	\$ 10,969,295	\$ 11,066,583	\$ 1,398,132

(Continued)

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
Judicial District Drug Fund				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 236,750	\$ 345,008	\$ 291,510	\$ 290,248
Accounts Receivable	12,262	0	12,262	0
Due from Other Governments	0	1,810	0	1,810
Total Assets	\$ 249,012	\$ 346,818	\$ 303,772	\$ 292,058
<u>Liabilities</u>				
Due to Joint Ventures	\$ 249,012	346,818	\$ 303,772	\$ 292,058
Total Liabilities	\$ 249,012	\$ 346,818	\$ 303,772	\$ 292,058
Totals - All Agency Funds				
<u>Assets</u>				
Cash	\$ 1,495,420	\$ 10,969,295	\$ 11,066,583	\$ 1,398,132
Equity in Pooled Cash and Investments	272,344	15,172,371	15,089,005	355,710
Accounts Receivable	12,262	0	12,262	0
Due from Other Governments	1,832,160	2,281,523	1,832,160	2,281,523
Property Taxes Receivable	5,320,219	6,621,351	5,320,219	6,621,351
Allowance for Uncollectible Property Taxes	(143,166)	143,166	163,803	(163,803)
Total Assets	\$ 8,789,239	\$ 35,187,706	\$ 33,484,032	\$ 10,492,913
<u>Liabilities</u>				
Cash Overdraft	\$ 35,225	\$ 26,619	\$ 0	\$ 61,844
Due to Other Taxing Units	7,009,582	23,844,974	22,113,677	8,740,879
Due to Litigants, Heirs, and Others	1,495,420	10,969,295	11,066,583	1,398,132
Due to Joint Ventures	249,012	346,818	303,772	292,058
Total Liabilities	\$ 8,789,239	\$ 35,187,706	\$ 33,484,032	\$ 10,492,913

MISCELLANEOUS SCHEDULES

Exhibit I-1

Coffee County, Tennessee
 Schedule of Changes in Long-term Capital Leases, Notes, Other Loans, 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	Debt Refunded	Outstanding 6-30-07
<u>CAPITAL LEASES PAYABLE</u>									
<u>Payable through Highway/Public Works Fund</u>									
Paver	\$ 165,000	5.25 %	8-15-01	8-15-06	\$ 6,225	\$ 0	\$ 6,225	\$ 0	\$ 0
<u>NOTES PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
County Improvement Capital Outlay Notes	654,000	3.4	2-16-05	2-15-11	\$ 545,000	\$ 0	\$ 109,000	\$ 0	\$ 436,000
<u>Payable through Rural Debt Service Fund</u>									
School Repairs	900,000	3.5	2-26-04	3-1-10	\$ 585,008	\$ 0	\$ 148,491	\$ 0	\$ 436,517
Portable Classrooms	718,460	3.83	5-10-07	5-10-10	0	718,460	0	0	718,460
Total Payable through Rural Debt Service Fund					585,008	718,460	148,491	0	1,154,977
Total Notes Payable					\$ 1,130,008	\$ 718,460	\$ 257,491	\$ 0	\$ 1,590,977
<u>OTHER LOANS PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
Renovation of Coffee County Administrative Plaza	2,000,000	Variable	10-31-1995	11-29-06	\$ 1,279,700	\$ 0	\$ 0	\$ (1,279,700)	\$ 0
Public Facilities, Industrial Park, Convention Center, and Water/Sewer Projects (1)	5,800,000	3.75 to 5	1-1-01	2-1-21	5,362,500	0	155,000	(4,242,500)	965,000
Public Facilities, Industrial Park, and Water/Sewer Projects	1,200,000	5.8 to 6.7	1-1-01	2-1-09	525,000	0	165,000	0	360,000
Public Improvement Projects	1,500,000	Variable	10-24-02	6-1-17	1,500,000	0	0	0	1,500,000
Public Improvement Series Z-4-A	4,510,000	3.55 to 4	11-2-06	3-1-21	0	4,510,000	35,000	0	4,475,000
Total Payable through General Debt Service Fund					\$ 8,667,200	\$ 4,510,000	\$ 355,000	\$ (5,522,200)	\$ 7,300,000
<u>Payable through Rural Debt Service Fund</u>									
Rural School Refunding, Series 2002	1,275,000	Variable	10-24-02	6-1-07	\$ 265,000	\$ 0	\$ 265,000	\$ 0	\$ 0
Total Other Loans Payable					\$ 8,932,200	\$ 4,510,000	\$ 620,000	\$ (5,522,200)	\$ 7,300,000

(Continued)

Exhibit I-1

Coffee County, Tennessee
 Schedule of Changes in Long-term Capital Leases, Notes, Other Loans, and Bonds (Cont.)

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	Debt Refunded	Outstanding 6-30-07
BONDS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
General Obligation Public Improvement Bonds	\$ 1,500,000	3.7 to 4.4 %	8-1-1998	8-1-08	\$ 350,000	\$ 0	\$ 170,000	\$ 0	\$ 180,000
General Obligation Public Improvement Bonds	2,500,000	4.55 to 5.15	3-1-00	11-29-06	1,640,000	0	240,000	(1,400,000)	0
General Obligation Refunding Bonds, Series 2006C	2,745,000	4	11-29-06	2-1-15	0	2,745,000	155,000	0	2,590,000
Total Payable through General Debt Service Fund					\$ 1,990,000	\$ 2,745,000	\$ 565,000	\$ (1,400,000)	\$ 2,770,000
<u>Payable through Rural Debt Service Fund</u>									
Rural School Refunding, Series 1998	4,075,000	3.85 to 4.9	2-1-1998	11-29-06	\$ 2,810,000	\$ 0	\$ 260,000	\$ (2,550,000)	\$ 0
Rural School Refunding, Series 2006B	2,615,000	4	11-29-06	2-1-15	0	2,615,000	35,000	0	2,580,000
Total Payable through Rural Debt Service Fund					\$ 2,810,000	\$ 2,615,000	\$ 295,000	\$ (2,550,000)	\$ 2,580,000
<u>Payable through Education Debt Service Fund</u>									
Senior High School Bonds, Series 1996	3,250,000	5 to 5.75	8-1-1996	8-1-06	\$ 40,000	\$ 0	\$ 40,000	\$ 0	\$ 0
Senior High School Refunding Bonds, Series 1998	3,305,000	3.9 to 4.5	9-1-1998	11-29-06	3,185,000	0	20,000	(3,165,000)	0
Senior High School Bonds, Series 1999	1,250,000	3.5 to 4.75	12-1-1998	11-29-06	910,000	0	55,000	(855,000)	0
Senior High School Refunding Bonds, Series 2006A	4,110,000	3.75 to 4	11-29-06	2-1-18	0	4,110,000	55,000	0	4,055,000
Total Payable through Education Debt Service Fund					\$ 4,135,000	\$ 4,110,000	\$ 170,000	\$ (4,020,000)	\$ 4,055,000
Total Bonds Payable					\$ 8,935,000	\$ 9,470,000	\$ 1,030,000	\$ (7,970,000)	\$ 9,405,000

(1) This loan was reflected as two loans in the prior year's financial statements; however, following the refunding in the current year, the loans were consolidated for financial statement presentation.

Exhibit I-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2008	\$ 1,125,000	\$ 373,545	\$ 1,498,545
2009	995,000	327,825	1,322,825
2010	1,015,000	288,025	1,303,025
2011	1,055,000	247,425	1,302,425
2012	1,095,000	205,225	1,300,225
2013	825,000	161,425	986,425
2014	860,000	128,425	988,425
2015	900,000	94,025	994,025
2016	705,000	58,025	763,025
2017	735,000	31,588	766,588
2018	95,000	3,657	98,657
Total	<u>\$ 9,405,000</u>	<u>\$ 1,919,190</u>	<u>\$ 11,324,190</u>

Exhibit I-3

Coffee 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 Capital Projects	Operations	<u>\$ 183,000</u>
Total Transfers			<u><u>\$ 183,000</u></u>

Exhibit I-4

Coffee 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	(1)	Bond	Surety
County Mayor:					
Ray Johnson (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u> , and Coffee County Personnel Policies	\$ 14,307	(2)	\$ 50,000	State Auto Insurance Company
David Pennington (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u> , and Coffee County Personnel Policies	54,945		50,000	"
Road Superintendent	Section 8-24-102, <u>TCA</u>	63,876		100,000	"
Trustee:					
Barbara Arp (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	10,497		1,128,300	Auto-Owners Mutual Insurance Company
James Wilhelm (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	47,572		1,287,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	58,069		10,000	State Auto Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u>	58,069		50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u> , and Coffee County Personnel Policies	62,669	(3)	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	58,069		50,000	"
Register	Section 8-24-102, <u>TCA</u>	58,069		25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and Coffee County Personnel Policies	67,407	(4)	25,000	"
Employee Dishonesty Bond Coverage:					
General County Employees				150,000	Local Government Property and Casualty Fund
Highway Department Employees				150,000	"

(1) All Coffee County employees have an option under the county's personnel policies to opt out of the medical insurance plan and receive an incentive payment equal to 67 percent of the cost of single coverage.

(2) Includes \$2,183 payment in-lieu-of insurance benefit (2005-06 portion paid in July 2006: \$1,669; 2006-07 prorated portion: \$514).

(3) Includes \$4,600 payment in-lieu-of insurance benefit (2005-06 portion paid in July 2006: \$1,669; 2006-07: \$2,931).

(4) Includes \$2,931 payment in-lieu-of insurance benefit and law enforcement training supplement of \$600.

Exhibit I-5

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 7,379,714	\$ 0	\$ 694,172	\$ 0	\$ 145,335	\$ 0
Trustee's Collections - Prior Year	171,150	0	18,616	0	2,637	0
Trustee's Collections - Bankruptcy	6,811	0	412	0	430	0
Circuit/Clerk & Master Collections - Prior Years	87,920	0	20,855	0	0	0
Interest and Penalty	72,441	0	12,638	0	1,112	0
Payments in-Lieu-of Taxes - T.V.A.	716	0	163	0	0	0
Payments in-Lieu-of Taxes - Other	1,915	0	445	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	67,317	0	94,291	0	0	0
Litigation Tax - General	123,056	0	0	0	0	0
Litigation Tax - Special Purpose	143,987	0	0	0	0	0
Business Tax	753,420	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	141,220	0	0	0	0	0
Wholesale Beer Tax	0	0	231,947	0	0	0
Interstate Telecommunications Tax	3,882	0	0	0	0	0
Total Local Taxes	\$ 8,953,549	\$ 0	\$ 1,073,539	\$ 0	\$ 149,514	\$ 0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 99,231	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits	0	0	6,729	0	0	0
Total Licenses and Permits	\$ 99,231	\$ 0	\$ 6,729	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 14,276	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	22,220	0	0	0	0	0
Drug Control Fines	124,884	0	0	0	0	65,790
Data Entry Fee - Circuit Court	58,022	0	0	0	0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Circuit Court (Cont.)</u>						
Courtroom Security Fee	\$ 215	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>General Sessions Court</u>						
Fines	86,132	0	0	0	0	0
Officers Costs	89,050	0	0	0	0	0
Game and Fish Fines	140	0	0	0	0	0
Jail Fees	17,582	0	0	0	0	0
Interpreter Fees	95	0	0	0	0	0
DUI Treatment Fines	12,479	0	0	0	0	0
Courtroom Security Fee	2,387	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	2,757	0	0	0	0	0
Officers Costs	30,186	0	0	0	0	0
Courtroom Security Fee	2	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	5,286	0	0	0	0	0
Data Entry Fee - Chancery Court	8,134	0	0	0	0	0
<u>Other Courts - In-county</u>						
Drug Control Fines	7,285	0	0	0	0	0
Drug Court Fees	28,292	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	23,554
Total Fines, Forfeitures, and Penalties	\$ 509,424	\$ 0	\$ 0	\$ 0	\$ 0	89,344
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Residential Waste Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Convenience Waste Centers Collection Charge	0	0	8,179	0	0	0
Solid Waste Disposal Fees	0	0	64,291	0	0	0
Patient Charges	1,043,684	0	0	0	0	0
Work Release Charges for Board	16,238	0	0	0	0	0
Other General Service Charges	2,410	0	0	0	0	0
Service Charges	150	0	0	0	0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control
<u>Charges for Current Services (Cont.)</u>						
<u>Fees</u>						
Subdivision Lot Fees	\$ 76,302	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Recreation Fees	12,842	0	0	0	0	0
Copy Fees	12,013	0	0	0	0	0
Library Fees	0	84,866	0	0	0	0
Telephone Commissions	65,794	0	23	0	0	0
Constitutional Officers' Fees and Commissions	1,000	0	0	0	0	0
Data Processing Fee - Register	23,454	0	0	0	0	0
Probation Fees	7,248	0	0	0	0	0
Data Processing Fee - Sheriff	1,399	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,800	0	0	0	0	0
Total Charges for Current Services	\$ 1,265,334	\$ 84,866	\$ 72,493	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 2,269	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	9,475	0	0	5,585	0	0
Sale of Materials and Supplies	0	0	0	0	0	0
Commissary Sales	0	0	0	0	0	0
Sale of Recycled Materials	889	0	46,900	0	0	0
Miscellaneous Refunds	9,865	0	10	0	0	0
<u>Nonrecurring Items</u>						
Accrued Interest on Debt Issues	0	0	0	0	0	0
Sale of Equipment	1,432	0	0	0	0	1,180
Damages Recovered from Individuals	239	0	0	0	0	0
Contributions & Gifts	280,270	0	0	0	0	0
Total Other Local Revenues	\$ 302,170	\$ 2,269	\$ 46,910	\$ 5,585	\$ 0	\$ 1,180
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 215,260	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	416,237	0	0	0	0	0
Clerk and Master	132,259	0	0	0	0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control
<u>Fees Received from County Officials (Cont.)</u>						
<u>Excess Fees (Cont.)</u>						
Register	\$ 139,976	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee	479,745	0	0	0	0	0
<u>Fees-In-Lieu of Salary</u>						
Sheriff	17,855	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,401,332	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 14,535	\$ 0	\$ 0	\$ 0	\$ 0	0
State Reappraisal Grant	17,776	0	0	0	0	0
Solid Waste Grants	0	0	37,000	0	0	0
Other General Government Grants	241,322	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	21,600	0	0	0	0	0
Drug Control Grants	89,109	0	0	0	0	0
Other Public Safety Grants	0	0	0	0	0	77,348
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0
Litter Program	0	0	33,759	0	0	0
Tennessee Industrial Infrastructure Program	58,089	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	132,557	0	0	0	0	0
Beer Tax	18,753	0	0	0	0	0
Alcoholic Beverage Tax	59,847	0	0	0	0	0
Mixed Drink Tax	806	0	0	0	0	0
Emergency Hospital - Prisoners	6,683	0	0	0	0	0
Contracted Prisoner Boarding	689,247	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
T.B.I. - Equipment Reimbursement	1,789	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0
Other State Grants	513,554	0	0	0	0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Other State Revenues	\$ 60,385	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,979
Total State of Tennessee	\$ 1,942,432	\$ 0	\$ 70,759	\$ 0	\$ 0	\$ 90,327
<u>Federal Government</u>						
<u>Federal Through State</u>						
Appalachian Regional Commission	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	29,279	0	0	0	0	0
Homeland Security Grants	91,656	0	0	0	0	0
Other Federal through State	21,461	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Asset Forfeiture Funds	0	0	0	0	0	15,080
Total Federal Government	\$ 142,396	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,080
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 5,106	\$ 803,200	\$ 0	\$ 0	\$ 0	\$ 1,250
Contracted Services	12,147	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	0	11,463	0	0	0	0
Total Other Governments and Citizens Groups	\$ 17,253	\$ 814,663	\$ 0	\$ 0	\$ 0	\$ 1,250
Total	\$ 14,633,121	\$ 901,798	\$ 1,270,430	\$ 5,585	\$ 149,514	\$ 197,181

(Continued)

Exhibit I-5

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

	Special Revenue Funds				Debt Service Funds	
	District Attorney General	Other Special Revenue	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 561,415	\$ 396,704
Trustee's Collections - Prior Year	0	0	0	0	30,517	15,077
Trustee's Collections - Bankruptcy	0	0	0	0	1,233	351
Circuit/Clerk & Master Collections - Prior Years	0	0	0	0	15,674	15,882
Interest and Penalty	0	0	0	0	12,350	9,729
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	54	93
Payments in-Lieu-of Taxes - Other	0	0	0	0	150	255
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	320,478
Litigation Tax - General	0	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	0	0	77,449	0
Business Tax	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	98,939	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	0	0
Wholesale Beer Tax	0	0	0	0	0	0
Interstate Telecommunications Tax	0	0	0	0	0	0
Total Local Taxes	\$ 0	\$ 0	\$ 0	\$ 98,939	\$ 698,842	\$ 758,569
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits	0	0	0	0	0	0
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	0
Data Entry Fee - Circuit Court	0	0	0	0	0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds				Debt Service Funds	
	District Attorney General	Other Special Revenue	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Circuit Court (Cont.)</u>						
Courtroom Security Fee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	0
Officers Costs	0	0	0	0	0	0
Game and Fish Fines	0	0	0	0	0	0
Jail Fees	0	0	0	0	0	0
Interpreter Fees	0	0	0	0	0	0
DUI Treatment Fines	0	0	0	0	0	0
Courtroom Security Fee	0	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	0
Officers Costs	0	0	0	0	0	0
Courtroom Security Fee	0	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	0
Data Entry Fee - Chancery Court	0	0	0	0	0	0
<u>Other Courts - In-county</u>						
Drug Control Fines	0	0	0	0	0	0
Drug Court Fees	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Residential Waste Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Convenience Waste Centers Collection Charge	0	0	0	0	0	0
Solid Waste Disposal Fees	0	0	0	0	0	0
Patient Charges	0	9,320	0	0	0	0
Work Release Charges for Board	0	0	0	0	0	0
Other General Service Charges	0	0	0	0	0	0
Service Charges	0	0	0	0	0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds				Debt Service Funds	
	District Attorney General	Other Special Revenue	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service
<u>Charges for Current Services (Cont.)</u>						
<u>Fees</u>						
Subdivision Lot Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Recreation Fees	0	0	0	0	0	0
Copy Fees	0	0	0	0	0	0
Library Fees	0	0	0	0	0	0
Telephone Commissions	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	1,346,528	0	0	0
Data Processing Fee - Register	0	0	0	0	0	0
Probation Fees	0	0	0	0	0	0
Data Processing Fee - Sheriff	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0
Total Charges for Current Services	\$ 0	\$ 9,320	\$ 1,346,528	\$ 0	\$ 0	0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 366	\$ 443,210	\$ 0
Lease/Rentals	0	0	0	0	96,944	0
Sale of Materials and Supplies	0	0	0	1,782	0	0
Commissary Sales	0	99,764	0	0	0	0
Sale of Recycled Materials	0	0	0	0	0	0
Miscellaneous Refunds	200	0	0	27	0	0
<u>Nonrecurring Items</u>						
Accrued Interest on Debt Issues	0	0	0	0	20,607	0
Sale of Equipment	0	0	0	0	0	0
Damages Recovered from Individuals	0	0	0	65	0	0
Contributions & Gifts	0	0	0	0	0	0
Total Other Local Revenues	\$ 200	\$ 99,764	\$ 0	\$ 2,240	\$ 560,761	\$ 0
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	0	0	0	0	0	0
Clerk and Master	0	0	0	0	0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds				Debt Service Funds	
	District Attorney General	Other Special Revenue	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service
<u>Fees Received from County Officials (Cont.)</u>						
<u>Excess Fees (Cont.)</u>						
Register	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee	0	0	0	0	0	0
<u>Fees-In-Lieu of Salary</u>						
Sheriff	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
State Reappraisal Grant	0	0	0	0	0	0
Solid Waste Grants	0	0	0	0	0	0
Other General Government Grants	0	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	0
Drug Control Grants	0	0	0	0	0	0
Other Public Safety Grants	0	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	271,463	0	0
Litter Program	0	0	0	0	0	0
Tennessee Industrial Infrastructure Program	0	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	0
Beer Tax	0	0	0	0	0	0
Alcoholic Beverage Tax	0	0	0	0	0	0
Mixed Drink Tax	0	0	0	0	0	0
Emergency Hospital - Prisoners	0	0	0	0	0	0
Contracted Prisoner Boarding	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	1,866,836	0	0
Petroleum Special Tax	0	0	0	38,624	0	0
T.B.I. - Equipment Reimbursement	0	0	0	0	0	0
Registrar's Salary Supplement	0	0	0	0	0	0
Other State Grants	0	0	0	0	0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds				Debt Service Funds	
	District Attorney General	Other Special Revenue	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Other State Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 2,176,923	\$ 0	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Appalachian Regional Commission	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	0	0	0	0	0	0
Homeland Security Grants	0	0	0	0	0	0
Other Federal through State	0	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Asset Forfeiture Funds	0	0	0	0	0	0
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 197,570	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	0	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 197,570	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 197,770	\$ 109,084	\$ 1,346,528	\$ 2,278,102	\$ 1,259,603	\$ 758,569

(Continued)

Exhibit I-5

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

	Debt Service Funds			Capital Projects Funds		Total
	Special Debt Service	Education Debt Service	School Bond Trust	General Capital Projects	Other Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 342,749	\$ 0	\$ 0	\$ 0	\$ 9,520,089
Trustee's Collections - Prior Year	0	10,798	0	0	0	248,795
Trustee's Collections - Bankruptcy	0	200	0	0	0	9,437
Circuit/Clerk & Master Collections - Prior Years	0	7,745	0	0	0	148,076
Interest and Penalty	0	5,328	0	0	0	113,598
Payments in-Lieu-of Taxes - T.V.A.	0	54	0	0	0	1,080
Payments in-Lieu-of Taxes - Other	0	146	0	0	0	2,911
<u>County Local Option Taxes</u>						
Local Option Sales Tax	247,726	0	117,439	0	0	847,251
Litigation Tax - General	0	0	0	0	0	123,056
Litigation Tax - Special Purpose	0	0	0	0	0	221,436
Business Tax	0	0	0	0	0	753,420
Mineral Severance Tax	0	0	0	0	0	98,939
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	0	141,220
Wholesale Beer Tax	0	0	0	0	0	231,947
Interstate Telecommunications Tax	0	0	0	0	0	3,882
Total Local Taxes	\$ 247,726	\$ 367,020	\$ 117,439	\$ 0	\$ 0	\$ 12,465,137
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 99,231
<u>Permits</u>						
Beer Permits	0	0	0	0	0	6,729
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 105,960
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,276
Officers Costs	0	0	0	0	0	22,220
Drug Control Fines	0	0	0	0	0	190,674
Data Entry Fee - Circuit Court	0	0	0	0	0	58,022

(Continued)

Exhibit I-5

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

	Debt Service Funds			Capital Projects Funds		Total
	Special Debt Service	Education Debt Service	School Bond Trust	General Capital Projects	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Circuit Court (Cont.)</u>						
Courtroom Security Fee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	215
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	86,132
Officers Costs	0	0	0	0	0	89,050
Game and Fish Fines	0	0	0	0	0	140
Jail Fees	0	0	0	0	0	17,582
Interpreter Fees	0	0	0	0	0	95
DUI Treatment Fines	0	0	0	0	0	12,479
Courtroom Security Fee	0	0	0	0	0	2,387
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	2,757
Officers Costs	0	0	0	0	0	30,186
Courtroom Security Fee	0	0	0	0	0	2
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	5,286
Data Entry Fee - Chancery Court	0	0	0	0	0	8,134
<u>Other Courts - In-county</u>						
Drug Control Fines	0	0	0	0	0	7,285
Drug Court Fees	0	0	0	0	0	28,292
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	23,554
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	598,768
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Residential Waste Collection Charge	\$ 0	\$ 0	\$ 0	200 \$	0 \$	200
Convenience Waste Centers Collection Charge	0	0	0	0	0	8,179
Solid Waste Disposal Fees	0	0	0	0	0	64,291
Patient Charges	0	0	0	0	145,000	1,198,004
Work Release Charges for Board	0	0	0	0	0	16,238
Other General Service Charges	0	0	0	0	0	2,410
Service Charges	0	0	0	0	0	150

(Continued)

Exhibit I-5

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

	Debt Service Funds			Capital Projects Funds		Total
	Special Debt Service	Education Debt Service	School Bond Trust	General Capital Projects	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>						
<u>Fees</u>						
Subdivision Lot Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 76,302
Recreation Fees	0	0	0	0	0	12,842
Copy Fees	0	0	0	0	0	12,013
Library Fees	0	0	0	0	0	84,866
Telephone Commissions	0	0	0	0	0	65,817
Constitutional Officers' Fees and Commissions	0	0	0	0	0	1,347,528
Data Processing Fee - Register	0	0	0	0	0	23,454
Probation Fees	0	0	0	0	0	7,248
Data Processing Fee - Sheriff	0	0	0	0	0	1,399
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	2,800
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	200 \$	145,000 \$	\$ 2,923,741
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	445,845
Lease/Rentals	0	0	0	0	0	112,004
Sale of Materials and Supplies	0	0	0	0	0	1,782
Commissary Sales	0	0	0	0	0	99,764
Sale of Recycled Materials	0	0	0	0	0	47,789
Miscellaneous Refunds	0	0	0	0	0	10,102
<u>Nonrecurring Items</u>						
Accrued Interest on Debt Issues	0	0	0	0	0	20,607
Sale of Equipment	0	0	0	0	0	2,612
Damages Recovered from Individuals	0	0	0	0	0	304
Contributions & Gifts	0	0	0	0	0	280,270
Total Other Local Revenues	\$ 0	\$ 0	\$ 0	0 \$	0 \$	\$ 1,021,079
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	215,260
Circuit Court Clerk	0	0	0	0	0	416,237
Clerk and Master	0	0	0	0	0	132,259

(Continued)

Exhibit I-5

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

	Debt Service Funds			Capital Projects Funds		Total
	Special Debt Service	Education Debt Service	School Bond Trust	General Capital Projects	Other Capital Projects	
<u>Fees Received from County Officials (Cont.)</u>						
<u>Excess Fees (Cont.)</u>						
Register	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	139,976
Trustee	0	0	0	0	0	479,745
<u>Fees-In-Lieu of Salary</u>						
Sheriff	0	0	0	0	0	17,855
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,401,332
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	14,535
State Reappraisal Grant	0	0	0	0	0	17,776
Solid Waste Grants	0	0	0	0	0	37,000
Other General Government Grants	0	0	0	0	0	241,322
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	21,600
Drug Control Grants	0	0	0	0	0	89,109
Other Public Safety Grants	0	0	0	0	0	77,348
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	271,463
Litter Program	0	0	0	0	0	33,759
Tennessee Industrial Infrastructure Program	0	0	0	117,281	0	175,370
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	132,557
Beer Tax	0	0	0	0	0	18,753
Alcoholic Beverage Tax	0	0	0	0	0	59,847
Mixed Drink Tax	0	0	0	0	0	806
Emergency Hospital - Prisoners	0	0	0	0	0	6,683
Contracted Prisoner Boarding	0	0	0	0	0	689,247
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,866,836
Petroleum Special Tax	0	0	0	0	0	38,624
T.B.I. - Equipment Reimbursement	0	0	0	0	0	1,789
Registrar's Salary Supplement	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	513,554

(Continued)

Exhibit I-5

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

	Debt Service Funds			Capital Projects Funds		Total
	Special Debt Service	Education Debt Service	School Bond Trust	General Capital Projects	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Other State Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 73,364
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 117,281	\$ 0	\$ 4,397,722
<u>Federal Government</u>						
<u>Federal Through State</u>						
Appalachian Regional Commission	\$ 0	\$ 0	\$ 0	\$ 295,380	\$ 0	\$ 295,380
Civil Defense Reimbursement	0	0	0	0	0	29,279
Homeland Security Grants	0	0	0	0	0	91,656
Other Federal through State	0	0	0	0	0	21,461
<u>Direct Federal Revenue</u>						
Asset Forfeiture Funds	0	0	0	0	0	15,080
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 295,380	\$ 0	\$ 452,856
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,007,126
Contracted Services	0	0	0	0	0	12,147
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	11,463
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,030,736
Total	\$ 247,726	\$ 367,020	\$ 117,439	\$ 412,861	\$ 145,000	\$ 24,397,331

Exhibit I-6

Coffee 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	\$	34,601	
Social Security		2,316	
Audit Services		11,422	
Dues and Memberships		1,700	
Printing, Stationery, and Forms		60	
Travel		2,710	
Other Charges		4,244	
Total County Commission			\$ 57,053

Board of Equalization

Board and Committee Members Fees	\$	1,322	
Social Security		70	
Total Board of Equalization			1,392

Other Boards and Committees

Board and Committee Members Fees	\$	24,506	
Social Security		1,812	
Travel		615	
Data Processing Supplies		9,200	
Total Other Boards and Committees			36,133

County Mayor/Executive

County Official/Administrative Officer	\$	67,069	
Secretary(ies)		28,222	
Clerical Personnel		26,828	
Social Security		9,792	
State Retirement		6,755	
Medical Insurance		12,654	
Dental Insurance		791	
Communication		2,905	
Dues and Memberships		13,440	
Legal Notices, Recording, and Court Costs		825	
Maintenance Agreements		852	
Travel		825	
Office Supplies		3,329	
Other Charges		6,346	
Total County Mayor/Executive			180,633

County Attorney

County Official/Administrative Officer	\$	4,800	
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(Continued)

Exhibit I-6

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

General Fund (Cont.)

General Government (Cont.)

County Attorney (Cont.)

Legal Services	\$ 3,255	
Total County Attorney		\$ 8,055

Election Commission

County Official/Administrative Officer	\$ 52,262	
Deputy(ies)	81,581	
Clerical Personnel	9,620	
Overtime Pay	2,379	
Election Commission	8,999	
Election Workers	61,701	
Social Security	13,409	
State Retirement	12,558	
Medical Insurance	18,301	
Dental Insurance	946	
Communication	1,371	
Operating Lease Payments	1,939	
Legal Notices, Recording, and Court Costs	52,184	
Maintenance Agreements	7,806	
Maintenance & Repair Services - Equipment	8,214	
Travel	2,808	
Other Contracted Services	4,618	
Office Supplies	5,766	
Utilities	142	
In Service/Staff Development	449	
Data Processing Equipment	200	
Voting Machines	232,217	
Total Election Commission		579,470

Register of Deeds

Social Security	\$ 11,988	
State Retirement	11,191	
Medical Insurance	18,968	
Dental Insurance	946	
Communication	913	
Operating Lease Payments	20,674	
Maintenance Agreements	2,761	
Data Processing Supplies	3,315	
Office Supplies	4,178	
Office Equipment	356	
Total Register of Deeds		75,290

(Continued)

Exhibit I-6

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

General Fund (Cont.)

General Government (Cont.)

Planning

Supervisor/Director	\$	26,326	
Secretary(ies)		21,966	
Social Security		3,684	
State Retirement		3,114	
Medical Insurance		7,567	
Dental Insurance		408	
Communication		2,905	
Consultants		4,291	
Contracts with Private Agencies		1,049	
Legal Notices, Recording, and Court Costs		969	
Maintenance & Repair Services - Office Equipment		301	
Maintenance & Repair Services - Vehicles		578	
Printing, Stationery, and Forms		1,316	
Travel		255	
Gasoline		409	
Office Supplies		8,089	
Data Processing Equipment		14,000	
Office Equipment		1,099	
Total Planning			\$ 98,326

County Buildings

Supervisor/Director	\$	49,263
Maintenance Personnel		70,216
Overtime Pay		14,528
Board and Committee Members Fees		1,100
Social Security		10,440
State Retirement		12,343
Medical Insurance		13,730
Dental Insurance		473
Communication		31,172
Contracts with Private Agencies		812
Dues and Memberships		100
Maintenance Agreements		41,866
Maintenance & Repair Services - Buildings		97,475
Maintenance & Repair Services - Equipment		7,707
Maintenance & Repair Services - Vehicles		5,547
Pest Control		5,485
Travel		1,425
Disposal Fees		632
Electricity		164,387

(Continued)

Exhibit I-6

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Gasoline	\$	3,888	
Natural Gas		70,443	
Office Supplies		288	
Uniforms		255	
Water and Sewer		38,218	
Other Supplies and Materials		987	
In Service/Staff Development		533	
Maintenance Equipment		760	
Motor Vehicles		16,147	
Total County Buildings			\$ 660,220

Other General Administration

Consultants	\$	1,780	
Data Processing Services		6,689	
Maintenance Agreements		16,676	
Maintenance & Repair Services - Office Equipment		9,984	
Postal Charges		54,385	
Other Charges		939	
Total Other General Administration			90,453

Finance

Accounting and Budgeting

Supervisor/Director	\$	60,151	
Accountants/Bookkeepers		98,921	
Secretary(ies)		24,319	
Social Security		14,827	
State Retirement		14,515	
Medical Insurance		21,714	
Dental Insurance		1,182	
Communication		2,068	
Dues and Memberships		510	
Legal Notices, Recording, and Court Costs		5,666	
Maintenance Agreements		8,659	
Maintenance & Repair Services - Vehicles		62	
Travel		351	
Other Contracted Services		5,261	
Gasoline		550	
Office Supplies		9,858	
In Service/Staff Development		3,525	
Total Accounting and Budgeting			272,139

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Finance (Cont.)

Central Services

Custodial Personnel	\$	53,124	
Part-time Personnel		4,258	
Social Security		4,377	
State Retirement		4,705	
Medical Insurance		15,284	
Dental Insurance		797	
Travel		1,503	
Custodial Supplies		21,663	
Gasoline		276	
Other Charges		1,036	
Maintenance Equipment		859	
Total Central Services			\$ 107,882

Property Assessor's Office

County Official/Administrative Officer	\$	58,069	
Clerical Personnel		154,746	
In-Service Training		285	
Social Security		16,259	
State Retirement		19,423	
Medical Insurance		32,916	
Dental Insurance		1,655	
Audit Services		25,182	
Communication		2,186	
Data Processing Services		22,289	
Dues and Memberships		1,303	
Maintenance Agreements		461	
Maintenance & Repair Services - Vehicles		687	
Printing, Stationery, and Forms		487	
Gasoline		3,342	
Office Supplies		2,781	
Total Property Assessor's Office			342,071

Reappraisal Program

Data Processing Supplies	\$	2,148	
Other Charges		240	
Total Reappraisal Program			2,388

County Trustee's Office

Social Security	\$	13,351	
State Retirement		15,704	

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Medical Insurance	\$	24,039	
Dental Insurance		1,062	
Communication		1,218	
Maintenance Agreements		7,507	
Maintenance & Repair Services - Office Equipment		75	
Postal Charges		5,531	
Printing, Stationery, and Forms		2,650	
Office Supplies		1,763	
Other Charges		759	
Data Processing Equipment		2,360	
Office Equipment		742	
Total County Trustee's Office			\$ 76,761

County Clerk's Office

Social Security	\$	18,654	
State Retirement		22,009	
Medical Insurance		42,328	
Dental Insurance		2,149	
Communication		2,404	
Maintenance Agreements		27,361	
Maintenance & Repair Services - Office Equipment		62	
Printing, Stationery, and Forms		737	
Office Supplies		4,227	
Data Processing Equipment		3,150	
Total County Clerk's Office			123,081

Administration of Justice

Circuit Court

Jury and Witness Fees	\$	24,097	
Social Security		44,041	
State Retirement		39,138	
Medical Insurance		91,121	
Dental Insurance		4,550	
Communication		2,690	
Data Processing Services		1,712	
Maintenance Agreements		6,046	
Maintenance & Repair Services - Office Equipment		118	
Printing, Stationery, and Forms		4,440	
Duplicating Supplies		3,608	
Office Supplies		6,729	

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Other Charges	\$	57,736	
Office Equipment		1,062	
Total Circuit Court			\$ 287,088

General Sessions Court

Maintenance Agreements	\$	2,766	
Maintenance & Repair Services - Office Equipment		132	
Printing, Stationery, and Forms		5,057	
Travel		328	
Duplicating Supplies		771	
Office Supplies		6,148	
Office Equipment		1,150	
Total General Sessions Court			16,352

General Sessions Judge

Judge(s)	\$	244,553	
Social Security		16,769	
State Retirement		11,230	
Medical Insurance		9,677	
Dental Insurance		473	
Communication		1,687	
Dues and Memberships		291	
Evaluation and Testing		1,408	
Legal Services		9,300	
Travel		2,825	
Office Supplies		764	
Periodicals		4,049	
Total General Sessions Judge			303,026

Drug Court

Supervisor/Director	\$	41,938	
Social Security		3,267	
State Retirement		2,761	
Medical Insurance		6,630	
Dental Insurance		301	
Communication		5,888	
Dues and Memberships		700	
Maintenance & Repair Services - Equipment		7,671	
Printing, Stationery, and Forms		1,269	
Travel		9,979	

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court (Cont.)

Other Contracted Services	\$	127,779	
Office Supplies		6,553	
Other Supplies and Materials		10,301	
Office Equipment		3,039	
Total Drug Court			\$ 228,076

Chancery Court

Clerical Personnel	\$	44,644	
Jury and Witness Fees		413	
Social Security		12,541	
State Retirement		13,846	
Medical Insurance		16,786	
Dental Insurance		969	
Communication		2,040	
Maintenance Agreements		8,665	
Printing, Stationery, and Forms		3,182	
Office Supplies		3,341	
Periodicals		587	
Other Supplies and Materials		5,028	
Total Chancery Court			112,042

Judicial Commissioners

County Official/Administrative Officer	\$	71,572	
Temporary Personnel		10,840	
Social Security		6,351	
State Retirement		5,686	
Medical Insurance		14,419	
Dental Insurance		709	
Communication		1,191	
Maintenance Agreements		379	
Office Supplies		426	
In Service/Staff Development		638	
Office Equipment		1,075	
Total Judicial Commissioners			113,286

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	63,876	
Deputy(ies)		1,008,022	
Salary Supplements		19,800	

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Secretary(ies)	\$	36,469	
Clerical Personnel		51,918	
Overtime Pay		64,208	
Other Salaries & Wages		45,689	
Social Security		101,477	
State Retirement		103,985	
Medical Insurance		178,067	
Dental Insurance		8,070	
Communication		14,266	
Dues and Memberships		2,730	
Evaluation and Testing		750	
Maintenance Agreements		4,147	
Maintenance & Repair Services - Equipment		1,646	
Maintenance & Repair Services - Vehicles		58,576	
Printing, Stationery, and Forms		715	
Travel		6,023	
Gasoline		136,634	
Instructional Supplies and Materials		4,089	
Law Enforcement Supplies		4,141	
Office Supplies		4,049	
Uniforms		6,731	
Communication Equipment		1,431	
Data Processing Equipment		2,571	
Law Enforcement Equipment		3,526	
Motor Vehicles		97,562	
Office Equipment		100	
Total Sheriff's Department			\$ 2,031,268

Traffic Control

Contracts with Other Public Agencies	\$	18,225	
Other Contracted Services		22,464	
Road Signs		9,242	
Total Traffic Control			49,931

Administration of the Sexual Offender Registry

Law Enforcement Supplies	\$	281	
Total Administration of the Sexual Offender Registry			281

Jail

Deputy(ies)	\$	113,949	
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(Continued)

Exhibit I-6

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Medical Personnel	\$	66,456	
Guards		609,677	
Attendants		49,517	
Cafeteria Personnel		23,323	
Overtime Pay		48,435	
Other Salaries & Wages		37,344	
Social Security		74,976	
State Retirement		66,251	
Medical Insurance		156,466	
Dental Insurance		7,219	
Communication		10,066	
Contracts with Private Agencies		44,000	
Evaluation and Testing		875	
Maintenance Agreements		2,243	
Maintenance & Repair Services - Buildings		70,800	
Maintenance & Repair Services - Equipment		866	
Medical and Dental Services		271,864	
Transportation - Other than Students		3,964	
Travel		4,164	
Custodial Supplies		46,081	
Food Supplies		228,711	
Law Enforcement Supplies		510	
Office Supplies		6,153	
Periodicals		750	
Prisoners Clothing		5,565	
Uniforms		4,141	
Communication Equipment		2,555	
Data Processing Equipment		66,338	
Furniture and Fixtures		214	
Total Jail			\$ 2,023,473

Juvenile Services

Youth Service Officer(s)	\$	146,529
Clerical Personnel		19,555
Part-time Personnel		7,195
Other Salaries & Wages		2,970
In-Service Training		2,317
Social Security		12,704
State Retirement		15,608
Medical Insurance		26,231

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Dental Insurance	\$	1,026	
Communication		3,690	
Contracts with Government Agencies		24,990	
Maintenance Agreements		1,678	
Travel		5,635	
Other Contracted Services		2,336	
Office Supplies		4,245	
Data Processing Equipment		<u>12,754</u>	
Total Juvenile Services			\$ 289,463

Rural Fire Protection

Contributions	\$	<u>217,000</u>	
Total Rural Fire Protection			217,000

Civil Defense

Supervisor/Director	\$	36,228	
Deputy(ies)		33,476	
Social Security		5,604	
State Retirement		3,339	
Medical Insurance		8,483	
Dental Insurance		430	
Communication		1,314	
Dues and Memberships		185	
Maintenance & Repair Services - Buildings		690	
Maintenance & Repair Services - Vehicles		859	
Travel		365	
Food Supplies		283	
Gasoline		269	
Office Supplies		287	
Uniforms		596	
In Service/Staff Development		1,793	
Other Charges		<u>97,137</u>	
Total Civil Defense			191,338

Rescue Squad

Contributions	\$	<u>13,000</u>	
Total Rescue Squad			13,000

County Coroner/Medical Examiner

Medical and Dental Services	\$	<u>33,845</u>	
Total County Coroner/Medical Examiner			33,845

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety

Supervisor/Director	\$	38,433	
Salary Supplements		14,552	
Dispatchers/Radio Operators		362,132	
Educational Assistants		33,698	
Overtime Pay		10,134	
Other Salaries & Wages		17,510	
Social Security		35,653	
State Retirement		42,334	
Medical Insurance		78,437	
Dental Insurance		3,782	
Total Other Public Safety			\$ 636,665

Public Health and Welfare

Local Health Center

Medical Personnel	\$	144,757	
Clerical Personnel		79,649	
Educational Assistants		184,022	
Custodial Personnel		14,675	
Social Security		33,700	
State Retirement		33,017	
Medical Insurance		53,391	
Dental Insurance		2,315	
Communication		5,796	
Contributions		40,000	
Maintenance & Repair Services - Buildings		9,622	
Maintenance & Repair Services - Office Equipment		72	
Travel		20,718	
Other Contracted Services		396	
Custodial Supplies		776	
Drugs and Medical Supplies		72	
Office Supplies		2,841	
Utilities		8,059	
Liability Insurance		349	
Other Charges		3,731	
Administration Equipment		2,774	
Total Local Health Center			640,732

Rabies and Animal Control

Supervisor/Director	\$	28,222
Deputy(ies)		20,503

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Overtime Pay	\$	3,533	
Social Security		4,013	
State Retirement		4,166	
Medical Insurance		8,909	
Dental Insurance		430	
Communication		1,877	
Dues and Memberships		125	
Laundry Service		1,452	
Maintenance & Repair Services - Buildings		196	
Maintenance & Repair Services - Vehicles		565	
Veterinary Services		4,800	
Animal Food and Supplies		606	
Custodial Supplies		732	
Drugs and Medical Supplies		120	
Gasoline		2,397	
Office Supplies		550	
Utilities		1,220	
Other Supplies and Materials		241	
Total Rabies and Animal Control			\$ 84,657

Ambulance/Emergency Medical Services

Supervisor/Director	\$	47,901
Accountants/Bookkeepers		47,804
Medical Personnel		693,131
Overtime Pay		471,514
In-Service Training		4,321
Social Security		95,690
State Retirement		95,770
Medical Insurance		144,611
Dental Insurance		6,560
Communication		8,441
Consultants		3,000
Data Processing Services		113
Dues and Memberships		390
Operating Lease Payments		1,200
Licenses		1,295
Maintenance & Repair Services - Buildings		5,085
Maintenance & Repair Services - Equipment		8,686
Maintenance & Repair Services - Vehicles		26,175
Medical and Dental Services		842

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Travel	\$	2,564	
Custodial Supplies		1,382	
Drugs and Medical Supplies		43,847	
Gasoline		37,340	
Office Supplies		5,249	
Tires and Tubes		2,411	
Uniforms		10,855	
Utilities		21,051	
Other Supplies and Materials		561	
Liability Insurance		14,361	
Vehicle and Equipment Insurance		22,841	
Communication Equipment		11,101	
Furniture and Fixtures		3,334	
Other Equipment		1,909	
Total Ambulance/Emergency Medical Services			\$ 1,841,335

Alcohol and Drug Programs

Other Supplies and Materials	\$	6,700	
Total Alcohol and Drug Programs			6,700

Appropriation to State

Contributions	\$	87,192	
Total Appropriation to State			87,192

General Welfare Assistance

Contributions	\$	20,400	
Total General Welfare Assistance			20,400

Other Waste Disposal

Disposal Fees	\$	27,895	
Total Other Waste Disposal			27,895

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	50,000	
Tax Relief Program		59,425	
Total Senior Citizens Assistance			109,425

Libraries

Contributions	\$	781,800	
Total Libraries			781,800

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$	77,500	
Secretary(ies)		41,605	
Social Security		526	
State Retirement		630	
Other Fringe Benefits		27,645	
Communication		736	
Contracts with Private Agencies		18,426	
Maintenance & Repair Services - Office Equipment		1,029	
Travel		2,491	
Data Processing Supplies		2,025	
Office Supplies		1,048	
Utilities		725	
Total Agriculture Extension Service			\$ 174,386

Soil Conservation

Secretary(ies)	\$	28,797	
Other Salaries & Wages		29,182	
Social Security		4,398	
State Retirement		5,350	
Medical Insurance		9,869	
Dental Insurance		473	
Contributions		2,000	
Total Soil Conservation			80,069

Other Operations

Industrial Development

Contributions	\$	267,299	
Traffic Control Equipment		75,140	
Total Industrial Development			342,439

Veterans' Services

Clerical Personnel	\$	12,852	
Social Security		983	
Communication		600	
Dues and Memberships		50	
Travel		1,010	
Data Processing Supplies		76	
Electricity		768	
Natural Gas		416	
Office Supplies		182	

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Water and Sewer	\$ 300	
Total Veterans' Services		\$ 17,237

Other Charges

Unemployment Compensation	\$ 12,872	
Liability Insurance	172,583	
Premiums on Corporate Surety Bonds	21,994	
Trustee's Commission	189,342	
Workers' Compensation Insurance	207,106	
Liability Claims	14,271	
Loss from Joint Ventures	81,873	
Other Charges	34,324	
Total Other Charges		734,365

Contributions to Other Agencies

Contributions	\$ 43,062	
Total Contributions to Other Agencies		43,062

Payments to Cities

Contributions	\$ 46,000	
Total Payments to Cities		46,000

Miscellaneous

Other Charges	\$ 52	
Total Miscellaneous		52

Total General Fund		\$ 14,295,227
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Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Librarians	\$ 478,199
Dues and Memberships	3,950
Janitorial Services	9,560
Maintenance & Repair Services - Buildings	14,294
Postal Charges	2,820
Printing, Stationery, and Forms	1,185
Travel	1,620
Library Books/Media	347
Periodicals	4,581

(Continued)

Exhibit I-6

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

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Utilities	\$	44,770	
Other Supplies and Materials		106,003	
Liability Insurance		70,737	
Office Equipment		12,474	
Other Capital Outlay		106,079	
Total Libraries			\$ 856,619

Total Public Library Fund \$ 856,619

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	42,013	
Secretary(ies)		29,069	
Overtime Pay		1,589	
In-Service Training		867	
Social Security		5,499	
State Retirement		6,712	
Medical Insurance		9,766	
Dental Insurance		473	
Unemployment Compensation		84	
Communication		1,144	
Maintenance & Repair Services - Buildings		4,289	
Postal Charges		1,037	
Travel		902	
Custodial Supplies		757	
Utilities		8,529	
Other Supplies and Materials		2,206	
Trustee's Commission		18,311	
Other Charges		9,604	
Total Sanitation Management			\$ 142,851

Waste Pickup

Truck Drivers	\$	96,689	
Guards		21,352	
Overtime Pay		21,377	
Social Security		10,517	
State Retirement		7,192	
Medical Insurance		24,861	
Dental Insurance		946	

(Continued)

Exhibit I-6

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Unemployment Compensation	\$	203	
Contracts with Government Agencies		20,551	
Contracts with Private Agencies		263,940	
Maintenance & Repair Services - Equipment		46	
Maintenance & Repair Services - Vehicles		17,745	
Medical and Dental Services		115	
Diesel Fuel		40,481	
Garage Supplies		3,372	
Gasoline		5,942	
Tires and Tubes		3,145	
Uniforms		2,132	
Other Supplies and Materials		2,375	
Vehicle and Equipment Insurance		5,775	
Other Equipment		203,500	
Total Waste Pickup			\$ 752,256

Convenience Centers

Attendants	\$	128,069	
Overtime Pay		4,445	
Other Salaries & Wages		10,704	
Social Security		11,244	
State Retirement		11,076	
Medical Insurance		43,285	
Dental Insurance		1,655	
Unemployment Compensation		525	
Communication		5,849	
Maintenance & Repair Services - Buildings		5,272	
Maintenance & Repair Services - Equipment		14,428	
Rentals		5,345	
Electricity		6,229	
Solid Waste Equipment		21,883	
Total Convenience Centers			270,009

Other Waste Collection

Supervisor/Director	\$	12,500	
Secretary(ies)		7,500	
Social Security		1,511	
State Retirement		1,834	
Contracts with Private Agencies		43,462	
Contracts with Vehicle Owners		900	
Total Other Waste Collection			67,707

(Continued)

Exhibit I-6

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations

Other Charges

Workers' Compensation Insurance	\$ 18,500	
Total Other Charges		\$ 18,500

Total Solid Waste/Sanitation Fund \$ 1,251,323

Industrial/Economic Development Fund

Other Operations

Industrial Development

Other Contracted Services	\$ 800	
Electricity	265	
Trustee's Commission	56	
Other Charges	14,435	
Total Industrial Development		\$ 15,556

Total Industrial/Economic Development Fund 15,556

Local Purpose Tax Fund

Other Operations

Industrial Development

Contracts with Government Agencies	\$ 75,000	
Trustee's Commission	3,104	
Total Industrial Development		\$ 78,104

Total Local Purpose Tax Fund 78,104

Drug Control Fund

Public Safety

Drug Enforcement

Advertising	\$ 50	
Confidential Drug Enforcement Payments	5,000	
Dues and Memberships	250	
Maintenance & Repair Services - Equipment	10,800	
Travel	8,696	
Instructional Supplies and Materials	4,309	
Law Enforcement Supplies	3,902	
Trustee's Commission	742	
Other Charges	7,381	
Communication Equipment	4,139	
Law Enforcement Equipment	89,425	
Motor Vehicles	79,693	
Total Drug Enforcement		\$ 214,387

Total Drug Control Fund 214,387

(Continued)

Exhibit I-6

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

District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$	4,910	
Dues and Memberships		90	
Janitorial Services		2,080	
Travel		1,235	
Office Supplies		1,077	
Other Supplies and Materials		89,771	
Other Charges		1,350	
Total District Attorney General			\$ 100,513

Total District Attorney General Fund \$ 100,513

Other Special Revenue Fund

Public Safety

Commissary

Supervisor/Director	\$	22,638	
Social Security		1,732	
State Retirement		2,093	
Medical Insurance		4,935	
Dental Insurance		236	
Unemployment Compensation		37	
Communication		255	
Maintenance Agreements		1,800	
Food Supplies		38,092	
Gasoline		273	
Office Supplies		1,411	
Other Supplies and Materials		12,113	
Trustee's Commission		95	
Other Charges		8,102	
Total Commissary			\$ 93,812

Total Commissary Fund 93,812

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	160,900	
Total Register of Deeds			\$ 160,900

(Continued)

Exhibit I-6

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

Constitutional Officers - Fees Fund (Cont.)

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 179,200	
Total County Trustee's Office		\$ 179,200

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 266,369	
Total County Clerk's Office		266,369

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$ 559,152	
Total Circuit Court		559,152

General Sessions Court Clerk

Constitutional Officers' Operating Expenses	\$ 4,710	
Total General Sessions Court Clerk		4,710

Chancery Court

Constitutional Officers' Operating Expenses	\$ 125,826	
Total Chancery Court		125,826

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$ 434	
Total Sheriff's Department		434

Total Constitutional Officers - Fees Fund		\$ 1,296,591
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 63,876
Assistant(s)	40,842
Secretary(ies)	26,123
Board and Committee Members Fees	6,000
Social Security	10,456
State Retirement	12,065
Medical Insurance	22,203
Dental Insurance	645
Unemployment Compensation	31
Accounting Services	12,000

(Continued)

Exhibit I-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Dues and Memberships	\$	3,230	
Engineering Services		8,438	
Evaluation and Testing		710	
Legal Services		3,083	
Maintenance & Repair Services - Office Equipment		65	
Postal Charges		39	
Printing, Stationery, and Forms		117	
Travel		180	
Other Contracted Services		4,421	
Office Supplies		679	
Other Charges		3,368	
Total Administration			\$ 218,571

Highway and Bridge Maintenance

Equipment Operators	\$	347,048	
Truck Drivers		13,212	
Social Security		27,178	
State Retirement		22,636	
Medical Insurance		144,072	
Dental Insurance		2,952	
Unemployment Compensation		1,124	
Other Contracted Services		407,459	
Asphalt - Cold Mix		898	
Asphalt - Liquid		440,851	
Concrete		1,961	
Crushed Stone		226,051	
General Construction Materials		1,207	
Other Road Supplies		33	
Pipe - Concrete		49,322	
Pipe - Metal		267	
Road Signs		3,053	
Salt		2,053	
Structural Steel		1,124	
Wood Products		130	
Other Supplies and Materials		406	
Total Highway and Bridge Maintenance			1,693,037

Operation and Maintenance of Equipment

Mechanic(s)	\$	46,856
Social Security		3,566

(Continued)

Exhibit I-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

State Retirement	\$	4,258	
Medical Insurance		22,398	
Dental Insurance		430	
Unemployment Compensation		36	
Laundry Service		2,179	
Maintenance & Repair Services - Equipment		1,990	
Other Contracted Services		7,782	
Diesel Fuel		92,339	
Equipment and Machinery Parts		61,368	
Garage Supplies		1,421	
Gasoline		21,152	
Lubricants		3,671	
Tires and Tubes		11,394	
Other Supplies and Materials		2,758	
Total Operation and Maintenance of Equipment			\$ 283,598

Other Charges

Communication	\$	2,425	
Electricity		4,464	
Natural Gas		1,626	
Water and Sewer		322	
Liability Insurance		35,447	
Trustee's Commission		19,944	
Workers' Compensation Insurance		65,662	
Other Charges		486	
Total Other Charges			130,376

Capital Outlay

Bridge Construction	\$	6,100	
Highway Equipment		133,655	
Total Capital Outlay			139,755

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$	6,225	
Total Highways and Streets			6,225

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$	40	
Total Highways and Streets			40

Total Highway/Public Works Fund \$ 2,471,602

(Continued)

Exhibit I-6

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	565,000	
Principal on Notes		109,000	
Principal on Other Loans		355,000	
Total General Government			\$ 1,029,000

Interest on Debt

General Government

Interest on Bonds	\$	81,373	
Interest on Notes		17,804	
Interest on Other Loans		327,491	
Total General Government			426,668

Other Debt Service

General Government

Bank Charges	\$	741	
Trustee's Commission		18,440	
Underwriter's Discount		70,295	
Other Debt Issuance Charges		87,407	
Other Debt Service		5,246	
Total General Government			182,129

Total General Debt Service Fund \$ 1,637,797

Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$	295,000	
Principal on Notes		148,491	
Principal on Other Loans		265,000	
Total Education			\$ 708,491

Interest on Debt

Education

Interest on Bonds	\$	89,270	
Interest on Notes		18,892	
Interest on Other Loans		11,155	
Total Education			119,317

(Continued)

Exhibit I-6

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

Rural Debt Service Fund (Cont.)

Other Debt Service

Education

Trustee's Commission	\$	10,997	
Underwriter's Discount		26,150	
Other Debt Issuance Charges		14,884	
Other Debt Service		580	
Total Education		<u>580</u>	\$ <u>52,611</u>

Total Rural Debt Service Fund \$ 880,419

Special Debt Service Fund

Other Debt Service

General Government

Trustee's Commission	\$	1,042	
Total General Government		<u>1,042</u>	\$ <u>1,042</u>

Total Special Debt Service Fund 1,042

Education Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$	170,000	
Total Education		<u>170,000</u>	\$ 170,000

Interest on Debt

Education

Interest on Bonds	\$	119,234	
Total Education		<u>119,234</u>	119,234

Other Debt Service

Education

Trustee's Commission	\$	7,218	
Underwriter's Discount		41,100	
Other Debt Issuance Charges		24,792	
Other Debt Service		1,275	
Total Education		<u>1,275</u>	<u>74,385</u>

Total Education Debt Service Fund 363,619

(Continued)

Exhibit I-6

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

<u>Other Debt Service Fund</u>		
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 273	
Total General Government	<u>\$ 273</u>	\$ 273
Total Other Debt Service Fund		\$ 273
<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>General Administration Projects</u>		
Furniture and Fixtures	\$ 4,000	
Other Capital Outlay	191,630	
Total General Administration Projects	<u>\$ 195,630</u>	\$ 195,630
<u>Public Safety Projects</u>		
Heating and Air Conditioning Equipment	\$ 9,900	
Total Public Safety Projects		9,900
<u>Public Health and Welfare Projects</u>		
Building Improvements	\$ 154,314	
Total Public Health and Welfare Projects		154,314
<u>Public Utility Projects</u>		
Other Capital Outlay	\$ 812,378	
Total Public Utility Projects		812,378
<u>Other General Government Projects</u>		
Other Construction	\$ 117,028	
Total Other General Government Projects		<u>117,028</u>
Total General Capital Projects Fund		1,289,250
<u>Education Capital Projects Fund</u>		
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	\$ 718,460	
Total Capital Projects Donated to School Department		<u>\$ 718,460</u>
Total Education Capital Projects Fund		718,460
<u>Other Capital Projects Fund</u>		
<u>Public Health and Welfare</u>		
<u>Ambulance/Emergency Medical Services</u>		
Maintenance & Repair Services - Vehicles	\$ 56,200	
Trustee's Commission	1,450	
Total Ambulance/Emergency Medical Services		<u>\$ 57,650</u>
Total Other Capital Projects Fund		<u>57,650</u>
Total Governmental Funds - Primary Government		<u>\$ 25,622,244</u>

Exhibit I-7

Coffee County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund
For the Year Ended June 30, 2007

	Enterprise Fund
	Wayside Acres Sewer Fund
<hr/>	
<u>Revenues</u>	
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Water Treatment Charges	\$ 7,886
Other General Service Charges	12,101
Total Operating Revenues	<u>\$ 19,987</u>
<u>Nonoperating Revenues</u>	
Contributions	\$ 522,537
Total Nonoperating Revenues	<u>\$ 522,537</u>
Total Revenues	<u>\$ 542,524</u>
<u>Expenses</u>	
<u>Operating Expenses</u>	
<u>Public Health and Welfare</u>	
Communication	\$ 425
Engineering Services	45
Legal Notices, Recording, and Court Costs	90
Maintenance and Repair Services - Equipment	165
Electricity	1,027
Office Supplies	227
Water and Sewer	28
Other Supplies and Materials	1,296
Total Operating Expenses	<u>\$ 3,303</u>
<u>Nonoperating Expenses</u>	
Interest on Other Loans	\$ 8,309
Total Nonoperating Expenses	<u>\$ 8,309</u>
Total Expenses	<u>\$ 11,612</u>

Exhibit I-8

Coffee 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- Tulahoma Fund	City School ADA- Manchester Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 3,463,282	\$ 1,390,991	\$ 4,854,273
Trustee's Collections - Prior Years	0	104,416	40,400	144,816
Trustee's Collections - Bankruptcy	0	3,265	1,308	4,573
Circuit/Clerk and Master Collections - Prior Years	0	46,377	18,625	65,002
Interest and Penalty	0	36,620	15,765	52,385
Payments in-Lieu-of Taxes - TVA	0	340	136	476
Payments in-Lieu-of Taxes - Other	0	909	365	1,274
Interstate Telecommunications Tax	0	2,802	1,125	3,927
Local Option Sales Tax	9,693,507	0	0	9,693,507
Marriage Licenses	0	1,775	713	2,488
Alcoholic Beverage Tax	0	3,312	1,330	4,642
Total Cash Receipts	<u>\$ 9,693,507</u>	<u>\$ 3,663,098</u>	<u>\$ 1,470,758</u>	<u>\$ 14,827,363</u>
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 9,606,512	\$ 3,605,439	\$ 1,413,456	\$ 14,625,407
Trustee's Commission	86,995	72,615	39,097	198,707
Total Cash Disbursements	<u>\$ 9,693,507</u>	<u>\$ 3,678,054</u>	<u>\$ 1,452,553</u>	<u>\$ 14,824,114</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ (14,956)	\$ 18,205	\$ 3,249
Cash Balance, July 1, 2006	0	(35,225)	35,594	369
Cash Balance, June 30, 2007	<u>\$ 0</u>	<u>\$ (50,181)</u>	<u>\$ 53,799</u>	<u>\$ 3,618</u>

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

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

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

JAMES R. ARNETTE
Director

CARL LOWE, CGFM
Audit Manager

STEVE REEDER, CPA, CGFM, CFE
Auditor 4

AMY HEWITT, CFE
JENI PALADENI
State Auditors

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

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

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

Scope

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

Results

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

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

Findings

The following are summaries of the audit findings:

COFFEE COUNTY SCHOOL DEPARTMENT

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.
- ◆ The School Department has not completed the steps set forth in the implementation plan for GASB Statement No. 34 filed with the Comptroller of the Treasury.
- ◆ School officials maintained inventory records of assets owned by the School Department; however, these assets were not verified by personnel independent of maintaining the inventory records.
- ◆ The extended school program did not deposit some funds within three days of collection.
- ◆ County officials had not adopted a central system of accounting and budgeting.
- ◆ Duties were not segregated adequately in the Office of Director of Schools.
- ◆ A portion of sales taxes collected outside municipalities was not apportioned with city school systems.

INTRODUCTORY SECTION

Coffee County School Officials
June 30, 2007

Official

Kenny Casteel, Director of Schools

Board of Education

Jimmy Sain, Chairman

Tommy Allen

Reggie Johnson

Ricky Milburn

Kathy Norton

Esther Sims

Paul Thornton

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

December 21, 2007

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

To the Director of Schools and Board of Education:

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Coffee County School Department, a component unit of Coffee County, Tennessee, as of and for the year ended June 30, 2007, as shown on pages 15 through 30, which collectively comprise a portion of the Coffee County School Department's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Coffee 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 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. 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 School Department's governmental activities are not reasonably determinable.

As described in Note I, the Coffee County School Department 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 school departments 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 the Coffee County School Department 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 the major fund and the aggregate remaining fund information of the Coffee County School Department 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 December 21, 2007, on our consideration of the Coffee 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 budgetary comparison information on pages 33 through 35 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 Coffee 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 miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 10,430	\$ 2,641	\$ 13,071
Equity in Pooled Cash and Investments	3,705,834	835,917	4,541,751
Accounts Receivable	34,293	411	34,704
Due from Other Governments	724,012	858	724,870
Property Taxes Receivable	7,008,240	0	7,008,240
Allowance for Uncollectible Property Taxes	(171,805)	0	(171,805)
Total Assets	<u>\$ 11,311,004</u>	<u>\$ 839,827</u>	<u>\$ 12,150,831</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 10,952	\$ 9	\$ 10,961
Accrued Payroll	1,824,352	170,302	1,994,654
Payroll Deductions Payable	780,287	52,304	832,591
Claims and Judgements Payable	108,503	266	108,769
Deferred Revenue - Current Property Taxes	6,673,103	0	6,673,103
Deferred Revenue - Delinquent Property Taxes	106,076	0	106,076
Other Deferred Revenues	315,275	0	315,275
Total Liabilities	<u>\$ 9,818,548</u>	<u>\$ 222,881</u>	<u>\$ 10,041,429</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 505,236	\$ 9,270	\$ 514,506
Other Local Education Reserves	69,108	0	69,108
Reserved for Capital Outlay	221,500	0	221,500
Reserved for Career Ladder Program	11,078	0	11,078
Reserved for Title I Grants to Local Education Agencies	0	1,349	1,349
Reserved for Other General Purposes	58,650	0	58,650
Unreserved, Reported In:			
General Fund	626,884	0	626,884
Special Revenue Funds	0	606,327	606,327
Total Fund Balances	<u>\$ 1,492,456</u>	<u>\$ 616,946</u>	<u>\$ 2,109,402</u>
Total Liabilities and Fund Balances	<u>\$ 11,311,004</u>	<u>\$ 839,827</u>	<u>\$ 12,150,831</u>

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

Exhibit B

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

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern- mental	Governmental
	School	Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 9,542,827	\$ 0	\$ 9,542,827
Licenses and Permits	2,459	0	2,459
Charges for Current Services	202,072	887,182	1,089,254
Other Local Revenues	87,357	10,103	97,460
State of Tennessee	16,308,683	25,262	16,333,945
Federal Government	96,221	2,752,819	2,849,040
Other Governments and Citizens Groups	718,460	0	718,460
Total Revenues	<u>\$ 26,958,079</u>	<u>\$ 3,675,366</u>	<u>\$ 30,633,445</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 17,021,925	\$ 1,351,296	\$ 18,373,221
Support Services	9,068,796	303,660	9,372,456
Operation of Non-Instructional Services	626,120	2,091,970	2,718,090
Capital Outlay	143,217	0	143,217
Debt Service:			
Principal on Debt	68,513	0	68,513
Interest on Debt	15,351	0	15,351
Total Expenditures	<u>\$ 26,943,922</u>	<u>\$ 3,746,926</u>	<u>\$ 30,690,848</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 14,157</u>	<u>\$ (71,560)</u>	<u>\$ (57,403)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 11,641	\$ 0	\$ 11,641
Transfers In	7,535	0	7,535
Transfers Out	0	(7,535)	(7,535)
Total Other Financing Sources (Uses)	<u>\$ 19,176</u>	<u>\$ (7,535)</u>	<u>\$ 11,641</u>
Net Change in Fund Balances	\$ 33,333	\$ (79,095)	\$ (45,762)
Fund Balance, July 1, 2006	1,459,123	696,041	2,155,164
Fund Balance, June 30, 2007	<u>\$ 1,492,456</u>	<u>\$ 616,946</u>	<u>\$ 2,109,402</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Coffee County School Department'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.

The School Department has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. 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 No. 34 and accounting principles generally accepted in the United States of America. The School Department 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 the School Department's auditor to issue an adverse opinion on the School Department's financial statements.

Although the School Department'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 No. 34. These standards require fund financial statements that are presented in conformity with all the provisions of GASB Statement No. 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 the School Department:

A. Reporting Entity

The School Department operates the public school system in the county, and the voters of Coffee County elect its board. The School Department is a component unit of Coffee County, the primary government. The School Department is fiscally dependent on the county because it may not issue debt

without county approval, and its budget and property tax levy are subject to the Coffee County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

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

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.

Separate financial statements are provided for governmental 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.

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

The School Department reports the following major governmental fund:

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

Additionally, the School Department reports the following fund type:

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

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

2. Receivables and Payables

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.61 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.

Claims and judgments payable on the balance sheets of the General Purpose School Fund (\$108,503) and the nonmajor special revenue funds (\$266) represent unpaid claims of the School Department's self-insured dental and vision plans at June 30, 2007.

3. Capital Assets

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

4. Compensated Absences

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

5. Long-term Obligations

Only the matured portion (the portion that has come due for payment) of long-term indebtedness is recognized as a liability and expenditure in the governmental fund financial statements.

6. Fund Equity

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds. 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 Coffee 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 Programs, Attendance, Board of Education, Director of Schools, etc.). Management may make revisions within major categories, but only the

Coffee 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.

B. Expenditures and Encumbrances Exceeded Appropriations

Expenditures and encumbrances exceeded appropriations approved by the Coffee County Commission in the Instruction – Special Education Program (\$947) and the Support Services – Vocational Education Program (\$479) major appropriation categories (the legal level of control) of the School Federal Projects Fund. Such overexpenditures are a violation of state statute. These overexpenditures were funded by available fund balances and reserves.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Coffee County, the School Department’s primary government, is 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, Coffee County had the following investments carried at cost. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Coffee County and the School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	<u>\$ 484,381</u>
Total		<u><u>\$ 484,381</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. Coffee 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 insurer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Coffee County has no

investment policy that would further limit its investment choices. As of June 30, 2007, the Coffee County's investment in the State Treasurer's Investment Pool was unrated.

B. Interfund Transfers

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

	Transfers In
Transfers Out	General Purpose School Fund
Nonmajor governmental funds	\$ 7,535
Total	<u>\$ 7,535</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.

C. Long-term Debt

Since the School Department 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 the School Department is not presenting government-wide financial statements.

Capital Outlay Note

Capital outlay notes are issued to fund capital facilities and other capital outlay purchases, such as equipment.

The School Department's capital outlay note is a direct obligation and pledges the full faith and credit of the government. The capital outlay note outstanding was issued for an original term of five years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The capital outlay note outstanding at June 30, 2007, will be retired from the General Purpose School Fund.

The capital outlay note outstanding as of June 30, 2007, is as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
Capital Outlay Note	4.07 %	\$ 372,000	\$ 303,487

The annual requirements to amortize the capital outlay note outstanding as of June 30, 2007, including interest, are presented in the following table:

Year Ending June 30	Note	
	Principal	Interest
2008	\$ 71,340	\$ 12,523
2009	74,258	9,606
2010	77,348	6,515
2011	80,541	3,324
Total	<u>\$ 303,487</u>	<u>\$ 31,968</u>

Debt per capita for the School Department totaled \$6, 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:

	Note
Balance, July 1, 2006	\$ 372,000
Deductions	(68,513)
Balance, June 30, 2007	<u>\$ 303,487</u>
Balance Due Within One Year	<u>\$ 71,340</u>

D. Short-term Debt

The county issued revenue anticipation notes in advance of collections and deposited the proceeds in the School Federal Projects Fund and Central Cafeteria Fund. These notes were necessary because funds were not available to meet fund obligations coming due before current revenue collections. Short-term debt activity for the year ended June 30, 2007, was as follows:

	Balance 7-1-06	Issued	Redeemed	Balance 6-30-07
School Federal Projects	\$ 0	\$ 180,000	\$ (180,000)	\$ 0
Central Cafeteria	0	150,000	(150,000)	0

IV. OTHER INFORMATION

A. Risk Management

The School Department's risk of loss relating to general liability, property, casualty, and workers' compensation are covered by their participation in the Tennessee Schools 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. Annual premiums are paid to the pool for the risk coverage noted above. The creation of the TSB-RMT provides for it to be self-sustaining through member premiums.

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

The School Department provides a self-insured dental and vision plan for all full-time employees to participate in through the General Purpose School Fund. The cost of this plan for school employees was provided by appropriations made for that purpose. Payroll deductions were made from employees' compensation for the portion of premiums relating to family coverage. The dental and vision plan provides maximum yearly benefit amounts for participants. The maximum calendar year benefit under the dental plan is \$1,500 per person. The vision plan also contains limits on benefits and the number of procedures covered by the plan. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The self-insurance program funds established claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustments and expenditures, if any. In addition, estimated recoveries, if

any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

		Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	End of Fiscal Year Liability
2005-06	\$	36,505	\$ 317,942	\$ 294,525	59,922
2006-07		59,922	350,379	301,532	108,769

B. Change in Administration

On October 20, 2006, Daniel Brigman resigned as director of schools and was succeeded by Kenny Casteel.

C. Contingent Liabilities

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

D. Jointly Governed Organization

The Coffee County School Department is a member of the Volunteer State Cooperative (VOLCO). The cooperative was established through a contractual agreement between the Boards of Education of Bedford County, Coffee County, Dickson County, Manchester City, Maury County, Stewart County, and Sumner County. The cooperative was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Bedford County School Department) and a service provider to provide these services. The cooperative is governed by a Representative Committee, including one representative from each of the member districts, and an Executive Council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the Representative Committee. The cooperative began operations in July 1998.

E. Retirement Commitments

Employees

Plan Description

Employees of Coffee 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 Coffee 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 Coffee 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 V.H. of the Annual Financial Report of Coffee 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 <http://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 \$906,105, \$762,250, and \$700,253, respectively, equal to the required contributions for each year.

F. Other Post-employment Benefits

The School Department provides post-retirement health care benefits, in accordance with board policy and contract provisions, to all employees who have been covered under the county group medical plan for one full year prior to retirement and retire from the county on or after age 60 with at least 15 years of service, or retire after age 60 with a minimum of 25 years of vested service with the Tennessee Consolidated Retirement System and 15 years of service with the School Department. During the year, 46 school

retirees met those eligibility requirements. The School Department pays 55 percent of medical premiums for retirees until they reach the age of 65. During the year, expenditures totaling \$115,303 were recognized for post-employment health care.

G. Purchasing Law

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit C

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Coffee 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	\$ 9,542,827	\$ 0	\$ 0	\$ 9,542,827	\$ 9,798,594	\$ 9,798,594	\$ (255,767)
Licenses and Permits	2,459	0	0	2,459	1,600	1,600	859
Fines, Forfeitures, and Penalties	0	0	0	0	400	0	0
Charges for Current Services	202,072	0	0	202,072	223,000	228,000	(25,928)
Other Local Revenues	87,357	0	0	87,357	19,100	63,519	23,838
State of Tennessee	16,308,683	0	0	16,308,683	15,902,314	16,305,042	3,641
Federal Government	96,221	0	0	96,221	109,080	96,520	(299)
Other Governments and Citizens Groups	718,460	0	0	718,460	0	496,960	221,500
Total Revenues	\$ 26,958,079	\$ 0	\$ 0	\$ 26,958,079	\$ 26,054,088	\$ 26,990,235	\$ (32,156)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 13,566,036	\$ (24,057)	\$ 1,533	\$ 13,543,512	\$ 13,298,113	\$ 13,612,221	\$ 68,709
Special Education Program	2,287,018	0	0	2,287,018	2,312,902	2,287,502	484
Vocational Education Program	1,111,636	(160)	444	1,111,920	1,065,473	1,122,888	10,968
Student Body Education Program	57,235	0	0	57,235	27,198	57,570	335
<u>Support Services</u>							
Attendance	82,531	(129)	0	82,402	82,823	83,881	1,479
Health Services	274,481	0	0	274,481	274,668	278,536	4,055
Other Student Support	694,736	(4,479)	480	690,737	708,108	708,563	17,826
Regular Instruction Program	1,037,213	0	2,161	1,039,374	1,031,155	1,043,276	3,902
Special Education Program	187,226	0	0	187,226	186,026	191,007	3,781
Vocational Education Program	111,387	0	0	111,387	114,449	114,965	3,578
Board of Education	895,137	0	0	895,137	860,214	911,292	16,155
Director of Schools	232,731	0	0	232,731	248,830	249,453	16,722
Office of the Principal	1,347,312	0	150	1,347,462	1,343,317	1,351,822	4,360

(Continued)

Exhibit C

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Coffee 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	\$ 237,869	\$ 0	\$ 1,833	\$ 239,702	\$ 240,566	\$ 241,854	\$ 2,152
Operation of Plant	1,530,544	0	0	1,530,544	1,516,437	1,551,176	20,632
Maintenance of Plant	438,560	(2,000)	0	436,560	420,449	460,466	23,906
Transportation	1,999,069	(6,000)	0	1,993,069	2,064,995	2,078,156	85,087
<u>Operation of Non-Instructional Services</u>							
Community Services	253,127	(563)	580	253,144	316,511	316,511	63,367
Early Childhood Education	372,993	(1,503)	1,095	372,585	208,815	372,621	36
<u>Capital Outlay</u>							
Regular Capital Outlay	143,217	(28,000)	496,960	612,177	125,000	621,960	9,783
<u>Principal on Debt</u>							
Education	68,513	0	0	68,513	65,500	68,514	1
<u>Interest on Debt</u>							
Education	15,351	0	0	15,351	9,500	15,351	0
Total Expenditures	\$ 26,943,922	\$ (66,891)	\$ 505,236	\$ 27,382,267	\$ 26,521,049	\$ 27,739,585	\$ 357,318
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 14,157	\$ 66,891	\$ (505,236)	\$ (424,188)	\$ (466,961)	\$ (749,350)	\$ 325,162
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 11,641	\$ 0	\$ 0	\$ 11,641	\$ 0	\$ 20,111	\$ (8,470)
Transfers In	7,535	0	0	7,535	10,000	10,000	(2,465)
Total Other Financing Sources (Uses)	\$ 19,176	\$ 0	\$ 0	\$ 19,176	\$ 10,000	\$ 30,111	\$ (10,935)
Net Change in Fund Balance							
Fund Balance, July 1, 2006	\$ 1,459,123	(66,891)	(505,236)	(405,012)	(456,961)	(719,239)	314,227
Fund Balance, June 30, 2007	\$ 1,492,456	\$ 0	\$ (505,236)	\$ 987,220	\$ 773,872	\$ 511,594	\$ 475,626

**COFFEE COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF COFFEE 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 Coffee 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, Special Education Program, Board of Education, Director of Schools, etc.). Management may make revisions within major categories, but only the Coffee 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.

Exhibit D-1

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

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,641	\$ 2,641
Equity in Pooled Cash and Investments	144,704	691,213	835,917
Accounts Receivable	0	411	411
Due from Other Governments	0	858	858
Total Assets	<u>\$ 144,704</u>	<u>\$ 695,123</u>	<u>\$ 839,827</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 0	\$ 9	\$ 9
Accrued Payroll	108,679	61,623	170,302
Payroll Deductions Payable	30,778	21,526	52,304
Claims and Judgments Payable	0	266	266
Total Liabilities	<u>\$ 139,457</u>	<u>\$ 83,424</u>	<u>\$ 222,881</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 3,898	\$ 5,372	\$ 9,270
Reserved for Title I Grants to Local Education Agencies	1,349	0	1,349
Unreserved	0	606,327	606,327
Total Fund Balances	<u>\$ 5,247</u>	<u>\$ 611,699</u>	<u>\$ 616,946</u>
Total Liabilities and Fund Balances	<u>\$ 144,704</u>	<u>\$ 695,123</u>	<u>\$ 839,827</u>

Exhibit D-2

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

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 887,182	\$ 887,182
Other Local Revenues	0	10,103	10,103
State of Tennessee	0	25,262	25,262
Federal Government	1,650,836	1,101,983	2,752,819
Total Revenues	<u>\$ 1,650,836</u>	<u>\$ 2,024,530</u>	<u>\$ 3,675,366</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,351,296	\$ 0	\$ 1,351,296
Support Services	303,660	0	303,660
Operation of Non-Instructional Services	0	2,091,970	2,091,970
Total Expenditures	<u>\$ 1,654,956</u>	<u>\$ 2,091,970</u>	<u>\$ 3,746,926</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (4,120)</u>	<u>\$ (67,440)</u>	<u>\$ (71,560)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (7,535)	\$ 0	\$ (7,535)
Total Other Financing Sources (Uses)	<u>\$ (7,535)</u>	<u>\$ 0</u>	<u>\$ (7,535)</u>
Net Change in Fund Balances	\$ (11,655)	\$ (67,440)	\$ (79,095)
Fund Balance, July 1, 2006	16,902	679,139	696,041
Fund Balance, June 30, 2007	<u>\$ 5,247</u>	<u>\$ 611,699</u>	<u>\$ 616,946</u>

Exhibit D-3

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,650,836	\$ 0	\$ 0	\$ 1,650,836	\$ 1,638,013	\$ 1,721,601	\$ (70,765)
Total Revenues	\$ 1,650,836	\$ 0	\$ 0	\$ 1,650,836	\$ 1,638,013	\$ 1,721,601	\$ (70,765)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 500,196	\$ (2,306)	\$ 3,898	\$ 501,788	\$ 511,650	\$ 518,108	\$ 16,320
Special Education Program	773,471	0	0	773,471	763,851	772,524	(947)
Vocational Education Program	77,629	(6,121)	0	71,508	72,463	71,988	480
<u>Support Services</u>							
Other Student Support	52,528	0	0	52,528	54,822	52,541	13
Regular Instruction Program	149,711	(8,475)	0	141,236	120,503	196,701	55,465
Special Education Program	85,219	0	0	85,219	91,478	85,669	450
Vocational Education Program	15,196	0	0	15,196	14,343	14,717	(479)
Office of the Principal	1,006	0	0	1,006	1,500	1,500	494
Total Expenditures	\$ 1,654,956	\$ (16,902)	\$ 3,898	\$ 1,641,952	\$ 1,630,610	\$ 1,713,748	\$ 71,796
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,120)	\$ 16,902	\$ (3,898)	\$ 8,884	\$ 7,403	\$ 7,853	\$ 1,031
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (7,535)	\$ 0	\$ 0	\$ (7,535)	\$ (7,403)	\$ (7,853)	\$ 318
Total Other Financing Sources (Uses)	\$ (7,535)	\$ 0	\$ 0	\$ (7,535)	\$ (7,403)	\$ (7,853)	\$ 318
Net Change in Fund Balance	\$ (11,655)	\$ 16,902	\$ (3,898)	\$ 1,349	\$ 0	\$ 0	\$ 1,349
Fund Balance, July 1, 2006	16,902	(16,902)	0	0	0	0	0
Fund Balance, June 30, 2007	\$ 5,247	\$ 0	\$ (3,898)	\$ 1,349	\$ 0	\$ 0	\$ 1,349

Exhibit D-4

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 887,182	\$ 0	\$ 0	\$ 887,182	\$ 918,650	\$ 918,650	\$ (31,468)
Other Local Revenues	10,103	0	0	10,103	7,500	7,500	2,603
State of Tennessee	25,262	0	0	25,262	25,000	25,000	262
Federal Government	1,101,983	0	0	1,101,983	1,135,000	1,135,000	(33,017)
Total Revenues	\$ 2,024,530	\$ 0	\$ 0	\$ 2,024,530	\$ 2,086,150	\$ 2,086,150	\$ (61,620)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 2,091,970	\$ (20,353)	\$ 5,372	\$ 2,076,989	\$ 1,957,512	\$ 2,083,512	\$ 6,523
Total Expenditures	\$ 2,091,970	\$ (20,353)	\$ 5,372	\$ 2,076,989	\$ 1,957,512	\$ 2,083,512	\$ 6,523
Excess (Deficiency) of Revenues Over Expenditures	\$ (67,440)	\$ 20,353	\$ (5,372)	\$ (52,459)	\$ 128,638	\$ 2,638	\$ (55,097)
Net Change in Fund Balance	\$ (67,440)	\$ 20,353	\$ (5,372)	\$ (52,459)	\$ 128,638	\$ 2,638	\$ (55,097)
Fund Balance, July 1, 2006	679,139	(20,353)	0	658,786	655,760	655,760	3,026
Fund Balance, June 30, 2007	\$ 611,699	\$ 0	\$ (5,372)	\$ 606,327	\$ 784,398	\$ 658,398	\$ (52,071)

MISCELLANEOUS SCHEDULES

Exhibit E-1

Coffee County, Tennessee
Schedule of Changes in Long-term Notes
Coffee County School Department
For the Year Ended June 30, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate		Date of Issue	Last Maturity Date	Outstanding 7-1-06	Paid and/or Matured During Period	Outstanding 6-30-07
<u>NOTES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
School Buses	\$ 372,000	4.07	%	10-24-05	10-24-10	<u>\$ 372,000</u>	<u>\$ 68,513</u>	<u>\$ 303,487</u>

Exhibit E-2

Coffee County, Tennessee
Schedule of Transfers
Coffee 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	\$ 7,535
Total Transfers			<u>\$ 7,535</u>

Exhibit E-3

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
Director of Schools:				
Daniel Brigman (7-1-06 through 10-20-06)	State Board of Education and Coffee County Board of Education	\$ 32,683	(1)	
Kenny Casteel (10-21-06 through 6-30-07)	State Board of Education and Coffee County Board of Education	52,886	(1)	
Employee Dishonesty Bond Coverage:				
School Employees			\$ 150,000	Tennessee School Boards Risk Management Trust

(1) The director is covered under the School Department's blanket bond.

Exhibit E-4

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 5,198,815	\$ 0	\$ 0	\$ 5,198,815
Trustee's Collections - Prior Year	119,823	0	0	119,823
Trustee's Collections - Bankruptcy	4,838	0	0	4,838
Circuit/Clerk and Master Collections - Prior Years	61,542	0	0	61,542
Interest and Penalty	48,501	0	0	48,501
Payments in-Lieu-of Taxes - T.V.A.	505	0	0	505
Payments in-Lieu-of Taxes - Other	1,384	0	0	1,384
<u>County Local Option Taxes</u>				
Local Option Sales Tax	4,103,326	0	0	4,103,326
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	4,093	0	0	4,093
Total Local Taxes	\$ 9,542,827	\$ 0	\$ 0	\$ 9,542,827
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,459	\$ 0	\$ 0	\$ 2,459
Total Licenses and Permits	\$ 2,459	\$ 0	\$ 0	\$ 2,459
<u>Charges for Current Services</u>				
<u>Fees</u>				
Recreation Fees	\$ 3,355	\$ 0	\$ 0	\$ 3,355
<u>Education Charges</u>				
Tuition - Summer School	19,360	0	0	19,360
Lunch Payments - Children	0	0	504,623	504,623
Lunch Payments - Adults	0	0	57,409	57,409
Income from Breakfast	0	0	62,468	62,468
A la carte Sales	0	0	262,302	262,302
Receipts from Individual Schools	52,658	0	40	52,698
Community Service Fees - Children	116,470	0	0	116,470
<u>Other Charges for Services</u>				
Other Charges for Services	10,229	0	340	10,569
Total Charges for Current Services	\$ 202,072	\$ 0	\$ 887,182	\$ 1,089,254
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 10,103	\$ 10,103
Sale of Materials and Supplies	858	0	0	858
Refund of Telecommunication and Internet Fees (E-Rate)	28,053	0	0	28,053
Miscellaneous Refunds	30,743	0	0	30,743
<u>Nonrecurring Items</u>				
Sale of Equipment	594	0	0	594
Damages Recovered from Individuals	6,200	0	0	6,200
Contributions and Gifts	6,490	0	0	6,490
<u>Other Local Revenues</u>				
Other Local Revenues	14,419	0	0	14,419
Total Other Local Revenues	\$ 87,357	\$ 0	\$ 10,103	\$ 97,460

(Continued)

Exhibit E-4

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 14,610,305	\$ 0	\$ 0	\$ 14,610,305
Early Childhood Education	372,621	0	0	372,621
School Food Service	0	0	25,262	25,262
Driver Education	16,708	0	0	16,708
Other State Education Funds	119,500	0	0	119,500
Career Ladder Program	238,234	0	0	238,234
Career Ladder - Extended Contract	105,015	0	0	105,015
<u>Other State Revenues</u>				
Alcoholic Beverage Tax	4,815	0	0	4,815
State Revenue Sharing - T.V.A.	654,240	0	0	654,240
Other State Grants	114,725	0	0	114,725
Other State Revenues	72,520	0	0	72,520
Total State of Tennessee	\$ 16,308,683	\$ 0	\$ 25,262	\$ 16,333,945
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 816,117	\$ 816,117
Breakfast	0	0	281,579	281,579
USDA - Other	0	0	4,287	4,287
Vocational Education - Basic Grants to States	0	86,988	0	86,988
Title I Grants to Local Education Agencies	0	490,355	0	490,355
Innovative Education Program Strategies	0	6,019	0	6,019
Special Education - Grants to States	383	840,487	0	840,870
Special Education Preschool Grants	0	24,387	0	24,387
English Language Acquisition Grants	0	12,036	0	12,036
Safe and Drug-Free Schools - State Grants	45,600	14,417	0	60,017
Eisenhower Professional Development State Grants	0	176,147	0	176,147
Other Federal through State	7,920	0	0	7,920
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	42,318	0	0	42,318
Total Federal Government	\$ 96,221	\$ 1,650,836	\$ 1,101,983	\$ 2,849,040
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 718,460	\$ 0	\$ 0	\$ 718,460
Total Other Governments and Citizens Groups	\$ 718,460	\$ 0	\$ 0	\$ 718,460
Total	\$ 26,958,079	\$ 1,650,836	\$ 2,024,530	\$ 30,633,445

Exhibit E-5

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 9,393,644	
Career Ladder Program	138,106	
Career Ladder Extended Contracts	74,297	
Homebound Teachers	23,517	
Instructional Computer Personnel	53,854	
Educational Assistants	196,494	
Other Salaries & Wages	22,193	
Certified Substitute Teachers	45,417	
Non-certified Substitute Teachers	111,400	
Social Security	576,492	
State Retirement	588,585	
Life Insurance	36,616	
Medical Insurance	1,323,293	
Dental Insurance	68,451	
Employer Medicare	139,499	
Communication	45,109	
Maintenance & Repair Services - Equipment	51,013	
Other Contracted Services	21,329	
Instructional Supplies and Materials	159,632	
Textbooks	292,838	
Other Supplies and Materials	74,169	
Other Charges	32,630	
Furniture and Fixtures	8,070	
Regular Instruction Equipment	89,388	
Total Regular Instruction Program		\$ 13,566,036

Special Education Program

Teachers	\$ 1,282,157
Career Ladder Program	19,499
Homebound Teachers	12,009
Educational Assistants	113,587
Speech Pathologist	180,518
Certified Substitute Teachers	730
Non-certified Substitute Teachers	9,045
Social Security	92,041
State Retirement	96,304
Life Insurance	7,679
Medical Insurance	292,082
Dental Insurance	25,119

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	21,874	
Maintenance & Repair Services - Equipment		1,400	
Other Contracted Services		110,523	
Instructional Supplies and Materials		15,916	
Other Supplies and Materials		5,585	
Other Charges		950	
Total Special Education Program			\$ 2,287,018

Vocational Education Program

Teachers	\$	815,540	
Career Ladder Program		7,500	
Educational Assistants		11,664	
Certified Substitute Teachers		3,120	
Non-certified Substitute Teachers		11,365	
Social Security		50,798	
State Retirement		51,495	
Life Insurance		3,622	
Medical Insurance		109,556	
Dental Insurance		5,431	
Employer Medicare		11,880	
Instructional Supplies and Materials		29,665	
Total Vocational Education Program			1,111,636

Student Body Education Program

Other Salaries & Wages	\$	37,286	
Social Security		2,247	
State Retirement		2,818	
Employer Medicare		526	
Other Charges		14,358	
Total Student Body Education Program			57,235

Support Services

Attendance

Supervisor/Director	\$	59,547	
Career Ladder Program		1,000	
Social Security		3,663	
State Retirement		3,712	
Life Insurance		180	
Medical Insurance		5,066	

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Dental Insurance	\$	272	
Employer Medicare		857	
Travel		340	
Other Supplies and Materials		3,309	
Attendance Equipment		4,585	
Total Attendance			\$ 82,531

Health Services

Medical Personnel	\$	199,981	
Other Salaries & Wages		6,348	
Social Security		12,079	
State Retirement		12,170	
Life Insurance		902	
Medical Insurance		31,306	
Dental Insurance		1,358	
Employer Medicare		2,825	
Travel		2,067	
Other Supplies and Materials		1,845	
Other Charges		1,454	
Health Equipment		2,146	
Total Health Services			274,481

Other Student Support

Career Ladder Program	\$	7,000	
Guidance Personnel		460,878	
Career Ladder Extended Contracts		4,000	
Social Workers		26,073	
Secretary(ies)		14,206	
Other Salaries & Wages		1,886	
Social Security		30,291	
State Retirement		31,286	
Life Insurance		2,262	
Medical Insurance		67,066	
Dental Insurance		3,123	
Employer Medicare		7,249	
Evaluation and Testing		35,986	
Travel		308	
Other Supplies and Materials		1,537	
Administration Equipment		1,585	
Total Other Student Support			694,736

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	279,300	
Career Ladder Program		10,894	
Career Ladder Extended Contracts		7,000	
Librarians		352,278	
Secretary(ies)		50,216	
Other Salaries & Wages		54,306	
Social Security		44,623	
State Retirement		49,336	
Life Insurance		2,881	
Medical Insurance		97,414	
Dental Insurance		4,345	
Employer Medicare		10,436	
Travel		15,818	
Library Books/Media		22,710	
Other Supplies and Materials		610	
In Service/Staff Development		23,531	
Other Charges		6,378	
Administration Equipment		1,500	
Other Equipment		3,637	
Total Regular Instruction Program			\$ 1,037,213

Special Education Program

Supervisor/Director	\$	56,679	
Career Ladder Program		1,000	
Psychological Personnel		55,215	
Secretary(ies)		17,825	
Other Salaries & Wages		1,817	
Social Security		7,082	
State Retirement		8,776	
Life Insurance		451	
Medical Insurance		19,687	
Dental Insurance		1,086	
Employer Medicare		1,656	
Travel		9,124	
Other Contracted Services		2,354	
Other Supplies and Materials		3,762	
Other Charges		712	
Total Special Education Program			187,226

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program

Supervisor/Director	\$	30,334	
Secretary(ies)		24,607	
Clerical Personnel		24,694	
Social Security		4,617	
State Retirement		6,388	
Life Insurance		451	
Medical Insurance		16,082	
Dental Insurance		815	
Employer Medicare		1,080	
Communication		1,230	
Travel		1,089	
Total Vocational Education Program			\$ 111,387

Board of Education

Secretary to Board	\$	1,613	
Board and Committee Members Fees		15,500	
Social Security		973	
State Retirement		148	
Life Insurance		5,266	
Medical Insurance		115,303	
Dental Insurance		17,655	
Unemployment Compensation		4,918	
Employer Medicare		245	
Audit Services		5,300	
Bank Charges		663	
Dues and Memberships		5,468	
Legal Services		6,482	
Travel		1,895	
Liability Insurance		237,552	
Trustee's Commission		198,958	
Workers' Compensation Insurance		199,566	
In Service/Staff Development		15,241	
Criminal Investigation of Applicants - TBI		6,864	
Other Charges		55,527	
Total Board of Education			895,137

Director of Schools

County Official/Administrative Officer	\$	85,569
Secretary(ies)		29,729

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Clerical Personnel	\$	21,761	
Social Security		8,058	
State Retirement		9,967	
Life Insurance		522	
Medical Insurance		20,054	
Dental Insurance		815	
Employer Medicare		1,885	
Communication		6,049	
Dues and Memberships		2,239	
Maintenance & Repair Services - Equipment		15,342	
Postal Charges		1,664	
Travel		2,947	
Office Supplies		8,189	
Utilities		15,930	
In Service/Staff Development		1,440	
Administration Equipment		571	
Total Director of Schools			\$ 232,731

Office of the Principal

Principals	\$	482,733	
Career Ladder Program		14,046	
Accountants/Bookkeepers		48,193	
Career Ladder Extended Contracts		7,000	
Assistant Principals		249,033	
Secretary(ies)		222,975	
Social Security		61,029	
State Retirement		69,628	
Life Insurance		4,249	
Medical Insurance		142,899	
Dental Insurance		6,246	
Employer Medicare		14,273	
Communication		17,893	
Travel		2,503	
Office Supplies		4,612	
Total Office of the Principal			1,347,312

Fiscal Services

Supervisor/Director	\$	40,383
Accountants/Bookkeepers		123,795

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Social Security	\$	9,728	
State Retirement		15,055	
Life Insurance		902	
Medical Insurance		30,376	
Dental Insurance		1,358	
Employer Medicare		2,275	
Other Contracted Services		12,034	
In Service/Staff Development		763	
Administration Equipment		1,200	
Total Fiscal Services			\$ 237,869

Operation of Plant

Custodial Personnel	\$	435,269	
Social Security		25,787	
State Retirement		35,115	
Life Insurance		3,538	
Medical Insurance		114,027	
Dental Insurance		5,974	
Employer Medicare		6,031	
Laundry Service		3,509	
Electricity		706,726	
Natural Gas		99,708	
Propane Gas		5,899	
Water and Sewer		54,461	
Other Supplies and Materials		34,500	
Total Operation of Plant			1,530,544

Maintenance of Plant

Supervisor/Director	\$	40,716	
Maintenance Personnel		149,397	
Other Salaries & Wages		14,661	
Social Security		12,170	
State Retirement		17,748	
Life Insurance		979	
Medical Insurance		30,305	
Dental Insurance		1,358	
Employer Medicare		2,846	
Communication		4,549	
Maintenance & Repair Services - Buildings		152	

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Maintenance & Repair Services - Equipment	\$	24,768	
Travel		982	
Other Supplies and Materials		131,148	
In Service/Staff Development		531	
Maintenance Equipment		6,250	
Total Maintenance of Plant			\$ 438,560

Transportation

Supervisor/Director	\$	54,191	
Mechanic(s)		77,573	
Bus Drivers		545,453	
Clerical Personnel		22,222	
Other Salaries & Wages		121,162	
Social Security		47,726	
State Retirement		69,407	
Life Insurance		10,593	
Medical Insurance		307,787	
Dental Insurance		13,035	
Employer Medicare		11,175	
Communication		1,593	
Contracts with Public Carriers		275	
Laundry Service		1,951	
Travel		1,271	
Diesel Fuel		147,443	
Gasoline		14,898	
Tires and Tubes		14,991	
Utilities		14,466	
Vehicle Parts		69,485	
Other Charges		5,022	
Administration Equipment		6,000	
Transportation Equipment		441,350	
Total Transportation			1,999,069

Operation of Non-Instructional Services

Community Services

Teachers	\$	87,801	
Other Salaries & Wages		111,230	
Social Security		12,253	
State Retirement		7,611	

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Dental Insurance	\$	2,172	
Employer Medicare		2,864	
Communication		1,226	
Travel		2,030	
Other Contracted Services		4,863	
Food Supplies		10,386	
Other Supplies and Materials		4,950	
In Service/Staff Development		1,164	
Other Charges		4,577	
Total Community Services			\$ 253,127

Early Childhood Education

Teachers	\$	160,409	
Educational Assistants		54,807	
Other Salaries & Wages		3,813	
Certified Substitute Teachers		1,829	
Non-certified Substitute Teachers		2,225	
Social Security		13,211	
State Retirement		14,847	
Life Insurance		1,695	
Medical Insurance		47,047	
Employer Medicare		3,090	
Communication		2,184	
Travel		2,529	
Instructional Supplies and Materials		37,171	
Other Supplies and Materials		2,732	
In Service/Staff Development		605	
Other Charges		2,525	
Regular Instruction Equipment		12,810	
Other Equipment		9,464	
Total Early Childhood Education			372,993

Capital Outlay

Regular Capital Outlay

Architects	\$	25,000	
Administration Equipment		4,575	
Building Purchases		1,600	
Other Capital Outlay		112,042	
Total Regular Capital Outlay			143,217

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Principal on Debt

Education

Principal on Notes	\$ 68,513	
Total Education		\$ 68,513

Interest on Debt

Education

Interest on Notes	\$ 15,351	
Total Education		<u>15,351</u>

Total General Purpose School Fund		\$ 26,943,922
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School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 341,173	
Educational Assistants	20,536	
Certified Substitute Teachers	1,670	
In-Service Training	1,200	
Non-certified Substitute Teachers	9,065	
Social Security	22,399	
State Retirement	22,377	
Life Insurance	1,981	
Medical Insurance	53,782	
Employer Medicare	5,239	
Other Contracted Services	1,350	
Instructional Supplies and Materials	14,904	
Other Supplies and Materials	622	
Regular Instruction Equipment	2,705	
Vocational Instruction Equipment	<u>1,193</u>	
Total Regular Instruction Program		\$ 500,196

Special Education Program

Teachers	\$ 68,195
Educational Assistants	365,332
Certified Substitute Teachers	2,645
Non-certified Substitute Teachers	15,290
Social Security	27,559
State Retirement	33,066
Life Insurance	6,446
Medical Insurance	172,572

(Continued)

Exhibit E-5

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	6,444	
Other Contracted Services		58,882	
Instructional Supplies and Materials		6,653	
Textbooks		6,713	
Other Supplies and Materials		3,263	
Other Charges		411	
Total Special Education Program			\$ 773,471

Vocational Education Program

Teachers	\$	15,806	
Social Security		980	
State Retirement		969	
Life Insurance		90	
Medical Insurance		2,111	
Employer Medicare		229	
Instructional Supplies and Materials		25,275	
Other Supplies and Materials		400	
Vocational Instruction Equipment		31,769	
Total Vocational Education Program			77,629

Support Services

Other Student Support

Social Workers	\$	12,612	
Other Salaries & Wages		27,176	
Social Security		2,467	
State Retirement		3,265	
Life Insurance		180	
Medical Insurance		5,116	
Employer Medicare		577	
Evaluation and Testing		1,135	
Total Other Student Support			52,528

Regular Instruction Program

Supervisor/Director	\$	27,500	
Secretary(ies)		34,721	
In-Service Training		440	
Social Security		3,553	
State Retirement		4,897	
Life Insurance		257	

(Continued)

Exhibit E-5

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Medical Insurance	\$	16,399	
Employer Medicare		831	
Travel		436	
Other Supplies and Materials		653	
In Service/Staff Development		59,177	
Other Charges		847	
Total Regular Instruction Program			\$ 149,711

Special Education Program

Psychological Personnel	\$	44,993	
Secretary(ies)		17,568	
Social Security		3,855	
State Retirement		4,385	
Life Insurance		271	
Medical Insurance		7,673	
Employer Medicare		902	
Travel		558	
Other Supplies and Materials		419	
In Service/Staff Development		3,190	
Other Charges		1,405	
Total Special Education Program			85,219

Vocational Education Program

Travel	\$	9,998	
In Service/Staff Development		5,198	
Total Vocational Education Program			15,196

Office of the Principal

Communication	\$	1,006	
Total Office of the Principal			1,006

Total School Federal Projects Fund \$ 1,654,956

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	51,213
Accountants/Bookkeepers		29,825
Cafeteria Personnel		580,986

(Continued)

Exhibit E-5

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Other Salaries & Wages	\$	14,996	
In-Service Training		500	
Social Security		39,505	
State Retirement		53,042	
Life Insurance		6,921	
Medical Insurance		189,157	
Dental Insurance		10,862	
Employer Medicare		9,261	
Accounting Services		538	
Communication		4,380	
Maintenance & Repair Services - Equipment		2,976	
Travel		9,032	
Other Contracted Services		10,638	
Food Preparation Supplies		59,928	
Food Supplies		846,536	
Office Supplies		4,254	
Other Supplies and Materials		1,121	
Liability Insurance		328	
In Service/Staff Development		3,415	
Other Charges		5,258	
Administration Equipment		9,783	
Food Service Equipment		147,515	
Total Food Service			\$ 2,091,970

Total Central Cafeteria Fund \$ 2,091,970

Total Governmental Funds - Coffee County School Department \$ 30,690,848

SINGLE AUDIT REPORT
COFFEE COUNTY, TENNESSEE
AND
COFFEE COUNTY SCHOOL DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2007

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
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State Auditors

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

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

December 21, 2007

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Coffee County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise Coffee County's basic financial statements and have issued our reports thereon dated December 21, 2007. Our report on the financial statements of the aggregate discretely presented component units of Coffee County, Tennessee, expresses an adverse opinion because the financial statements of the Coffee County School Department and the Coffee County Public Building Authority are not included as required by accounting principles generally accepted in the United States of America. Our report on the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Coffee County, Tennessee, expresses an unqualified opinion. In addition, we have audited the financial statements of the major fund and the aggregate remaining fund information of the Coffee County School Department as of and for the year ended June 30, 2007, which collectively comprise a portion of the Coffee County School Department's basic financial statements and have issued our report thereon dated December 21, 2007. Our report on the financial statements of the Coffee County School Department expresses an adverse opinion

because management did not present government-wide financial statements as required by accounting principles generally accepted in the United States of America. Our report on Coffee County, Tennessee, was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Coffee County Libraries, the Coffee County Emergency Communications District, and the Industrial Board of Coffee County as described in our report on Coffee County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Coffee County's and the Coffee 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 Coffee County's and the Coffee County School Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Coffee County's and the Coffee 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(C,D,E,F,G,H,I), 07.06, and 07.09.

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 Coffee County's and the Coffee 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 material 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 Coffee County's and the Coffee County School Department's financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as items 07.01, 07.02, 07.03(A,B), 07.04, 07.05, 07.07, and 07.10.

We consider item 07.08 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 management of Coffee County and the Coffee County School Department in separate communications.

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

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, Board of County Commissioners, Board of Education, Road Commission, others within Coffee 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/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
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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

December 21, 2007

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

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

Compliance

We have audited the compliance of Coffee County and the Coffee 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. Coffee County's and the Coffee 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 Coffee County's and the Coffee County School Department's management. Our responsibility is to express an opinion on Coffee County's and the Coffee 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 auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with

the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Coffee County's and the Coffee 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 on Coffee County's and the Coffee County School Department's compliance with those requirements.

In our opinion, Coffee County and the Coffee 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 Coffee County and the Coffee County School Department is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Coffee County's and the Coffee County School Department's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Coffee County's and the Coffee County School Department's internal control over compliance.

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

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

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

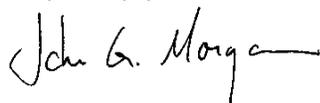
Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Coffee County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise Coffee County's basic financial statements and have issued our reports thereon dated December 21, 2007. Our report on the financial statements of the aggregate discretely presented component units of Coffee County, Tennessee, expresses an adverse opinion because the financial statements of the Coffee County School Department and the Coffee County Public Building Authority are not included as required by accounting principles generally accepted in the United States of America. Our report on the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Coffee County, Tennessee, expresses an unqualified opinion. In addition, we have audited the financial statements of the major fund and the aggregate remaining fund information of the Coffee County School Department as of and for the year ended June 30, 2007, which collectively comprise a portion of the Coffee County School Department's basic financial statements and have issued our report thereon dated December 21, 2007. Our report on the financial statements of the Coffee County School Department expresses an adverse opinion because management did not present government-wide financial statements as required by accounting principles generally accepted in the United States of America. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise a portion of Coffee County's and the Coffee 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.

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

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

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/sb

Coffee County, Tennessee, and the Coffee 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	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	\$ 85,380
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	113,711
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	281,579
National School Lunch Program	10.555	N/A	820,404
Total U.S. Department of Agriculture			\$ 1,301,074
U.S. Federal Highway Administration:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	STP-H-800(29)	\$ 21,461
Appalachian Regional Commission:			
Direct Program:			
Appalachian Regional Development	23.001	(2)	\$ 210,000
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 495,906
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	840,870
Special Education - Preschool Grants	84.173	N/A	24,387
Vocational Education - Basic Grants to States	84.048	N/A	93,109
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	60,254
State Grants for Innovative Programs	84.298	N/A	6,700
Education Technology State Grants	84.318	(2)	6,592
English Language Acquisition Grants	84.365	N/A	9,659
Improving Teacher Quality State Grants	84.367	N/A	170,997
Hurricane Education Recovery	84.938	N/A	7,920
Total U.S. Department of Education			\$ 1,716,394
Election Assistance Commission:			
Passed-through Tennessee Office of Secretary of State:			
Help America Vote Act Requirements Payment	90.401	(3)	\$ 241,322
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(4)	\$ 29,279
Homeland Security Grant Program	97.067	(5)	91,656
Total U.S. Department of Homeland Security			\$ 120,935
Total Expenditures of Federal Awards			\$ 3,611,186

(Continued)

Coffee County, Tennessee, and the Coffee 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	Contract Number	Expenditures
<u>State Grants</u>			
Juvenile Justice - State Commission on Children and Youth	N/A	Z-07-036518-00	\$ 14,535
FastTrack Infrastructure Development Program - State Department of Economic and Community Development	N/A	(6)	175,370
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	17,776
Drug Court Treatment Grant - State Department of Finance and Administration	N/A	(7)	89,109
Rural Dispatcher Grant - State Emergency Communications Board	N/A	(2)	30,000
Rural Local Health Services - State Department of Health	N/A	(8)	483,554
Childcare Assistance - State Department of Human Services	N/A	(2)	9,825
Early Childhood Education - Pilot - State Department of Education	N/A	(2)	130,000
Early Childhood Education - Voluntary Lottery - State Department of Education	N/A	(2)	80,874
Early Childhood Education - Voluntary Expansion - State Department of Education	N/A	(2)	161,747
Family Resource - State Department of Education	N/A	(2)	99,900
Safe Schools Act - State Department of Education	N/A	(2)	22,505
Star Student Management System User Groups - State Department of Education	N/A	(2)	5,000
Litter Program - State Department of Transportation	N/A	(2)	33,759
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	37,000
Governor's Highway Safety Office Grant - State Department of Transportation	N/A	(9)	<u>77,348</u>
Total State Grants			<u>\$ 1,468,302</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Z-06-032931-00: \$232,217; Z-07-037416-00: \$9,105.
- (4) Z-06-032849-00: \$9,760; Z-07-206130-00: \$19,519.
- (5) Z-05-025145-00: \$87,062; GG-07-20958-00: \$4,594.
- (6) GG-05-11763-00: \$58,089; GG-06-12583-00: \$117,281.
- (7) Z-05-025519-00: \$50,000; Z-0-5-025535-00: \$39,109.
- (8) Z-06-025982-00: \$1,183; Z-07-031602-00: \$482,371.
- (9) Z-07-035747-00: \$72,450; Z-07-035748-00: \$4,898.

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

COFFEE COUNTY SCHOOL DEPARTMENT

<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

OFFICES OF COUNTY MAYOR AND SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.02	13	The offices made improper contributions from the Drug Control Fund

COFFEE COUNTY LIBRARIES

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.03	13	The Coffee County Library audit report prepared by an accounting firm disclosed deficiencies

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.04	16	Inventory records were not verified by personnel independent of maintaining the records
06.05(A)	17	Collections of the Extended School Program were not deposited within three days of collection

OTHER FINDINGS

Finding Number	Page Number	Subject
06.06	18	A central system of accounting and budgeting had not been adopted
06.07	18	Duties were not segregated adequately in the Offices of County Mayor, Director of Schools, Trustee, County Clerk, Clerk and Master, Register, and Sheriff
06.08	19	A portion of sales taxes collected outside municipalities was not apportioned with city school systems

**COFFEE COUNTY, TENNESSEE, AND THE
COFFEE 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 the aggregate discretely component units of Coffee County. An unqualified opinion was issued on the financial statements of governmental activities, each major fund, and the aggregate remaining fund information of Coffee County. An adverse opinion was issued on the financial statements of the Coffee County School Department.
2. The audit of the financial statements of Coffee County and the Coffee County School Department disclosed significant deficiencies in internal control. None of these conditions were considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that was material to the financial statements of Coffee County and three instances of noncompliance that were material to the financial statements of the Coffee County School Department.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Title I Grants to Local Educational Agencies (CFDA No. 84.010), and the Special Education Cluster: Special Education Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Coffee County and the Coffee 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 responses of the county mayor are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report. The finding, recommendation, and response from the Library Board for the Coffee County Libraries is paraphrased from the other auditors' report for the year ended June 30, 2007.

OFFICE OF COUNTY MAYOR

FINDING 07.01 **COMPENSATION WAS PAID IN-LIEU-OF INSURANCE BENEFITS FOR SOME EMPLOYEES (Noncompliance Under Government Auditing Standards)**

It is the policy of the Coffee County Commission to provide single health insurance coverage for its employees. If employees desire family coverage, it is their responsibility to pay the additional cost above single coverage. In prior years, the County Commission approved paying additional compensation to employees who choose not to be covered under the county's plan and show proof of coverage under another plan, such as a spouse's health insurance plan. The compensation paid to these employees is equal to 67 percent of the cost of single coverage provided to other county employees. The state attorney general has opined (Opinion 04-162) that "Counties do not have the authority to make a cash payment to an official or employee who elects not to participate in the county insurance plan."

RECOMMENDATION

The county should not pay employees additional compensation to cover their insurance costs under their spouse's plan health.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

According to County Attorney Robert F. Hazard, the Coffee County Commissioners have not committed a crime by virtue of passing a budget that provides for payments in-lieu-of insurance. At this time, we are not aware of any statute that exists making this a criminal offense. By offering the opt-out benefit to eligible county employees, the county saves a substantial amount of taxpayer dollars on health care premiums. The opt-out benefit will be offered until such time that it is deemed a crime or it is not economically feasible.

REBUTTAL

The state attorney general has opined (Opinion 04-162) that "Counties do not have the authority to make a cash payment to an official or employee who elects not to participate in the county insurance plan."

OFFICES OF COUNTY MAYOR AND SHERIFF

FINDING 07.02 **IMPROPER CONTRIBUTIONS WERE MADE FROM THE DRUG CONTROL FUND (Noncompliance Under Government Auditing Standards)**

During the year, monies from the Drug Control Fund totaling \$2,000 were contributed to Coffee County Central High School for scholarships. Section 39-17-420, Tennessee Code Annotated (TCA), provides that drug control funds can only be expended for: (1) the local drug enforcement program, (2) the local drug education program, (3) the local drug treatment program, and (4) nonrecurring general law enforcement expenditures. Expenditures for scholarships do not meet any of the four criteria for the expenditures of drug funds.

RECOMMENDATION

Drug control funds should only be expended for purposes set forth in state statute.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

In the future, our office will make every effort to ensure that all expenditures from the Drug Control Fund meet the criteria as listed in Section 39-17-420, TCA.

COFFEE COUNTY LIBRARIES

FINDING 07.03 **THE COFFEE COUNTY LIBRARIES FUND AUDIT REPORT PREPARED BY AN ACCOUNTING FIRM DISCLOSED DEFICIENCIES (A. and B. – Noncompliance Under Government Auditing Standards; C., D., E., F., G., H., and I. – Internal Control – Significant Deficiency Under Government Auditing Standards)**

The financial statements of the Coffee County Library Fund (a special revenue fund of the primary government) for the year ended June 30, 2007, were audited by other auditors. That report listed the following instances of noncompliance and internal control deficiencies:

A. Expenditures Exceeded Appropriations

Actual expenditures exceeded the amount appropriated in the budget. This practice is contrary to state statutes, which require the governing body to authorize all expenditures.

B. Funds Were Not Deposited Within Three Days of Collection

Funds were held longer than three days before a deposit was made to the bank, violating Section 5-8-207, Tennessee Code Annotated (TCA).

C. Expenditures and Reimbursements Were Not Documented Adequately

Some expenditures and reimbursements were not documented.

D. The Libraries Fund Had Payroll Deficiencies

During the review of payroll expenditures, discrepancies were found between the hours worked on the salary report submitted to the county and individual employee time sheets.

E. Purchasing Deficiencies Were Noted

A review of disbursements revealed that purchase orders were not utilized for all qualifying expenditures and purchase orders were not always filled out completely.

F. Receipting Deficiencies Were Noted

Pre-numbered receipts were not being utilized for all revenues received and some pre-numbered receipts were not filled out completely. In some instances, daily receipt reports could not be reconciled with deposits, and receipts issued for the day could not be reconciled with the daily receipt reports. Also, there were discrepancies between the amounts collected by the circulation desk and the amount remitted to the money collector.

G. Employees Used Libraries' Tax-Exempt Status for Personal Use

Employees purchased items for personal use through the individual libraries without paying sales tax.

H. Deficiencies Were Noted in the Issuance of Checks

Checks and a debit card used by the libraries only require one signature for purchases.

I. Deficiencies Were Noted in the Administration of Library Bank Accounts

Signatures at financial institutions had not been updated to reflect current responsible parties. Also, some financial institution accounts were not interest bearing during the entire year, and not all bank accounts were reconciled monthly.

RECOMMENDATION

The audit recommended the following:

- A. All expenditures should be authorized either in the original budget or as an amendment to the budget.
- B. State statute requires officials to deposit funds within three days after collection. To safeguard public monies, all funds collected should be deposited promptly.
- C. Invoices, signed receiving reports, and other documents should be obtained for all purchases, including reimbursements. They should be attached together and filed in such a way that they can be easily found for future reference and audit. Each invoice should be stamped paid when each check is written along with the date and amount of the payment. Statements should be reconciled with invoices when multiple payments are made.
- D. Precise maintenance and centralized control of payroll records is essential because of social and labor legislation and the complex accounting and reporting problems involved. Procedures should be implemented to ensure that records are maintained accurately. Hours paid should agree to time cards and other labor records that are processed by inserting and extending pay rates. Time cards should be maintained for all employees to eliminate unauthorized pay and repeated tardiness. All monies paid to an employee for services performed should be processed in the payroll records. All payroll reports should be signed by the bookkeeper or person preparing the report and approved by the director.
- E. The use of a purchase order system allows control of expenditures within budget guidelines and ensures the expenditure is in accordance with the purpose of the appropriation. Adequate documentation should be maintained to substantiate bid and quotation requests. Purchase orders should be completed with the date, amount of the purchase that matches the invoice attached, and signed by an individual instead of printed from the computer.
- F. Pre-numbered receipts should be issued for each revenue source as required by Section 9-2-103, TCA. Receipts should be filled out completely with name, date, description of fee or service, amount, and signed by the individual receiving the money. Receipts should be in duplicate form so that one copy is retained for auditors during the auditing process. All unused or voided receipts should be accounted for through this process. When custody of money changes from one employee to another (such as from the library director to the library bookkeeper) the money should be counted by both employees, a receipt should be issued by the recipient of the funds, and both employees should sign the document indicating concurrence with the amount transferred.

Each daily report should be signed, dated, and the date should agree with total of the corresponding deposit slip. If totals do not agree, a cash over or cash short amount should be included to balance totals.

- G. The libraries' tax exempt status should only be utilized for purchases pertaining to the operation of the Library Fund and not for the personal gain of its employees.
- H. Checks should not be written and signed by the same person. Dual signatures ensure a review of disbursements and additional examination of invoices about to be paid.
- I. Financial institution accounts should be reviewed annually for correct signatures as well as to ensure that the libraries are receiving competitive rates of return on their monies and the service that is expected.

LIBRARY BOARD'S COMMENTS

- A. The budget will be monitored more closely in the future.
- B. We will correct this problem.
- C. We will address this problem and improve our documentation systems.
- D. We will address this problem and try to improve our payroll records next year.
- E. We will review our policies concerning purchases and bid requirements and make sure that our library directors and bookkeepers are aware of our policies regarding these items.
- F. Our new computer software does not generate the type of cash report that had been represented at the time of the software purchase. Upon inquiry to the vendor, we found that most libraries use this in conjunction with a cash register. We are now trying to improve our records for recording cash collections.
- G. We will correct this problem.
- H. We will correct this problem.
- I. We will correct this problem.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We intend to meet with members of the Library Board to address the deficiencies that were stated in the audit to ensure compliance in the future.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 07.04 GOVERNMENT-WIDE FINANCIAL STATEMENTS WERE NOT PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
(Material Noncompliance Under Government Auditing Standards)

The Coffee County School Department did not identify and determine the historical value of its capital assets and the related depreciation amounts of these assets. Therefore, the School Department 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, the School Department’s financial statements are not presented in accordance with generally accepted accounting principles; thus, we have issued an adverse opinion on the financial statements.

The Office of the Comptroller of the Treasury, State of Tennessee, requires governments that do not implement GASB Statement No. 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 No. 34, established by the Comptroller of the Treasury. The School Department’s financial statements are presented in compliance with these requirements.

RECOMMENDATION

The School Department 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 School Department’s capital assets and the related depreciation amounts of these assets. This information is necessary to present their financial statements in accordance with generally accepted accounting principles.

FINDING 07.05 THE COFFEE COUNTY SCHOOL DEPARTMENT 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
(Material Noncompliance Government Auditing Standards)

As noted in finding 07.04, the School Department has not taken the necessary steps to present their financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34. 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 the local government would follow to implement the standard no later than June 30, 2008. An examination of the plan the School Department filed with the Comptroller's Office shows that the School Department has failed to perform the steps in accordance with the timeline set forth in their plan. If the School Department 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 School Department.

RECOMMENDATION

The School Department should take the necessary steps to ensure compliance with GASB Statement No. 34 by June 30, 2008.

FINDING 07.06 **INVENTORY RECORDS WERE NOT VERIFIED BY PERSONNEL INDEPENDENT OF MAINTAINING THE RECORDS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

School officials maintained inventory records of assets owned by the School Department. However, these assets were not verified by personnel independent of maintaining the inventory records. Generally accepted accounting principles require accountability for all assets of the School Department, such as vehicles, furniture, and equipment.

RECOMMENDATION

Personnel who are independent of maintaining the inventory should periodically verify the inventory records.

FINDING 07.07 **EXTENDED SCHOOL PROGRAM COLLECTIONS WERE NOT DEPOSITED WITHIN THREE DAYS OF COLLECTION**
(Noncompliance Under Government Auditing Standards)

Some extended school program collections were not deposited to the program bank account within three days of collection as required by Section 5-8-207, Tennessee Code Annotated.

RECOMMENDATION

To strengthen internal control over cash collections and deposits, the extended school program should deposit all funds intact within three days of collection.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 07.08 A CENTRAL SYSTEM OF ACCOUNTING AND BUDGETING HAD NOT BEEN ADOPTED
(Internal Control – Control Deficiency Under Government Auditing Standards)

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

RECOMMENDATION

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

FINDING 07.09 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY MAYOR, DIRECTOR OF SCHOOLS, TRUSTEE, COUNTY CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF
(Internal Control – Significant Deficiency Under Government Auditing Standards)

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

FINDING 07.10 A PORTION OF SALES TAXES COLLECTED OUTSIDE MUNICIPALITIES WAS NOT APPORTIONED WITH CITY SCHOOL SYSTEMS
(Material Noncompliance Under Government Auditing Standards)

During the year, the county placed a designated portion of rural sales tax collections in the General Purpose School Fund. These collections were not apportioned with the city school systems on the basis of "weighted full-time equivalent average daily attendance" (WFTEADA) as required by Section 49-3-315, Tennessee Code Annotated (TCA).

The Coffee County Commission provided that these designated funds be used to pay the cost of pupil transportation. Section 49-3-315, TCA, does permit a special tax to be levied and placed in a special fund for pupil transportation without those funds being apportioned based on WFTEADA if the special school districts in the county do not operate a pupil transportation system. However, rural sales tax collections are not a special tax, and the General Purpose School Fund is not a special fund. Therefore, these funds are subject to apportionment with the city school systems based on the WFTEADA.

RECOMMENDATION

County officials should apportion the rural sales tax collections, which are placed in the General Purpose School Fund, with the city school systems as required by state statute.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

During the past years, the Coffee County Commissioners approved by resolution the apportionment of up to 65 percent of the second half of rural sales tax dollars to the Coffee County School System for pupil transportation. However, since this practice is against Section 49-3-315, TCA, as of July 1, 2007, the resolution was amended to replace the sales tax revenues with property tax revenues. The property tax revenues are shared by all three school systems in Coffee County.

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

There were no findings and questioned costs for federal awards.

**COFFEE COUNTY, TENNESSEE, AND THE
COFFEE 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 current year's Schedule of Findings and Questioned Costs. There were audit findings relative to federal awards presented in the prior year's Schedule of Findings and Questioned Costs.

County Mayor and Director of Schools – Summary Schedule of Prior Year's Findings

FINDINGS 06.07 and 06.09

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