
ANNUAL FINANCIAL REPORT TIPTON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2008



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ANNUAL FINANCIAL REPORT
TIPTON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2008

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

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

JAMES R. ARNETTE
Director

NORMAN R. NORMENT, CGFM
Audit Manager

HORACE B. WISEMAN, CGFM
Auditor 4

MARVIN BOND, CGFM
ELISHA CROWELL, CFE
CHARLES GROVE
State Auditors

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Audit Highlights
Annual Financial Report
Tipton County, Tennessee
For the Year Ended June 30, 2008

Scope

We have audited the basic financial statements of Tipton County as of and for the year ended June 30, 2008.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements did not include one component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

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

Findings

The following are summaries of the audit findings:

TIPTON COUNTY AND TIPTON COUNTY SCHOOL DEPARTMENT

- ◆ Tipton County and the Tipton County School Department do not have the resources to produce financial statements and notes to the financial statements.

OFFICE OF COUNTY EXECUTIVE

- ◆ An employee improperly used a county fuel card for personal gain resulting in a cash shortage of \$4,324.95.

OFFICES OF COUNTY EXECUTIVE AND DIRECTOR OF PUBLIC WORKS

- ◆ Animal control operations have been improperly accounted for in the Highway/Public Works Fund since 2002-03. However, it should be noted that animal control operations have been budgeted in the General Fund for 2008-2009.
-

OFFICES OF TRUSTEE AND CLERK AND MASTER

- ◆ The offices did not review software audit logs that displayed changes made by users.
-

OTHER FINDING

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

INTRODUCTORY SECTION

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Tipton County Officials

June 30, 2008

Officials

Jeff Huffman, County Executive
Shannon Reed, Director of Public Works
Tim Fite, Director of Schools
Kristie Maxwell, Trustee
Bill Stimpson, Assessor of Property
Pam Deen, County Clerk
Mike Forbess, Circuit, General Sessions, and Juvenile Courts Clerk
Judy Barkelew Billings, Clerk and Master
Claudia Peeler, Register
Jeffrey Chumley, Sheriff
Bruce Petty, Director of Accounts and Budget

Board of County Commissioners

Jeff Huffman, Chairman	Dale Smith
William Bibb, Jr.	James Lamont Sneed
Quincy Barlow	Mike Sterling
Steve Bringle	Glenn Alan Turner
Tommy Dunavant	Harold Twisdale
Patsy Fee	Charles Walker
Johnnie Jones	Clifford Wilson
Jeff Mason	Robert Wilson
John McIntyre	Rusty Wooten
Jeff Scott	

Board of Education

Rodney Eubank, Chairman	Marty Haywood
Don Clark	Patricia Jackson
Janet Abel	Jack Strong
William Brooks	Thomas Taylor
Susan Griffin	

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FINANCIAL SECTION

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**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

November 19, 2008

Tipton County Executive and
Board of County Commissioners
Tipton County, Tennessee

To the County Executive and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tipton County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Tipton County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Tipton 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 Tipton County Public Library (a nonmajor special revenue fund), which represent 3.5 percent and 9.3 percent, respectively, of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for the Tipton County Public Library, is based on the report 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 report of other auditors provide a reasonable basis for our opinions.

The financial statements of the Tipton County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units referred to above do not include the amounts for the Tipton County Emergency Communications District, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Tipton County Emergency Communications District, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Tipton County, Tennessee, as of June 30, 2008, and the results of operations of the aggregate discretely presented component units for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of Tipton County, Tennessee, as of June 30, 2008, and the respective changes in financial position, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2008, on our consideration of Tipton 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., Tipton County implemented the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures.

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

The budgetary comparison, pension, and postemployment benefits information for Tipton County on pages 71 through 79 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally

accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tipton County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Tipton County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Tipton County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in black ink and is positioned above the typed name.

John G. Morgan
Comptroller of the Treasury

JGM/yu

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BASIC FINANCIAL STATEMENTS

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Exhibit A

Tipton County, Tennessee
Statement of Net Assets
June 30, 2008

	Primary Governmental Activities	Component Unit Tipton County School Department
<u>ASSETS</u>		
Cash	\$ 135,482	\$ 0
Equity in Pooled Cash and Investments	23,566,478	14,936,868
Accounts Receivable	181,868	260
Due from Other Governments	855,351	1,228,265
Property Taxes Receivable	11,363,151	10,253,112
Allowance for Uncollectible Property Taxes	(519,726)	(468,373)
Accrued Interest Receivable	199,436	0
Cash Shortage	3,658	0
Deferred Charges - Debt Issuance Costs	129,464	0
Capital Assets Not Depreciated:		
Land	2,228,266	3,547,240
Construction in Progress	0	5,868,580
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	3,257,644	30,449,551
Infrastructure	5,361,572	0
Other Capital Assets	1,921,777	3,932,408
Total Assets	<u>\$ 48,684,421</u>	<u>\$ 69,747,911</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 5,369	\$ 0
Payroll Deductions Payable	28,428	2,400,592
Retainage Payable	0	165,326
Accrued Interest Payable	179,749	0
Deferred Revenue - Current Property Taxes	10,518,900	9,492,666
Noncurrent Liabilities:		
Due Within One Year	5,100,267	23,721
Due in More Than One Year	44,251,068	960,783
Total Liabilities	<u>\$ 60,083,781</u>	<u>\$ 13,043,088</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 9,652,100	\$ 0
Invested in Capital Assets	0	43,797,779
Restricted for:		
Capital Projects	132,793	1,913,832
Debt Service	13,076,527	0
Public Library	96,451	0

(Continued)

Exhibit A

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

	Primary Government <u>Governmental Activities</u>	Component Unit <u>Tipton County School Department</u>
<u>NET ASSETS (Cont.)</u>		
Restricted for (Cont.):		
Solid Waste/Sanitation	\$ 633,339	\$ 0
Drug Control	119,210	0
Highway/Public Works	2,004,097	0
Industrial Development	126,303	0
Probation Officer	211,069	0
Local Health Department	110,300	0
School Federal Projects	0	186,373
Central Cafeteria	0	1,602,306
Other Purposes	97,839	121,055
Unrestricted	<u>(37,659,388)</u>	<u>9,083,478</u>
Total Net Assets	<u>\$ (11,399,360)</u>	<u>\$ 56,704,823</u>

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

Exhibit B

Tipton County, Tennessee
Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Assets		Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Primary Government Total		Tipton County School Department	
			Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Governmental Activities		
Primary Government:									
Governmental Activities:									
General Government	\$ 1,715,360	\$ 471,253	\$ 122,246	\$ 0	\$ 0	\$ (1,121,861)	\$ 0	0	
Finance	2,127,248	1,130,772	18,243	0	0	(978,233)	0	0	
Administration of Justice	1,510,590	1,447,693	9,000	0	0	(53,897)	0	0	
Public Safety	6,483,757	588,053	74,494	455,438	0	(5,365,772)	0	0	
Public Health and Welfare	1,689,950	447,434	395,376	356,646	0	(490,494)	0	0	
Social, Cultural, and Recreational Services	266,147	0	0	0	0	(266,147)	0	0	
Agriculture	209,719	0	0	0	0	(209,719)	0	0	
Other Operations	816,261	14,771	0	0	0	(801,490)	0	0	
Highways/Public Works	4,638,418	3,064	2,011,091	439,912	0	(2,184,351)	0	0	
Education	12,000,000	0	0	0	0	(12,000,000)	0	0	
Interest on Long-term Debt	1,483,569	0	676,500	0	0	(807,069)	0	0	
Other Debt Service	217,596	0	0	0	0	(217,596)	0	0	
Total Primary Government	\$ 33,158,615	\$ 4,103,040	\$ 3,306,950	\$ 1,251,996	\$ (24,496,629)	\$ 0	\$ 0	0	
Component Unit:									
Tipton County School Department	\$ 89,596,499	\$ 2,557,317	\$ 10,204,252	\$ 12,000,000	\$ 0	\$ (64,834,930)	\$ 0	0	
Total Component Unit	\$ 89,596,499	\$ 2,557,317	\$ 10,204,252	\$ 12,000,000	\$ 0	\$ (64,834,930)	\$ 0	0	

(Continued)

Exhibit B

Tipton County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component	
				Primary Government Total Governmental Activities	Tipton County School Department
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 6,556,324	\$ 10,099,873
Property Taxes Levied for Debt Service				4,674,817	0
Local Option Sales Tax				370,981	3,654,889
Wheel Tax				3,174,469	0
Litigation Tax				293,544	0
Wholesale Beer Tax				214,492	0
Other Local Taxes				214,607	128,801
Grants and Contributions Not Restricted to Specific Programs				1,333,385	55,519,191
Unrestricted Investment Earnings				1,962,304	0
Miscellaneous				43,247	265,730
Total General Revenues				\$ 18,838,170	\$ 69,668,484
Change in Net Assets				\$ (5,658,459)	\$ 4,833,554
Net Assets, July 1, 2007				(5,740,901)	51,871,269
Net Assets, June 30, 2008				\$ (11,399,360)	\$ 56,704,823

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

Tipton County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2008

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	Governmental Funds	
ASSETS							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 135,482	\$ 135,482
Equity in Pooled Cash and Investments	8,589,548	1,345,818	12,786,750	132,793	711,569	23,566,478	23,566,478
Accounts Receivable	13,407	1,579	114,318	0	52,564	181,868	181,868
Due from Other Governments	98,576	756,775	0	0	0	855,351	855,351
Due from Other Funds	45,246	0	0	0	0	45,246	45,246
Property Taxes Receivable	6,231,194	644,572	4,487,385	0	0	11,363,151	11,363,151
Allowance for Uncollectible Property Taxes	(264,422)	(28,627)	(226,677)	0	0	(519,726)	(519,726)
Accrued Interest Receivable	0	0	199,436	0	0	199,436	199,436
Cash Shortage	3,658	0	0	0	0	3,658	3,658
Total Assets	\$ 14,717,207	\$ 2,720,117	\$ 17,361,212	\$ 132,793	\$ 899,615	\$ 35,830,944	\$ 35,830,944

LIABILITIES AND FUND BALANCES

Liabilities							
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,369	\$ 5,369	\$ 5,369
Payroll Deductions Payable	28,428	0	0	0	0	28,428	28,428
Due to Other Funds	0	0	0	0	45,246	45,246	45,246
Deferred Revenue - Current Property Taxes	5,815,327	598,637	4,104,936	0	0	10,518,900	10,518,900
Deferred Revenue - Delinquent Property Taxes	151,445	17,308	155,772	0	0	324,525	324,525
Other Deferred Revenues	31,300	158,431	199,436	0	0	389,167	389,167
Total Liabilities	\$ 6,026,500	\$ 774,376	\$ 4,460,144	\$ 0	\$ 50,615	\$ 11,311,635	\$ 11,311,635
Fund Balances							
Reserved for Encumbrances	\$ 493,317	\$ 49,163	\$ 0	\$ 0	\$ 900	\$ 543,380	\$ 543,380
Reserved for Drug Court	17,955	0	0	0	0	17,955	17,955
Reserved for Sexual Offender Registration	11,586	0	0	0	0	11,586	11,586
Reserved for Computer System - Register	40,160	0	0	0	0	40,160	40,160
Reserved for Automation Purposes - General Sessions Court	28,138	0	0	0	0	28,138	28,138
Reserved for Other General Purposes Unreserved, Reported In:	447,672	0	0	0	0	447,672	447,672
General Fund	7,651,879	0	0	0	0	7,651,879	7,651,879
Special Revenue Funds	0	1,896,578	0	0	848,100	2,744,678	2,744,678
Debt Service Funds	0	0	12,901,068	0	0	12,901,068	12,901,068
Capital Projects Funds	0	0	0	132,793	0	132,793	132,793
Total Fund Balances	\$ 8,690,707	\$ 1,945,741	\$ 12,901,068	\$ 132,793	\$ 849,000	\$ 24,519,309	\$ 24,519,309
Total Liabilities and Fund Balances	\$ 14,717,207	\$ 2,720,117	\$ 17,361,212	\$ 132,793	\$ 899,615	\$ 35,830,944	\$ 35,830,944

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

Exhibit C-2

Tipton County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2008

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)		\$ 24,519,309	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	2,228,266	
Add: infrastructure net of accumulated depreciation		5,361,572	
Add: buildings and improvements net of accumulated depreciation		3,257,644	
Add: other capital assets net of accumulated depreciation		<u>1,921,777</u>	12,769,259
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(878,250)	
Less: other loans payable		(29,846,187)	
Less: capitalized leases payable		(47,768)	
Less: bonds payable		(16,570,000)	
Add: deferred charges - debt issuance costs		129,464	
Less: compensated absences payable		(540,039)	
Less: landfill closure/postclosure care costs		(759,943)	
Less: other postemployment benefits		(709,148)	
Less: accrued interest on bonds and notes		<u>(179,749)</u>	(49,401,620)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>713,692</u>
Net assets of governmental activities (Exhibit A)			<u>\$ (11,399,360)</u>

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

Exhibit C-3

Tipton County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	Major Funds				Nonmajor	Total	
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds		Governmental Funds
Revenues							
Local Taxes	\$ 8,749,122	\$ 2,264,500	\$ 5,091,479	\$ 0	\$ 79	\$ 16,105,180	
Licenses and Permits	67,287	57,526	0	0	0	124,813	
Fines, Forfeitures, and Penalties	429,229	0	0	0	75,128	504,357	
Charges for Current Services	196,135	3,047	0	0	288,528	487,710	
Other Local Revenues	145,733	25,742	1,762,868	0	102,797	2,037,140	
Fees Received from County Officials	2,358,043	0	0	0	0	2,358,043	
State of Tennessee	1,050,401	2,444,972	0	0	665,230	4,160,603	
Federal Government	779,839	0	0	0	0	779,839	
Other Governments and Citizens Groups	26,484	103,822	600,000	0	91,798	822,104	
Total Revenues	\$ 13,802,273	\$ 4,899,609	\$ 7,454,347	\$ 0	\$ 1,223,560	\$ 27,379,789	
Expenditures							
Current:							
General Government	\$ 1,611,872	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,611,872	
Finance	1,432,928	0	0	0	0	1,432,928	
Administration of Justice	1,456,164	0	0	0	0	1,456,164	
Public Safety	6,834,220	0	0	0	48,285	6,882,505	
Public Health and Welfare	661,765	159,681	0	0	3,800	825,246	
Social, Cultural, and Recreational Services	105,000	0	0	0	184,865	289,865	
Agriculture and Natural Resources	209,352	0	0	0	0	209,352	
Other Operations	819,975	0	0	0	0	819,975	
Highways	0	3,949,472	0	0	835,164	4,784,636	
Debt Service:							
Principal on Debt	17,913	0	4,791,450	0	83,650	4,893,013	
Interest on Debt	2,549	0	1,500,594	0	3,946	1,507,089	
Other Debt Service	0	0	210,524	0	0	210,524	
Capital Projects	0	0	0	12,000,000	0	12,000,000	
Total Expenditures	\$ 13,151,738	\$ 4,109,153	\$ 6,502,568	\$ 12,000,000	\$ 1,159,710	\$ 36,923,169	
Excess (Deficiency) of Revenues Over Expenditures	\$ 650,535	\$ 790,456	\$ 951,779	\$ (12,000,000)	\$ 63,850	\$ (9,543,380)	
Other Financing Sources (Uses)							
Other Loans Issued	\$ 205,163	\$ 0	\$ 0	\$ 12,000,000	\$ 0	\$ 12,205,163	
Insurance Recovery	22,481	518	0	0	0	22,999	
Transfers In	0	0	0	0	77,500	77,500	
Transfers Out	(77,500)	0	0	0	0	(77,500)	
Total Other Financing Sources (Uses)	\$ 150,144	\$ 518	\$ 0	\$ 12,000,000	\$ 77,500	\$ 12,228,162	
Net Change in Fund Balances	\$ 800,679	\$ 790,974	\$ 951,779	\$ 0	\$ 141,350	\$ 2,684,782	
Fund Balance, July 1, 2007	7,890,028	1,154,767	11,949,289	132,793	707,650	21,834,527	
Fund Balance, June 30, 2008	<u>\$ 8,690,707</u>	<u>\$ 1,945,741</u>	<u>\$ 12,901,068</u>	<u>\$ 132,793</u>	<u>\$ 849,000</u>	<u>\$ 24,519,309</u>	

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

Exhibit C-4

Tipton 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, 2008

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)		\$ 2,684,782
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 889,173	
Less: current year depreciation expense	<u>(1,288,123)</u>	(398,950)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: loss on disposal of capital assets	\$ (7,979)	
Less: proceeds received from the disposal of assets	<u>(2,200)</u>	(10,179)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2008	\$ 713,692	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(591,125)</u>	122,567
(4) The issuance of long-term debt (e.g. bonds, notes, other loans, capital leases, etc.) 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: other loan proceeds	\$ (12,205,163)	
Add: change in deferred debt issuance costs	(7,072)	
Add: principal payments on bonds	2,785,000	
Add: principal payments on notes	280,100	
Add: principal payments on other loans	1,810,000	
Add: principal payments on capital leases	<u>17,913</u>	(7,319,222)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 23,520	
Change in other postemployments benefits	(709,148)	
Change in compensated absences payable	(34,707)	
Change in landfill closure/postclosure care costs	<u>(17,122)</u>	(737,457)
Change in net assets of governmental activities (Exhibit B)		<u>\$ (5,658,459)</u>

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

Exhibit D

Tipton County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,489,460
Due from Other Governments	<u>528,000</u>
Total Assets	<u>\$ 2,017,460</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 528,000
Due to Litigants, Heirs, and Others	<u>1,489,460</u>
Total Liabilities	<u>\$ 2,017,460</u>

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

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TIPTON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Tipton 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 Tipton County:

A. Reporting Entity

Tipton County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Tipton 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 Tipton 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 Tipton County School Department operates the public school system in the county, and the voters of Tipton 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 Tipton County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Tipton County, and the Tipton 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 financial statements of the Tipton County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Tipton County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Tipton County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Tipton County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Tipton County Emergency Communications District
220 Highway 51 North, Suite 4
Covington, TN 38019

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. However, the primary government of Tipton County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Tipton County School Department component unit only reports governmental activities in the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Tipton County issues all debt for the discretely presented Tipton County School Department. Net debt issues (\$12,000,000) were contributed by the county to the School Department during the year ended June 30, 2008.

Separate financial statements are provided for governmental funds 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 fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

Fiduciary fund financial statements are reported using the economic resources measurement focus (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.

Tipton County reports the following major governmental funds:

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

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

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

General Capital Projects Fund – This fund accounts for general capital projects of the county and debt issued by Tipton County that is subsequently contributed to the discretely presented Tipton County School Department for construction and renovation projects.

Additionally, Tipton County reports the following fund type:

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

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

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

Education Capital Projects Fund – This fund is used to account for the receipt of debt issued by Tipton County and contributed to the School Department for building construction and renovations.

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds, and the discretely presented Tipton County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Tipton County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State

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

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.35 percent of total taxes levied.

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

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

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

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

Retainage payable in the discretely presented Tipton County School Department’s Education 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 in the School Department’s Education Capital Projects Fund.

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$15,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25
Other Capital Assets	5, 10, or 12
Infrastructure:	
Roads	10 or 20
Bridges	5, 15, or 30

4. **Compensated Absences**

It is the county's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Tipton County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county and its discretely presented component units. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

5. **Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In 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, landfill postclosure care costs, and other postemployment benefits are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. **Net Assets and Fund Equity**

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

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

As of June 30, 2008, Tipton County had \$44,225,046 in outstanding debt for capital purposes for the discretely presented Tipton County School Department. The debt is a liability of Tipton County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Tipton 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

Primary Government

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

Discretely Presented Tipton County School Department

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

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

Primary Government

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

Discretely Presented Tipton County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the General Capital Projects Fund, which adopts 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, Beer Board, County Mayor, Election Commission, 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 Shortage

The General Fund had a cash shortage of \$3,658 at June 30, 2008. This cash shortage resulted from an employee improperly using a county fuel card for personal gain.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county

may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2008, Tipton 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 Tipton County and the discretely presented Tipton 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	\$ 19,178,534

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. Tipton County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Tipton County has no investment policy that would further limit its investment choices. As of June 30, 2008, Tipton County’s investment in the State Treasurer’s Investment Pool was unrated.

B. Capital Assets

Capital assets activity for the year ended June 30, 2008, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 2,228,266	\$ 0	\$ 0	\$ 2,228,266
Total Capital Assets Not Depreciated	<u>\$ 2,228,266</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,228,266</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 5,692,168	\$ 0	\$ 0	\$ 5,692,168
Infrastructure	21,472,737	110,500	0	21,583,237
Other Capital Assets	6,530,691	778,673	(69,416)	7,239,948
Total Capital Assets Depreciated	<u>\$ 33,695,596</u>	<u>\$ 889,173</u>	<u>\$ (69,416)</u>	<u>\$ 34,515,353</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,243,460	\$ 191,064	\$ 0	\$ 2,434,524
Infrastructure	15,628,737	592,928	0	16,221,665
Other Capital Assets	4,873,277	504,131	(59,237)	5,318,171
Total Accumulated Depreciation	<u>\$ 22,745,474</u>	<u>\$ 1,288,123</u>	<u>\$ (59,237)</u>	<u>\$ 23,974,360</u>
Total Capital Assets Depreciated, Net	<u>\$ 10,950,122</u>	<u>\$ (398,950)</u>	<u>\$ (10,179)</u>	<u>\$ 10,540,993</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,178,388</u>	<u>\$ (398,950)</u>	<u>\$ (10,179)</u>	<u>\$ 12,769,259</u>

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

Governmental Activities:

General Government	\$ 121,238
Finance	346
Administration of Justice	52,586
Public Safety	281,715
Public Health and Welfare	10,080

Governmental Activities (Cont.):

Social, Cultural, and Recreational Services	\$ 30,643
Highways/Public Works	<u>791,515</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,288,123</u></u>

Discretely Presented Tipton County School Department

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 3,547,240	\$ 0	\$ 0	\$ 3,547,240
Construction in Progress	<u>371,762</u>	<u>5,496,818</u>	<u>0</u>	<u>5,868,580</u>
Total Capital Assets Not Depreciated	<u>\$ 3,919,002</u>	<u>\$ 5,496,818</u>	<u>\$ 0</u>	<u>\$ 9,415,820</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 100,312,550	\$ 0	\$ 0	\$ 100,312,550
Other Capital Assets	<u>7,746,774</u>	<u>1,055,934</u>	<u>(500,928)</u>	<u>8,301,780</u>
Total Capital Assets Depreciated	<u>\$ 108,059,324</u>	<u>\$ 1,055,934</u>	<u>\$ (500,928)</u>	<u>\$ 108,614,330</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 67,664,605	\$ 2,198,394	\$ 0	\$ 69,862,999
Other Capital Assets	<u>4,270,377</u>	<u>599,923</u>	<u>(500,928)</u>	<u>4,369,372</u>
Total Accumulated Depreciation	<u>\$ 71,934,982</u>	<u>\$ 2,798,317</u>	<u>\$ (500,928)</u>	<u>\$ 74,232,371</u>
Total Capital Assets Depreciated, Net	<u>\$ 36,124,342</u>	<u>\$ (1,742,383)</u>	<u>\$ 0</u>	<u>\$ 34,381,959</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 40,043,344</u></u>	<u><u>\$ 3,754,435</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 43,797,779</u></u>

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

Governmental Activities:

Instruction	\$ 1,901,019
Support Services	703,194
Operation of Non-Instructional Services	<u>194,104</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,798,317</u>

C. Construction Commitments

At June 30, 2008, the General Fund had uncompleted construction contracts of approximately \$261,888 for the construction of an addition to the Health Department. Funding for these future expenditures is expected to be received from a state grant and local funds.

At June 30, 2008, the discretely presented Education Capital Projects Fund had uncompleted construction contracts of \$742,397 for construction and renovation projects. Funding for these future expenditures is expected to be received from other loan proceeds.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2008, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 45,246

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2008, consisted of the following amounts:

Primary Government

<u>Transfer Out</u>	<u>Transfer In</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
General Fund	\$ 77,500

Discretely Presented Tipton County School Department

<u>Transfer Out</u>	<u>Transfer In</u>
	General Purpose School Fund
Nonmajor governmental fund	\$ 40,329

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. Capital Leases

On June 23, 2007, Tipton County entered into a five-year lease-purchase agreement for two copy machines. The terms of the agreement require total lease payments of \$16,456 plus interest of 3.83 percent. Title to the copy machines transfers to Tipton County at the end of the lease period. The lease payments are made by the General Fund.

On December 19, 2006, Tipton County entered into a five-year lease-purchase agreement for a copy machine. The terms of the agreement require total lease payments of \$11,245 plus interest of 3.39 percent. Title to the copy machine transfers to Tipton County at the end of the lease period. The lease payments are made by the General Fund.

On June 12, 2006, Tipton County entered into a five-year lease-purchase agreement for two copy machines. The terms of the agreement require total lease payments of \$21,808 plus interest of 3.32 percent. Title to the copy machines transfers to Tipton County at the end of the lease period. The lease payments are made by the General Fund.

On December 14, 2004, Tipton County entered into a five-year lease-purchase agreement for six copy machines. The terms of the agreement require total lease payments of \$41,141 plus interest of 6.47 percent. Title to the copy machines transfers to Tipton County at the end of the lease period. The lease payments are made by the General Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2008, were as follows:

Year Ending June 30	Governmental Funds
2009	\$ 20,462
2010	14,831
2011	10,809
2012	4,544
Total Minimum Lease Payments	\$ 50,646
Amount Representing Interest	(2,878)
 Present Value of Minimum Lease Payments	 \$ 47,768

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 20 years for bonds, up to seven years for notes, and up to 20 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2008, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, capital outlay notes, and capital leases outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bonds	2.5 to 4.625 %	\$ 9,000,000	\$ 7,750,000
General Obligation Bonds - Refunding	2.5 to 5.35	25,685,000	8,820,000
Other Loans	variable	34,243,187	29,846,187

Type (Cont.)	Interest Rate	Original Amount of Issue	Balance 6-30-08
Capital Outlay Notes	0 to 4.29 %	\$ 1,087,150	\$ 878,250
Capital Leases	3.32 to 6.47	90,650	47,768

During the 1998-99 year, Tipton County entered into two loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority loaned Tipton County \$10,897,089. These loans are repayable at a variable interest rate based on the weekly Bank of America Thursday National Non-AMT Index (BOA). In addition, the county pays various other fees (administration, debt remarketing, etc.) in connection with these loans. At June 30, 2008, the variable interest rate was 1.55 percent based on the BOA rate and other fees totaled approximately .48 percent of the outstanding loan principal.

During the 2002-03 year, Tipton County entered into a loan agreement with the Montgomery County Public Building Authority. This loan agreement provided for the authority to make \$5,100,000 available for loan to Tipton County on an as-needed basis for various capital projects. As of June 30, 2008, Tipton County had borrowed \$4,634,098. This loan is repayable at a variable interest rate based on the daily London Interbank Offer Rate (LIBOR). In addition, the county pays various other fees (administration, debt remarketing, etc.) in connection with this loan. At June 30, 2008, the variable interest rate was 2.5 percent based on the LIBOR rate and other fees totaled approximately .58 percent of the outstanding loan principal.

During the 2004-05 year, Tipton County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$5,100,000 to Tipton County for various capital projects. This loan is repayable at a variable interest rate based on the daily LIBOR. In addition, the county pays various other fees (administration, debt remarketing, etc.) in connection with this loan. At June 30, 2008, the variable interest rate was 2.5 percent based on the LIBOR rate and other fees totaled approximately .58 percent of the outstanding loan principal.

During the 2005-06 year, Tipton County entered into a loan agreement with the Montgomery County Public Building Authority. This loan agreement provided for the authority to make \$16,000,000 available for loan to Tipton County on an as-needed basis for various capital projects. As of June 30, 2008, Tipton County had borrowed \$13,612,000. This loan is repayable at a variable interest rate based on the daily LIBOR. In addition, the county pays various other fees (administration, debt remarketing, etc.) in connection with this loan. At June 30, 2008, the variable interest rate was

2.5 percent based on the LIBOR rate and other fees totaled approximately .38 percent of the outstanding loan principal.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2008, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2009	\$ 2,445,000	\$ 708,260	\$ 3,153,260
2010	2,075,000	613,110	2,688,110
2011	1,780,000	532,260	2,312,260
2012	1,695,000	458,663	2,153,663
2013	1,720,000	381,875	2,101,875
2014-2018	4,255,000	1,008,305	5,263,305
2019-2022	2,600,000	300,250	2,900,250
Total	<u>\$ 16,570,000</u>	<u>\$ 4,002,723</u>	<u>\$ 20,572,723</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2009	\$ 203,450	\$ 30,909	\$ 234,359
2010	212,450	22,523	234,973
2011	220,450	13,771	234,221
2012	229,450	4,655	234,105
2013	12,450	0	12,450
Total	<u>\$ 878,250</u>	<u>\$ 71,858</u>	<u>\$ 950,108</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2009	\$ 2,386,000	\$ 660,682	\$ 164,111	\$ 3,210,793
2010	2,518,000	606,732	150,872	3,275,604
2011	2,551,000	550,432	136,968	3,238,400
2012	2,169,098	493,307	122,872	2,785,277
2013	1,821,000	446,205	111,041	2,378,246
2014-2018	9,641,000	1,668,224	409,224	11,718,448
2019-2023	6,723,089	695,905	156,476	7,575,470
2024-2025	2,037,000	76,001	11,552	2,124,553
Total	<u>\$ 29,846,187</u>	<u>\$ 5,197,488</u>	<u>\$ 1,263,116</u>	<u>\$ 36,306,791</u>

There is \$12,901,068 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$323, based on the 2000 federal census. Debt per capita, including bonds, notes, other loans, and capital leases, totaled \$923, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2007	\$ 19,355,000	\$ 1,158,350	\$ 19,451,024
Additions	0	0	12,205,163
Deductions	(2,785,000)	(280,100)	(1,810,000)
Balance, June 30, 2008	<u>\$ 16,570,000</u>	<u>\$ 878,250</u>	<u>\$ 29,846,187</u>
Balance Due Within One Year	<u>\$ 2,445,000</u>	<u>\$ 203,450</u>	<u>\$ 2,386,000</u>

	Capital Leases	Compensated Absences
Balance, July 1, 2007	\$ 65,681	\$ 505,332
Additions	0	301,577
Deductions	(17,912)	(266,870)
Balance, June 30, 2008	<u>\$ 47,769</u>	<u>\$ 540,039</u>
Balance Due Within One Year	<u>\$ 18,815</u>	<u>\$ 27,002</u>

	Landfill Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2007	\$ 742,821	\$ 0
Additions	20,922	754,000
Deductions	(3,800)	(44,852)
Balance, June 30, 2008	<u>\$ 759,943</u>	<u>\$ 709,148</u>
Balance Due Within One Year	<u>\$ 20,000</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 49,351,335
Less: Balance Due Within One Year	<u>(5,100,267)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 44,251,068</u></u>

Compensated absences will be paid from the employing funds, primarily the General Fund and the Highway/Public Works Fund. Landfill postclosure care costs will be paid from the Solid Waste/Sanitation Fund. Other postemployment benefits will be paid from the employing funds, primarily the General Fund.

Discretely Presented Tipton County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Tipton County School Department for the year ended June 30, 2008, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2007	\$ 532,584	\$ 0
Additions	187,824	1,216,000
Deductions	<u>(245,965)</u>	<u>(705,939)</u>
Balance, June 30, 2008	<u>\$ 474,443</u>	<u>\$ 510,061</u>
Balance Due Within One Year	<u><u>\$ 23,721</u></u>	<u><u>\$ 0</u></u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 984,504
Less: Balance Due Within One Year	<u>(23,721)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 960,783</u></u>

Compensated absences will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds. Other

postemployment benefits will be paid from the employing funds, primarily the General Purpose School Fund.

G. On-Behalf Payments – Discretely Presented Tipton County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Tipton County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2008, were \$105,874 and \$26,225, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Short-term Debt

Tipton County issued a tax anticipation note in advance of property tax collections and deposited the proceeds in the Highway/Public Works Fund. This note was necessary because funds were not available to meet operating expenses coming due before current tax collections. Short-term debt activity for the year ended June 30, 2008, was as follows:

	Balance 7-1-07	Issued	Paid	Balance 6-30-08
Tax Anticipation Note	\$ 0	\$ 250,000	\$ (250,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Primary Government

Liability, Property, and Casualty

Tipton County participates in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays annual premiums to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims in excess of \$100,000 for each insured event.

Workers' Compensation Insurance

Tipton County participates in the Local Government Workers' Compensation Fund (LGWCF), a public entity risk pool established under the provisions of Section 29-20-401, Tennessee Code Annotated (TCA), by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays annual premiums to the LGWCF for its workers' compensation insurance coverage. The LGWCF is to be self-sustaining through member premiums. The LGWCF reinsures through commercial insurance companies for claims exceeding \$300,000.

Employee Health Insurance

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

Discretely Presented Tipton County School Department

Liability, Property, and Casualty

The Tipton County School Department participates in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The School Department pays annual premiums to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims in excess of \$100,000 for each insured event.

Workers' Compensation Insurance

The School Department does not provide workers' compensation insurance coverage for its employees.

Employee Health Insurance

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In

accordance with Section 8-27-301, TCA, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures became effective for the year ended June 30, 2008.

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the county's financial statements. In previous years, Tipton County and the School Department were only required to recognize the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented prospectively with a zero net OPEB obligation at transition.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables or future revenues. This statement provides additional guidance for sales of receivables and future revenues within the same reporting entity. This statement also requires governments to disclose in the notes to the financial statements the nature of any receivables or future revenues that have been pledged or sold. Tennessee state statutes do not currently allow counties to sell or pledge receivables or sell future revenue streams. Therefore, those provisions of GASB Statement No. 48 that pertain to the sale or pledge receivables or sale of future revenue will not apply to Tipton County. GASB Statement No. 48 had no effect on the financial statements of Tipton County for the year ended June 30, 2008, since the county has not pledged any of its future revenues. However, it is reasonably expected that Tipton County may pledge a future revenue stream toward the payment of debt in subsequent years.

GASB Statement No. 50 amends previous guidance concerning pension information. This statement closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and enhances the information disclosed in the notes to the financial statements or presented as required supplementary information for pension plans. This

statement requires Tipton County to provide additional and more detailed pension plan note disclosures than in previous years.

C. Subsequent Event

On July 9, 2008, Tipton County entered into a refunding loan agreement with the Montgomery County Public Building Authority for \$6,228,600.

D. Contingent Liabilities

The county is involved in several pending lawsuits. The county attorney and the attorney for the Board of Education estimate that the potential claims against the county and board not covered by insurance resulting from such litigation would not materially affect the county's or board's financial statements.

E. Change in Administration

On November 29, 2007, Leon Davenport, resigned as director of public works. On March 17, 2008, Shannon Reed was appointed director of public works by the Tipton County Commission.

F. Landfill Closure/Postclosure Care Costs

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The county stopped accepting household waste at the landfill during the 1996-97 year and began transporting the household waste to a private landfill in an adjoining county. The Solid Waste/Sanitation Fund reports all of Tipton County's solid waste activities.

An accrued liability of \$759,943 for landfill postclosure care costs at June 30, 2008, representing the remaining estimated costs for future postclosure care functions, is reported as a liability in the government-wide financial statements. Actual postclosure care cost may be higher due to inflation, changes in technology, or changes in regulations.

G. Retirement Commitments

Employees

Plan Description

Employees of Tipton 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 Tipton 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

Tipton 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, 2008, was 9.84 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Tipton County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2008, Tipton County's annual pension cost of \$1,590,467 to TCRS was equal to Tipton 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 postretirement 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. Tipton 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 17 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$1,590,467	100%	\$0
6-30-07	1,298,186	100	0
6-30-06	1,214,337	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 82.30 percent funded. The actuarial accrued liability for benefits was \$34.40 million, and the actuarial value of assets was \$28.31 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$6.09 million. The covered payroll (annual payroll of active employees covered by the plan) was \$14.95 million, and the ratio of the UAAL to the covered payroll was 40.73 percent.

The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liability for benefits.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

School Teachers

Plan Description

The Tipton County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the

member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <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 Tipton County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2008, was 6.24 percent of annual covered payroll. The employer contribution requirement for the Tipton County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2008, 2007, and 2006, were \$2,444,708, \$2,253,071, and \$1,884,196, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Plan Description

Tipton County and the School Department participate in the state administered Local Government Group Insurance Plan and Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefits OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated (TCA), for teachers and Section 8-27-207, TCA, for local governments. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization

(PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare supplement plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare supplement plan. The required contribution for retired county employees is currently \$60 a month and these benefits are provided to retirees for a maximum of two years. The required contribution rate for retired teachers is \$78 for single coverage and \$130 for family coverage for certified teachers. This contribution continues until the retiree reaches age 65 and is Medicare eligible. During the year, expenditures totaling \$44,852 (Tipton County) and \$705,939 (School Department) were recognized for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
	<hr/>	<hr/>
ARC	\$ 1,216,000	\$ 754,000
Interest on the NPO	0	0
Adjustment to the ARC	0	0
Annual OPEB cost	<hr/> \$ 1,216,000	<hr/> \$ 754,000
Less: Amount of contribution	(705,939)	(44,852)
Increase/decrease in NPO	<hr/> \$ 510,061	<hr/> \$ 709,148
Net OPEB obligation, 7-1-07	<hr/> 0	<hr/> 0
Net OPEB obligation, 6-30-08	<hr/> <hr/> \$ 510,061	<hr/> <hr/> \$ 709,148

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group Plan	\$ 1,216,000	58 %	\$ 510,061
6-30-08	Local Government Group	754,000	6	709,148

*Data not available for two preceding years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008, was as follows:

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	6-30-07	6-30-07
Actuarial accrued liability (AAL)	\$ 9,703,000	\$ 5,320,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 9,703,000	\$ 5,320,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 39,069,771	\$ 7,194,588
UAAL as a % of covered payroll	25%	74%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the June 30, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

I. **Purchasing Laws**

Office of County Executive

Purchasing procedures for the County Executive's Office are governed by provisions of Chapter 518, Private Acts of 1941, as amended. This act provides for the Purchasing Committee to make all purchases estimated to exceed \$10,000. Purchases estimated to be \$10,000 or less may be made by the county executive or other county officials. This act also requires that competitive bids be solicited by the Purchasing Committee through advertisement in a local newspaper on all purchases estimated to exceed \$10,000.

Office of Director of Public Works

Purchasing procedures for the Public Works Department are governed by provisions of Chapter 114, Private Acts of 1973, as amended, and the Uniform Road Law, Section 54-7-113, Tennessee Code Annotated (TCA). These statutes provide for the Public Works Committee to make all purchases, and all purchases exceeding \$10,000 are to be made on a competitive basis solicited through public advertisement.

Office of Director of Schools

Purchasing procedures for the discretely presented Tipton County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, TCA, 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.

VI. **OTHER NOTES – TIPTON COUNTY PUBLIC LIBRARY (SPECIAL REVENUE FUND)**

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. **Financial Reporting Entity**

The Tipton County Public Library is governed by a board of directors appointed by the executive of Tipton County, Tennessee. Based on criteria set forth in Statement No. 14 of the Governmental Accounting Standards Board (GASB), there are no organizations requiring consideration for inclusion in the library's financial reporting entity.

Under criteria in GASB Statement No. 14, the library is determined to be a fund of Tipton County, Tennessee, and is included in the financial statements of Tipton County as a special revenue fund. The library has elected to present its financial statements as a department of Tipton County.

The library's operating budget is funded by contributions from the City of Covington, Tennessee, and operating transfers from Tipton County. In addition, the library is located in a building owned by the City of Covington. The library is not charged any rent for use of the building. Capital improvements are funded from federal and state grants, contributions from the City of Covington, and operating transfers from Tipton County.

2. **Basis of Presentation**

The accounting and reporting policies of the library conform to accounting principles generally accepted in the United States applicable to governmental units. Generally accepted accounting principles are defined as those principles prescribed by GASB.

The library also presents fund financial statements for all funds relevant to operations of the library.

The library's accounts are organized and operated on the basis of fund types. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The library's financial activities reported in the accompanying financial statements are classified into one fund type (Governmental):

General Fund - used to account for all resources.

3. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The library considers revenues as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the library before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the library has a legal claim to the resources, the liability for deferred revenue is removed from the statement of net assets/balance sheet and revenue is recognized.

4. Budgets, Budgetary Accounting, and Encumbrances

The budget of the library is approved by the Tipton County Commission. The budget is adopted on a basis consistent with generally accepted accounting principles. Appropriations lapse at the end of the year. Encumbrance accounting is not used since it is not legally required.

5. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the library's deposits may not be returned to it. Although the library has not formally adopted a policy regarding collateralization of deposits, the library follows collateralization requirements of state statutes.

6. Investments

Statutes authorize the library to invest in obligations of the U.S. Treasury, agencies, instrumentalities and obligations guaranteed

as to principal and interest by the United States or any of its agencies, repurchase agreements, the Tennessee local government investment pool, certificates of deposit at state and federally chartered banks and savings and loan associations, money market funds approved by the state director of Local Finance, and Tipton County's bonds and notes. The library has not adopted a formal investment policy that limits its interest rate or credit risk.

7. Capital Assets

Capital assets, which include equipment, fixtures, and library collection, are reported in the statement of net assets. All capital assets are valued at historical cost. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Equipment	5-10
Library Collections	5

8. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

B. DEPOSITS

The bank balances of deposits as of June 30, 2008, were entirely insured by federal depository insurance.

C. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2008, was as follows:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Depreciated:				
Library Collection	\$ 140,264	\$ 20,912	\$ (15,495)	\$ 145,681
Equipment and Fixtures	60,440	33,449	(19,991)	73,898
Total Capital Assets Depreciated	<u>\$ 200,704</u>	<u>\$ 54,361</u>	<u>\$ (35,486)</u>	<u>\$ 219,579</u>
Less Accumulated Depreciation For:				
Library Collection	\$ 82,771	\$ 24,018	\$ (15,495)	\$ 91,294
Equipment and Fixtures	51,517	6,625	(19,991)	38,151
Total Accumulated Depreciation	<u>\$ 134,288</u>	<u>\$ 30,643</u>	<u>\$ (35,486)</u>	<u>\$ 129,445</u>
Total Capital Assets Depreciated, Net	<u>\$ 66,416</u>	<u>\$ 23,718</u>	<u>\$ 0</u>	<u>\$ 90,134</u>
Governmental Activities Capital Assets, Net	<u>\$ 66,416</u>	<u>\$ 23,718</u>	<u>\$ 0</u>	<u>\$ 90,134</u>

D. RISK MANAGEMENT

The library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. All insurable risks of loss are covered under commercial insurance policies. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There was no significant reduction in the amount of coverage provided during this year.

E. RETIREMENT PLAN

Plan Description

Employees of Tipton 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 member 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 Tipton 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 Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at www.treasury.state.tn.us/tcrs/PS/.

Funding Policy

Tipton County requires employees to contribute five percent earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2008, was 9.51 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Tipton County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost and Trend Information

For the year ending June 30, 2008, the library's annual pension cost was \$1,951. Further information regarding annual pension cost and trend information of the library is not available since the library information is included in the calculations for the Tipton County General Fund as a whole and is not separately identifiable.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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Exhibit E-1

Tipton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,749,122	\$ 0	\$ 0	\$ 8,749,122	\$ 8,482,070	\$ 8,482,070	\$ 267,052
Licenses and Permits	67,287	0	0	67,287	99,000	99,000	(31,713)
Fines, Forfeitures, and Penalties	429,229	0	0	429,229	389,700	394,200	35,029
Charges for Current Services	196,135	0	0	196,135	177,450	177,450	18,685
Other Local Revenues	145,733	0	0	145,733	90,050	124,050	21,683
Fees Received from County Officials	2,358,043	0	0	2,358,043	2,341,500	2,341,500	16,543
State of Tennessee	1,050,401	0	0	1,050,401	949,362	1,037,007	13,394
Federal Government	779,839	0	0	779,839	805,067	939,067	(159,228)
Other Governments and Citizens Groups	26,484	0	0	26,484	0	54,789	(28,305)
Total Revenues	\$ 13,802,273	\$ 0	\$ 0	\$ 13,802,273	\$ 13,334,199	\$ 13,649,133	\$ 153,140
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 132,005	\$ 0	\$ 814	\$ 132,819	\$ 144,995	\$ 159,995	\$ 27,176
Beer Board	4,972	0	0	4,972	4,135	6,560	1,588
County Mayor/Executive	205,947	0	687	206,634	221,807	221,807	15,173
Election Commission	296,257	0	933	297,190	328,301	330,074	32,884
Register of Deeds	274,560	(16)	983	275,527	290,461	296,106	20,579
Planning	257,844	(12)	682	258,514	271,089	271,902	13,388
Building	280,813	(328)	2,930	283,415	311,373	311,373	27,958
Codes Compliance	11,016	0	0	11,016	15,263	15,263	4,247
Geographical Information Systems	85,730	0	164	85,894	86,843	87,246	1,352
County Buildings	62,728	0	3,967	66,695	72,295	72,295	5,600
<u>Finance</u>							
Accounting and Budgeting	207,103	0	0	207,103	217,966	217,966	10,863
Property Assessor's Office	410,643	(60)	0	410,583	456,177	461,408	50,825
Reappraisal Program	77,627	0	453	78,080	84,124	86,475	8,395

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Trustee's Office	\$ 282,116	\$ 0	\$ 0	\$ 282,116	\$ 292,011	\$ 297,350	\$ 15,234
County Clerk's Office	455,439	(220)	499	455,718	485,918	485,918	30,200
<u>Administration of Justice</u>							
Circuit Court	508,923	(300)	0	508,623	509,124	517,587	8,964
Criminal Court	42,052	0	0	42,052	45,010	45,010	2,958
General Sessions Court	268,401	0	0	268,401	250,591	274,017	5,616
Chancery Court	303,584	(387)	628	303,825	317,660	319,399	15,574
Juvenile Court	213,443	0	1,898	215,341	227,375	228,088	12,747
Probate Court	77,402	0	0	77,402	76,009	80,572	3,170
Other Administration of Justice	40,096	0	130	40,226	77,920	77,920	37,694
Victims Assistance Programs	2,263	0	0	2,263	0	4,500	2,237
<u>Public Safety</u>							
Sheriff's Department	3,844,119	(23,403)	91,380	3,912,096	3,817,343	3,961,124	49,028
Administration of the Sexual Offender Registry	686	0	0	686	1,000	1,000	314
Jail	1,885,195	(2,737)	8,170	1,890,628	2,075,124	2,094,461	203,833
Workhouse	232,263	0	240	232,503	211,382	288,482	55,979
Fire Prevention and Control	219,527	(165)	101,131	320,493	351,821	351,935	31,442
Civil Defense	469,679	(430,000)	0	39,679	123,765	133,465	93,786
Other Emergency Management	182,751	0	0	182,751	185,790	185,790	3,039
<u>Public Health and Welfare</u>							
Local Health Center	73,707	(93)	263,277	336,891	412,389	412,389	75,498
Ambulance/Emergency Medical Services	100,000	0	0	100,000	100,000	100,000	0
Dental Health Program	336,479	0	1,226	337,705	326,927	348,857	11,152
General Welfare Assistance	32,431	0	0	32,431	37,431	37,431	5,000
Sanitation Management	119,148	0	2,563	121,711	133,771	133,771	12,060

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	\$ 80,000	\$ 0	\$ 0	\$ 80,000	\$ 80,000	\$ 80,000	\$ 0
Libraries	16,000	0	0	16,000	93,500	16,000	0
Parks and Fair Boards	3,000	0	0	3,000	9,500	9,500	6,500
Other Social, Cultural, and Recreational Agriculture and Natural Resources	6,000	0	0	6,000	6,000	6,000	0
<u>Agriculture Extension Service</u>	115,433	0	2,922	118,355	116,798	146,587	28,232
Soil Conservation	93,919	0	0	93,919	93,556	94,994	1,075
<u>Other Operations</u>							
Tourism	50,000	0	0	50,000	50,000	50,000	0
Industrial Development	95,162	0	0	95,162	175,000	175,000	79,838
Other Economic and Community Development	346,883	(341,130)	0	5,753	20,000	154,000	148,247
Veterans' Services	12,042	0	1,093	13,135	13,635	13,635	500
Miscellaneous	315,888	0	6,547	322,435	377,523	372,273	49,838
<u>Principal on Debt</u>							
General Government	17,913	0	0	17,913	0	18,250	337
<u>Interest on Debt</u>							
General Government	2,549	0	0	2,549	0	3,000	451
Total Expenditures	\$ 13,151,738	\$ (798,851)	\$ 493,317	\$ 12,846,204	\$ 13,598,702	\$ 14,056,775	\$ 1,210,571
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 650,535	\$ 798,851	\$ (493,317)	\$ 956,069	\$ (264,503)	\$ (407,642)	\$ 1,363,711
<u>Other Financing Sources (Uses)</u>							
Other Loans Issued	\$ 205,163	\$ 0	\$ 0	\$ 205,163	\$ 517,000	\$ 517,000	\$ (311,837)
Insurance Recovery	22,481	0	0	22,481	0	22,662	(181)
Transfers Out	(77,500)	0	0	(77,500)	0	(77,500)	0
Total Other Financing Sources (Uses)	\$ 150,144	\$ 0	\$ 0	\$ 150,144	\$ 517,000	\$ 462,162	\$ (312,018)

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 800,679	\$ 798,851	\$ (493,317)	\$ 1,106,213	\$ 252,497	\$ 54,520	\$ 1,051,693
Fund Balance, July 1, 2007	7,890,028	(798,851)	0	7,091,177	6,186,257	6,186,257	904,920
Fund Balance, June 30, 2008	\$ 8,690,707	\$ 0	\$ (493,317)	\$ 8,197,390	\$ 6,438,754	\$ 6,240,777	\$ 1,956,613

Exhibit E-2

Tipton 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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 2,264,500	\$ 0	\$ 0	\$ 2,264,500	\$ 2,110,880	\$ 2,110,880	\$ 153,620
Licenses and Permits	57,526	0	0	57,526	90,010	90,010	(32,484)
Charges for Current Services	3,047	0	0	3,047	2,000	2,000	1,047
Other Local Revenues	25,742	0	0	25,742	400	18,900	6,842
State of Tennessee	2,444,972	0	0	2,444,972	1,895,693	1,895,693	549,279
Other Governments and Citizens Groups	103,822	0	0	103,822	200	67,200	36,622
Total Revenues	\$ 4,899,609	\$ 0	\$ 0	\$ 4,899,609	\$ 4,099,183	\$ 4,184,683	\$ 714,926
Expenditures							
Public Health and Welfare	\$ 159,681	\$ 0	\$ 2,511	\$ 162,192	\$ 165,183	\$ 165,803	\$ 3,611
Rabies and Animal Control							
Highways							
Administration	338,697	0	800	339,497	374,322	378,122	38,625
Highway and Bridge Maintenance	2,016,029	(84,217)	32,620	1,964,432	2,212,620	2,203,380	238,948
Operation and Maintenance of Equipment	587,030	(38,724)	10,619	558,925	508,541	597,541	38,616
Other Charges	230,130	0	0	230,130	185,985	230,445	315
Employee Benefits	669,914	(28)	478	670,364	708,394	712,734	42,370
Capital Outlay	107,672	(81,900)	2,135	27,907	298,000	258,520	230,613
Total Expenditures	\$ 4,109,153	\$ (204,869)	\$ 49,163	\$ 3,953,447	\$ 4,453,045	\$ 4,546,545	\$ 593,098
Excess (Deficiency) of Revenues Over Expenditures	\$ 790,456	\$ 204,869	\$ (49,163)	\$ 946,162	\$ (353,862)	\$ (361,862)	\$ 1,308,024
Other Financing Sources (Uses)							
Insurance Recovery	\$ 518	\$ 0	\$ 0	\$ 518	\$ 0	\$ 0	\$ 518
Transfers In	0	0	0	0	50,000	0	0
Total Other Financing Sources (Uses)	\$ 518	\$ 0	\$ 0	\$ 518	\$ 50,000	\$ 0	\$ 518
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 790,974	\$ 204,869	\$ (49,163)	\$ 946,680	\$ (303,862)	\$ (361,862)	\$ 1,308,542
Fund Balance, July 1, 2007	1,154,767	(204,869)	0	949,898	1,214,582	1,214,582	(264,684)
Fund Balance, June 30, 2008	\$ 1,945,741	\$ 0	\$ (49,163)	\$ 1,896,578	\$ 910,720	\$ 852,720	\$ 1,043,858

Exhibit E-3

Tipton County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 28,313	\$ 34,402	\$ 6,089	82.30 %	\$ 14,950	40.73 %

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year; therefore, only the most current year is presented.

Exhibit E-4

Tipton County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Primary Government and Discretely Presented Tipton County School Department
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date *	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b)-(a)	(a/b)	(c)	
Local Government Group Plan	\$ 0	\$ 5,320	\$ 5,320	0%	\$ 7,195	73.94%
Local Education Group Plan	0	9,703	9,703	0	39,070	24.84

*Data not available for two preceding years.

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TIPTON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2008

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 Tipton 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, Beer Board, County Executive, Election Commission, etc.). Management may make revisions within major categories, but only the Tipton 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. CASH SHORTAGE

The General Fund had a cash shortage of \$3,658.41 at June 30, 2008. This cash shortage resulted from an employee improperly using a county fuel card for personal gain. Subsequent to June 30, 2008, this cash shortage increased to \$4,324.95.

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

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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 transactions of the Tipton County Public Library, which is jointly funded by Tipton County and the City of Covington.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Tipton County’s garbage collection operations.

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

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

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Exhibit F-1

Tipton County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Public Library	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	
\$ 101,820 \$ 0 \$ 0 \$ 33,662 \$ 135,482					
0 592,359 119,210 0 711,569					
0 40,980 0 11,584 52,564					
<u>\$ 101,820 \$ 633,339 \$ 119,210 \$ 45,246 \$ 899,615</u>					

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable
 Due to Other Funds
 Total Liabilities

Fund Balances

Reserved for Encumbrances
 Unreserved
 Total Fund Balances

Total Liabilities and Fund Balances

\$ 5,369 \$ 0 \$ 0 \$ 0 \$ 5,369					
0 0 0 45,246 45,246					
<u>\$ 5,369 \$ 0 \$ 0 \$ 45,246 \$ 50,615</u>					
\$ 0 \$ 900 \$ 0 \$ 0 \$ 900					
96,451 632,439 119,210 0 848,100					
<u>\$ 96,451 \$ 633,339 \$ 119,210 \$ 0 \$ 849,000</u>					
<u>\$ 101,820 \$ 633,339 \$ 119,210 \$ 45,246 \$ 899,615</u>					

Exhibit F-2

Tipton County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	Public Library	Solid Waste / Sanitation	Drug Control	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 79	\$ 0	\$ 79
Fines, Forfeitures, and Penalties	0	0	75,128	75,128
Charges for Current Services	0	288,528	0	288,528
Other Local Revenues	13,993	88,704	100	102,797
State of Tennessee	8,225	655,405	1,600	665,230
Other Governments and Citizens Groups	91,798	0	0	91,798
Total Revenues	<u>\$ 114,016</u>	<u>\$ 1,032,716</u>	<u>\$ 76,828</u>	<u>\$ 1,223,560</u>
<u>Expenditures</u>				
Current:				
Public Safety	\$ 0	\$ 0	\$ 48,285	\$ 48,285
Public Health and Welfare	0	3,800	0	3,800
Social, Cultural, and Recreational Services	184,865	0	0	184,865
Highways	0	835,164	0	835,164
Debt Service:				
Principal on Debt	0	83,650	0	83,650
Interest on Debt	0	3,946	0	3,946
Total Expenditures	<u>\$ 184,865</u>	<u>\$ 926,560</u>	<u>\$ 48,285</u>	<u>\$ 1,159,710</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (70,849)</u>	<u>\$ 106,156</u>	<u>\$ 28,543</u>	<u>\$ 63,850</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 77,500	\$ 0	\$ 0	\$ 77,500
Total Other Financing Sources (Uses)	<u>\$ 77,500</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 77,500</u>
Net Change in Fund Balances	\$ 6,651	\$ 106,156	\$ 28,543	\$ 141,350
Fund Balance, July 1, 2007	89,800	527,183	90,667	707,650
Fund Balance, June 30, 2008	<u>\$ 96,451</u>	<u>\$ 633,339</u>	<u>\$ 119,210</u>	<u>\$ 849,000</u>

Exhibit F-3

Tipton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Public Library Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 13,993	\$ 2,000	\$ 12,000	\$ 1,993
State of Tennessee	8,225	0	8,000	225
Other Governments and Citizens Groups	91,798	76,500	88,500	3,298
Total Revenues	<u>\$ 114,016</u>	<u>\$ 78,500</u>	<u>\$ 108,500</u>	<u>\$ 5,516</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 184,865	\$ 156,000	\$ 186,000	\$ 1,135
Total Expenditures	<u>\$ 184,865</u>	<u>\$ 156,000</u>	<u>\$ 186,000</u>	<u>\$ 1,135</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (70,849)</u>	<u>\$ (77,500)</u>	<u>\$ (77,500)</u>	<u>\$ 6,651</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 77,500	\$ 77,500	\$ 77,500	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 77,500</u>	<u>\$ 77,500</u>	<u>\$ 77,500</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 6,651	\$ 0	\$ 0	\$ 6,651
Fund Balance, July 1, 2007	<u>89,800</u>	<u>89,800</u>	<u>89,800</u>	<u>0</u>
Fund Balance, June 30, 2008	<u><u>\$ 96,451</u></u>	<u><u>\$ 89,800</u></u>	<u><u>\$ 89,800</u></u>	<u><u>\$ 6,651</u></u>

Exhibit F-4

Tipton 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, 2008

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 79	\$ 0	\$ 79	\$ 3,050	\$ 3,050	\$ (2,971)
Charges for Current Services	288,528	0	288,528	240,000	240,000	48,528
Other Local Revenues	88,704	0	88,704	60,220	60,220	28,484
State of Tennessee	655,405	0	655,405	525,230	525,230	130,175
Total Revenues	\$ 1,032,716	\$ 0	\$ 1,032,716	\$ 828,500	\$ 828,500	\$ 204,216
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Postclosure Care Costs	\$ 3,800	\$ 0	\$ 3,800	\$ 17,500	\$ 17,500	\$ 13,700
<u>Highways</u>						
Litter and Trash Collection	835,164	900	836,064	882,085	990,089	154,025
Principal on Debt	83,650	0	83,650	0	83,650	0
Highways and Streets	3,946	0	3,946	0	3,946	0
Interest on Debt	926,560	900	927,460	899,585	1,095,185	167,725
Total Expenditures	\$ 1,061,566	\$ (900)	\$ 1,060,666	\$ (71,085)	\$ (266,685)	\$ 371,941
Excess (Deficiency) of Revenues Over Expenditures	\$ 106,156	\$ (900)	\$ 105,256	\$ (71,085)	\$ (266,685)	\$ 371,941
Net Change in Fund Balance	\$ 106,156	\$ (900)	\$ 105,256	\$ (71,085)	\$ (266,685)	\$ 371,941
Fund Balance, July 1, 2007	527,183	0	527,183	380,016	380,016	147,167
Fund Balance, June 30, 2008	\$ 633,339	\$ (900)	\$ 632,439	\$ 308,931	\$ 113,331	\$ 519,108

Exhibit F-5

Tipton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 75,128	\$ 51,550	\$ 51,550	\$ 23,578
Other Local Revenues	100	200	200	(100)
State of Tennessee	1,600	0	0	1,600
Total Revenues	<u>\$ 76,828</u>	<u>\$ 51,750</u>	<u>\$ 51,750</u>	<u>\$ 25,078</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 48,285	\$ 84,750	\$ 84,750	\$ 36,465
Total Expenditures	<u>\$ 48,285</u>	<u>\$ 84,750</u>	<u>\$ 84,750</u>	<u>\$ 36,465</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 28,543</u>	<u>\$ (33,000)</u>	<u>\$ (33,000)</u>	<u>\$ 61,543</u>
Net Change in Fund Balance	\$ 28,543	\$ (33,000)	\$ (33,000)	\$ 61,543
Fund Balance, July 1, 2007	90,667	90,660	90,660	7
Fund Balance, June 30, 2008	<u>\$ 119,210</u>	<u>\$ 57,660</u>	<u>\$ 57,660</u>	<u>\$ 61,550</u>

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Major Governmental Fund

General Debt Service Fund

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

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Exhibit G

Tipton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,091,479	\$ 4,918,498	\$ 4,918,498	\$ 172,981
Other Local Revenues	1,762,868	1,700,000	1,700,000	62,868
Other Governments and Citizens Groups	600,000	0	600,000	0
Total Revenues	<u>\$ 7,454,347</u>	<u>\$ 6,618,498</u>	<u>\$ 7,218,498</u>	<u>\$ 235,849</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 512,450	\$ 696,450	\$ 512,450	\$ 0
Highways and Streets	184,000	0	184,000	0
Education	4,095,000	4,095,000	4,095,000	0
<u>Interest on Debt</u>				
General Government	108,388	263,953	145,661	37,273
Highways and Streets	38,953	0	38,953	0
Education	1,353,253	2,452,618	2,441,921	1,088,668
<u>Other Debt Service</u>				
General Government	188,080	120,314	193,987	5,907
Education	22,444	60,000	76,363	53,919
Total Expenditures	<u>\$ 6,502,568</u>	<u>\$ 7,688,335</u>	<u>\$ 7,688,335</u>	<u>\$ 1,185,767</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 951,779</u>	<u>\$ (1,069,837)</u>	<u>\$ (469,837)</u>	<u>\$ 1,421,616</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 600,000	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 600,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 951,779	\$ (469,837)	\$ (469,837)	\$ 1,421,616
Fund Balance, July 1, 2007	<u>11,949,289</u>	<u>11,771,739</u>	<u>11,771,739</u>	<u>177,550</u>
Fund Balance, June 30, 2008	<u>\$ 12,901,068</u>	<u>\$ 11,301,902</u>	<u>\$ 11,301,902</u>	<u>\$ 1,599,166</u>

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Fiduciary Funds

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

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

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

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Exhibit H-1

Tipton County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,489,460	\$ 1,489,460
Due from Other Governments	528,000	0	528,000
Total Assets	<u>\$ 528,000</u>	<u>\$ 1,489,460</u>	<u>\$ 2,017,460</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 528,000	\$ 0	\$ 528,000
Due to Litigants, Heirs, and Others	0	1,489,460	1,489,460
Total Liabilities	<u>\$ 528,000</u>	<u>\$ 1,489,460</u>	<u>\$ 2,017,460</u>

Exhibit H-2

Tipton County, Tennessee
Combining Statement of Changes in Assets and Liabilities- All Agency Funds
For the Year Ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,263,369	\$ 3,263,369	\$ 0
Due from Other Governments	540,178	528,000	540,178	528,000
Total Assets	<u>\$ 540,178</u>	<u>\$ 3,791,369</u>	<u>\$ 3,803,547</u>	<u>\$ 528,000</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 540,178	\$ 3,791,369	\$ 3,803,547	\$ 528,000
Total Liabilities	<u>\$ 540,178</u>	<u>\$ 3,791,369</u>	<u>\$ 3,803,547</u>	<u>\$ 528,000</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,288,776	\$ 12,684,492	\$ 12,483,808	\$ 1,489,460
Total Assets	<u>\$ 1,288,776</u>	<u>\$ 12,684,492</u>	<u>\$ 12,483,808</u>	<u>\$ 1,489,460</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,288,776	\$ 12,684,492	\$ 12,483,808	\$ 1,489,460
Total Liabilities	<u>\$ 1,288,776</u>	<u>\$ 12,684,492</u>	<u>\$ 12,483,808</u>	<u>\$ 1,489,460</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,263,369	\$ 3,263,369	\$ 0
Cash	1,288,776	12,684,492	12,483,808	1,489,460
Due from Other Governments	540,178	528,000	540,178	528,000
Total Assets	<u>\$ 1,828,954</u>	<u>\$ 16,475,861</u>	<u>\$ 16,287,355</u>	<u>\$ 2,017,460</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 540,178	\$ 3,791,369	\$ 3,803,547	\$ 528,000
Due to Litigants, Heirs, and Others	1,288,776	12,684,492	12,483,808	1,489,460
Total Liabilities	<u>\$ 1,828,954</u>	<u>\$ 16,475,861</u>	<u>\$ 16,287,355</u>	<u>\$ 2,017,460</u>

Tipton County School Department

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

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

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

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

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

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Exhibit I-1

Tipton County, Tennessee
Statement of Activities
Discretely Presented Tipton County School Department
For the Year Ended June 30, 2008

Functions/Programs	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction	\$ 58,953,790	\$ 580,995	\$ 4,731,894	\$ 12,000,000	\$ (41,640,901)
Support Services	21,704,062	127,036	1,854,253	0	(19,722,773)
Operation of Non-Instructional Services	8,338,647	1,849,286	3,618,105	0	(2,871,256)
Other Debt Service	600,000	0	0	0	(600,000)
Total Governmental Activities	\$ 89,596,499	\$ 2,557,317	\$ 10,204,252	\$ 12,000,000	\$ (64,834,930)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 10,099,873
Local Option Sales Tax					3,654,889
Other Local Taxes					128,801
Grants and Contributions Not Restricted to Specific Programs					55,519,191
Miscellaneous					265,730
Total General Revenues					\$ 69,668,484
Change in Net Assets					\$ 4,833,554
Net Assets, July 1, 2007					51,871,269
Net Assets, June 30, 2008					\$ 56,704,823

Exhibit I-2

Tipton County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Tipton County School Department
June 30, 2008

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>Education Capital Projects</u>	<u>Funds</u> <u>Other Govern- mental Funds</u>	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 11,306,225	\$ 2,079,158	\$ 1,551,485	\$ 14,936,868
Accounts Receivable	260	0	0	260
Due from Other Governments	991,071	0	237,194	1,228,265
Property Taxes Receivable	10,253,112	0	0	10,253,112
Allowance for Uncollectible Property Taxes	(468,373)	0	0	(468,373)
Total Assets	\$ 22,082,295	\$ 2,079,158	\$ 1,788,679	\$ 25,950,132
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Payroll Deductions Payable	\$ 2,400,592	\$ 0	\$ 0	\$ 2,400,592
Retainage Payable	0	165,326	0	165,326
Deferred Revenue - Current Property Taxes	9,492,666	0	0	9,492,666
Deferred Revenue - Delinquent Property Taxes	292,073	0	0	292,073
Other Deferred Revenues	310,600	0	0	310,600
Total Liabilities	\$ 12,495,931	\$ 165,326	\$ 0	\$ 12,661,257
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 569,489	\$ 1,845,026	\$ 0	\$ 2,414,515
Other Local Education Reserves	62,985	0	0	62,985
Reserved for Career Ladder - Extended Contract	44,331	0	0	44,331
Reserved for Career Ladder Program	13,739	0	0	13,739
Reserved for Title I Grants to Local Education Agencies	0	0	70,327	70,327
Reserved for Innovative Education Program Strategies	0	0	1,154	1,154
Reserved for Special Education - Grants to States	0	0	113,562	113,562
Other Federal Reserves	0	0	1,330	1,330
Unreserved, Reported In:				
General Fund	8,895,820	0	0	8,895,820
Special Revenue Funds	0	0	1,602,306	1,602,306
Capital Projects Funds	0	68,806	0	68,806
Total Fund Balances	\$ 9,586,364	\$ 1,913,832	\$ 1,788,679	\$ 13,288,875
Total Liabilities and Fund Balances	\$ 22,082,295	\$ 2,079,158	\$ 1,788,679	\$ 25,950,132

Exhibit I-3

Tipton County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Tipton County School Department
June 30, 2008

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 13,288,875
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 3,547,240	
Add: construction in progress	5,868,580	
Add: buildings and improvements net of accumulated depreciation	30,449,551	
Add: other capital assets net of accumulated depreciation	<u>3,932,408</u>	43,797,779
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: compensated absences payable	\$ (474,443)	
Less: other postemployment benefits	<u>(510,061)</u>	(984,504)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>602,673</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 56,704,823</u>

Exhibit I-4

Tipton County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Tipton County School Department
For the Year Ended June 30, 2008

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	
	General Purpose School	Education Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 14,358,421	\$ 0	\$ 0	\$ 14,358,421
Licenses and Permits	5,408	0	0	5,408
Fines, Forfeitures, and Penalties	7,898	0	0	7,898
Charges for Current Services	686,910	0	1,849,286	2,536,196
Other Local Revenues	261,352	6,700	28,014	296,066
State of Tennessee	56,298,217	0	0	56,298,217
Federal Government	131,053	0	8,534,236	8,665,289
Other Governments and Citizens Groups	0	12,000,000	0	12,000,000
Total Revenues	<u>\$ 71,749,259</u>	<u>\$ 12,006,700</u>	<u>\$ 10,411,536</u>	<u>\$ 94,167,495</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 46,729,702	\$ 0	\$ 4,503,071	\$ 51,232,773
Support Services	20,939,902	0	690,417	21,630,319
Operation of Non-Instructional Services	1,650,477	0	5,127,795	6,778,272
Capital Outlay	578,686	0	0	578,686
Debt Service:				
Other Debt Service	600,000	0	0	600,000
Capital Projects	0	11,778,874	0	11,778,874
Total Expenditures	<u>\$ 70,498,767</u>	<u>\$ 11,778,874</u>	<u>\$ 10,321,283</u>	<u>\$ 92,598,924</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,250,492</u>	<u>\$ 227,826</u>	<u>\$ 90,253</u>	<u>\$ 1,568,571</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 3,455	\$ 0	\$ 0	\$ 3,455
Transfers In	40,329	0	0	40,329
Transfers Out	0	0	(40,329)	(40,329)
Total Other Financing Sources (Uses)	<u>\$ 43,784</u>	<u>\$ 0</u>	<u>\$ (40,329)</u>	<u>\$ 3,455</u>
Net Change in Fund Balances	\$ 1,294,276	\$ 227,826	\$ 49,924	\$ 1,572,026
Fund Balance, July 1, 2007	<u>8,292,088</u>	<u>1,686,006</u>	<u>1,738,755</u>	<u>11,716,849</u>
Fund Balance, June 30, 2008	<u>\$ 9,586,364</u>	<u>\$ 1,913,832</u>	<u>\$ 1,788,679</u>	<u>\$ 13,288,875</u>

Exhibit I-5

Tipton County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Tipton County School Department
For the Year Ended June 30, 2008

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 1,572,026
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 6,552,752	
Less: current year depreciation expense	<u>(2,798,317)</u>	3,754,435
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2008	\$ 602,673	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(643,660)</u>	(40,987)
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ 58,141	
Change in other postemployment benefits	<u>(510,061)</u>	<u>(451,920)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 4,833,554</u>

Exhibit I-6

Tipton County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Tipton County School Department
June 30, 2008

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 170,025	\$ 1,381,460	\$ 1,551,485
Due from Other Governments	16,348	220,846	237,194
Total Assets	<u>\$ 186,373</u>	<u>\$ 1,602,306</u>	<u>\$ 1,788,679</u>
<u>FUND BALANCES</u>			
Reserved for Title I Grants to Local Education Agencies	\$ 70,327	\$ 0	\$ 70,327
Reserved for Innovative Education Program Strategies	1,154	0	1,154
Reserved for Special Education - Grants to States	113,562	0	113,562
Other Federal Reserves	1,330	0	1,330
Unreserved	0	1,602,306	1,602,306
Total Fund Balances	<u>\$ 186,373</u>	<u>\$ 1,602,306</u>	<u>\$ 1,788,679</u>

Exhibit I-7

Tipton County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Tipton County School Department
For the Year Ended June 30, 2008

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 1,849,286	\$ 1,849,286
Other Local Revenues	0	28,014	28,014
Federal Government	5,301,678	3,232,558	8,534,236
Total Revenues	<u>\$ 5,301,678</u>	<u>\$ 5,109,858</u>	<u>\$ 10,411,536</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 4,503,071	\$ 0	\$ 4,503,071
Support Services	690,417	0	690,417
Operation of Non-Instructional Services	0	5,127,795	5,127,795
Total Expenditures	<u>\$ 5,193,488</u>	<u>\$ 5,127,795</u>	<u>\$ 10,321,283</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 108,190</u>	<u>\$ (17,937)</u>	<u>\$ 90,253</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (40,329)	\$ 0	\$ (40,329)
Total Other Financing Sources (Uses)	<u>\$ (40,329)</u>	<u>\$ 0</u>	<u>\$ (40,329)</u>
Net Change in Fund Balances	\$ 67,861	\$ (17,937)	\$ 49,924
Fund Balance, July 1, 2007	118,512	1,620,243	1,738,755
Fund Balance, June 30, 2008	<u>\$ 186,373</u>	<u>\$ 1,602,306</u>	<u>\$ 1,788,679</u>

Exhibit I-8

Tipton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Tipton County School Department
General Purpose School Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 14,358,421	\$ 0	\$ 0	\$ 14,358,421	\$ 13,632,000	\$ 13,932,000	\$ 426,421
Licenses and Permits	5,408	0	0	5,408	8,000	5,000	408
Fines, Forfeitures, and Penalties	7,898	0	0	7,898	5,000	8,000	(102)
Charges for Current Services	686,910	0	0	686,910	670,000	670,000	16,910
Other Local Revenues	261,352	0	0	261,352	225,000	275,000	(13,648)
State of Tennessee	56,298,217	0	0	56,298,217	55,420,000	56,167,100	131,117
Federal Government	131,053	0	0	131,053	300,000	140,000	(8,947)
Total Revenues	\$ 71,749,259	\$ 0	\$ 0	\$ 71,749,259	\$ 70,260,000	\$ 71,197,100	\$ 552,159
Expenditures							
<u>Instruction</u>							
Regular Instruction Program	\$ 36,349,370	\$ (161,644)	\$ 233,508	\$ 36,421,234	\$ 36,382,000	\$ 36,843,000	\$ 421,766
Alternative Instruction Program	618,026	(150)	0	617,876	615,000	650,000	32,124
Special Education Program	7,353,263	0	44,653	7,397,916	7,208,000	7,438,000	40,084
Vocational Education Program	2,371,318	0	5,094	2,376,412	2,253,000	2,380,000	3,588
Adult Education Program	37,725	0	0	37,725	100,000	50,000	12,275
<u>Support Services</u>							
Health Services	605,736	0	0	605,736	590,000	610,000	4,264
Other Student Support	1,548,282	(4,379)	0	1,543,903	1,557,000	1,557,000	13,097
Regular Instruction Program	1,631,089	0	96	1,631,185	1,710,000	1,669,000	37,815
Special Education Program	228,035	0	25	228,060	235,000	235,000	6,940
Vocational Education Program	114,254	0	0	114,254	113,000	115,000	746
Adult Programs	92,701	0	0	92,701	73,000	96,000	3,299
Other Programs	132,099	0	0	132,099	0	132,099	0
Board of Education	726,962	0	0	726,962	746,000	767,000	40,038
Director of Schools	253,765	0	0	253,765	254,000	254,000	235

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original		
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 4,902,047	\$ 0	\$ 0	\$ 4,902,047	\$ 4,915,000	\$ 4,915,000	\$ 12,953
Fiscal Services	434,054	0	119	434,173	456,000	456,000	21,827
Operation of Plant	3,623,837	0	4,500	3,628,337	3,875,000	3,737,000	108,663
Maintenance of Plant	1,190,283	(40,900)	20,136	1,169,519	1,130,000	1,182,000	12,481
Transportation	5,456,758	(5,248)	510	5,452,020	5,344,000	5,494,000	41,980
<u>Operation of Non-Instructional Services</u>							
Food Service	143,593	0	0	143,593	139,000	145,001	1,408
Community Services	549,886	0	0	549,886	550,000	550,000	114
Early Childhood Education	956,998	0	0	956,998	755,000	957,000	2
<u>Capital Outlay</u>							
Regular Capital Outlay	578,686	(242,906)	260,848	596,628	700,000	700,000	103,372
Other Debt Service							
Education	600,000	0	0	600,000	0	600,000	0
Total Expenditures	\$ 70,498,767	\$ (455,227)	\$ 569,489	\$ 70,613,029	\$ 69,700,000	\$ 71,532,100	\$ 919,071
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 1,250,492	\$ 455,227	\$ (569,489)	\$ 1,136,230	\$ 560,000	\$ (335,000)	\$ 1,471,230
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 3,455	\$ 0	\$ 0	\$ 3,455	\$ 0	\$ 0	\$ 3,455
Transfers In	40,329	0	0	40,329	40,000	335,000	(294,671)
Operating Transfers to Primary Government	0	0	0	0	(600,000)	0	0
Total Other Financing Sources (Uses)	\$ 43,784	\$ 0	\$ 0	\$ 43,784	\$ (560,000)	\$ 335,000	\$ (291,216)
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2007	\$ 1,294,276	\$ 455,227	\$ (569,489)	\$ 1,180,014	\$ 0	\$ 0	\$ 1,180,014
Fund Balance, June 30, 2008	8,292,088	(455,227)	0	7,836,861	6,580,358	6,580,358	1,256,503
Fund Balance, June 30, 2008	\$ 9,586,364	\$ 0	\$ (569,489)	\$ 9,016,875	\$ 6,580,358	\$ 6,580,358	\$ 2,436,517

Exhibit I-9

Tipton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Tipton County School Department
School Federal Projects Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 5,301,678	\$ 5,985,084	\$ 5,985,084	\$ (683,406)
Total Revenues	\$ 5,301,678	\$ 5,985,084	\$ 5,985,084	\$ (683,406)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,980,741	\$ 2,025,244	\$ 2,148,838	\$ 168,097
Special Education Program	2,394,476	2,144,213	2,609,743	215,267
Vocational Education Program	127,854	133,752	127,854	0
<u>Support Services</u>				
Other Student Support	99,993	88,966	102,126	2,133
Regular Instruction Program	590,424	1,197,497	1,169,085	578,661
Total Expenditures	\$ 5,193,488	\$ 5,589,672	\$ 6,157,646	\$ 964,158
Excess (Deficiency) of Revenues Over Expenditures	\$ 108,190	\$ 395,412	\$ (172,562)	\$ 280,752
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (40,329)	\$ (513,925)	\$ (41,000)	\$ 671
Total Other Financing Sources (Uses)	\$ (40,329)	\$ (513,925)	\$ (41,000)	\$ 671
Net Change in Fund Balance	\$ 67,861	\$ (118,513)	\$ (213,562)	\$ 281,423
Fund Balance, July 1, 2007	118,512	277,179	277,179	(158,667)
Fund Balance, June 30, 2008	\$ 186,373	\$ 158,666	\$ 63,617	\$ 122,756

Exhibit I-10

Tipton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Tipton County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,849,286	\$ 2,075,000	\$ 2,175,000	\$ (325,714)
Other Local Revenues	28,014	20,000	20,000	8,014
Federal Government	3,232,558	2,805,000	2,855,000	377,558
Total Revenues	<u>\$ 5,109,858</u>	<u>\$ 4,900,000</u>	<u>\$ 5,050,000</u>	<u>\$ 59,858</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 5,127,795	\$ 4,900,000	\$ 5,150,000	\$ 22,205
Total Expenditures	<u>\$ 5,127,795</u>	<u>\$ 4,900,000</u>	<u>\$ 5,150,000</u>	<u>\$ 22,205</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (17,937)	\$ 0	\$ (100,000)	\$ 82,063
Net Change in Fund Balance	\$ (17,937)	\$ 0	\$ (100,000)	\$ 82,063
Fund Balance, July 1, 2007	<u>1,620,243</u>	<u>1,463,562</u>	<u>1,463,562</u>	<u>156,681</u>
Fund Balance, June 30, 2008	<u>\$ 1,602,306</u>	<u>\$ 1,463,562</u>	<u>\$ 1,363,562</u>	<u>\$ 238,744</u>

Exhibit I-11

Tipton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Tipton County School Department
Education Capital Projects Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Other Local Revenues	\$ 6,700	\$ 0	\$ 0	\$ 6,700	\$ 0	\$ 0	\$ 6,700
Other Governments and Citizens Groups	12,000,000	0	0	12,000,000	0	14,500,000	(2,500,000)
Total Revenues	\$ 12,006,700	\$ 0	\$ 0	\$ 12,006,700	\$ 0	\$ 14,500,000	\$ (2,493,300)
<u>Expenditures</u>							
<u>Capital Projects</u>							
Education Capital Projects	\$ 11,778,874	\$ (425,196)	\$ 1,845,026	\$ 13,198,704	\$ 14,500,000	\$ 14,500,000	\$ 1,301,296
Total Expenditures	\$ 11,778,874	\$ (425,196)	\$ 1,845,026	\$ 13,198,704	\$ 14,500,000	\$ 14,500,000	\$ 1,301,296
Excess (Deficiency) of Revenues Over Expenditures	\$ 227,826	\$ 425,196	\$ (1,845,026)	\$ (1,192,004)	\$ (14,500,000)	\$ 0	\$ (1,192,004)
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,500,000	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,500,000	\$ 0	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 227,826	\$ 425,196	\$ (1,845,026)	\$ (1,192,004)	\$ 0	\$ 0	\$ (1,192,004)
	1,686,006	(425,196)	0	1,260,810	602,163	602,163	658,647
Fund Balance, June 30, 2008	\$ 1,913,832	\$ 0	\$ (1,845,026)	\$ 68,806	\$ 602,163	\$ 602,163	\$ (533,357)

MISCELLANEOUS SCHEDULES

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Exhibit J-1

Tipton County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, Other Loans, and Bonds
For the Year Ended June 30, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
NOTES PAYABLE								
<u>Payable through Solid Waste/Sanitation Fund</u>								
Capital Outlay Note - Series 2005	\$ 249,650	4.73%	12-7-05	5-1-08	\$ 83,650	\$ 0	\$ 83,650	\$ 0
<u>Payable through General Debt Service Fund</u>								
Highway Capital Outlay Notes - Series 2006	1,000,000	4.29	11-29-06	11-1-11	1,000,000	0	184,000	816,000
Energy Efficiency (ECD) Capital Outlay Notes	87,150	0	7-10-06	6-30-13	74,700	0	12,450	62,250
Total Notes Payable					\$ 1,158,350	\$ 0	\$ 280,100	\$ 878,250
CAPITAL LEASES PAYABLE								
<u>Payable through General Fund</u>								
Copy Machines	41,141	6.47	12-14-04	11-14-09	\$ 21,539	\$ 0	\$ 8,509	\$ 13,030
Copy Machines	21,808	3.32	6-12-06	7-28-11	17,731	0	4,215	13,516
Copy Machine	11,245	3.39	12-19-06	12-19-11	10,204	0	2,135	8,069
Copy Machines	16,456	3.83	6-23-07	5-23-12	16,207	0	3,054	13,153
Total Capital Leases Payable					\$ 65,681	\$ 0	\$ 17,913	\$ 47,768
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School Construction	5,000,000	Variable	9-8-1998	5-25-14	\$ 3,800,000	\$ 0	\$ 500,000	\$ 3,300,000
School Construction	5,897,089	Variable	5-17-1999	5-25-19	5,797,089	0	100,000	5,697,089
Various Purposes	(1)	Variable	8-30-02	5-25-12	3,828,935	205,163	500,000	3,534,098
School Construction	5,100,000	Variable	7-21-04	5-25-22	4,413,000	0	244,000	4,169,000
School Construction	(2)	Variable	4-30-07	5-25-25	1,612,000	12,000,000	466,000	13,146,000
Total Other Loans Payable					\$ 19,451,024	\$ 12,205,163	\$ 1,810,000	\$ 29,846,187

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School Refunding Bonds	\$ 5,005,000	5 to 5.35 %	3-1-1997	4-1-14	\$ 4,720,000	\$ 0	40,000	\$ 4,680,000
School Refunding Bonds	8,295,000	4 to 4.7	8-1-1998	4-1-15	2,130,000	0	625,000	1,505,000
School Refunding Bonds	3,425,000	4.65 to 5.25	6-1-00	6-1-09	880,000	0	520,000	360,000
School Refunding Bonds	8,960,000	2.5 to 3.35	9-1-02	4-1-11	3,375,000	0	1,100,000	2,275,000
Elementary School Bonds	9,000,000	2.5 to 4.625	9-1-02	4-1-22	8,250,000	0	500,000	7,750,000
Total Bonds Payable					\$ 19,355,000	\$ 0	2,785,000	\$ 16,570,000

(1) Total amount available is \$5,100,000, of which \$465,902 remains available for draws as of June 30, 2008.

(2) Total amount available is \$16,000,000, of which \$2,388,000 remains available for draws as of June 30, 2008.

Exhibit J-2

Tipton County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 203,450	\$ 30,909	\$ 234,359
2010	212,450	22,523	234,973
2011	220,450	13,771	234,221
2012	229,450	4,655	234,105
2013	12,450	0	12,450
Total	\$ 878,250	\$ 71,858	\$ 950,108

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
2009	\$ 18,815	\$ 1,647	\$ 20,462
2010	14,039	792	14,831
2011	10,444	365	10,809
2012	4,470	74	4,544
Total	\$ 47,768	\$ 2,878	\$ 50,646

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2009	\$ 2,386,000	\$ 660,682	\$ 164,111	\$ 3,210,793
2010	2,518,000	606,732	150,872	3,275,604
2011	2,551,000	550,432	136,968	3,238,400
2012	2,169,098	493,307	122,872	2,785,277
2013	1,821,000	446,205	111,041	2,378,246
2014	1,908,000	409,230	101,379	2,418,609
2015	1,496,000	370,555	91,263	1,957,818
2016	2,036,000	337,905	83,086	2,456,991
2017	2,079,000	296,505	72,277	2,447,782
2018	2,122,000	254,030	61,219	2,437,249
2019	2,065,089	210,480	49,911	2,325,480
2020	1,215,000	167,375	38,831	1,421,206
2021	1,265,000	137,000	31,784	1,433,784
2022	1,188,000	105,375	24,447	1,317,822
2023	990,000	75,675	11,503	1,077,178
2024	1,034,000	50,925	7,741	1,092,666
2025	1,003,000	25,075	3,811	1,031,886
Total	\$ 29,846,187	\$ 5,197,488	\$ 1,263,116	\$ 36,306,791

(Continued)

Exhibit J-2

Tipton County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2009	\$ 2,445,000	\$ 708,260	\$ 3,153,260
2010	2,075,000	613,110	2,688,110
2011	1,780,000	532,260	2,312,260
2012	1,695,000	458,663	2,153,663
2013	1,720,000	381,875	2,101,875
2014	1,755,000	302,255	2,057,255
2015	850,000	219,425	1,069,425
2016	525,000	183,725	708,725
2017	550,000	162,725	712,725
2018	575,000	140,175	715,175
2019	600,000	116,025	716,025
2020	650,000	90,225	740,225
2021	650,000	61,625	711,625
2022	700,000	32,375	732,375
Total	<u>\$ 16,570,000</u>	<u>\$ 4,002,723</u>	<u>\$ 20,572,723</u>

Exhibit J-3

Tipton County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Tipton County School Department
For the Year Ended June 30, 2008

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Public Library	Operations	\$ 77,500
Total Transfers Primary Government			\$ 77,500
<u>DISCRETELY PRESENTED TIPTON COUNTY</u>			
<u>SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 40,329
Total Transfers Discretely Presented Tipton County School Department			\$ 40,329

Tipton County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Tipton County School Department
For the Year Ended June 30, 2008

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, <u>TCA</u>	\$ 98,800	\$ 50,000	Hartford Fire Insurance Company
Director of Public Works:				
Leon Davenport (7-1-07 through 11-29-07)	Section 8-24-102, <u>TCA</u> , and Public Works Committee	36,644	100,000	"
Shannon Reed (3-17-08 through 6-30-08)	Section 8-24-102, <u>TCA</u> , and Public Works Committee	24,520	100,000	"
Director of Schools	State Board of Education and Tipton County	113,608 (1)	100,000	"
Trustee	Board of Education	72,503	2,053,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	72,503	10,000	Ohio Casualty Insurance Company
Director of Accounts and Budgets	Section 8-24-102, <u>TCA</u>	61,129 (2)	10,000	Hartford Fire Insurance Company
County Clerk	County Commission	72,503	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	72,503	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	72,503	75,000	"
Register	Section 8-24-102, <u>TCA</u>	72,503	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	80,952 (3)	50,000	"
Employees Bonds:				
General Fund Employees and Deputies			150,000	Local Government Property and Casualty Fund
Public Works Administration			150,000	"
Sanitation			150,000	"
Animal Control			150,000	"
Education Central Office Bookkeeping Staff			150,000	"
Education Administrative Staff in each School			150,000	"

(1) Includes chief executive officer training supplement of \$1,000.
(2) Includes fire department accountant compensation of \$5,327
and \$1,250 for longevity.
(3) Includes law enforcement training supplement of \$1,200.

Exhibit J-5

Tipton County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2008

	Special Revenue Funds							Debt Service Fund
	General	Public Library	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	Total	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 5,698,424	\$ 0	\$ 0	\$ 0	\$ 569,837	\$ 4,416,281	\$ 10,684,542	
Trustee's Collections - Prior Year	151,625	0	0	0	17,374	155,958	324,957	
Trustee's Collections - Bankruptcy	1,860	0	58	0	154	1,929	4,001	
Circuit/Clerk & Master Collections - Prior Years	104,154	0	0	0	11,612	102,791	218,557	
Interest and Penalty	32,890	0	21	0	3,609	30,438	66,958	
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0	1,486	1,486	
Payments in-Lieu-of Taxes - Other	257,100	0	0	0	25,711	199,269	482,080	
<u>County Local Option Taxes</u>								
Local Option Sales Tax	371,981	0	0	0	0	0	371,981	
Hotel/Motel Tax	66,683	0	0	0	0	0	66,683	
Wheel Tax	1,545,972	0	0	0	1,628,497	0	3,174,469	
Litigation Tax - General	225,073	0	0	0	0	0	225,073	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	68,471	68,471	
Business Tax	75,439	0	0	0	7,706	61,350	144,495	
<u>Statutory Local Taxes</u>								
Bank Excise Tax	0	0	0	0	0	53,506	53,506	
Wholesale Beer Tax	214,492	0	0	0	0	0	214,492	
Interstate Telecommunications Tax	3,429	0	0	0	0	0	3,429	
Total Local Taxes	\$ 8,749,122	\$ 0	\$ 79	\$ 0	\$ 2,264,500	\$ 5,091,479	\$ 16,105,180	
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Animal Registration	0	0	0	0	57,526	0	57,526	
Cable TV Franchise	30,053	0	0	0	0	0	30,053	
<u>Permits</u>								
Building Permits	37,234	0	0	0	0	0	37,234	
Total Licenses and Permits	\$ 67,287	\$ 0	\$ 0	\$ 0	\$ 57,526	\$ 0	\$ 124,813	
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	11,594	0	0	0	0	0	11,594	
Officers Costs	15,617	0	0	0	0	0	15,617	

(Continued)

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Public Library	Solid Waste/ Sanitation	Drug Control	Highway/ Public Works	General Debt Service		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Circuit Court (Cont.)</u>								
Drug Control Fines	7,665	0	0	1,869	0	0	9,534	
Drug Court Fees	1,076	0	0	0	0	0	1,076	
DUI Treatment Fines	2,083	0	0	0	0	0	2,083	
Data Entry Fee - Circuit Court	488	0	0	0	0	0	488	
Courtroom Security Fee	73	0	0	0	0	0	73	
Victims Assistance Assessments	4	0	0	0	0	0	4	
<u>Criminal Court</u>								
Fines	51,999	0	0	0	0	0	51,999	
<u>General Sessions Court</u>								
Fines	48,704	0	0	0	0	0	48,704	
Officers Costs	93,295	0	0	0	0	0	93,295	
Game and Fish Fines	490	0	0	0	0	0	490	
Drug Control Fines	16,512	0	0	18,398	0	0	34,910	
Drug Court Fees	16,879	0	0	0	0	0	16,879	
Jail Fees	109,660	0	0	0	0	0	109,660	
DUI Treatment Fines	12,676	0	0	0	0	0	12,676	
Data Entry Fee - General Sessions Court	10,985	0	0	0	0	0	10,985	
Courtroom Security Fee	2,276	0	0	0	0	0	2,276	
Victims Assistance Assessments	3,235	0	0	0	0	0	3,235	
<u>Juvenile Court</u>								
Fines	1,048	0	0	0	0	0	1,048	
Officers Costs	5,162	0	0	0	0	0	5,162	
Data Entry Fee - Juvenile Court	416	0	0	0	0	0	416	
<u>Chancery Court</u>								
Officers Costs	3,007	0	0	0	0	0	3,007	
Data Entry Fee - Chancery Court	3,938	0	0	0	0	0	3,938	
<u>Other Courts - In-county</u>								
Drug Control Fines	255	0	0	0	0	0	255	
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	5,640	0	0	54,861	0	0	60,501	
Other Fines, Forfeitures, and Penalties	4,452	0	0	0	0	0	4,452	
Total Fines, Forfeitures, and Penalties	\$ 429,229	\$ 0	\$ 0	\$ 75,128	\$ 0	\$ 0	\$ 504,357	

(Continued)

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Public Library	Solid Waste/ Sanitation	Drug Control	Highway/ Public Works	General Debt Service		
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Tipping Fees	0	0	31,424	0	0	0	31,424	
Solid Waste Disposal Fees	0	0	736	0	0	0	736	
Other General Service Charges	125,910	0	0	0	0	0	125,910	
<u>Fees</u>								
Copy Fees	299	0	0	0	0	0	299	
Telephone Commissions	36,126	0	0	0	0	0	36,126	
Vending Machine Collections	583	0	0	0	3,047	0	3,630	
Data Processing Fee - Register	24,858	0	0	0	0	0	24,858	
Data Processing Fee - Sheriff	1,974	0	0	0	0	0	1,974	
Sexual Offender Registration Fees - Sheriff	6,385	0	0	0	0	0	6,385	
<u>Other Charges for Services</u>								
Other Charges for Services	0	0	256,368	0	0	0	256,368	
Total Charges for Current Services	196,135	0	288,528	0	3,047	0	487,710	
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	0	137	0	0	0	0	137	
Lease/Rentals	29,739	0	0	0	0	0	29,739	
Sale of Materials and Supplies	4,952	13,456	2,312	0	3,064	0	23,784	
Commissary Sales	38,201	0	0	0	0	0	38,201	
Sale of Gasoline	14,771	0	0	0	0	0	14,771	
Sale of Maps	4,081	0	0	0	0	0	4,081	
Sale of Recycled Materials	0	0	85,612	0	0	0	85,612	
Miscellaneous Refunds	19,724	400	780	100	3,097	0	24,101	
<u>Nonrecurring Items</u>								
Revenue from Joint Ventures	32,500	0	0	0	0	0	32,500	
Damages Recovered from Individuals	1,765	0	0	0	0	0	1,765	
Contributions and Gifts	0	0	0	0	1,081	0	1,081	
Performance Bond Forfeitures	0	0	0	0	18,500	0	18,500	
Total Other Local Revenues	145,733	13,993	88,704	100	25,742	1,762,868	2,037,140	

(Continued)

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Public Library	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service			
<u>Fees Received from County Officials</u>									
<u>Fees in-lieu-of Salary</u>									
County Clerk	442,961	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	442,961
Circuit Court Clerk	132,035	0	0	0	0	0	0	0	132,035
General Sessions Court Clerk	406,717	0	0	0	0	0	0	0	406,717
Clerk and Master	272,919	0	0	0	0	0	0	0	272,919
Juvenile Court Clerk	66,256	0	0	0	0	0	0	0	66,256
Register	330,799	0	0	0	0	0	0	0	330,799
Sheriff	18,844	0	0	0	0	0	0	0	18,844
Trustee	687,512	0	0	0	0	0	0	0	687,512
Total Fees Received from County Officials	2,358,043	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,358,043
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000
State Reappraisal Grant	18,243	0	0	0	0	0	0	0	18,243
Solid Waste Grants	0	0	30,634	0	0	0	0	0	30,634
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	45,000	0	0	0	0	0	0	0	45,000
Other Public Safety Grants	26,478	0	0	0	0	0	0	0	26,478
<u>Health and Welfare Grants</u>									
Health Department Programs	330,350	0	0	0	0	0	0	0	330,350
<u>Public Works Grants</u>									
State Aid Program	0	0	0	0	439,912	0	0	0	439,912
Litter Program	34,255	0	0	0	0	0	0	0	34,255
<u>Other State Revenues</u>									
Income Tax	97,978	0	0	0	0	0	0	0	97,978
Beer Tax	19,312	0	0	0	0	0	0	0	19,312
Alcoholic Beverage Tax	67,712	0	0	0	0	0	0	0	67,712
Mixed Drink Tax	566	0	0	0	0	0	0	0	566
State Revenue Sharing - T.V.A.	0	0	624,771	0	0	0	0	0	624,771
Board of Jurors	3,016	0	0	0	0	0	0	0	3,016
Contracted Prisoner Boarding	318,570	0	0	0	0	0	0	0	318,570
Gasoline and Motor Fuel Tax	0	0	0	0	1,963,884	0	0	0	1,963,884

(Continued)

Exhibit J-5

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Public Library	Solid Waste/ Sanitation	Drug Control	Highway/ Public Works	General Debt Service		
<u>State of Tennessee (Cont.)</u>								
<u>Other State Revenues (Cont.)</u>								
Petroleum Special Tax	0 \$	0 \$	0 \$	0 \$	41,176 \$	0 \$	0 \$	41,176
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	16,380
Other State Grants	22,877	8,225	0	0	0	0	0	31,102
Other State Revenues	40,664	0	0	1,600	0	0	0	42,264
Total State of Tennessee	\$ 1,050,401 \$	8,225 \$	655,405 \$	1,600 \$	2,444,972 \$	0 \$	0 \$	4,160,603
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	324,401 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	324,401
Homeland Security Grants	436,036	0	0	0	0	0	0	436,036
Direct Federal Revenue	19,402	0	0	0	0	0	0	19,402
Other Direct Federal Revenue	779,839 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	779,839
Total Federal Government	\$ 1,559,678 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	1,559,678
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Paving and Maintenance	0 \$	0 \$	0 \$	0 \$	103,822 \$	0 \$	0 \$	103,822
Contributions	0	76,500	0	0	0	600,000	0	676,500
Contracted Services	9,537	0	0	0	0	0	0	9,537
<u>Citizens Groups</u>								
Donations	0	15,298	0	0	0	0	0	15,298
Other	16,947	0	0	0	0	0	0	16,947
Total Other Governments and Citizens Groups	\$ 26,484 \$	91,798 \$	0 \$	0 \$	103,822 \$	600,000 \$	0 \$	822,104
Total	\$ 13,802,273 \$	114,016 \$	1,032,716 \$	76,828 \$	4,899,609 \$	7,454,347 \$	0 \$	27,379,789

Exhibit J-6

Tipton County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Tipton County School Department
For the Year Ended June 30, 2008

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 9,616,084	\$ 0	\$ 0	\$ 0	\$ 9,616,084
Trustee's Collections - Prior Year	292,420	0	0	0	292,420
Trustee's Collections - Bankruptcy	3,586	0	0	0	3,586
Circuit/Clerk & Master Collections - Prior Years	187,614	0	0	0	187,614
Interest and Penalty	61,256	0	0	0	61,256
Payments in-Lieu-of Taxes - Other	433,871	0	0	0	433,871
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,634,889	0	0	0	3,634,889
Business Tax	122,095	0	0	0	122,095
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	6,606	0	0	0	6,606
Total Local Taxes	\$ 14,358,421	\$ 0	\$ 0	\$ 0	\$ 14,358,421
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 4,322	\$ 0	\$ 0	\$ 0	\$ 4,322
<u>Permits</u>					
Other Permits	1,086	0	0	0	1,086
Total Licenses and Permits	\$ 5,408	\$ 0	\$ 0	\$ 0	\$ 5,408
<u>Fines, Forfeitures, and Penalties</u>					
<u>Juvenile Court</u>					
Fines	\$ 7,898	\$ 0	\$ 0	\$ 0	\$ 7,898
Total Fines, Forfeitures, and Penalties	\$ 7,898	\$ 0	\$ 0	\$ 0	\$ 7,898
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 7,310	\$ 0	\$ 0	\$ 0	\$ 7,310
Tuition - Other	552,564	0	0	0	552,564
Lunch Payments - Children	0	0	1,296,934	0	1,296,934
Lunch Payments - Adults	0	0	143,620	0	143,620
Income from Breakfast	0	0	122,455	0	122,455
A la carte Sales	0	0	284,167	0	284,167
Receipts from Individual Schools	127,036	0	0	0	127,036
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	2,110	0	2,110
Total Charges for Current Services	\$ 686,910	\$ 0	\$ 1,849,286	\$ 0	\$ 2,536,196
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 19,701	\$ 0	\$ 19,701
Miscellaneous Refunds	218,270	0	8,313	6,700	233,283
<u>Nonrecurring Items</u>					
Sale of Equipment	30,945	0	0	0	30,945
Damages Recovered from Individuals	12,137	0	0	0	12,137
Total Other Local Revenues	\$ 261,352	\$ 0	\$ 28,014	\$ 6,700	\$ 296,066

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 132,099	\$ 0	\$ 0	\$ 0	132,099
<u>State Education Funds</u>					
Basic Education Program	53,346,002	0	0	0	53,346,002
School Food Service	62,301	0	0	0	62,301
Driver Education	27,975	0	0	0	27,975
Other State Education Funds	374,850	0	0	0	374,850
Career Ladder Program	479,149	0	0	0	479,149
Career Ladder - Extended Contract	205,126	0	0	0	205,126
<u>Other State Revenues</u>					
Mixed Drink Tax	10,746	0	0	0	10,746
Other State Grants	1,569,428	0	0	0	1,569,428
Other State Revenues	90,541	0	0	0	90,541
Total State of Tennessee	\$ 56,298,217	\$ 0	\$ 0	\$ 0	\$ 56,298,217
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 2,211,584	\$ 0	\$ 2,211,584
Breakfast	0	0	778,764	0	778,764
USDA - Other	0	0	242,210	0	242,210
Adult Education State Grant Program	113,214	0	0	0	113,214
Vocational Education - Basic Grants to States	0	176,282	0	0	176,282
Title I Grants to Local Education Agencies	0	1,707,654	0	0	1,707,654
Innovative Education Program Strategies	0	16,596	0	0	16,596
Special Education - Grants to States	16,337	2,460,262	0	0	2,476,599
Special Education Preschool Grants	0	113,882	0	0	113,882
Safe and Drug-Free Schools - State Grants	0	237,204	0	0	237,204
Eisenhower Professional Development State Grants	0	533,497	0	0	533,497
Other Federal through State	0	56,301	0	0	56,301
<u>Direct Federal Revenue</u>					
Public Law 874 - Maintenance and Operation	1,502	0	0	0	1,502
Total Federal Government	\$ 131,053	\$ 5,301,678	\$ 3,232,558	\$ 0	\$ 8,665,289
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 12,000,000	\$ 12,000,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 12,000,000	\$ 12,000,000
Total	\$ 71,749,259	\$ 5,301,678	\$ 5,109,858	\$ 12,006,700	\$ 94,167,495

Exhibit J-7

Tipton County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2008

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	56,200	
Social Security		5,552	
State Retirement		2,460	
Unemployment Compensation		2	
Audit Services		11,728	
Consultants		369	
Dues and Memberships		22,865	
Legal Services		24,000	
Legal Notices, Recording, and Court Costs		3,378	
Travel		5,016	
Liability Insurance		435	
Total County Commission			\$ 132,005

Beer Board

Board and Committee Members Fees	\$	4,500	
Social Security		343	
State Retirement		59	
Office Supplies		70	
Total Beer Board			4,972

County Mayor/Executive

County Official/Administrative Officer	\$	98,800	
Secretary(ies)		31,470	
Part-time Personnel		12,542	
Longevity Pay		1,250	
Social Security		10,616	
State Retirement		13,908	
Employee and Dependent Insurance		16,929	
Unemployment Compensation		97	
Communication		2,499	
Printing, Stationery, and Forms		785	
Travel		3,566	
Other Contracted Services		1,654	
Office Supplies		1,389	
Utilities		4,109	
Other Supplies and Materials		200	
Building and Contents Insurance		418	
Liability Insurance		646	
Vehicle and Equipment Insurance		882	
Workers' Compensation Insurance		246	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Other Charges	\$	3,337	
Office Equipment		604	
Total County Mayor/Executive			\$ 205,947

Election Commission

County Official/Administrative Officer	\$	63,510	
Secretary(ies)		31,470	
Clerical Personnel		31,470	
Part-time Personnel		8,415	
Longevity Pay		3,400	
Overtime Pay		1,572	
Election Commission		14,275	
Election Workers		23,981	
Social Security		12,508	
State Retirement		12,597	
Employee and Dependent Insurance		18,202	
Unemployment Compensation		428	
Communication		1,918	
Dues and Memberships		2,400	
Janitorial Services		6,300	
Legal Notices, Recording, and Court Costs		3,326	
Maintenance and Repair Services - Buildings		3,620	
Maintenance and Repair Services - Equipment		12,801	
Postal Charges		10,000	
Printing, Stationery, and Forms		3,693	
Rentals		500	
Travel		4,869	
Duplicating Supplies		43	
Office Supplies		6,117	
Utilities		8,203	
Building and Contents Insurance		1,116	
Liability Insurance		957	
Workers' Compensation Insurance		685	
Other Charges		428	
Data Processing Equipment		5,691	
Office Equipment		1,762	
Total Election Commission			296,257

Register of Deeds

County Official/Administrative Officer	\$	72,503
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Clerical Personnel	\$	96,302	
Longevity Pay		1,250	
Social Security		12,480	
State Retirement		15,052	
Employee and Dependent Insurance		30,734	
Unemployment Compensation		283	
Communication		1,174	
Dues and Memberships		135	
Travel		2,842	
Duplicating Supplies		105	
Office Supplies		3,408	
Utilities		5,807	
Building and Contents Insurance		610	
Liability Insurance		821	
Workers' Compensation Insurance		878	
Data Processing Equipment		29,927	
Furniture and Fixtures		134	
Office Equipment		115	
Total Register of Deeds			\$ 274,560

Planning

Supervisor/Director	\$	54,392
Secretary(ies)		4,435
Clerical Personnel		31,470
Longevity Pay		1,500
Other Salaries and Wages		72,096
Board and Committee Members Fees		4,750
Social Security		12,605
State Retirement		15,979
Employee and Dependent Insurance		15,524
Unemployment Compensation		288
Communication		2,186
Maintenance and Repair Services - Buildings		5
Maintenance and Repair Services - Vehicles		1,238
Travel		2,865
Tuition		1,491
Gasoline		4,720
Office Supplies		2,326
Utilities		2,918
Building and Contents Insurance		317

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Liability Insurance	\$	780	
Vehicle and Equipment Insurance		1,321	
Workers' Compensation Insurance		827	
Data Processing Equipment		2,939	
Motor Vehicles		20,872	
Total Planning			\$ 257,844

Building

Custodial Personnel	\$	52,628	
Maintenance Personnel		66,909	
Longevity Pay		1,550	
Social Security		9,080	
State Retirement		11,763	
Employee and Dependent Insurance		37,897	
Unemployment Compensation		279	
Communication		2,770	
Contracts with Private Agencies		9,568	
Maintenance and Repair Services - Buildings		8,152	
Maintenance and Repair Services - Vehicles		8,138	
Custodial Supplies		11,508	
Gasoline		11,276	
Small Tools		5,013	
Uniforms		4,636	
Utilities		14,535	
Building and Contents Insurance		1,142	
Liability Insurance		422	
Vehicle and Equipment Insurance		2,487	
Workers' Compensation Insurance		7,517	
Maintenance Equipment		5,953	
Motor Vehicles		7,590	
Total Building			280,813

Codes Compliance

Secretary(ies)	\$	4,691	
Other Salaries and Wages		4,692	
Social Security		710	
State Retirement		923	
Total Codes Compliance			11,016

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Geographical Information Systems

Supervisor/Director	\$	45,427	
Longevity Pay		150	
Social Security		3,266	
State Retirement		4,470	
Employee and Dependent Insurance		11,835	
Unemployment Compensation		70	
Communication		294	
Maintenance and Repair Services - Office Equipment		10,085	
Travel		2,377	
Office Supplies		3,780	
Liability Insurance		120	
Workers' Compensation Insurance		192	
Data Processing Equipment		275	
Office Equipment		3,389	
Total Geographical Information Systems			\$ 85,730

County Buildings

Communication	\$	900	
Contracts with Private Agencies		2,204	
Janitorial Services		18,622	
Maintenance and Repair Services - Buildings		14,731	
Custodial Supplies		9,495	
Utilities		884	
Liability Insurance		94	
Building Improvements		15,016	
Furniture and Fixtures		782	
Total County Buildings			62,728

Finance

Accounting and Budgeting

Supervisor/Director	\$	54,552
Secretary(ies)		31,470
Clerical Personnel		31,470
Longevity Pay		2,900
Social Security		9,006
State Retirement		11,561
Employee and Dependent Insurance		15,186
Unemployment Compensation		246
Communication		1,712
Maintenance and Repair Services - Office Equipment		7,817

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Postal Charges	\$	27,735	
Travel		968	
Duplicating Supplies		187	
Office Supplies		2,943	
Utilities		4,065	
Building and Contents Insurance		395	
Liability Insurance		619	
Workers' Compensation Insurance		592	
Data Processing Equipment		3,374	
Office Equipment		305	
Total Accounting and Budgeting			\$ 207,103

Property Assessor's Office

County Official/Administrative Officer	\$	72,503	
Secretary(ies)		126,818	
Clerical Personnel		30,622	
Part-time Personnel		96	
Longevity Pay		3,350	
Other Salaries and Wages		1,800	
Social Security		17,380	
State Retirement		21,887	
Employee and Dependent Insurance		52,369	
Unemployment Compensation		385	
Communication		2,780	
Contracts with Private Agencies		34,170	
Data Processing Services		15,869	
Dues and Memberships		1,716	
Maintenance and Repair Services - Office Equipment		237	
Transportation - Other than Students		4,200	
Travel		2,078	
Duplicating Supplies		502	
Office Supplies		2,644	
Utilities		7,736	
Building and Contents Insurance		787	
Liability Insurance		1,381	
Workers' Compensation Insurance		9,301	
Office Equipment		32	
Total Property Assessor's Office			410,643

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Longevity Pay	\$	600	
Other Salaries and Wages		35,579	
Social Security		2,733	
State Retirement		1,427	
Unemployment Compensation		135	
Data Processing Services		5,054	
Maintenance and Repair Services - Vehicles		991	
Postal Charges		7,790	
Travel		35	
Gasoline		1,926	
Vehicle and Equipment Insurance		440	
Workers' Compensation Insurance		140	
Motor Vehicles		20,777	
Total Reappraisal Program			\$ 77,627

County Trustee's Office

County Official/Administrative Officer	\$	72,503	
Clerical Personnel		121,981	
Longevity Pay		1,550	
Social Security		14,359	
State Retirement		19,051	
Employee and Dependent Insurance		27,507	
Unemployment Compensation		289	
Advertising		466	
Communication		1,138	
Dues and Memberships		250	
Maintenance and Repair Services - Office Equipment		5,204	
Travel		1,807	
Office Supplies		7,183	
Utilities		6,272	
Building and Contents Insurance		639	
Liability Insurance		889	
Workers' Compensation Insurance		1,028	
Total County Trustee's Office			282,116

County Clerk's Office

County Official/Administrative Officer	\$	72,503
Clerical Personnel		226,737
Longevity Pay		3,300
Social Security		22,291

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

State Retirement	\$	29,363	
Employee and Dependent Insurance		50,028	
Unemployment Compensation		490	
Communication		2,375	
Dues and Memberships		150	
Maintenance and Repair Services - Office Equipment		12,769	
Postal Charges		16,050	
Printing, Stationery, and Forms		2,099	
Travel		2,943	
Duplicating Supplies		936	
Office Supplies		6,217	
Utilities		3,178	
Building and Contents Insurance		484	
Liability Insurance		1,414	
Workers' Compensation Insurance		1,592	
Data Processing Equipment		520	
Total County Clerk's Office			\$ 455,439

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	72,503
Clerical Personnel		225,413
Longevity Pay		5,100
Overtime Pay		300
Other Salaries and Wages		543
Jury and Witness Fees		39,895
Social Security		22,155
State Retirement		28,388
Employee and Dependent Insurance		49,156
Unemployment Compensation		584
Communication		3,604
Dues and Memberships		235
Maintenance and Repair Services - Office Equipment		10,583
Postal Charges		17,588
Travel		2,851
Duplicating Supplies		2,118
Office Supplies		14,423
Utilities		1,873
Building and Contents Insurance		1,188
Liability Insurance		1,423

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Workers' Compensation Insurance	\$	1,523	
Data Processing Equipment		1,450	
Furniture and Fixtures		578	
Office Equipment		5,449	
Total Circuit Court			\$ 508,923

Criminal Court

Supervisor/Director	\$	31,200	
Social Security		2,335	
State Retirement		3,070	
Employee and Dependent Insurance		4,986	
Unemployment Compensation		70	
Communication		279	
Office Supplies		112	
Total Criminal Court			42,052

General Sessions Court

Judge(s)	\$	144,480	
Assistant(s)		43,000	
Longevity Pay		750	
Social Security		11,525	
State Retirement		18,448	
Employee and Dependent Insurance		16,472	
Unemployment Compensation		70	
Communication		2,747	
Dues and Memberships		850	
Travel		976	
Office Supplies		517	
Utilities		1,932	
Building and Contents Insurance		1,225	
Liability Insurance		715	
Workers' Compensation Insurance		723	
Data Processing Equipment		23,971	
Total General Sessions Court			268,401

Chancery Court

County Official/Administrative Officer	\$	72,503	
Clerical Personnel		129,387	
Longevity Pay		2,000	
Social Security		14,633	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

State Retirement	\$	19,866	
Employee and Dependent Insurance		38,122	
Unemployment Compensation		350	
Communication		1,479	
Dues and Memberships		95	
Legal Notices, Recording, and Court Costs		838	
Maintenance and Repair Services - Office Equipment		6,765	
Travel		738	
Duplicating Supplies		544	
Office Supplies		10,248	
Utilities		2,032	
Building and Contents Insurance		1,292	
Liability Insurance		941	
Workers' Compensation Insurance		1,072	
Data Processing Equipment		458	
Office Equipment		221	
Total Chancery Court			\$ 303,584

Juvenile Court

Youth Service Officer(s)	\$	34,757	
Clerical Personnel		88,365	
Longevity Pay		2,700	
Social Security		9,326	
State Retirement		10,268	
Employee and Dependent Insurance		16,246	
Unemployment Compensation		407	
Communication		1,604	
Maintenance and Repair Services - Office Equipment		2,700	
Printing, Stationery, and Forms		888	
Travel		550	
Other Contracted Services		42,295	
Office Supplies		1,197	
Utilities		379	
Building and Contents Insurance		243	
Liability Insurance		657	
Workers' Compensation Insurance		661	
Data Processing Equipment		200	
Total Juvenile Court			213,443

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probate Court

Probation Officer(s)	\$	37,244	
Clerical Personnel		21,294	
Longevity Pay		800	
Overtime Pay		4,251	
Social Security		4,774	
State Retirement		1,184	
Unemployment Compensation		132	
Communication		220	
Contracts with Other Public Agencies		3,900	
Travel		300	
Office Supplies		2,306	
Utilities		379	
Building and Contents Insurance		243	
Liability Insurance		97	
Workers' Compensation Insurance		278	
Total Probate Court			\$ 77,402

Other Administration of Justice

Communication	\$	791	
Janitorial Services		17,742	
Maintenance and Repair Services - Buildings		12,550	
Maintenance and Repair Services - Equipment		1,638	
Custodial Supplies		1,940	
Utilities		3,202	
Building and Contents Insurance		348	
Liability Insurance		130	
Building Improvements		1,755	
Total Other Administration of Justice			40,096

Victims Assitance Programs

Remittance of Revenue Collected	\$	2,263	
Total Victims Assitance Programs			2,263

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	79,752	
Assistant(s)		103,654	
Deputy(ies)		919,639	
Investigator(s)		233,923	
Captain(s)		50,000	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Lieutenant(s)	\$	45,000	
Sergeant(s)		206,610	
Accountants/Bookkeepers		33,000	
Medical Personnel		88,150	
Salary Supplements		45,600	
Clerical Personnel		89,520	
Part-time Personnel		25,167	
Longevity Pay		13,900	
Overtime Pay		91,471	
Other Salaries and Wages		41,683	
In-Service Training		24,616	
Social Security		144,459	
State Retirement		173,050	
Employee and Dependent Insurance		339,157	
Unemployment Compensation		3,749	
Communication		20,127	
Dues and Memberships		2,517	
Evaluation and Testing		2,590	
Maintenance and Repair Services - Equipment		3,238	
Maintenance and Repair Services - Office Equipment		1,790	
Maintenance and Repair Services - Vehicles		69,725	
Transportation - Other than Students		2,182	
Travel		3,212	
Duplicating Supplies		1,088	
Gasoline		147,527	
Office Supplies		15,986	
Uniforms		31,785	
Utilities		3,182	
Other Supplies and Materials		9,590	
Building and Contents Insurance		1,566	
Liability Insurance		37,267	
Vehicle and Equipment Insurance		23,630	
Workers' Compensation Insurance		76,083	
Data Processing Equipment		24,928	
Law Enforcement Equipment		270,279	
Motor Vehicles		338,599	
Office Equipment		5,128	
Total Sheriff's Department			\$ 3,844,119

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Administration of the Sexual Offender Registry

Office Supplies	\$ 686	
Total Administration of the Sexual Offender Registry		\$ 686

Jail

Captain(s)	\$ 45,000	
Lieutenant(s)	39,231	
Sergeant(s)	138,151	
Guards	553,289	
Cafeteria Personnel	80,000	
Longevity Pay	4,250	
Overtime Pay	21,539	
Other Salaries and Wages	42,240	
In-Service Training	14,576	
Social Security	68,481	
State Retirement	87,392	
Employee and Dependent Insurance	165,592	
Unemployment Compensation	2,398	
Communication	3,917	
Maintenance and Repair Services - Equipment	11,164	
Maintenance and Repair Services - Office Equipment	2,698	
Transportation - Other than Students	2,432	
Travel	4,180	
Custodial Supplies	16,611	
Drugs and Medical Supplies	125,585	
Duplicating Supplies	477	
Food Supplies	100,549	
Office Supplies	3,737	
Prisoners Clothing	25,909	
Uniforms	13,125	
Utilities	190,150	
Building and Contents Insurance	2,755	
Liability Insurance	44,341	
Vehicle and Equipment Insurance	1,763	
Workers' Compensation Insurance	38,166	
Building Construction	1,750	
Data Processing Equipment	4,243	
Food Service Equipment	1,998	
Motor Vehicles	18,141	
Office Equipment	4,661	
Other Equipment	4,704	
Total Jail	<u>1,885,195</u>	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse

Guards	\$	53,921	
Longevity Pay		1,350	
In-Service Training		102	
Social Security		3,712	
State Retirement		2,440	
Employee and Dependent Insurance		4,637	
Unemployment Compensation		292	
Communication		897	
Janitorial Services		30,546	
Maintenance and Repair Services - Buildings		35,288	
Maintenance and Repair Services - Equipment		19,007	
Custodial Supplies		4,340	
Uniforms		1,350	
Liability Insurance		2,668	
Workers' Compensation Insurance		2,356	
Building Construction		69,357	
Total Workhouse			\$ 232,263

Fire Prevention and Control

Accountants/Bookkeepers	\$	5,327	
Other Salaries and Wages		41,600	
Social Security		3,360	
State Retirement		4,618	
Employee and Dependent Insurance		11,261	
Unemployment Compensation		76	
Communication		448	
Contributions		131,727	
Dues and Memberships		200	
Maintenance and Repair Services - Vehicles		2,003	
Matching Share		5,380	
Travel		779	
Gasoline		1,739	
Office Supplies		788	
Utilities		9,065	
Building and Contents Insurance		356	
Building Construction		800	
Total Fire Prevention and Control			219,527

Civil Defense

Supervisor/Director	\$	7,780	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Social Security	\$	595	
Contracts with Government Agencies		23,765	
Other Equipment		437,539	
Total Civil Defense			\$ 469,679

Other Emergency Management

Communication	\$	160,000	
Utilities		22,178	
Building and Contents Insurance		573	
Total Other Emergency Management			182,751

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	14,157	
Longevity Pay		500	
Social Security		1,349	
State Retirement		1,393	
Unemployment Compensation		72	
Communication		2,750	
Contracts with Government Agencies		26,080	
Maintenance and Repair Services - Buildings		2,727	
Postal Charges		3,604	
Custodial Supplies		1,226	
Drugs and Medical Supplies		792	
Duplicating Supplies		712	
Office Supplies		1,453	
Utilities		15,424	
Building and Contents Insurance		507	
Liability Insurance		115	
Workers' Compensation Insurance		846	
Total Local Health Center			73,707

Ambulance/Emergency Medical Services

Contracts with Private Agencies	\$	100,000	
Total Ambulance/Emergency Medical Services			100,000

Dental Health Program

Medical Personnel	\$	109,951	
Paraprofessionals		30,308	
Clerical Personnel		98,573	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program (Cont.)

Longevity Pay	\$	2,450	
Social Security		17,136	
State Retirement		21,531	
Employee and Dependent Insurance		40,087	
Unemployment Compensation		520	
Travel		4,575	
Drugs and Medical Supplies		7,807	
Liability Insurance		2,207	
Workers' Compensation Insurance		1,334	
Total Dental Health Program			\$ 336,479

General Welfare Assistance

Bus Drivers	\$	14,000	
Contracts with Government Agencies		10,740	
Dues and Memberships		7,691	
Total General Welfare Assistance			32,431

Sanitation Management

Supervisor/Director	\$	20,359	
Guards		31,213	
Part-time Personnel		7,998	
Longevity Pay		750	
Social Security		4,082	
State Retirement		5,235	
Employee and Dependent Insurance		22,225	
Unemployment Compensation		207	
Advertising		7,759	
Communication		1,463	
Dues and Memberships		466	
Maintenance and Repair Services - Vehicles		907	
Postal Charges		52	
Transportation - Other than Students		114	
Travel		271	
Gasoline		9,742	
Office Supplies		731	
Uniforms		500	
Utilities		110	
Other Supplies and Materials		1,069	
Liability Insurance		193	
Vehicle and Equipment Insurance		882	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Workers' Compensation Insurance	\$ 2,512	
Office Equipment	308	
Total Sanitation Management		\$ 119,148

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 48,000	
Dues and Memberships	7,000	
Other Contracted Services	25,000	
Total Senior Citizens Assistance		80,000

Libraries

Contributions	\$ 16,000	
Total Libraries		16,000

Parks and Fair Boards

Contributions	\$ 3,000	
Total Parks and Fair Boards		3,000

Other Social, Cultural, and Recreational

Contributions	\$ 6,000	
Total Other Social, Cultural, and Recreational		6,000

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 73,139	
Other Fringe Benefits	11,015	
Communication	2,670	
Janitorial Services	4,600	
Maintenance and Repair Services - Buildings	946	
Custodial Supplies	200	
Duplicating Supplies	386	
Office Supplies	5,315	
Utilities	4,917	
Other Supplies and Materials	11,871	
Building and Contents Insurance	234	
Liability Insurance	140	
Total Agriculture Extension Service		115,433

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Secretary(ies)	\$	31,472	
Longevity Pay		1,250	
Other Salaries and Wages		34,582	
Other Per Diem and Fees		1,282	
Social Security		5,005	
State Retirement		6,500	
Employee and Dependent Insurance		10,430	
Unemployment Compensation		140	
Dues and Memberships		1,055	
Travel		919	
Office Supplies		739	
Liability Insurance		119	
Workers' Compensation Insurance		322	
Office Equipment		104	
Total Soil Conservation			\$ 93,919

Other Operations

Tourism

Contributions	\$	50,000	
Total Tourism			50,000

Industrial Development

Contributions	\$	1,550	
Other Contracted Services		93,612	
Total Industrial Development			95,162

Other Economic and Community Development

Other Contracted Services	\$	346,883	
Total Other Economic and Community Development			346,883

Veterans' Services

Clerical Personnel	\$	12,042	
Total Veterans' Services			12,042

Miscellaneous

Communication	\$	1,149	
Contracts with Private Agencies		16,314	
Contributions		66,750	
Dues and Memberships		46,652	
Gasoline		15,473	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous (Cont.)

Testing	\$ 2,787	
Refunds	11,006	
Trustee's Commission	155,757	
Total Miscellaneous		\$ 315,888

Principal on Debt

General Government

Principal on Capital Leases	\$ 17,913	
Total General Government		17,913

Interest on Debt

General Government

Interest on Capital Leases	\$ 2,549	
Total General Government		2,549

Total General Fund \$ 13,151,738

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

County Official/Administrative Officer	\$ 24,342	
Other Salaries and Wages	66,068	
Social Security	11,814	
Audit Services	3,675	
Maintenance and Repair Services - Buildings	3,146	
Utilities	6,989	
Other Supplies and Materials	5,718	
Liability Insurance	5,420	
Other Charges	3,332	
Other Capital Outlay	54,361	
Total Libraries		\$ 184,865

Total Public Library Fund 184,865

Solid Waste/Sanitation Fund

Public Health and Welfare

Postclosure Care Costs

Evaluation and Testing	\$ 3,800	
Total Postclosure Care Costs		\$ 3,800

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Highways

Litter and Trash Collection

Foremen	\$	34,188	
Equipment Operators		126,687	
Laborers		18,318	
Longevity Pay		3,300	
Overtime Pay		22,542	
Social Security		14,720	
State Retirement		15,849	
Employee and Dependent Insurance		51,569	
Unemployment Compensation		622	
Other Fringe Benefits		1,350	
Advertising		500	
Communication		2,100	
Dues and Memberships		985	
Engineering Services		5,875	
Licenses		650	
Maintenance Agreements		349	
Maintenance and Repair Services - Equipment		7,000	
Maintenance and Repair Services - Office Equipment		1,500	
Postal Charges		400	
Printing, Stationery, and Forms		906	
Travel		1,462	
Disposal Fees		327,176	
Other Contracted Services		53,558	
Crushed Stone		3,321	
Diesel Fuel		65,000	
Electricity		2,996	
Equipment and Machinery Parts		10,000	
Fertilizer, Lime, and Seed		500	
Fuel Oil		67	
Lubricants		1,715	
Office Supplies		1,983	
Small Tools		500	
Tires and Tubes		6,000	
Uniforms		1,973	
Water and Sewer		414	
Trustee's Commission		6,626	
Other Charges		1,500	
Office Equipment		2,500	
Site Development		1,585	
Solid Waste Equipment		36,878	
Total Litter and Trash Collection			\$ 835,164

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Principal on Debt

Highways and Streets

Principal on Notes	\$ 83,650	
Total Highways and Streets		\$ 83,650

Interest on Debt

Highways and Streets

Interest on Notes	\$ 3,946	
Total Highways and Streets		<u>3,946</u>

Total Solid Waste/Sanitation Fund		\$ 926,560
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Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$ 17,000	
Other Contracted Services	4,556	
Other Supplies and Materials	22,225	
Trustee's Commission	214	
Other Capital Outlay	4,290	
Total Drug Enforcement		<u>\$ 48,285</u>

Total Drug Control Fund		48,285
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Highway/Public Works Fund

Public Health and Welfare

Rabies and Animal Control

Overtime Pay	\$ 4,753	
Other Salaries and Wages	141,938	
Travel	358	
Veterinary Services	55	
Animal Food and Supplies	76	
Custodial Supplies	2,500	
Office Supplies	1,500	
Other Supplies and Materials	6,356	
Refunds	2,145	
Total Rabies and Animal Control		\$ 159,681

Highways

Administration

County Official/Administrative Officer	\$ 61,164
Supervisor/Director	52,981

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Accountants/Bookkeepers	\$	33,115	
Secretary(ies)		33,115	
Clerical Personnel		30,798	
Custodial Personnel		21,280	
Overtime Pay		1,812	
Other Salaries and Wages		30,381	
Board and Committee Members Fees		9,450	
Advertising		2,137	
Communication		13,000	
Dues and Memberships		5,500	
Freight Expenses		207	
Maintenance and Repair Services - Buildings		3,500	
Maintenance and Repair Services - Equipment		1,990	
Maintenance and Repair Services - Office Equipment		3,300	
Postal Charges		1,178	
Printing, Stationery, and Forms		689	
Rentals		452	
Travel		2,009	
Other Contracted Services		2,500	
Custodial Supplies		2,000	
Electricity		9,860	
Natural Gas		10,131	
Office Supplies		4,399	
Water and Sewer		750	
Other Charges		999	
Total Administration			\$ 338,697

Highway and Bridge Maintenance

Foremen	\$	227,333
Equipment Operators		132,544
Equipment Operators - Light		216,004
Truck Drivers		197,239
Laborers		185,960
Overtime Pay		21,344
Rentals		2,500
Other Contracted Services		20,505
Asphalt - Cold Mix		32,828
Asphalt - Hot Mix		725,147
Concrete		1,813
Crushed Stone		151,860

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Fertilizer, Lime, and Seed	\$	13,592	
General Construction Materials		5,000	
Other Road Supplies		28,698	
Pipe - Metal		27,378	
Road Signs		22,559	
Salt		563	
Small Tools		1,387	
Wood Products		1,188	
Gravel and Chert		200	
Other Supplies and Materials		387	
Total Highway and Bridge Maintenance			\$ 2,016,029

Operation and Maintenance of Equipment

Foremen	\$	35,816	
Mechanic(s)		45,770	
Equipment Operators		33,484	
Laborers		29,249	
Overtime Pay		851	
Maintenance and Repair Services - Buildings		600	
Maintenance and Repair Services - Equipment		73,054	
Diesel Fuel		182,806	
Equipment and Machinery Parts		60,123	
Garage Supplies		5,499	
Gasoline		44,069	
Lubricants		9,442	
Small Tools		1,071	
Tires and Tubes		35,990	
Other Charges		1,230	
Other Equipment		27,976	
Total Operation and Maintenance of Equipment			587,030

Other Charges

Building and Contents Insurance	\$	6,755	
Liability Insurance		4,332	
Trustee's Commission		48,492	
Vehicle and Equipment Insurance		19,338	
Workers' Compensation Insurance		151,213	
Total Other Charges			230,130

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Longevity Pay	\$	21,300	
Social Security		112,434	
State Retirement		143,904	
Employee and Dependent Insurance		361,256	
Unemployment Compensation		3,626	
Other Fringe Benefits		5,817	
Uniforms		<u>21,577</u>	
Total Employee Benefits	\$		669,914

Capital Outlay

Bridge Construction	\$	20,502	
Furniture and Fixtures		265	
Office Equipment		5,005	
State Aid Projects		<u>81,900</u>	
Total Capital Outlay			<u>107,672</u>

Total Highway/Public Works Fund

\$ 4,109,153

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$	12,450	
Principal on Other Loans		<u>500,000</u>	
Total General Government	\$		512,450

Highways and Streets

Principal on Notes	\$	<u>184,000</u>	
Total Highways and Streets			184,000

Education

Principal on Bonds	\$	2,785,000	
Principal on Other Loans		<u>1,310,000</u>	
Total Education			4,095,000

Interest on Debt

General Government

Interest on Other Loans	\$	<u>108,388</u>	
Total General Government			108,388

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

Highways and Streets

Interest on Notes	\$ 38,953	
Total Highways and Streets		\$ 38,953

Education

Interest on Bonds	\$ 812,642	
Interest on Other Loans	540,611	
Total Education		1,353,253

Other Debt Service

General Government

Trustee's Commission	\$ 114,407	
Interest on Other Loans	73,673	
Total General Government		188,080

Education

Other Debt Issuance Charges	\$ 4,000	
Interest on Other Loans	16,363	
Other Debt Service	2,081	
Total Education		22,444

Total General Debt Service Fund \$ 6,502,568

General Capital Projects Fund

Capital Projects

Education Capital Projects

Contributions	\$ 12,000,000	
Total Education Capital Projects		\$ 12,000,000

Total General Capital Projects Fund 12,000,000

Total Governmental Funds - Primary Government \$ 36,923,169

Exhibit J-8

Tipton County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Tipton County School Department
For the Year Ended June 30, 2008

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 25,325,965	
Career Ladder Program	255,195	
Career Ladder Extended Contracts	108,400	
Educational Assistants	816,890	
Other Salaries and Wages	9,426	
Certified Substitute Teachers	2,220	
Non-certified Substitute Teachers	329,910	
Social Security	1,597,959	
State Retirement	1,659,040	
Medical Insurance	3,428,635	
Unemployment Compensation	31,773	
Employer Medicare	375,074	
Travel	2,886	
Other Contracted Services	312,819	
Instructional Supplies and Materials	332,974	
Textbooks	676,930	
Other Supplies and Materials	122,326	
In Service/Staff Development	74	
Fee Waivers	105,026	
Other Charges	70,411	
Regular Instruction Equipment	785,437	
Total Regular Instruction Program		\$ 36,349,370

Alternative Instruction Program

Teachers	\$ 396,662	
Career Ladder Program	8,000	
Clerical Personnel	25,000	
Other Salaries and Wages	30,264	
Social Security	27,911	
State Retirement	29,614	
Medical Insurance	34,729	
Unemployment Compensation	422	
Employer Medicare	6,528	
Travel	4,631	
Other Contracted Services	43,994	
Other Supplies and Materials	3,285	
Other Equipment	6,986	
Total Alternative Instruction Program		618,026

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$ 3,561,467	
Career Ladder Program	34,678	
Homebound Teachers	177,127	
Clerical Personnel	70,770	
Educational Assistants	986,307	
Speech Pathologist	532,442	
Other Salaries and Wages	40,571	
Certified Substitute Teachers	180	
Non-certified Substitute Teachers	36,660	
Social Security	322,439	
State Retirement	359,626	
Medical Insurance	764,245	
Unemployment Compensation	7,714	
Employer Medicare	75,827	
Contracts with Private Agencies	103,949	
Travel	9,799	
Other Contracted Services	143,938	
Instructional Supplies and Materials	90,344	
Other Charges	11,055	
Special Education Equipment	24,125	
Total Special Education Program		\$ 7,353,263

Vocational Education Program

Teachers	\$ 1,679,696
Career Ladder Program	17,000
Other Salaries and Wages	15,081
Certified Substitute Teachers	180
Non-certified Substitute Teachers	32,680
Social Security	102,279
State Retirement	104,681
Medical Insurance	220,042
Unemployment Compensation	1,985
Employer Medicare	24,228
Travel	32,892
Other Contracted Services	24,798
Instructional Supplies and Materials	76,487
Textbooks	12,496
In Service/Staff Development	1,701
Other Charges	597

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Vocational Instruction Equipment	\$ 24,495	
Total Vocational Education Program		\$ 2,371,318

Adult Education Program

Teachers	\$ 25,244	
Other Salaries and Wages	986	
Social Security	1,626	
State Retirement	89	
Unemployment Compensation	134	
Employer Medicare	380	
Other Supplies and Materials	9,266	
Total Adult Education Program		37,725

Support Services

Health Services

Other Salaries and Wages	\$ 75,276	
Social Security	4,444	
State Retirement	7,407	
Medical Insurance	13,815	
Unemployment Compensation	90	
Employer Medicare	1,039	
Travel	6,297	
Other Contracted Services	460,522	
Other Supplies and Materials	31,876	
Other Charges	4,970	
Total Health Services		605,736

Other Student Support

Career Ladder Program	\$ 14,000
Guidance Personnel	897,100
Psychological Personnel	103,340
School Resource Officer	8,834
Other Salaries and Wages	119,344
Social Security	67,203
State Retirement	71,123
Medical Insurance	114,775
Unemployment Compensation	1,047
Employer Medicare	16,065
Contracts with Government Agencies	86,400

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Evaluation and Testing	\$	26,282	
Travel		7,927	
Other Contracted Services		14,468	
Other Supplies and Materials		316	
In Service/Staff Development		58	
Total Other Student Support			\$ 1,548,282

Regular Instruction Program

Supervisor/Director	\$	331,947	
Career Ladder Program		24,278	
Career Ladder Extended Contracts		20,000	
Librarians		595,652	
Materials Supervisor		68,792	
Instructional Computer Personnel		70,320	
Clerical Personnel		34,500	
Other Salaries and Wages		42,973	
Social Security		71,737	
State Retirement		79,481	
Medical Insurance		105,107	
Unemployment Compensation		943	
Employer Medicare		16,777	
Communication		2,488	
Dues and Memberships		50	
Travel		33,783	
Library Books/Media		100,000	
Other Supplies and Materials		18,399	
In Service/Staff Development		13,862	
Total Regular Instruction Program			1,631,089

Special Education Program

Supervisor/Director	\$	149,020
Career Ladder Program		2,000
Social Security		8,921
State Retirement		9,424
Medical Insurance		19,490
Unemployment Compensation		83
Employer Medicare		2,086
Travel		24,189
In Service/Staff Development		12,036

(Continued)

Exhibit J-8

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

<u>General Purpose School Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Special Education Program (Cont.)</u>		
Other Charges	\$ 786	
Total Special Education Program		\$ 228,035
 <u>Vocational Education Program</u>		
Supervisor/Director	\$ 68,792	
Career Ladder Program	3,000	
Career Ladder Extended Contracts	4,000	
Social Security	4,557	
State Retirement	4,730	
Medical Insurance	10,563	
Unemployment Compensation	45	
Employer Medicare	1,066	
Travel	2,496	
In Service/Staff Development	15,005	
Total Vocational Education Program		114,254
 <u>Adult Programs</u>		
Supervisor/Director	\$ 54,869	
Other Salaries and Wages	20,400	
Social Security	4,633	
State Retirement	5,431	
Medical Insurance	4,890	
Unemployment Compensation	81	
Employer Medicare	1,084	
Travel	1,108	
Other Supplies and Materials	205	
Total Adult Programs		92,701
 <u>Other Programs</u>		
On-Behalf Payments to OPEB	\$ 132,099	
Total Other Programs		132,099
 <u>Board of Education</u>		
Board and Committee Members Fees	\$ 11,400	
Life Insurance	40,000	
Audit Services	29,500	
Dues and Memberships	28,953	
Legal Services	48,540	
Travel	10,312	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Other Supplies and Materials	\$	266	
Liability Insurance		228,239	
Trustee's Commission		329,190	
Other Charges		562	
Total Board of Education			\$ 726,962

Director of Schools

County Official/Administrative Officer	\$	112,608	
Career Ladder Program		1,000	
Secretary(ies)		34,500	
Social Security		8,288	
State Retirement		10,484	
Medical Insurance		4,481	
Unemployment Compensation		90	
Employer Medicare		2,150	
Communication		63,584	
Postal Charges		4,916	
Travel		3,119	
Office Supplies		8,467	
Other Charges		78	
Total Director of Schools			253,765

Office of the Principal

Principals	\$	1,015,280	
Career Ladder Program		64,213	
Career Ladder Extended Contracts		34,000	
Assistant Principals		1,819,296	
Secretary(ies)		925,691	
Social Security		230,190	
State Retirement		265,818	
Medical Insurance		433,998	
Unemployment Compensation		3,935	
Employer Medicare		54,185	
Communication		1,231	
Maintenance and Repair Services - Equipment		458	
Postal Charges		205	
Travel		31,851	
Other Contracted Services		16,213	
Office Supplies		3,784	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Other Supplies and Materials	\$ 1,699	
Total Office of the Principal		\$ 4,902,047

Fiscal Services

Supervisor/Director	\$ 45,600	
Accountants/Bookkeepers	113,853	
Secretary(ies)	161,474	
Social Security	18,064	
State Retirement	28,444	
Medical Insurance	23,123	
Unemployment Compensation	423	
Employer Medicare	4,555	
Travel	7,007	
Other Contracted Services	17,052	
Office Supplies	11,923	
Other Supplies and Materials	256	
Administration Equipment	2,280	
Total Fiscal Services		434,054

Operation of Plant

Laundry Service	\$ 4,909	
Other Contracted Services	1,499,529	
Electricity	1,537,010	
Natural Gas	303,369	
Water and Sewer	128,741	
Other Supplies and Materials	1,353	
Building and Contents Insurance	148,926	
Total Operation of Plant		3,623,837

Maintenance of Plant

Supervisor/Director	\$ 61,200
Secretary(ies)	30,294
Other Salaries and Wages	613,743
Social Security	41,752
State Retirement	67,148
Medical Insurance	126,235
Unemployment Compensation	1,083
Employer Medicare	9,765
Communication	6,746

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Maintenance and Repair Services - Equipment	\$	17,628	
Other Contracted Services		6,426	
Other Supplies and Materials		162,866	
Other Charges		203	
Maintenance Equipment		45,194	
Total Maintenance of Plant			\$ 1,190,283

Transportation

Supervisor/Director	\$	127,032	
Mechanic(s)		289,581	
Bus Drivers		1,610,385	
Clerical Personnel		25,500	
Social Security		116,034	
State Retirement		183,203	
Medical Insurance		718,096	
Unemployment Compensation		7,001	
Employer Medicare		27,137	
Communication		8,568	
Laundry Service		7,266	
Maintenance and Repair Services - Vehicles		34,048	
Travel		1,343	
Other Contracted Services		45,667	
Gasoline		736,484	
Lubricants		20,739	
Tires and Tubes		70,992	
Vehicle Parts		270,979	
Other Supplies and Materials		15,256	
Vehicle and Equipment Insurance		92,090	
Other Charges		720	
Transportation Equipment		1,048,637	
Total Transportation			5,456,758

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	39,979	
Accountants/Bookkeepers		34,500	
Other Salaries and Wages		4,650	
Social Security		4,630	
State Retirement		6,407	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Medical Insurance	\$	17,133	
Unemployment Compensation		76	
Employer Medicare		1,083	
Transportation - Other than Students		27,046	
Travel		2,384	
Other Contracted Services		733	
Other Supplies and Materials In Service/Staff Development		10	
		4,962	
Total Food Service			\$ 143,593

Community Services

Supervisor/Director	\$	18,353	
Other Salaries and Wages		441,112	
Social Security		28,182	
State Retirement		2,149	
Medical Insurance		17,132	
Unemployment Compensation		1,880	
Employer Medicare		6,591	
Travel		5,538	
Other Contracted Services		450	
Food Supplies		25,070	
Other Supplies and Materials		3,429	
Total Community Services			549,886

Early Childhood Education

Teachers	\$	435,097	
Educational Assistants		174,937	
Other Salaries and Wages		30,680	
Non-certified Substitute Teachers		4,600	
Social Security		38,216	
State Retirement		44,857	
Medical Insurance		108,355	
Unemployment Compensation		985	
Employer Medicare		8,906	
Travel		581	
Instructional Supplies and Materials		8,684	
Other Supplies and Materials		847	
Other Charges		95,849	
Other Equipment		4,404	
Total Early Childhood Education			956,998

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Other Salaries and Wages	\$ 102,981	
Social Security	6,385	
State Retirement	8,159	
Unemployment Compensation	108	
Employer Medicare	1,493	
Building Improvements	<u>459,560</u>	
Total Regular Capital Outlay		\$ 578,686

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 600,000	
Total Education		<u>600,000</u>

Total General Purpose School Fund \$ 70,498,767

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,142,174	
Educational Assistants	211,225	
Other Salaries and Wages	48,890	
Certified Substitute Teachers	600	
Non-certified Substitute Teachers	28,476	
Social Security	82,759	
State Retirement	90,343	
Medical Insurance	173,632	
Unemployment Compensation	2,639	
Employer Medicare	20,054	
Contracts with Other School Systems	5,350	
Other Contracted Services	85,973	
Instructional Supplies and Materials	49,620	
Other Supplies and Materials	5,990	
Regular Instruction Equipment	<u>33,016</u>	
Total Regular Instruction Program		\$ 1,980,741

Special Education Program

Clerical Personnel	\$ 23,400
Educational Assistants	1,307,941
Other Salaries and Wages	36,599

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Social Security	\$	79,136	
State Retirement		115,964	
Medical Insurance		308,711	
Unemployment Compensation		4,028	
Employer Medicare		18,508	
Operating Lease Payments		92,335	
Other Contracted Services		364,766	
Instructional Supplies and Materials		31,956	
Special Education Equipment		11,132	
Total Special Education Program			\$ 2,394,476

Vocational Education Program

Clerical Personnel	\$	3,300	
Other Salaries and Wages		50,930	
Social Security		3,204	
State Retirement		5,336	
Medical Insurance		10,970	
Unemployment Compensation		152	
Employer Medicare		749	
Instructional Supplies and Materials		42,997	
Vocational Instruction Equipment		10,216	
Total Vocational Education Program			127,854

Support Services

Other Student Support

Social Workers	\$	38,095	
Social Security		2,203	
State Retirement		2,377	
Medical Insurance		8,332	
Unemployment Compensation		45	
Employer Medicare		515	
Travel		33,412	
In Service/Staff Development		15,014	
Total Other Student Support			99,993

Regular Instruction Program

Supervisor/Director	\$	33,928	
Instructional Computer Personnel		49,627	
Secretary(ies)		22,500	

(Continued)

Exhibit J-8

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

<u>School Federal Projects Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Regular Instruction Program (Cont.)</u>		
Other Salaries and Wages	\$ 54,563	
In-Service Training	147,100	
Social Security	18,816	
State Retirement	20,012	
Medical Insurance	19,691	
Unemployment Compensation	1,018	
Employer Medicare	4,400	
Communication	684	
Travel	32,604	
Other Contracted Services	8,340	
Instructional Supplies and Materials	1,060	
Other Supplies and Materials	1,759	
In Service/Staff Development	172,804	
Other Equipment	1,518	
Total Regular Instruction Program		<u>\$ 590,424</u>
Total School Federal Projects Fund		\$ 5,193,488
<u>Central Cafeteria Fund</u>		
<u>Operation of Non-Instructional Services</u>		
<u>Food Service</u>		
Cafeteria Personnel	\$ 1,718,941	
Other Salaries and Wages	36,120	
Social Security	101,215	
State Retirement	149,136	
Medical Insurance	459,823	
Unemployment Compensation	6,267	
Employer Medicare	23,671	
Travel	3,017	
Other Contracted Services	103,641	
Food Supplies	2,130,881	
Uniforms	5,499	
Other Supplies and Materials	224,215	
Trustee's Commission	178	
Food Service Equipment	165,191	
Total Food Service		<u>\$ 5,127,795</u>
Total Central Cafeteria Fund		5,127,795

(Continued)

Exhibit J-8

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

<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Other Salaries and Wages	\$ 1,444,804	
Social Security	89,578	
Unemployment Compensation	3,594	
Employer Medicare	20,950	
Architects	52,760	
Engineering Services	48,078	
Building Construction	10,105,109	
Building Improvements	6,418	
Land	7,583	
Total Education Capital Projects		<u>\$ 11,778,874</u>
Total Education Capital Projects Fund		<u>\$ 11,778,874</u>
Total Governmental Funds - Tipton County School Department		<u><u>\$ 92,598,924</u></u>

Exhibit J-9

Tipton County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2008

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 3,263,369
Total Cash Receipts	<u>\$ 3,263,369</u>
<u>Cash Disbursements</u>	
Remittance of Revenue Collected	\$ 3,230,735
Trustee's Commission	32,634
Total Cash Disbursements	<u>\$ 3,263,369</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2007	<u>0</u>
Cash Balance, June 30, 2008	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

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

November 19, 2008

Tipton County Executive and
Board of County Commissioners
Tipton County, Tennessee

To the County Executive and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tipton County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Tipton County's basic financial statements and have issued our report thereon dated November 19, 2008. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Tipton County Emergency Communications District, which were not available from other auditors as of the date of this report. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Tipton County Public Library (a nonmajor special revenue fund) as described in our report on Tipton 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 Tipton County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tipton County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Tipton County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 08.01, 08.02, and 08.04.

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 Tipton County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 08.01 to be a material weakness.

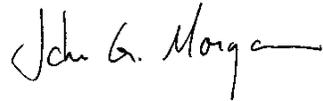
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tipton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as item 08.03.

We consider item 08.05 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 Tipton County in separate communications.

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

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/yu

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

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

November 19, 2008

Tipton County Executive and
Board of County Commissioners
Tipton County, Tennessee

To the County Executive and Board of County Commissioners:

Compliance

We have audited the compliance of Tipton County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Tipton County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Tipton County's management. Our responsibility is to express an opinion on Tipton County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tipton County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our

audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Tipton County's compliance with those requirements.

In our opinion, Tipton County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Tipton County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Tipton County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tipton County's internal control over compliance.

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

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

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

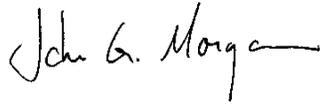
Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tipton County as of and for the year ended June 30, 2008, and have issued our report thereon dated November 19, 2008. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Tipton County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Tipton County's

basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the county executive, director of schools, director of public works, County Commission, Board of Education, others within Tipton 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.

Yours very truly,

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

John G. Morgan
Comptroller of the Treasury

JGM/yu

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Tipton County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year-Ended June 30, 2008

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 303,545 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	778,764
National School Lunch Program	10.555	N/A	2,211,584 (3)
Passed-through State Department of Human Services:			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	N/A	242,210
Total U.S. Department of Agriculture			<u>\$ 3,536,103</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-07-20257-00	\$ 324,401
Total U.S. Department of Housing and Urban Development			<u>\$ 324,401</u>
U.S. Department of Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 154
Total U.S. Department of Interior			<u>\$ 154</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Accountability Incentive Block Grants	16.523	(2)	\$ 9,000
Direct Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.580	N/A	19,402
Total U.S. Department of Justice			<u>\$ 28,402</u>
U.S. Department of Labor:			
Passed-through Dyersburg State Community College:			
WIA Youth Activities	17.259	N/A	\$ 24,013
Total U.S. Department of Labor			<u>\$ 24,013</u>
U.S. Department of Education:			
Passed through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-08-020828-00	\$ 113,214
Passed through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	1,652,812
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,371,308
Special Education - Preschool Grants	84.173	N/A	105,611
Vocational Education - Basic Grants to States	84.048	N/A	176,282
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	237,204
State Grants for Innovative Programs	84.298	N/A	15,926
Education Technology State Grants Program	84.318	N/A	57,893
Improving Teacher Quality State Grants	84.367	N/A	633,119
Total U.S. Department of Education			<u>\$ 5,363,369</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Labor and Workforce Development:			
Promoting Safe and Stable Families	93.556	(2)	\$ 66,600
Passed-through State Department of Education:			
Cooperative Agreements to Support Comprehensive School Health Programs To Prevent the Spread of HIV and Other Important Health Problems	93.938	(2)	139,383
Total U.S. Department of Health and Human Services			<u>\$ 205,983</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	Z-05-025213-00	\$ 436,036
Total U.S. Department of Homeland Security			<u>\$ 436,036</u>
Total Expenditures of Federal Awards			<u>\$ 9,918,461</u>
State Grants:			
		<u>Contract Number</u>	
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 18,243
Solid Waste Program - State Department of Environment and Conservation	N/A	Z-08-020271-00	30,634
Dental Program - State Department of Health	N/A	Z-08-020388-00	314,561
Tobacco Use Prevention and Cessation Grant - State Department of Health	N/A	CG-08-233-49	15,789
Litter Program - State Department of Transportation	N/A	Z-08-021049-00	34,255
Computer Equipment Grant - Tennessee Secretary of State	N/A	(2)	1,773
Courtroom Security Grant - Administrative Office of the Courts	N/A	(2)	26,478
Highway Safety Grant - State Department of Transportation	N/A	Z-08-024005-00	21,104
Lottery for Education: Afterschool Programs - State Department of Education	N/A	(2)	22,335
Pre-K Lottery Grant - State Department of Education	N/A	(2)	956,467
Juvenile Justice and Delinquency Prevention - State Commission On Children and Youth	N/A	GG-08-216-32	458,571
Save the Children Grant - State Department of Education	N/A	(2)	120,377
Community Enhancement Grant - State Department of Education	N/A	(2)	10,000
Safe Schools Act - State Department of Education	N/A	(2)	88,162
Total State Grants			<u>\$ 2,118,749</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) Total CFDA No. 10.555 is \$2,515,129.

Tipton County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2008

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 Tipton County, Tennessee, for the year ended June 30, 2007, which have not been corrected.

OFFICES OF COUNTY EXECUTIVE AND DIRECTOR OF PUBLIC WORKS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.02	177	Animal control operations were improperly accounted for in the Highway/Public Works Fund

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.06	179	A central system of accounting, budgeting, and purchasing had not been adopted

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TIPTON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2008

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Tipton County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Tipton County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program (CFDA Nos. 10.553, 10.555, and 10.559); the Community Development Block Grants/State's Program (CFDA No. 14.228); and the Title I Grants to Local Educational Agencies (CFDA No. 84.010) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Tipton County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

TIPTON COUNTY AND TIPTON COUNTY SCHOOL DEPARTMENT

FINDING 08.01 **TIPTON COUNTY AND THE TIPTON COUNTY SCHOOL DEPARTMENT DO NOT HAVE THE RESOURCES TO PRODUCE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS**

(Internal Control – Material Weakness Under Government Auditing Standards)

Generally accepted auditing standards require that Tipton County's and the Tipton County School Department's financial statements be the product of financial reporting systems that offer reasonable assurance that management is able to produce financial statements and notes to the financial statements that comply with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires that the county and the School Department have internal controls over reporting government-wide and fund financial information and preparing the related notes. It is permissible for us, as the external auditors, to assist the county and the School Department in preparing their financial statements and notes as a matter of convenience as long as the county and School Department have the skills needed to prepare their financial statements and notes. However, management, including the accounting staff, does not have the technical skills to prepare GAAP financial statements and disclosures. The inability to prepare financial statements and notes is an indication of a lack of controls, or ineffective controls, because material misstatements may not be detected.

RECOMMENDATION

Tipton County and the Tipton County School Department should develop the ability to produce financial statements and notes to the financial statements that comply with GAAP. This could include having at least one staff member trained in financial statement preparation. This staff member should have sufficient skills necessary to prepare a complete set of year-end financial statements even though the external auditors prepare the county's and School Department's financial statements as a matter of convenience. If we, as the external auditors, continue to prepare the county's and the School Department's financial statements, this individual must have sufficient knowledge to determine the completeness of financial statement information and disclosures.

OFFICE OF COUNTY EXECUTIVE

FINDING 08.02 AN EMPLOYEE IMPROPERLY USED A COUNTY FUEL CARD FOR PERSONAL GAIN RESULTING IN A CASH SHORTAGE OF \$4,324.95

(Internal Control – Significant Deficiency Under Government Auditing Standards)

The Tennessee Bureau of Investigation and the Tipton County Sheriff's Department conducted an investigation into suspected violations of the county's fuel purchasing policy in the litter control program. The investigation revealed that Jonathan Hartsfield, a litter control officer, used a county fuel card to purchase gasoline for his personal vehicles. These improper purchases of gasoline resulted in a cash shortage of \$3,658.41 in the General Fund at June 30, 2008. Additional improper gasoline purchases of \$666.54 were made by Mr. Hartsfield subsequent to June 30, 2008, that increased the cash shortage to \$4,324.95. Mr. Hartsfield's employment with the county was terminated on September 16, 2008. On November 3, 2008, Mr. Hartsfield was indicted by the Tipton County Grand Jury on charges of official misconduct and theft of property.

RECOMMENDATION

County officials should seek restitution of the cash shortage and should perform an internal risk assessment to determine ways to strengthen internal controls over the use of county fuel cards.

OFFICES OF COUNTY EXECUTIVE AND DIRECTOR OF PUBLIC WORKS

**FINDING 08.03 ANIMAL CONTROL OPERATIONS WERE IMPROPERLY ACCOUNTED FOR IN THE HIGHWAY/PUBLIC WORKS FUND
(Noncompliance Under Government Auditing Standards)**

Animal control operations in Tipton County have been budgeted and operated from the Highway/Public Works Fund since the 2002-03 fiscal year. The state attorney general has opined (Opinion No. 92-03) that the Highway/Public Works Fund should be used only for highway and public works operations. The opinion dictates that state statutes authorize a county to levy a tax for county purposes and has defined "county general purposes levy" as a levy for all county purposes except roads, bridges, schools, etc. Animal control operations are part of the operating activities of the county and should be accounted for in the county's General Fund. This deficiency exists due to the failure of management to correct the finding noted in prior reports. We noted that revenues from animal registrations were insufficient to cover the costs of the animal control operation, which resulted in highway funds being used for county general purposes. It should be noted that animal control operations have been budgeted in the General Fund for 2008-09.

OFFICES OF TRUSTEE AND CLERK AND MASTER

FINDING 08.04 **THE OFFICE DID NOT REVIEW SOFTWARE AUDIT LOGS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The software applications used by the Office of Trustee and the Office of Clerk and Master generated a daily log that displayed changes made by users. Since this log provided the only audit trail of these changes, it should be reviewed daily for inappropriate activity. Because management was not aware of its importance, officials did not begin reviewing this log until the last few months of the fiscal year. Procedures for reviewing this log are currently in place.

OTHER FINDING AND RECOMMENDATION

FINDING 08.05 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**
(Internal Control – Control Deficiency Under Government Auditing Standards)

County officials had not adopted a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort.

RECOMMENDATION

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

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

There were no findings and questioned costs for federal awards.

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**TIPTON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2008**

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