ANNUAL FINANCIAL REPORT

BLEDSOE COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2008

TENNESSEE
COMPTROLLER
OF THE TREASURY

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ANNUAL FINANCIAL REPORT

BLEDSOE 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

CARL LOWE, CGFM
Audit Manager

MICHAEL FORD, CPA, CGFM
Auditor 4

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JENI PALADENI
State Auditors

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

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BLEDSOE COUNTY, TENNESSEE
TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		9-10
INTRODUCTORY SECTION		11
Bledsoe County Officials		13
FINANCIAL SECTION		15
Independent Auditor's Report		17-19
BASIC FINANCIAL STATEMENTS:		21
Government-wide Financial Statements:		
Statement of Net Assets	A	23
Statement of Activities	B	24-25
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	26
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	27
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	28-29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	30
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	31
Notes to the Financial Statements		33-61
REQUIRED SUPPLEMENTARY INFORMATION:		63
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	E-1	65-67
Ambulance Service Fund	E-2	68
Highway/Public Works Fund	E-3	69
Schedule of Funding Progress – Pension Plan	E-4	70
Notes to the Required Supplementary Information		71

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		73
Nonmajor Governmental Funds:		75-76
Combining Balance Sheet	F-1	77-78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	79-80
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Courthouse and Jail Maintenance Fund	F-3	81
Public Library Fund	F-4	82
Solid Waste/Sanitation Fund	F-5	83
Drug Control Fund	F-6	84
Other Special Revenue Fund	F-7	85
Major Governmental Fund:		87
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	89
Fiduciary Funds:		91
Combining Statement of Fiduciary Assets and Liabilities	H-1	93
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	94
Component Unit:		
Discretely Presented Bledsoe County School Department:		95
Statement of Activities	I-1	97
Balance Sheet – Governmental Funds	I-2	98
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	I-3	99
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	100
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	101
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	102
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	103
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	104-105
School Federal Projects Fund	I-9	106
Central Cafeteria Fund	I-10	107
Education Debt Service Fund	I-11	108

	Exhibit	Page(s)
Miscellaneous Schedules:		109
Schedule of Changes in Long-term Bonds and Notes – Primary Government and Discretely Presented Bledsoe County School Department	J-1	111
Schedule of Long-term Debt Requirements by Year – Primary Government and Discretely Presented Bledsoe County School Department	J-2	112-113
Schedule of Transfers – Primary Government and Discretely Presented Bledsoe County School Department	J-3	114
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Bledsoe County School Department	J-4	115
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	116-123
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Bledsoe County School Department	J-6	124-125
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	126-142
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Bledsoe County School Department	J-8	143-154
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	J-9	155
SINGLE AUDIT SECTION		157
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		159-161
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133		163-165
Schedule of Expenditures of Federal Awards and State Grants		167-168
Schedule of Audit Findings Not Corrected		169
Schedule of Findings and Questioned Costs		171-178
Auditee Reporting Responsibilities		179

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Audit Highlights

Annual Financial Report
Bledsoe County, Tennessee
For the Year Ended June 30, 2008

Scope

We have audited the basic financial statements of Bledsoe 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 two component units 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 11 findings and recommendations, which we have reviewed with Bledsoe County management. Detailed findings, recommendations, and management's response is included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

BLEDSOE COUNTY AND BLEDSOE COUNTY SCHOOL DEPARTMENT

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

OFFICE OF COUNTY MAYOR

- The Ambulance Service Fund required material audit adjustments for proper financial statement presentation.
- The County Mayor's Office and the Ambulance Service did not implement adequate controls to protect their information resources.

OFFICES OF ROAD SUPERINTENDENT AND DIRECTOR OF SCHOOLS

- The Offices of Road Superintendent and Director of Schools had deficiencies in computer systems backup procedures.

OFFICE OF ROAD SUPERINTENDENT

- Expenditures exceeded total appropriations by $342,785.

OFFICE OF DIRECTOR OF SCHOOLS

- Certain employees at the school bus garage used department purchased fuel in their personal vehicles as reimbursement.

OFFICES OF TRUSTEE AND REGISTER

- These offices did not review their software audit logs.

OFFICE OF SHERIFF

- Receipts were not issued at the time of collection.

OTHER FINDINGS

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

INTRODUCTORY SECTION

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Bledsoe County Officials
June 30, 2008

Officials

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

Board of County Commissioners

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

Board of Education

Stephen Smith, Chairman
Michelle Collier
Michael Deakins
Sue Everett
Will Frady
Jeff Smith
Barbara Swafford

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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

December 17, 2008

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bledsoe County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Bledsoe County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bledsoe County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements of the Bledsoe County Nursing Home and the Bledsoe County Emergency Communications District, component units 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 financial statements referred to above do not include amounts for the Bledsoe County Nursing Home and the Bledsoe 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 Bledsoe County Nursing Home and the Bledsoe 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 Bledsoe County, Tennessee, as of June 30, 2008, and the results of operations of the aggregate discretely presented component units, for the year ended, in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2008, on our consideration of Bledsoe County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Bledsoe County has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. For the first time, the financial statements include the government-wide financial statements. Also, Bledsoe County has adopted the provisions of GASB Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and GASB Statement No. 50, Pension Disclosures.

The management of Bledsoe 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 and pension information on pages 65 through 71 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of

inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Very truly yours,

John G. Morgan

John G. Morgan
Comptroller of the Treasury

JGM/sb

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BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	Primary Government Governmental Activities	Component Unit Bledsoe County School Department
ASSETS		
Cash	$ 136,900	$ 12,484
Equity in Pooled Cash and Investments	1,911,071	1,152,993
Accounts Receivable	1,073,927	0
Allowance for Uncollectibles	(609,657)	0
Due from Other Governments	312,067	358,847
Due from Primary Government	0	200,000
Property Taxes Receivable	1,836,429	1,557,515
Allowance for Uncollectible Property Taxes	(87,468)	(74,228)
Capital Assets:		
Assets Not Depreciated:		
Land	163,140	380,847
Construction in Progress	268,752	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	1,430,776	10,471,009
Infrastructure	4,128,276	112,489
Other Capital Assets	292,550	1,294,789
Total Assets	$ 10,856,763	$ 15,466,745
LIABILITIES		
Accounts Payable	$ 29,883	$ 48,999
Accrued Payroll	0	12,626
Payroll Deductions Payable	0	4,597
Accrued Interest Payable	43,927	84,812
Deferred Revenue - Current Property Taxes	1,633,210	1,384,988
Noncurrent Liabilities:		
Due Within One Year	115,714	455,000
Due in More Than One Year	1,271,942	10,674,316
Total Liabilities	$ 3,094,676	$ 12,665,338
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	$ 4,895,838	$ 1,346,134
Restricted for:		
General Purposes	40,562	58,341
Courthouse and Jail Maintenance	4,113	0
Public Library	12,648	0
Solid Waste/Sanitation	68,941	0
Ambulance Service	795,445	0
Drug Control	17,469	0
Highway/Public Works	1,247,547	0
Debt Service	290,279	213,653
School Federal Projects	0	25,901
Central Cafeteria	0	219,107
Capital Projects	550	0
Other Purposes	35,775	0
Unrestricted	352,920	938,271
Total Net Assets	$ 7,762,087	$ 2,801,407

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

Exhibit B

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Component Unit: Bledsoe County School Department
Primary Government:						
Governmental Activities:						
General Government	$ 611,638	$ 78,026	$ 16,380	$ 0	$ (517,232)	$ 0
Finance	336,724	205,512	6,582	0	(124,630)	0
Administration of Justice	438,482	157,972	6,750	0	(273,760)	0
Public Safety	1,150,108	203,415	54,669	0	(892,024)	0
Public Health and Welfare	1,402,807	563,138	122,008	451,410	(266,251)	0
Social, Cultural, and Recreational Services	73,356	3,517	0	0	(69,839)	0
Agriculture and Natural Resources	70,507	0	0	0	(70,507)	0
Other Operations	4,154	147,228	10,000	0	153,074	0
Highways/Public Works	1,905,500	0	1,588,058	401,943	84,501	0
Interest on Long-term Debt	56,437	0	0	0	(56,437)	0
Other Debt Service	3,875	0	0	0	(3,875)	0
Total Governmental Activities	$ 6,053,588	$ 1,358,808	$ 1,804,447	$ 853,353	$ (2,036,980)	$ 0
Total Primary Government	$ 6,053,588	$ 1,358,808	$ 1,804,447	$ 853,353	$ (2,036,980)	$ 0
Component Unit:						
Bledsoe County School Department	$ 15,814,109	$ 326,666	$ 1,970,338	$ 0	$ 0	$ (13,517,105)

(Continued)

Exhibit B

Bledsoe County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Component Unit: Bledsoe County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					$ 1,334,992	$ 1,324,319
Property Taxes Levied for Solid Waste					153,668	0
Property Taxes Levied for Debt Service					159,652	82,034
Local Option Sales Taxes					69,356	608,754
Other Local Taxes					148,009	2,934
Grants and Contributions Not Restricted to Specific Programs					293,706	11,674,477
Unrestricted Investment Income					134,347	2,311
Miscellaneous					109,206	43,555
Total General Revenues					$ 2,402,936	$ 13,738,384
Change in Net Assets					$ 365,956	$ 221,279
Net Assets, July 1, 2007					7,327,951	2,518,462
Prior-period Adjustment					68,180	61,666
Net Assets, June 30, 2008					$ 7,762,087	$ 2,801,407

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

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Govern-mental Funds
ASSETS						
Cash	$ 0	$ 124,469	$ 0	$ 0	$ 12,431	$ 136,900
Equity in Pooled Cash and Investments	277,163	198,866	994,601	322,968	117,473	1,911,071
Accounts Receivable	0	1,069,199	0	0	4,728	1,073,927
Allowance for Uncollectibles	0	(609,657)	0	0	0	(609,657)
Due from Other Governments	18,802	17,058	263,472	0	12,735	312,067
Due from Other Funds	32,707	0	0	0	0	32,707
Property Taxes Receivable	1,480,593	0	0	177,918	177,918	1,836,429
Allowance for Uncollectible Property Taxes	(70,504)	0	0	(8,482)	(8,482)	(87,468)
Total Assets	$ 1,738,761	$ 799,935	$ 1,258,073	$ 492,404	$ 316,803	$ 4,605,976
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	$ 9,713	$ 4,490	$ 10,526	$ 0	$ 5,154	$ 29,883
Due to Other Funds	0	0	0	0	32,707	32,707
Deferred Revenue - Current Property Taxes	1,316,814	0	0	158,198	158,198	1,633,210
Deferred Revenue - Delinquent Property Taxes	88,275	0	0	10,738	10,938	109,951
Other Deferred Revenues	5,523	459,542	128,328	0	0	593,393
Total Liabilities	$ 1,420,325	$ 464,032	$ 138,854	$ 168,936	$ 206,997	$ 2,399,144
Fund Balances						
Reserved for Encumbrances	$ 20,342	$ 1,991	$ 0	$ 0	$ 321,215	$ 343,548
Reserved for Alcohol and Drug Treatment	12,964	0	0	0	0	12,964
Reserved for Drug Court	2,647	0	0	0	0	2,647
Reserved for Sexual Offender Registration	1,170	0	0	0	0	1,170
Reserved for Computer System - Register	21,752	0	0	0	0	21,752
Reserved for Automation Purposes - General Sessions Court	2,029	0	0	0	0	2,029
Unreserved, Reported In:						
General Fund	257,532	0	0	0	0	257,532
Special Revenue Funds	0	333,912	1,119,219	0	125,426	1,578,557
Debt Service Funds	0	0	0	323,468	0	323,468
Capital Projects Funds (Deficit)	0	0	0	0	(336,835)	(336,835)
Total Fund Balances	$ 318,436	$ 335,903	$ 1,119,219	$ 323,468	$ 109,806	$ 2,206,832
Total Liabilities and Fund Balances	$ 1,738,761	$ 799,935	$ 1,258,073	$ 492,404	$ 316,803	$ 4,605,976

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

Exhibit C-2

Bledsoe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
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)		$ 2,206,832
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Add: land	$ 163,140	
Add: construction in progress	268,752	
Add: buildings and improvements net of accumulated depreciation	1,430,776	
Add: infrastructure net of accumulated depreciation	4,128,276	
Add: other capital assets net of accumulated depreciation	292,550	6,283,494
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	$ (1,055,000)	
Less: notes payable	(332,656)	
Less: interest accrued on bonds and notes	(43,927)	(1,431,583)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		703,344
Net assets of governmental activities (Exhibit A)		$ 7,762,087

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

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
Revenues						
Local Taxes	$ 1,566,970	$ 0	$ 0	$ 159,779	$ 156,993	$ 1,883,742
Licenses and Permits	4,394	0	0	413	1,460	6,267
Fines, Forfeitures, and Penalties	35,821	0	0	0	18,151	53,972
Charges for Current Services	7,837	688,173	0	0	4,613	700,623
Other Local Revenues	189,125	7,303	6,418	134,168	20,373	357,387
Fees Received from County Officials	382,349	0	0	0	0	382,349
State of Tennessee	399,178	0	1,990,502	19,997	51,414	2,461,091
Federal Government	21,220	0	0	0	451,410	472,630
Other Governments and Citizens Groups	0	0	0	0	180,000	180,000
Total Revenues	$ 2,606,894	$ 695,476	$ 1,996,920	$ 314,357	$ 884,414	$ 6,498,061
Expenditures						
Current:						
General Government	$ 680,901	$ 0	$ 0	$ 0	$ 8,449	$ 689,350
Finance	329,175	0	0	0	2,206	331,381
Administration of Justice	376,156	0	0	0	350	376,506
Public Safety	971,749	0	0	0	456,619	1,428,368
Public Health and Welfare	130,480	596,044	0	0	185,249	911,773
Social, Cultural, and Recreational Services	7,462	0	0	0	61,922	69,384
Agriculture and Natural Resources	59,399	0	0	0	0	59,399
Other Operations	4,154	0	0	0	0	4,154
Highways	0	0	1,956,651	0	31,029	1,987,680
Debt Service:						
Principal on Debt	0	0	0	70,000	39,535	109,535
Interest on Debt	0	0	0	47,595	3,665	51,260
Other Debt Service	0	0	0	3,875	0	3,875
Capital Projects	0	0	0	0	451,410	451,410
Total Expenditures	$ 2,559,476	$ 596,044	$ 1,956,651	$ 121,470	$ 1,240,434	$ 6,474,075
Excess (Deficiency) of Revenues Over Expenditures	$ 47,418	$ 99,432	$ 40,269	$ 192,887	$ (356,020)	$ 23,986

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
Other Financing Sources (Uses)						
Notes Issued	$ 0	$ 0	$ 0	$ 0	$ 250,000	$ 250,000
Insurance Recovery	36,633	0	0	0	0	36,633
Transfers In	0	0	0	0	71,432	71,432
Transfers Out	(71,432)	0	0	0	0	(71,432)
Total Other Financing Sources (Uses)	$ (34,799)	$ 0	$ 0	$ 0	$ 321,432	$ 286,633
Net Change in Fund Balances	$ 12,619	$ 99,432	$ 40,269	$ 192,887	$ (34,588)	$ 310,619
Fund Balance, July 1, 2007	305,817	236,471	1,010,770	130,581	144,394	1,828,033
Prior Period Adjustment	0	0	68,180	0	0	68,180
Fund Balance, June 30, 2008	$ 318,436	$ 335,903	$ 1,119,219	$ 323,468	$ 109,806	$ 2,206,832

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

Exhibit C-4

Bledsoe County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
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)		$ 310,619
(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	$ 596,801	
Less: current year depreciation expense	(280,672)	316,129
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2007	$ (818,494)	
Add: deferred delinquent property taxes and other deferred June 30, 2008	703,344	(115,150)
(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Less: note proceeds	$ (250,000)	
Add: principal payments on bonds	70,000	
Add: principal payments on notes	39,535	(140,465)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in accrued interest on bonds	$ 2,223	
Change in accrued interest on notes	(7,400)	(5,177)
Change in net assets of governmental activities (Exhibit B)		$ 365,956

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

Exhibit D

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

	Agency Funds
ASSETS	
Cash	$ 764,629
Accounts Receivable	15
Due from Other Governments	26,430
Total Assets	$ 791,074
LIABILITIES	
Due to Other Taxing Units	$ 26,430
Due to Litigants, Heirs, and Others	764,644
Total Liabilities	$ 791,074

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bledsoe 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 Bledsoe County:

A. Reporting Entity

Bledsoe County is a public municipal corporation governed by an elected 13-member board. As required by GAAP, these financial statements present Bledsoe County (the primary government) 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 Bledsoe 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 Bledsoe County School Department operates the public school system in the county, and the voters of Bledsoe County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the Bledsoe County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

Bledsoe County Nursing Home provides nursing care to the citizens of Bledsoe County, and the Bledsoe County Commission appoints its governing body. Patient charges provide the majority of the revenues for the entity. Before the issuance of debt instruments, the nursing home must obtain the County Commission's approval. The financial statements of the Bledsoe County Nursing Home were not available from other auditors in time for inclusion in this report.

The Bledsoe County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Bledsoe County, and the Bledsoe County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Bledsoe County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Bledsoe 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 Bledsoe County Nursing Home and the Bledsoe County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of Bledsoe County Nursing Home and the Bledsoe County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

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

B. 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 Bledsoe 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 Bledsoe 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.

Bledsoe County issues all debt for the discretely presented Bledsoe County School Department. During the year ended June 30, 2008, no net debt issues were contributed by the county to the School Department.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay

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

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

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

Bledsoe County reports the following major governmental funds:

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

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

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

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

Additionally, Bledsoe County reports the following fund types:

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

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

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

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

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

Additionally, the School Department reports the following fund type:

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

2. <u>Receivables and Payables</u>

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.62 percent of total taxes levied.

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

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is

the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

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

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

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of $5,000 or more and an estimated useful life of more than five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

Assets	Years
Buildings and Improvements	25-40
Other Capital Assets	5-30
Infrastructure	20-50

4. Compensated Absences

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

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

5. Long-term Obligations

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

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

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

statements. Liabilities and expenditures for other long-term obligations are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. Net Assets and Fund Equity

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

a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

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

7. Prior-period Adjustments

Primary Government

In 2004, the Highway/Public Works Fund set up a contract payable of $68,180. After several years of negotiations, it was determined that the Highway/Public Works Fund was not liable for this amount. Consequently, fund equity of the Highway/Public Works Fund was restated as of July 1, 2007, by $68,180.

Discretely Presented Bledsoe County School Department

Capital assets of the discretely presented Bledsoe County School Department were restated ($61,666) from the prior-year because a portable building and software had been omitted.

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 Bledsoe 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 Bledsoe 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 capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

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

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

B. Fund Deficit

The General Capital Projects Fund had a deficit in unreserved fund balance of $337,385 at June 30, 2008. This fund deficit resulted from the unperformed portion of engineering and architect services for a new jail being reserved as encumbrances. Funding for future expenditures relating to this project is expected to be received from the issuance of debt.

C. Expenditures Exceeded Appropriations

Expenditures and encumbrances exceeded total appropriations approved by the County Commission in the Highway/Public Works Fund by $342,785. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase. The county had no pooled or nonpooled investments at June 30, 2008.

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	Balance 6-30-08
Capital Assets Not Depreciated:			
Land	$ 113,835	$ 49,305	$ 163,140
Construction in Progress	0	268,752	268,752
Total Capital Assets Not Depreciated	$ 113,835	$ 318,057	$ 431,892
Capital Assets Depreciated:			
Buildings and Improvements	$ 1,850,733	$ 0	$ 1,850,733
Infrastructure	5,453,279	250,994	5,704,273
Other Capital Assets	2,247,906	27,750	2,275,656
Total Capital Assets Depreciated	$ 9,551,918	$ 278,744	$ 9,830,662
Less Accumulated Depreciated For:			
Buildings and Improvements	$ 377,416	$ 42,541	$ 419,957
Infrastructure	1,445,297	130,700	1,575,997
Other Capital Assets	1,875,675	107,431	1,983,106
Total Accumulated Depreciation	$ 3,698,388	$ 280,672	$ 3,979,060
Total Capital Assets Depreciated, Net	$ 5,853,530	$ (1,928)	$ 5,851,602
Governmental Activities Capital Assets, Net	$ 5,967,365	$ 316,129	$ 6,283,494

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

Governmental Activities:

General Government	$ 14,725
Finance	2,940
Administration of Justice	12,412
Public Safety	18,156
Public Health and Welfare	32,983

Governmental Activities (Cont.):

Social, Cultural, and Recreational Services	$ 3,972
Agriculture and Natural Resources	3,920
Highways/Public Works	191,564
Total Depreciation Expense - Governmental Activities	$ 280,672

Discretely Presented Bledsoe County School Department

Governmental Activities:

	Balance 7-1-07	Increases	Balance 6-30-08
Capital Assets Not Depreciated:			
Land	$ 380,846	$ 1	$ 380,847
Total Capital Assets Not Depreciated	$ 380,846	$ 1	$ 380,847
Capital Assets Depreciated:			
Buildings and Improvements	$ 14,511,167	$ 130,906	$ 14,642,073
Infrastructure	117,374	14,900	132,274
Other Capital Assets	2,091,071	184,537	2,275,608
Total Capital Assets Depreciated	$ 16,719,612	$ 330,343	$ 17,049,955
Less Accumulated Depreciated For:			
Buildings and Improvements	$ 3,765,259	$ 405,805	$ 4,171,064
Infrastructure	14,648	5,137	19,785
Other Capital Assets	708,643	272,176	980,819
Total Accumulated Depreciation	$ 4,488,550	$ 683,118	$ 5,171,668
Total Capital Assets Depreciated, Net	$ 12,231,062	$ (352,775)	$ 11,878,287
Governmental Activities Capital Assets, Net	$ 12,611,908	$ (352,774)	$ 12,259,134

Increases include a prior-year net adjustment totaling $61,666 to correct capital assets values.

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

Governmental Activities:

Instruction	$ 3,218
Support Services	457,694
Operation of Non-Instructional Services	17,501
Total Depreciation Expense - Governmental Activities	$ 478,413

C. Insurance Recoveries

Primary Government

During the fiscal year, the county suffered damages to an air conditioning unit, a Sheriff's Department vehicle, a volunteer fire department vehicle, and had a water leak at the courthouse. Insurance recoveries of $36,633 were used to repair the damage to the air conditioning unit, Sheriff's Department vehicle, and courthouse, and to replace the volunteer fire department vehicle.

Discretely Presented Bledsoe County School Department

During the fiscal year, the School Department suffered wind damage to two buildings. Insurance recoveries of $7,919 were used to repair the damage to these buildings.

D. Construction Commitments

At June 30, 2008, the General Capital Projects Fund had uncompleted construction contracts of approximately $318,633 for an architect and project manager for the construction of a jail. Funding for these future expenditures is expected to be received from general obligation bond proceeds.

E. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	$ 32,707
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	245
Nonmajor governmental	General Purpose School	1,169
Education Debt Service	General Purpose School	135,000

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

Due to/from Primary Government and Component Units:

Receivable Fund	Payable Fund	Amount
Component unit:		
Bledsoe County		
School Department	Primary government:	
General Purpose School	General	$ 200,000

The receivable in the General Purpose School Fund ($200,000) was in transit from the General Fund at June 30, 2008.

Interfund Transfers:

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

Primary Government

	Transfer In
Transfer Out	Nonmajor Governmental Funds
General Fund	$ 71,432
Total	$ 71,432

Discretely Presented Bledsoe County School Department

Transfers Out	Transfers In: General Purpose School Fund	Transfers In: Education Debt Service Fund	Transfers In: Nonmajor Governmental Fund
General Purpose School Fund	$ 0	$ 335,000	$ 1,137
Nonmajor governmental fund	21,123	0	0
Total	$ 21,123	$ 335,000	$ 1,137

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.

F. Commitment – Discretely Presented Bledsoe County School Department

The Tennessee Department of Environment and Conservation performed assessment and remediation activities on a leaking underground gas storage tank at the Bledsoe County bus garage. The state department incurred $308,316 in total costs for cleaning up the site as specified in an Amended Agreed Final Order between the county and the state department dated July 20, 2004. Bledsoe County agreed to pay back all costs of these activities to the state department at a rate of $500 a month. During the year, the School Department made payments totaling $6,000 to the state department from the Education Debt Service Fund. On June 30, 2008, the outstanding balance owed by the School Department was $216,316, which has been included in the School Department's long-term debt in this report.

G. Long-term Debt

Primary Government

General Obligation Bonds and Notes

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes were issued for original terms of up to 20 years for bonds and up to six years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest

requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2008, will be retired from the General Debt Service and Solid Waste/Sanitation funds.

General obligation bonds and the capital outlay note outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bonds	3.6 to 4.5 %	$ 1,600,000	$ 1,055,000
Capital Outlay Note	3 to 3.397	484,000	332,656

The annual requirements to amortize the general obligation bonds and notes outstanding as of June 30, 2008, including interest payments, are presented in the following table:

Year Ending June 30	Notes		
	Principal	Interest	Total
2009	$ 40,714	$ 2,486	$ 43,200
2010	291,942	18,021	309,963
Total	$ 332,656	$ 20,507	$ 353,163

Year Ending June 30	Bonds		
	Principal	Interest	Total
2009	$ 75,000	$ 44,631	$ 119,631
2010	80,000	41,404	121,404
2011	80,000	38,024	118,024
2012	85,000	34,496	119,496
2013	90,000	30,711	120,711
2014-2018	525,000	87,971	612,971
2019	120,000	2,700	122,700
Total	$ 1,055,000	$ 279,937	$ 1,334,937

There is $323,468 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled $85, based on the 2000 federal census. Debt per capita, including bonds and notes, totaled $112, 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
Balance, July 1, 2007	$ 1,125,000	$ 122,191
Additions	0	250,000
Deductions	(70,000)	(39,535)
Balance, June 30, 2008	$ 1,055,000	$ 332,656
Balance Due Within One Year	$ 75,000	$ 40,714

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	$ 1,387,656
Less: Balance Due Within One Year	(115,714)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 1,271,942

Discretely Presented Bledsoe County School Department

Changes in Long-term Liabilities

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

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 25 years for bonds and ten years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2008, will be retired from the Education Debt Service and General Purpose School funds.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bonds	3 to 4.7 %	$ 7,500,000	$ 6,385,000
General Obligation Bonds - Refunding	2 to 4.25	5,510,000	4,510,000
Capital Outlay Note	0	90,000	18,000

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2008, including interest payments on bonds, are presented in the following table:

Year Ending June 30	Note Principal
2009	$ 9,000
2010	9,000
Totals	$ 18,000

Year Ending June 30	Bonds Principal	Bonds Interest	Bonds Total
2009	$ 440,000	$ 450,970	$ 890,970
2010	450,000	435,445	885,445
2011	470,000	418,795	888,795
2012	495,000	400,733	895,733
2013	515,000	381,756	896,756
2014-2018	2,925,000	1,579,364	4,504,364
2019-2023	3,705,000	874,260	4,579,260
2024-2027	1,895,000	184,359	2,079,359
Total	$ 10,895,000	$ 4,725,682	$ 15,620,682

There is $258,882 available in the Education Debt Service Fund to service long-term debt. Bonded debt per capita totaled $881, based on the 2000 federal census. Debt per capita, including bonds and notes totaled $882, 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
Balance, July 1, 2007	$ 11,320,000	$ 27,000
Deductions	(425,000)	(9,000)
Balance, June 30, 2008	$ 10,895,000	$ 18,000
Balance Due Within One Year	$ 440,000	$ 9,000

	Long-term Commitment
Balance, July 1, 2007	$ 222,316
Deductions	(6,000)
Balance, June 30, 2008	$ 216,316
Balance Due Within One Year	$ 6,000

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	$ 11,129,316
Less: Balance Due Within One Year	(455,000)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 10,674,316

H. On-Behalf Payments – Discretely Presented Bledsoe County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Bledsoe 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 $26,277 and $6,775, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

I. Short-term Debt

Bledsoe County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General ($600,000) and General Purpose School ($400,000) funds. These notes were necessary because funds were not available to meet current obligations 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	Redeemed	Balance 6-30-08
Tax Anticipation Notes	$ 0	$ 1,000,000	$ (1,000,000)	$ 0

V. OTHER INFORMATION

A. Risk Management

Primary Government

The county is exposed to various risks related to general liability, property, casualty, and workers' compensation losses. The county is a member of the Local Government Property and Causality Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium 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 exceeding $100,000 for each insured event.

Bledsoe County provides health insurance coverage to its employees through the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated (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 the fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Discretely Presented Bledsoe County School Department

The discretely presented Bledsoe County 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.

The School Department continues to carry commercial insurance for all other risks of loss, including general liability, property, casualty, and workers' compensation. Settled claims did not exceed this commercial coverage in the past two fiscal years.

B. Accounting Changes

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

Provisions of GASB 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. 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 Bledsoe County. GASB Statement No. 48 had no effect on the financial statements of Bledsoe County for the year ended June 30, 2008, since the county had not pledged any of its future revenues. However, it is reasonably expected that Bledsoe 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 Bledsoe County to provide additional and more detailed pension plan note disclosures than in previous years.

C. Subsequent Events

On August 6, 2008, the county's General Fund borrowed a $200,000 tax anticipation note for temporary operating funds.

On August 15, 2008, Clettis McDaniel left the Office of Director of Schools and was succeeded by Phillip Kiper.

On August 19, 2008, Bledsoe County issued $200,000 in bond anticipation notes.

On October 6, 2008, the county's General Debt Service Fund issued tax anticipation notes of $150,000 to the General Fund and $50,000 to the Solid Waste/Sanitation Fund for temporary operating funds.

On October 31, 2008, Bledsoe County issued $100,000 in bond anticipation notes.

On November 14, 2008, the county's General Fund borrowed a $200,000 tax anticipation note for temporary operating funds.

D. Contingent Liabilities

Bledsoe County, the Bledsoe County Highway Department, and various county officials are named as defendants in a lawsuit seeking injunctive relief concerning various roads located in multiple subdivisions and compensatory and punitive damages in excess of $10,000,000. The trial court bifurcated this matter and conducted the injunctive relief portion of this action in November 2003. The court entered an adverse ruling against Bledsoe County and the Bledsoe Highway Department and granted the requested injunctive relief for a portion of the roads located within one or more developments of Hasty-Greene Investments, Inc. Certain portions of the claims for damages have now been resolved. Certain damages may or may not fall within the purview of the county' insurance liability carrier, and as such, payable by the carrier. Compensatory and punitive damages, if any, cannot be reasonably estimated.

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

E. Joint Ventures

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

Administrative Office:

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

The Twelfth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twelfth Judicial District and the municipalities within the district. The district is composed of Bledsoe, Franklin, Grundy, Marion, Rhea, and Sequatchie counties and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors including the district attorney general, sheriffs, and police chiefs of the participating law enforcement agencies within the judicial district. Bledsoe County made no contributions to the DTF for the year ended June 30, 2008, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from their administrative office at the following address:

Administrative Office:

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

F. Retirement Commitments

Employees

Plan Description

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

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

Funding Policy

Bledsoe County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2008, was 8.48 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Bledsoe County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2008, Bledsoe County's annual pension cost of $350,472 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the

July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected 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. Bledsoe County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 19 years. An actuarial valuation was performed as of July 1, 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	$350,472	100%	$0
6-30-07	327,066	100	0
6-30-06	270,590	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 86.42 percent funded. The actuarial accrued liability for benefits was $10 million, and the actuarial value of assets was $8.64 million, resulting in an unfunded actuarial accrued liability (UAAL) of $1.36 million. The covered payroll (annual payroll of active employees covered by the plan) was $3.69 million, and the ratio of the UAAL to the covered payroll was 36.82 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 Bledsoe County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Bledsoe County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2008, was 6.24 percent of annual covered payroll. The employer contribution requirement for the Bledsoe County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2008, 2007, and 2006, were $431,344, $405,653, and $347,368, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits

In addition to the retirement commitments described above, the Board of Education agreed by contract to pay the county's and the individual's portion of the medical and health insurance expenses for the previous director (Thad Colvard, who left employment August 15, 2006). These payments will be made through the group plan currently available or acquired for board employees in the future, beginning immediately upon the retirement or resignation of the director of schools, through and until such date that the director attains Medicare insurance coverage. During the year, expenditures totaling $2,968 were recognized for postemployment health care.

H. Purchasing Laws

Office of County Mayor

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

Office of Road Superintendent

Purchasing procedures for the Highway Department are governed by provisions of Chapter 153, Private Acts of 1941, and the Uniform Road Law, Section 54-7-113, TCA, which provide for purchases exceeding $10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Director of Schools

Purchasing procedures for the 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.

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REQUIRED SUPPLEMENTARY INFORMATION

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Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 1,566,970	$ 0	$ 0	$ 1,566,970	$ 1,574,967	$ 1,574,967	$ (7,997)
Licenses and Permits	4,394	0	0	4,394	2,900	2,900	1,494
Fines, Forfeitures, and Penalties	35,821	0	0	35,821	20,238	20,238	15,583
Charges for Current Services	7,837	0	0	7,837	7,050	10,550	(2,713)
Other Local Revenues	189,125	0	0	189,125	225,000	257,000	(67,875)
Fees Received from County Officials	382,349	0	0	382,349	313,800	313,800	68,549
State of Tennessee	399,178	0	0	399,178	447,580	504,286	(105,108)
Federal Government	21,220	0	0	21,220	132,000	100,000	(78,780)
Total Revenues	$ 2,606,894	$ 0	$ 0	$ 2,606,894	$ 2,723,535	$ 2,783,741	$ (176,847)
Expenditures							
General Government							
County Commission	$ 50,126	$ 0	$ 0	$ 50,126	$ 56,642	$ 59,767	$ 9,641
Board of Equalization	0	0	0	0	400	400	400
County Mayor/Executive	144,555	(150)	60	144,465	129,572	149,338	4,873
County Attorney	9,825	0	0	9,825	14,200	14,200	4,375
Election Commission	88,608	0	0	88,608	85,108	94,578	5,970
Register of Deeds	113,693	0	617	114,310	90,189	115,694	1,384
Planning	13,700	0	0	13,700	13,700	13,700	0
County Buildings	88,545	(225)	5,000	93,320	168,900	173,466	80,146
Other General Administration	171,849	0	0	171,849	348,500	184,531	12,682
Finance							
Property Assessor's Office	114,891	0	0	114,891	98,275	116,944	2,053
Reappraisal Program	15,683	0	0	15,683	17,250	18,250	2,567
County Trustee's Office	100,460	0	0	100,460	90,772	103,601	3,141
County Clerk's Office	98,141	(1,260)	95	96,976	85,902	98,566	1,590

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Administration of Justice							
Circuit Court	$ 143,572	$ 0	$ 1,530	$ 145,102	$ 135,851	$ 156,644	$ 11,542
General Sessions Court	89,594	0	0	89,594	78,496	90,866	1,272
Drug Court	2,089	0	0	2,089	0	2,089	0
Chancery Court	111,006	(150)	0	110,856	97,939	111,128	272
Juvenile Court	29,895	0	0	29,895	27,367	30,797	902
Public Safety							
Sheriff's Department	575,687	0	2,988	578,675	576,670	599,713	21,038
Jail	337,029	0	1,714	338,743	297,000	338,743	0
Fire Prevention and Control	18,500	0	0	18,500	18,500	18,500	0
Civil Defense	28,558	(5,329)	8,338	31,567	106,600	106,600	75,033
Rescue Squad	6,000	0	0	6,000	6,000	6,000	0
Other Emergency Management	0	0	0	0	20,000	0	0
County Coroner/Medical Examiner	5,975	0	0	5,975	9,000	9,000	3,025
Public Health and Welfare							
Local Health Center	47,047	0	0	47,047	40,092	56,181	9,134
Dental Health Program	66,089	0	0	66,089	71,400	71,400	5,311
Alcohol and Drug Programs	2,185	0	0	2,185	3,000	3,000	815
Crippled Children Services	971	0	0	971	971	971	0
General Welfare Assistance	14,188	0	0	14,188	3,100	15,090	902
Social, Cultural, and Recreational Services							
Senior Citizens Assistance	1,000	0	0	1,000	1,000	1,000	0
Libraries	0	0	0	0	42,547	0	0
Parks and Fair Boards	6,462	0	0	6,462	8,000	8,000	1,538
Agriculture and Natural Resources							
Agriculture Extension Service	56,399	0	0	56,399	59,509	59,509	3,110
Soil Conservation	3,000	0	0	3,000	0	3,000	0

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Other Operations							
Other Economic and Community Development	$ 56	$ 0	$ 0	$ 56	$ 500	$ 500	$ 444
Veterans' Services	2,527	0	0	2,527	2,000	3,093	566
Contributions to Other Agencies	1,571	0	0	1,571	2,000	2,000	429
Total Expenditures	$ 2,559,476	$ (7,114)	$ 20,342	$ 2,572,704	$ 2,806,952	$ 2,836,859	$ 264,155
Excess (Deficiency) of Revenues Over Expenditures	$ 47,418	$ 7,114	$ (20,342)	$ 34,190	$ (83,417)	$ (53,118)	$ 87,308
Other Financing Sources (Uses)							
Insurance Recovery	$ 36,633	$ 0	$ 0	$ 36,633	$ 5,000	$ 35,452	$ 1,181
Transfers Out	(71,432)	0	0	(71,432)	0	(71,432)	0
Total Other Financing Sources (Uses)	$ (34,799)	$ 0	$ 0	$ (34,799)	$ 5,000	$ (35,980)	$ 1,181
Net Change in Fund Balance	$ 12,619	$ 7,114	$ (20,342)	$ (609)	$ (78,417)	$ (89,098)	$ 88,489
Fund Balance, July 1, 2007	305,817	(7,114)	0	298,703	165,000	165,000	133,703
Fund Balance, June 30, 2008	$ 318,436	$ 0	$ (20,342)	$ 298,094	$ 86,583	$ 75,902	$ 222,192

Exhibit E-2

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Charges for Current Services	$ 688,173	$ 0	$ 0	$ 688,173	$ 515,000	$ 515,000	$ 173,173
Other Local Revenues	7,303	0	0	7,303	0	0	7,303
Total Revenues	$ 695,476	$ 0	$ 0	$ 695,476	$ 515,000	$ 515,000	$ 180,476
Expenditures							
Public Health and Welfare							
Ambulance/Emergency Medical Services	$ 596,044	$ (1,002)	$ 1,991	$ 597,033	$ 724,700	$ 739,900	$ 142,867
Total Expenditures	$ 596,044	$ (1,002)	$ 1,991	$ 597,033	$ 724,700	$ 739,900	$ 142,867
Excess (Deficiency) of Revenues Over Expenditures	$ 99,432	$ 1,002	$ (1,991)	$ 98,443	$ (209,700)	$ (224,900)	$ 323,343
Net Change in Fund Balance	$ 99,432	$ 1,002	$ (1,991)	$ 98,443	$ (209,700)	$ (224,900)	$ 323,343
Fund Balance, July 1, 2007	236,471	(1,002)	0	235,469	235,000	235,000	469
Fund Balance, June 30, 2008	$ 335,903	$ 0	$ (1,991)	$ 333,912	$ 25,300	$ 10,100	$ 323,812

Exhibit E-3

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Other Local Revenues	$ 6,418	$ 0	$ 6,418	$ 1,706	$ 1,706	$ 4,712
State of Tennessee	1,990,502	0	1,990,502	1,644,113	1,644,113	346,389
Total Revenues	$ 1,996,920	$ 0	$ 1,996,920	$ 1,645,819	$ 1,645,819	$ 351,101
Expenditures						
Highways						
Administration	$ 128,540	$ 0	$ 128,540	$ 124,887	$ 129,087	$ 547
Highway and Bridge Maintenance	810,907	0	810,907	616,011	522,811	(288,096)
Operation and Maintenance of Equipment	258,287	0	258,287	155,250	172,250	(86,037)
Quarry Operations	2,376	0	2,376	2,175	2,175	(201)
Other Charges	67,363	0	67,363	77,277	78,777	11,414
Employee Benefits	223,509	0	223,509	204,113	204,113	(19,396)
Capital Outlay	465,669	(463,490)	2,179	41,163	41,163	38,984
Total Expenditures	$ 1,956,651	$ (463,490)	$ 1,493,161	$ 1,220,876	$ 1,150,376	$ (342,785)
Excess (Deficiency) of Revenues Over Expenditures	$ 40,269	$ 463,490	$ 503,759	$ 424,943	$ 495,443	$ 8,316
Net Change in Fund Balance	$ 40,269	$ 463,490	$ 503,759	$ 424,943	$ 495,443	$ 8,316
Fund Balance, July 1, 2007	1,010,770	(463,490)	547,280	755,691	755,691	(208,411)
Prior-period Adjustment	68,180	0	68,180	0	0	68,180
Fund Balance, June 30, 2008	$ 1,119,219	$ 0	$ 1,119,219	$ 1,180,634	$ 1,251,134	$ (131,915)

Exhibit E-4

Bledsoe 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	$ 8,646	$ 10,005	$ 1,359	86.42 %	$ 3,691	36.82 %

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.

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

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

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures and encumbrances exceeded total appropriations in the Highway/Public Works Fund by $342,785. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues.

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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.

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

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

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

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

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for transactions of the Bledsoe County Emergency Communications District, a discretely presented component unit, based upon a contract with the district. The district contributes funds to the county, and the county manages the operating expenses for the district.

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.

Capital Projects Funds

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

General Capital Projects Fund – The General Capital Projects Fund is used to account for the construction of a Jail/Justice Center.

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

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

Exhibit F-1

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

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue
ASSETS					
Cash	$ 0	$ 0	$ 0	$ 0	$ 0
Equity in Pooled Cash and Investments	4,113	12,648	45,418	18,969	35,775
Accounts Receivable	0	0	4,704	0	0
Due from Other Governments	0	0	12,735	0	0
Property Taxes Receivable	0	0	177,918	0	0
Allowance for Uncollectible Property Taxes	0	0	(8,482)	0	0
Total Assets	$ 4,113	$ 12,648	$ 232,293	$ 18,969	$ 35,775
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 0	$ 0	$ 5,154	$ 0	$ 0
Due to Other Funds	0	0	0	1,500	0
Deferred Revenue - Current Property Taxes	0	0	158,198	0	0
Deferred Revenue - Delinquent Property Taxes	0	0	10,938	0	0
Total Liabilities	$ 0	$ 0	$ 174,290	$ 1,500	$ 0
Fund Balances					
Reserved for Encumbrances	$ 0	$ 0	$ 2,144	$ 0	$ 438
Unreserved (Deficit)	4,113	12,648	55,859	17,469	35,337
Total Fund Balances	$ 4,113	$ 12,648	$ 58,003	$ 17,469	$ 35,775
Total Liabilities and Fund Balances	$ 4,113	$ 12,648	$ 232,293	$ 18,969	$ 35,775

(Continued)

Exhibit F-1

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

	Special Revenue Funds (Cont.)		Capital Projects Funds			
	Constitutional Officers - Fees	Total	General Capital Projects	HUD Grant Projects	Total	Total Nonmajor Governmental Funds
ASSETS						
Cash	$ 12,431	$ 12,431	$ 0	$ 0	$ 0	$ 12,431
Equity in Pooled Cash and Investments	0	116,923	0	550	550	117,473
Accounts Receivable	24	4,728	0	0	0	4,728
Due from Other Governments	0	12,735	0	0	0	12,735
Property Taxes Receivable	0	177,918	0	0	0	177,918
Allowance for Uncollectible Property Taxes	0	(8,482)	0	0	0	(8,482)
Total Assets	$ 12,455	$ 316,253	$ 0	$ 550	$ 550	$ 316,803
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	$ 0	$ 5,154	$ 0	$ 0	$ 0	$ 5,154
Due to Other Funds	12,455	13,955	18,752	0	18,752	32,707
Deferred Revenue - Current Property Taxes	0	158,198	0	0	0	158,198
Deferred Revenue - Delinquent Property Taxes	0	10,938	0	0	0	10,938
Total Liabilities	$ 12,455	$ 188,245	$ 18,752	$ 0	$ 18,752	$ 206,997
Fund Balances						
Reserved for Encumbrances	$ 0	$ 2,582	$ 318,633	$ 0	$ 318,633	$ 321,215
Unreserved (Deficit)	0	125,426	(337,385)	550	(336,835)	(211,409)
Total Fund Balances	$ 0	$ 128,008	$ (18,752)	$ 550	$ (18,202)	$ 109,806
Total Liabilities and Fund Balances	$ 12,455	$ 316,253	$ 0	$ 550	$ 550	$ 316,803

Exhibit F-2

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

	Special Revenue Funds						
	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Total
Revenues							
Local Taxes	$ 554	$ 0	$ 156,439	$ 0	$ 0	$ 0	$ 156,993
Licenses and Permits	1,108	0	352	0	0	0	1,460
Fines, Forfeitures, and Penalties	7,082	0	0	11,069	0	0	18,151
Charges for Current Services	0	2,043	0	0	14	2,556	4,613
Other Local Revenues	0	2,882	16,956	0	535	0	20,373
State of Tennessee	0	0	51,414	0	0	0	51,414
Federal Government	0	0	0	0	0	0	0
Other Governments and Citizens Groups	0	0	0	0	180,000	0	180,000
Total Revenues	$ 8,744	$ 4,925	$ 225,161	$ 11,069	$ 180,549	$ 2,556	$ 433,004
Expenditures							
Current:							
General Government	$ 8,449	$ 0	$ 0	$ 0	$ 0	$ 0	$ 8,449
Finance	0	0	0	0	0	2,206	2,206
Administration of Justice	0	0	0	0	0	350	350
Public Safety	0	0	0	1,067	186,800	0	187,867
Public Health and Welfare	0	0	184,749	500	0	0	185,249
Social, Cultural, and Recreational Services	0	61,922	0	0	0	0	61,922
Highways	0	0	31,029	0	0	0	31,029
Debt Service:							
Principal on Debt	0	0	39,535	0	0	0	39,535
Interest on Debt	0	0	3,665	0	0	0	3,665
Capital Projects	0	0	0	0	0	0	0
Total Expenditures	$ 8,449	$ 61,922	$ 258,978	$ 1,567	$ 186,800	$ 2,556	$ 520,272
Excess (Deficiency) of Revenues Over Expenditures	$ 295	$ (56,997)	$ (33,817)	$ 9,502	$ (6,251)	$ 0	$ (87,268)
Other Financing Sources (Uses)							
Notes Issued	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Transfers In	0	51,432	0	0	20,000	0	71,432
Total Other Financing Sources (Uses)	$ 0	$ 51,432	$ 0	$ 0	$ 20,000	$ 0	$ 71,432
Net Change in Fund Balances	$ 295	$ (5,565)	$ (33,817)	$ 9,502	$ 13,749	$ 0	$ (15,836)
Fund Balance, July 1, 2007	3,818	18,213	91,820	7,967	22,026	0	143,844
Fund Balance, June 30, 2008	$ 4,113	$ 12,648	$ 58,003	$ 17,469	$ 35,775	$ 0	$ 128,008

(Continued)

Exhibit F-2

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

	Capital Projects Funds				
	General Capital Projects	Community Development/ Industrial Park	HUD Grant Projects	Total	Total Nonmajor Governmental Funds
Revenues					
Local Taxes	$ 0	$ 0	$ 0	$ 0	$ 156,993
Licenses and Permits	0	0	0	0	1,460
Fines, Forfeitures, and Penalties	0	0	0	0	18,151
Charges for Current Services	0	0	0	0	4,613
Other Local Revenues	0	0	0	0	20,373
State of Tennessee	0	0	0	0	51,414
Federal Government	0	355,876	95,534	451,410	451,410
Other Governments and Citizens Groups	0	0	0	0	180,000
Total Revenues	$ 0	$ 355,876	$ 95,534	$ 451,410	$ 884,414
Expenditures					
Current:					
General Government	$ 0	$ 0	$ 0	$ 0	$ 8,449
Finance	0	0	0	0	2,206
Administration of Justice	0	0	0	0	350
Public Safety	268,752	0	0	268,752	456,619
Public Health and Welfare	0	0	0	0	185,249
Social, Cultural, and Recreational Services	0	0	0	0	61,922
Highways	0	0	0	0	31,029
Debt Service:					
Principal on Debt	0	0	0	0	39,535
Interest on Debt	0	0	0	0	3,665
Capital Projects	0	355,876	95,534	451,410	451,410
Total Expenditures	$ 268,752	$ 355,876	$ 95,534	$ 720,162	$ 1,240,434
Excess (Deficiency) of Revenues Over Expenditures	$ (268,752)	$ 0	$ 0	$ (268,752)	$ (356,020)
Other Financing Sources (Uses)					
Notes Issued	$ 250,000	$ 0	$ 0	$ 250,000	$ 250,000
Transfers In	0	0	0	0	71,432
Total Other Financing Sources (Uses)	$ 250,000	$ 0	$ 0	$ 250,000	$ 321,432
Net Change in Fund Balances	$ (18,752)	$ 0	$ 0	$ (18,752)	$ (34,588)
Fund Balance, July 1, 2007	0	0	550	550	144,394
Fund Balance, June 30, 2008	$ (18,752)	$ 0	$ 550	$ (18,202)	$ 109,806

Exhibit F-3

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 554	$ 544	$ 544	$ 10
Licenses and Permits	1,108	800	800	308
Fines, Forfeitures, and Penalties	7,082	6,000	6,000	1,082
Other Local Revenues	0	3,500	3,500	(3,500)
Total Revenues	$ 8,744	$ 10,844	$ 10,844	$ (2,100)
Expenditures				
General Government				
County Buildings	$ 8,362	$ 9,500	$ 9,500	$ 1,138
Other General Administration	87	90	90	3
Total Expenditures	$ 8,449	$ 9,590	$ 9,590	$ 1,141
Excess (Deficiency) of Revenues Over Expenditures	$ 295	$ 1,254	$ 1,254	$ (959)
Net Change in Fund Balance	$ 295	$ 1,254	$ 1,254	$ (959)
Fund Balance, July 1, 2007	3,818	3,257	3,257	561
Fund Balance, June 30, 2008	$ 4,113	$ 4,511	$ 4,511	$ (398)

Exhibit F-4

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for Current Services	$ 2,043	$ 1,000	$ 1,000	$ 1,043
Other Local Revenues	2,882	1,700	1,700	1,182
Total Revenues	$ 4,925	$ 2,700	$ 2,700	$ 2,225
Expenditures				
Social, Cultural, and Recreational Services				
Libraries	$ 61,922	$ 45,624	$ 61,922	$ 0
Total Expenditures	$ 61,922	$ 45,624	$ 61,922	$ 0
Excess (Deficiency) of Revenues Over Expenditures	$ (56,997)	$ (42,924)	$ (59,222)	$ 2,225
Other Financing Sources (Uses)				
Transfers In	$ 51,432	$ 42,547	$ 51,432	$ 0
Total Other Financing Sources (Uses)	$ 51,432	$ 42,547	$ 51,432	$ 0
Net Change in Fund Balance	$ (5,565)	$ (377)	$ (7,790)	$ 2,225
Fund Balance, July 1, 2007	18,213	17,750	17,750	463
Fund Balance, June 30, 2008	$ 12,648	$ 17,373	$ 9,960	$ 2,688

Exhibit F-5

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 156,439	$ 0	$ 0	$ 156,439	$ 172,982	$ 172,982	$ (16,543)
Licenses and Permits	352	0	0	352	370	370	(18)
Other Local Revenues	16,956	0	0	16,956	11,000	11,000	5,956
State of Tennessee	51,414	0	0	51,414	56,500	56,500	(5,086)
Total Revenues	$ 225,161	$ 0	$ 0	$ 225,161	$ 240,852	$ 240,852	$ (15,691)
Expenditures							
Public Health and Welfare							
Convenience Centers	$ 171,885	$ (584)	$ 2,120	$ 173,421	$ 185,675	$ 184,611	$ 11,190
Landfill Operation and Maintenance	12,864	0	0	12,864	55,000	12,864	0
Highways							
Litter and Trash Collection	31,029	0	24	31,053	43,500	43,500	12,447
Principal on Debt							
General Government	39,535	0	0	39,535	0	39,535	0
Interest on Debt							
General Government	3,665	0	0	3,665	0	3,665	0
Total Expenditures	$ 258,978	$ (584)	$ 2,144	$ 260,538	$ 284,175	$ 284,175	$ 23,637
Excess (Deficiency) of Revenues Over Expenditures	$ (33,817)	$ 584	$ (2,144)	$ (35,377)	$ (43,323)	$ (43,323)	$ 7,946
Net Change in Fund Balance	$ (33,817)	$ 584	$ (2,144)	$ (35,377)	$ (43,323)	$ (43,323)	$ 7,946
Fund Balance, July 1, 2007	91,820	(584)	0	91,236	90,000	90,000	1,236
Fund Balance, June 30, 2008	$ 58,003	$ 0	$ (2,144)	$ 55,859	$ 46,677	$ 46,677	$ 9,182

Exhibit F-6

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Fines, Forfeitures, and Penalties	$ 11,069	$ 3,925	$ 3,925	$ 7,144
Total Revenues	$ 11,069	$ 3,925	$ 3,925	$ 7,144
Expenditures				
Public Safety				
Sheriff's Department	$ 505	$ 3,500	$ 2,480	$ 1,975
Drug Enforcement	562	50	570	8
Public Health and Welfare				
Alcohol and Drug Programs	500	0	500	0
Total Expenditures	$ 1,567	$ 3,550	$ 3,550	$ 1,983
Excess (Deficiency) of Revenues Over Expenditures	$ 9,502	$ 375	$ 375	$ 9,127
Net Change in Fund Balance	$ 9,502	$ 375	$ 375	$ 9,127
Fund Balance, July 1, 2007	7,967	6,000	6,000	1,967
Fund Balance, June 30, 2008	$ 17,469	$ 6,375	$ 6,375	$ 11,094

Exhibit F-7

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Charges for Current Services	$ 14	$ 0	$ 14	$ 0	$ 0	$ 14
Other Local Revenues	535	0	535	0	0	535
Other Governments and Citizens Groups	180,000	0	180,000	180,000	180,000	0
Total Revenues	$ 180,549	$ 0	$ 180,549	$ 180,000	$ 180,000	$ 549
Expenditures						
Public Safety						
Other Public Safety	$ 186,800	$ 438	$ 187,238	$ 221,938	$ 221,938	$ 34,700
Total Expenditures	$ 186,800	$ 438	$ 187,238	$ 221,938	$ 221,938	$ 34,700
Excess (Deficiency) of Revenues Over Expenditures	$ (6,251)	$ (438)	$ (6,689)	$ (41,938)	$ (41,938)	$ 35,249
Other Financing Sources (Uses)						
Transfers In	$ 20,000	$ 0	$ 20,000	$ 20,000	$ 20,000	$ 0
Total Other Financing Sources (Uses)	$ 20,000	$ 0	$ 20,000	$ 20,000	$ 20,000	$ 0
Net Change in Fund Balance	$ 13,749	$ (438)	$ 13,311	$ (21,938)	$ (21,938)	$ 35,249
Fund Balance, July 1, 2007	22,026	0	22,026	25,000	25,000	(2,974)
Fund Balance, June 30, 2008	$ 35,775	$ (438)	$ 35,337	$ 3,062	$ 3,062	$ 32,275

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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

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 159,779	$ 155,903	$ 155,903	$ 3,876
Licenses and Permits	413	180	180	233
Other Local Revenues	134,168	65,000	65,000	69,168
State of Tennessee	19,997	8,100	8,100	11,897
Total Revenues	$ 314,357	$ 229,183	$ 229,183	$ 85,174
Expenditures				
Principal on Debt				
General Government	$ 70,000	$ 110,000	$ 110,000	$ 40,000
Interest on Debt				
General Government	47,595	56,000	52,500	4,905
Other Debt Service				
General Government	3,875	1,500	5,000	1,125
Total Expenditures	$ 121,470	$ 167,500	$ 167,500	$ 46,030
Excess (Deficiency) of Revenues Over Expenditures	$ 192,887	$ 61,683	$ 61,683	$ 131,204
Net Change in Fund Balance	$ 192,887	$ 61,683	$ 61,683	$ 131,204
Fund Balance, July 1, 2007	130,581	80,000	80,000	50,581
Fund Balance, June 30, 2008	$ 323,468	$ 141,683	$ 141,683	$ 181,785

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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

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

	Agency Funds		
	Cities - Sales Tax	Constitutional Officers - Agency	Total
ASSETS			
Cash	$ 0	$ 764,629	$ 764,629
Accounts Receivable	0	15	15
Due from Other Governments	26,430	0	26,430
Total Assets	$ 26,430	$ 764,644	$ 791,074
LIABILITIES			
Due to Other Taxing Units	$ 26,430	$ 0	$ 26,430
Due to Litigants, Heirs, and Others	0	764,644	764,644
Total Liabilities	$ 26,430	$ 764,644	$ 791,074

Exhibit H-2

Bledsoe 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
Cities - Sales Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 0	$ 185,330	$ 185,330	$ 0
Due from Other Governments	31,075	26,430	31,075	26,430
Total Assets	$ 31,075	$ 211,760	$ 216,405	$ 26,430
Liabilities				
Due to Other Taxing Units	$ 31,075	$ 211,760	$ 216,405	$ 26,430
Total Liabilities	$ 31,075	$ 211,760	$ 216,405	$ 26,430
Constitutional Officers - Agency Fund				
Assets				
Cash	$ 313,039	$ 2,208,261	$ 1,756,671	$ 764,629
Accounts Receivable	0	15	0	15
Total Assets	$ 313,039	$ 2,208,261	$ 1,756,671	$ 764,629
Liabilities				
Due to Litigants, Heirs, and Others	$ 313,039	$ 2,208,276	$ 1,756,671	$ 764,644
Total Liabilities	$ 313,039	$ 2,208,276	$ 1,756,671	$ 764,644
Totals - All Agency Funds				
Assets				
Cash	$ 313,039	$ 2,208,261	$ 1,756,671	$ 764,629
Equity in Pooled Cash and Investments	0	185,330	185,330	0
Accounts Receivable	0	15	0	15
Due from Other Governments	31,075	26,430	31,075	26,430
Total Assets	$ 344,114	$ 2,420,036	$ 1,973,076	$ 791,074
Liabilities				
Due to Other Taxing Units	$ 31,075	$ 211,760	$ 216,405	$ 26,430
Due to Litigants, Heirs, and Others	313,039	2,208,276	1,756,671	764,644
Total Liabilities	$ 344,114	$ 2,420,036	$ 1,973,076	$ 791,074

Bledsoe County School Department

This section presents combining and individual fund financial statements for the Bledsoe County School Department, a discretely presented component unit. The School Department uses a General Fund, two Special Revenue Funds, and a Debt Service 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 Debt Service Fund – The Education Debt Service Fund is used to account for the accumulation of resources for, and the payment of, education related long-term debt principal, interest, and related costs.

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Exhibit I-1

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Total Governmental Activities
Component Unit:				
Governmental Activities:				
Instruction	$ 8,327,184	$ 13,173	$ 1,253,613	$ (7,060,398)
Support Services	5,179,582	0	0	(5,179,582)
Operation of Non-Instructional Services	1,708,865	313,493	716,725	(678,647)
Capital Outlay	72,009	0	0	(72,009)
Interest on Long-term Debt	518,357	0	0	(518,357)
Other Debt Service	8,112	0	0	(8,112)
Total Governmental Activities	$ 15,814,109	$ 326,666	$ 1,970,338	$ (13,517,105)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				$ 1,324,319
Property Taxes Levied for Debt Service				82,034
Local Option Sales Taxes				608,754
Other Local Taxes				2,934
Grants and Contributions Not Restricted to Specific Programs				11,674,477
Unrestricted Investment Earnings				2,311
Miscellaneous				43,555
Total General Revenues				$ 13,738,384
Change in Net Assets				$ 221,279
Net Assets, July 1, 2007				2,518,462
Prior-period Adjustment				61,666
Net Assets, June 30, 2008				$ 2,801,407

Exhibit I-2

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

	Major Funds		Nonmajor Funds	
	General Purpose School	Education Debt Service	Other Govern-mental Funds	Total Govern-mental Funds
ASSETS				
Cash	$ 0	$ 0	$ 12,484	$ 12,484
Equity in Pooled Cash and Investments	886,981	93,794	172,218	1,152,993
Due from Other Governments	222,988	65,848	70,011	358,847
Due from Other Funds	245	135,000	1,169	136,414
Due from Primary Government	200,000	0	0	200,000
Property Taxes Receivable	1,469,028	88,487	0	1,557,515
Allowance for Uncollectible Property Taxes	(69,972)	(4,256)	0	(74,228)
Total Assets	$ 2,709,270	$ 378,873	$ 255,882	$ 3,344,025
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ 46,755	$ 1,875	$ 369	$ 48,999
Accrued Payroll	3,082	0	9,544	12,626
Payroll Deductions Payable	3,881	0	716	4,597
Due to Other Funds	136,169	0	245	136,414
Deferred Revenue - Current Property Taxes	1,306,455	78,533	0	1,384,988
Deferred Revenue - Delinquent Property Taxes	87,601	5,398	0	92,999
Other Deferred Revenues	15,712	34,185	0	49,897
Total Liabilities	$ 1,599,655	$ 119,991	$ 10,874	$ 1,730,520
Fund Balances				
Reserved for Career Ladder - Extended Contract	$ 6,988	$ 0	$ 0	$ 6,988
Reserved for Career Ladder Program	3,228	0	0	3,228
Reserved for Basic Education Program	48,125	0	0	48,125
Reserved for Title I Grants to Local Education Agencies	0	0	16,416	16,416
Reserved for Special Education - Grants to States	0	0	8,439	8,439
Other Federal Reserves	0	0	1,046	1,046
Unreserved, Reported In:				
General Fund	1,051,274	0	0	1,051,274
Special Revenue Funds	0	0	219,107	219,107
Debt Service Funds	0	258,882	0	258,882
Total Fund Balances	$ 1,109,615	$ 258,882	$ 245,008	$ 1,613,505
Total Liabilities and Fund Balances	$ 2,709,270	$ 378,873	$ 255,882	$ 3,344,025

Exhibit I-3

Bledsoe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Bledsoe 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)		$ 1,613,505
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Add: land	$ 380,847	
Add: buildings and improvements net of accumulated depreciation	10,471,009	
Add: infrastructure net of accumulated depreciation	112,489	
Add: other capital assets net of accumulated depreciation	1,294,789	12,259,134
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	$ (10,895,000)	
Less: note payable	(18,000)	
Less: other long-term liabilities payable	(216,316)	
Less: accrued interest on bonds	(84,812)	(11,214,128)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		142,896
Net assets of governmental activities (Exhibit A)		$ 2,801,407

Exhibit I-4

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

	Major Funds		Nonmajor Funds	
	General Purpose School	Education Debt Service	Other Govern-mental Funds	Total Governmental Funds
Revenues				
Local Taxes	$ 1,532,316	$ 491,676	$ 0	$ 2,023,992
Licenses and Permits	4,745	231	0	4,976
Charges for Current Services	0	0	313,493	313,493
Other Local Revenues	100,119	0	2,541	102,660
State of Tennessee	11,308,046	10,138	11,346	11,329,530
Federal Government	311,972	0	1,872,039	2,184,011
Total Revenues	$ 13,257,198	$ 502,045	$ 2,199,419	$ 15,958,662
Expenditures				
Current:				
Instruction	$ 7,497,227	$ 0	$ 826,739	$ 8,323,966
Support Services	4,470,266	0	303,917	4,774,183
Operation of Non-Instructional Services	626,578	0	1,025,773	1,652,351
Capital Outlay	72,009	0	0	72,009
Debt Service:				
Principal on Debt	9,000	425,000	0	434,000
Interest on Debt	0	466,045	0	466,045
Other Debt Service	0	14,112	0	14,112
Total Expenditures	$ 12,675,080	$ 905,157	$ 2,156,429	$ 15,736,666
Excess (Deficiency) of Revenues Over Expenditures	$ 582,118	$ (403,112)	$ 42,990	$ 221,996
Other Financing Sources (Uses)				
Insurance Recovery	$ 7,919	$ 0	$ 0	$ 7,919
Transfers In	21,123	335,000	1,137	357,260
Transfers Out	(336,137)	0	(21,123)	(357,260)
Total Other Financing Sources (Uses)	$ (307,095)	$ 335,000	$ (19,986)	$ 7,919
Net Change in Fund Balances	$ 275,023	$ (68,112)	$ 23,004	$ 229,915
Fund Balance, July 1, 2007	834,592	326,994	222,004	1,383,590
Fund Balance, June 30, 2008	$ 1,109,615	$ 258,882	$ 245,008	$ 1,613,505

Exhibit I-5

Bledsoe County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Discretely Presented Bledsoe 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)		$ 229,915
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated 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	$ 63,973	
Less: current year depreciation expense	(478,413)	(414,440)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.		
Add: deferred delinquent property taxes and other deferred June 30, 2008	$ 142,896	
Less: deferred delinquent property taxes and other deferred June 30, 2007	(124,780)	18,116
(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 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.		
Add: principal payments on bonds	$ 425,000	
Add: principal payments on note	9,000	
Add: payments on other long-term liabilities	6,000	440,000
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in accrued interest payable		(52,312)
Change in net assets of governmental activities (Exhibit B)		$ 221,279

Exhibit I-6

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

	Special Revenue Funds		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
ASSETS			
Cash	$ 0	$ 12,484	$ 12,484
Equity in Pooled Cash and Investments	22,482	149,736	172,218
Due from Other Governments	4,578	65,433	70,011
Due from Other Funds	32	1,137	1,169
Total Assets	$ 27,092	$ 228,790	$ 255,882
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 369	$ 0	$ 369
Accrued Payroll	0	9,544	9,544
Payroll Deductions Payable	577	139	716
Due to Other Funds	245	0	245
Total Liabilities	$ 1,191	$ 9,683	$ 10,874
Fund Balances			
Reserved for Title I Grants to Local Education Agencies	$ 16,416	$ 0	$ 16,416
Reserved for Special Education - Grants to States	8,439	0	8,439
Other Federal Reserves	1,046	0	1,046
Unreserved	0	219,107	219,107
Total Fund Balances	$ 25,901	$ 219,107	$ 245,008
Total Liabilities and Fund Balances	$ 27,092	$ 228,790	$ 255,882

Exhibit I-7

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

	Special Revenue Funds		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
Revenues			
Charges for Current Services	$ 0	$ 313,493	$ 313,493
Other Local Revenues	0	2,541	2,541
State of Tennessee	0	11,346	11,346
Federal Government	1,164,753	707,286	1,872,039
Total Revenues	$ 1,164,753	$ 1,034,666	$ 2,199,419
Expenditures			
Current:			
Instruction	$ 826,739	$ 0	$ 826,739
Support Services	303,917	0	303,917
Operation of Non-Instructional Services	0	1,025,773	1,025,773
Total Expenditures	$ 1,130,656	$ 1,025,773	$ 2,156,429
Excess (Deficiency) of Revenues Over Expenditures	$ 34,097	$ 8,893	$ 42,990
Other Financing Sources (Uses)			
Transfers In	$ 0	$ 1,137	$ 1,137
Transfers Out	(21,123)	0	(21,123)
Total Other Financing Sources (Uses)	$ (21,123)	$ 1,137	$ (19,986)
Net Change in Fund Balances	$ 12,974	$ 10,030	$ 23,004
Fund Balance, July 1, 2007	12,927	209,077	222,004
Fund Balance, June 30, 2008	$ 25,901	$ 219,107	$ 245,008

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Local Taxes	$ 1,532,316	$ 0	$ 1,532,316	$ 1,590,014	$ 1,590,014	$ (57,698)
Licenses and Permits	4,745	0	4,745	4,462	4,462	283
Other Local Revenues	100,119	0	100,119	60,746	60,746	39,373
State of Tennessee	11,308,046	0	11,308,046	11,190,190	11,248,862	59,184
Federal Government	311,972	0	311,972	271,404	284,674	27,298
Total Revenues	$ 13,257,198	$ 0	$ 13,257,198	$ 13,116,816	$ 13,188,758	$ 68,440
Expenditures						
Instruction						
Regular Instruction Program	$ 5,771,178	$ (162)	$ 5,771,016	$ 5,753,925	$ 5,819,343	$ 48,327
Alternative Instruction Program	4,373	0	4,373	4,756	4,756	383
Special Education Program	1,366,527	0	1,366,527	1,393,576	1,378,325	11,798
Vocational Education Program	304,226	0	304,226	345,101	305,002	776
Adult Education Program	50,923	0	50,923	47,439	50,934	11
Support Services						
Attendance	44,295	0	44,295	46,937	44,640	345
Health Services	186,557	0	186,557	173,617	193,241	6,684
Other Student Support	297,590	(7,752)	289,838	325,851	299,307	9,469
Regular Instruction Program	463,202	(5,125)	458,077	469,018	467,289	9,212
Special Education Program	135,243	0	135,243	139,404	136,873	1,630
Vocational Education Program	42,476	0	42,476	41,799	42,560	84
Adult Programs	61,870	0	61,870	63,072	62,449	579
Other Programs	33,052	0	33,052	0	33,052	0
Board of Education	238,098	0	238,098	215,913	242,500	4,402
Director of Schools	143,501	0	143,501	128,932	148,157	4,656
Office of the Principal	549,233	0	549,233	553,613	551,329	2,096

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)						
Support Services (Cont.)						
Fiscal Services	$ 165,048	$ (8,144)	$ 156,904	$ 149,461	$ 158,632	$ 1,728
Operation of Plant	1,066,145	0	1,066,145	1,033,179	1,068,408	2,263
Maintenance of Plant	230,880	0	230,880	197,230	233,435	2,555
Transportation	813,076	0	813,076	793,221	845,776	32,700
Operation of Non-Instructional Services						
Food Service	23,125	0	23,125	30,365	23,575	450
Community Services	207,542	0	207,542	634,014	225,244	17,702
Early Childhood Education	395,911	0	395,911	0	395,912	1
Capital Outlay						
Regular Capital Outlay	72,009	(6,635)	65,374	50,000	65,437	63
Principal on Debt						
Education	9,000	0	9,000	9,000	9,000	0
Total Expenditures	$ 12,675,080	$ (27,818)	$ 12,647,262	$ 12,599,423	$ 12,805,176	$ 157,914
Excess (Deficiency) of Revenues Over Expenditures	$ 582,118	$ 27,818	$ 609,936	$ 517,393	$ 383,582	$ 226,354
Other Financing Sources (Uses)						
Insurance Recovery	$ 7,919	$ 0	$ 7,919	$ 0	$ 7,919	$ 0
Transfers In	21,123	0	21,123	2,000	15,000	6,123
Transfers Out	(336,137)	0	(336,137)	(335,000)	(336,137)	0
Total Other Financing Sources (Uses)	$ (307,095)	$ 0	$ (307,095)	$ (333,000)	$ (313,218)	$ 6,123
Net Change in Fund Balance	$ 275,023	$ 27,818	$ 302,841	$ 184,393	$ 70,364	$ 232,477
Fund Balance, July 1, 2007	834,592	(27,818)	806,774	909,206	909,206	(102,432)
Fund Balance, June 30, 2008	$ 1,109,615	$ 0	$ 1,109,615	$ 1,093,599	$ 979,570	$ 130,045

Exhibit I-9

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Federal Government	$ 1,164,753	$ 1,388,174	$ 1,390,646	$ (225,893)
Total Revenues	$ 1,164,753	$ 1,388,174	$ 1,390,646	$ (225,893)
Expenditures				
Instruction				
Regular Instruction Program	$ 363,353	$ 410,414	$ 410,414	$ 47,061
Special Education Program	430,103	528,480	518,155	88,052
Vocational Education Program	33,283	29,397	33,283	0
Support Services				
Other Student Support	11,685	13,100	11,686	1
Regular Instruction Program	213,991	280,268	280,268	66,277
Special Education Program	62,162	87,400	92,225	30,063
Transportation	16,079	14,089	19,589	3,510
Total Expenditures	$ 1,130,656	$ 1,363,148	$ 1,365,620	$ 234,964
Excess (Deficiency) of Revenues Over Expenditures	$ 34,097	$ 25,026	$ 25,026	$ 9,071
Other Financing Sources (Uses)				
Transfers Out	$ (21,123)	$ (25,024)	$ (25,024)	$ 3,901
Total Other Financing Sources (Uses)	$ (21,123)	$ (25,024)	$ (25,024)	$ 3,901
Net Change in Fund Balance	$ 12,974	$ 2	$ 2	$ 12,972
Fund Balance, July 1, 2007	12,927	12,927	12,927	0
Fund Balance, June 30, 2008	$ 25,901	$ 12,929	$ 12,929	$ 12,972

Exhibit I-10

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for Current Services	$ 313,493	$ 321,085	$ 319,948	$ (6,455)
Other Local Revenues	2,541	2,300	2,300	241
State of Tennessee	11,346	12,916	12,916	(1,570)
Federal Government	707,286	713,618	713,618	(6,332)
Total Revenues	$ 1,034,666	$ 1,049,919	$ 1,048,782	$ (14,116)
Expenditures				
Operation of Non-Instructional Services				
Food Service	$ 971,284	$ 1,066,860	$ 1,066,860	$ 95,576
Community Services	54,489	64,018	64,018	9,529
Total Expenditures	$ 1,025,773	$ 1,130,878	$ 1,130,878	$ 105,105
Excess (Deficiency) of Revenues Over Expenditures	$ 8,893	$ (80,959)	$ (82,096)	$ 90,989
Other Financing Sources (Uses)				
Transfers In	$ 1,137	$ 0	$ 1,137	$ 0
Total Other Financing Sources (Uses)	$ 1,137	$ 0	$ 1,137	$ 0
Net Change in Fund Balance	$ 10,030	$ (80,959)	$ (80,959)	$ 90,989
Fund Balance, July 1, 2007	209,077	209,000	209,000	77
Fund Balance, June 30, 2008	$ 219,107	$ 128,041	$ 128,041	$ 91,066

Exhibit I-11

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Bledsoe County School Department
Education Debt Service Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 491,676	$ 503,600	$ 503,600	$ (11,924)
Licenses and Permits	231	220	220	11
State of Tennessee	10,138	8,987	8,987	1,151
Total Revenues	$ 502,045	$ 512,807	$ 512,807	$ (10,762)
Expenditures				
Principal on Debt				
Education	$ 425,000	$ 431,000	$ 425,000	$ 0
Interest on Debt				
Education	466,045	466,045	466,045	0
Other Debt Service				
Education	14,112	9,700	15,700	1,588
Total Expenditures	$ 905,157	$ 906,745	$ 906,745	$ 1,588
Excess (Deficiency) of Revenues Over Expenditures	$ (403,112)	$ (393,938)	$ (393,938)	$ (9,174)
Other Financing Sources (Uses)				
Transfers In	$ 335,000	$ 335,000	$ 335,000	$ 0
Total Other Financing Sources (Uses)	$ 335,000	$ 335,000	$ 335,000	$ 0
Net Change in Fund Balance	$ (68,112)	$ (58,938)	$ (58,938)	$ (9,174)
Fund Balance, July 1, 2007	326,994	296,742	296,742	30,252
Fund Balance, June 30, 2008	$ 258,882	$ 237,804	$ 237,804	$ 21,078

MISCELLANEOUS SCHEDULES

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Exhibit J-1

Bledsoe County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
Primary Government and Discretely Presented Bledsoe County School Department
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
PRIMARY GOVERNMENT								
NOTES PAYABLE								
Payable through Solid Waste Sanitation Fund								
Bledsoe - Sequatchie Landfill Closure	$ 234,000	3 %	8-29-03	8-29-09	$ 122,191	$ 0	$ 39,535	$ 82,656
Payable through General Capital Projects Fund								
Jail	(1)	3.397	12-14-07	12-14-09	$ 0	$ 250,000	$ 0	$ 250,000
Total Notes Payable					$ 122,191	$ 250,000	$ 39,535	$ 332,656
BONDS PAYABLE								
Payable through General Debt Service Fund								
Public Improvement Bond-Series 1998	1,600,000	3.6 to 4.5	9-1-1998	9-1-18	$ 1,125,000	$ 0	$ 70,000	$ 1,055,000
DISCRETELY PRESENTED BLEDSOE COUNTY SCHOOL DEPARTMENT								
NOTES PAYABLE								
Payable through General Purpose School Fund								
Computer Lab Equipment	90,000	0	6-30-00	6-30-10	$ 27,000	$ 0	$ 9,000	$ 18,000
BONDS PAYABLE								
Payable through Education Debt Service Fund								
School Bonds Series 2001	7,500,000	3 to 4.7	10-1-01	10-1-26	$ 6,590,000	$ 0	$ 205,000	$ 6,385,000
School Refunding Series 2003	5,510,000	2 to 4.25	5-29-03	12-1-22	4,730,000	0	220,000	4,510,000
Total Bonds Payable					$ 11,320,000	$ 0	$ 425,000	$ 10,895,000

(1) Total amount available under this note is $350,000, of which $100,000 had not been drawn as of June 30, 2008.

Exhibit J-2

Bledsoe County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Bledsoe County School Department

PRIMARY GOVERNMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	$ 40,714	$ 2,486	$ 43,200
2010	291,942	18,021	309,963
Total	$ 332,656	$ 20,507	$ 353,163

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2009	$ 75,000	$ 44,631	$ 119,631
2010	80,000	41,404	121,404
2011	80,000	38,024	118,024
2012	85,000	34,496	119,496
2013	90,000	30,711	120,711
2014	95,000	26,676	121,676
2015	100,000	22,397	122,397
2016	105,000	17,861	122,861
2017	110,000	13,050	123,050
2018	115,000	7,987	122,987
2019	120,000	2,700	122,700
Total	$ 1,055,000	$ 279,937	$ 1,334,937

DISCRETELY PRESENTED BLEDSOE COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	$ 9,000	$ 0	$ 9,000
2010	9,000	0	9,000
Total	$ 18,000	$ 0	$ 18,000

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2009	$ 440,000	$ 450,970	$ 890,970
2010	450,000	435,445	885,445
2011	470,000	418,795	888,795
2012	495,000	400,733	895,733
2013	515,000	381,756	896,756
2014	535,000	361,753	896,753
2015	560,000	340,403	900,403
2016	585,000	317,505	902,505
2017	610,000	293,010	903,010
2018	635,000	266,693	901,693

(Continued)

Exhibit J-2

Bledsoe County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Bledsoe County School Department (Cont.)

DISCRETELY PRESENTED BLEDSOE COUNTY SCHOOL DEPARTMENT (Cont.)

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2019	$ 665,000	$ 238,561	$ 903,561
2020	705,000	208,573	913,573
2021	740,000	176,669	916,669
2022	775,000	143,033	918,033
2023	820,000	107,424	927,424
2024	435,000	78,843	513,843
2025	460,000	57,810	517,810
2026	485,000	35,603	520,603
2027	515,000	12,103	527,103
Total	$ 10,895,000	$ 4,725,682	$ 15,620,682

Exhibit J-3

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

PRIMARY GOVERNMENT

From Fund	To Fund	Purpose	Amount
General	Public Library	Operations	$ 51,432
General	Other Special Revenue	"	20,000
Total Transfers Primary Government			$ 71,432

DISCRETELY PRESENTED BLEDSOE COUNTY SCHOOL DEPARTMENT

From Fund	To Fund	Purpose	Amount
School Federal Projects	General Purpose School	Indirect costs	$ 21,123
General Purpose School	Central Cafeteria	Reimbursement	1,137
General Purpose School	Education Debt Service	Debt retirement	335,000
Total Transfers Discretely Presented Bledsoe County School Department			$ 357,260

Exhibit J-4

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

Official	Authorization for Salary	Salary Paid During Period		Bond	Surety
County Mayor	Section 8-24-102, TCA	$ 63,377		$ 25,000	NGM Insurance
Road Superintendent	Section 8-24-102, TCA	60,360		100,000	State Farm Fire and Casualty Company
Director of Schools	State Board of Education and Bradley County Board of Education	89,139	(1)	(2)	
Trustee	Section 8-24-102, TCA	54,872		476,000	NGM Insurance
Assessor of Property	Section 8-24-102, TCA	54,872		10,000	State Farm Fire and Casualty Company
County Clerk	Section 8-24-102, TCA	54,872		25,000	"
Circuit Court Clerk	Section 8-24-102, TCA	54,872	(3)	25,000	NGM Insurance
Clerk and Master	Section 8-24-102, TCA	54,872		45,000	State Farm Fire and Casualty Company
Register	Section 8-24-102, TCA	54,872		15,000	NGM Insurance
Sheriff	Section 8-24-102, TCA	60,360	(4)	25,000	"
Employee Dishonesty Bond Coverage:					
General County				150,000	Local Government Property and Casualty Fund
Highway Department				150,000	"
School Employees				100,000	Montgomery Insurance

(1) Includes chief executive officer training supplement of $1,000.
(2) The director of schools is covered under the employee dishonesty bond.
(3) Does not include special commissioner fees of $750.
(4) Does not include law enforcement training supplement of $600.

Exhibit J-5

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

		Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Ambulance Service	Drug Control
Local Taxes						
County Property Taxes						
Current Property Tax	$ 1,205,082	$ 0	$ 0	$ 145,200	$ 0	$ 0
Trustee's Collections - Prior Year	84,955	0	0	4,742	0	0
Circuit/Clerk & Master Collections - Prior Years	26,554	0	0	2,778	0	0
Interest and Penalty	14,539	0	0	948	0	0
Payments in-Lieu-of Taxes - T.V.A.	6,361	0	0	804	0	0
Payments in-Lieu-of Taxes - Local Utilities	1,072	0	0	125	0	0
County Local Option Taxes						
Local Option Sales Tax	65,661	0	0	0	0	0
Litigation Tax - General	17,962	554	0	0	0	0
Business Tax	29,342	0	0	0	0	0
Statutory Local Taxes						
Bank Excise Tax	15,291	0	0	1,842	0	0
Wholesale Beer Tax	100,151	0	0	0	0	0
Total Local Taxes	$ 1,566,970	$ 554	$ 0	$ 156,439	$ 0	$ 0
Licenses and Permits						
Licenses						
Cable TV Franchise	$ 3,919	$ 0	$ 0	$ 352	$ 0	$ 0
Permits						
Beer Permits	475	1,108	0	0	0	0
Total Licenses and Permits	$ 4,394	$ 1,108	$ 0	$ 352	$ 0	$ 0
Fines, Forfeitures, and Penalties						
Circuit Court						
Fines	$ 3,136	$ 7,082	$ 0	$ 0	$ 0	$ 0
Officers Costs	1,703	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	2,374
Drug Court Fees	479	0	0	0	0	0
Jail Fees	133	0	0	0	0	0
DUI Treatment Fines	164	0	0	0	0	0
General Sessions Court						
Fines	10,668	0	0	0	0	0

(Continued)

Exhibit J-5

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

		Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Ambulance Service	Drug Control
Fines, Forfeitures, and Penalties (Cont.)						
General Sessions Court (Cont.)						
Officers Costs	$ 10,606	$ 0	$ 0	$ 0	$ 0	$ 0
Drug Control Fines	0	0	0	0	0	3,980
Drug Court Fees	2,167	0	0	0	0	0
Jail Fees	1,405	0	0	0	0	0
DUI Treatment Fines	2,475	0	0	0	0	0
Data Entry Fee - General Sessions Court	1,294	0	0	0	0	0
Juvenile Court						
Fines	1,449	0	0	0	0	0
Chancery Court						
Data Entry Fee - Chancery Court	128	0	0	0	0	0
Courtroom Security Fee	14	0	0	0	0	0
Other Fines, Forfeitures, and Penalties						
Proceeds from Confiscated Property	0	0	0	0	0	4,715
Total Fines, Forfeitures, and Penalties	$ 35,821	$ 7,082	$ 0	$ 0	$ 0	$ 11,069
Charges for Current Services						
General Service Charges						
Patient Charges	$ 0	$ 0	$ 0	$ 0	$ 661,884	$ 0
Other General Service Charges	0	0	0	0	26,169	0
Fees						
Copy Fees	0	0	1,072	0	120	0
Library Fees	0	0	971	0	0	0
Vending Machine Collections	439	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0
Data Processing Fee - Register	6,098	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,300	0	0	0	0	0
Total Charges for Current Services	$ 7,837	$ 0	$ 2,043	$ 0	$ 688,173	$ 0
Other Local Revenues						
Recurring Items						
Investment Income	$ 0	$ 0	$ 0	$ 0	$ 179	$ 0
Lease/Rentals	130,000	0	0	0	0	0

(Continued)

Exhibit J-5

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

	General	Special Revenue Funds				
		Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Ambulance Service	Drug Control
Other Local Revenues (Cont.)						
Recurring Items (Cont.)						
Sale of Materials and Supplies	$ 0	$ 0	$ 272	$ 0	$ 0	$ 0
Sale of Recycled Materials	0	0	0	16,956	0	0
Miscellaneous Refunds	57,240	0	1,623	0	6,757	0
Nonrecurring Items						
Contributions and Gifts	0	0	987	0	367	0
Other Local Revenues						
Other Local Revenues	1,885	0	0	0	0	0
Total Other Local Revenues	$ 189,125	$ 0	$ 2,882	$ 16,956	$ 7,303	$ 0
Fees Received from County Officials						
Fees in-Lieu-of Salary						
County Clerk	$ 90,371	$ 0	$ 0	$ 0	$ 0	$ 0
Circuit Court Clerk	23,425	0	0	0	0	0
General Sessions Court Clerk	48,120	0	0	0	0	0
Clerk and Master	30,477	0	0	0	0	0
Juvenile Court Clerk	1,628	0	0	0	0	0
Register	65,208	0	0	0	0	0
Sheriff	12,070	0	0	0	0	0
Trustee	111,050	0	0	0	0	0
Total Fees Received from County Officials	$ 382,349	$ 0	$ 0	$ 0	$ 0	$ 0
State of Tennessee						
General Government Grants						
Juvenile Services Program	$ 6,750	$ 0	$ 0	$ 0	$ 0	$ 0
State Reappraisal Grant	6,582	0	0	0	0	0
Solid Waste Grants	0	0	0	3,413	0	0
Public Safety Grants						
Other Public Safety Grants	33,449	0	0	0	0	0
Health and Welfare Grants						
Health Department Programs	5,689	0	0	0	0	0
Other Health and Welfare Grants	84,902	0	0	0	0	0

(Continued)

Exhibit J-5

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

		Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Ambulance Service	Drug Control
State of Tennessee (Cont.)						
Public Works Grants						
State Aid Program	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Litter Program	0	0	0	28,004	0	0
Other State Revenues						
Income Tax	11,038	0	0	0	0	0
Beer Tax	8,889	0	0	0	0	0
Alcoholic Beverage Tax	39,484	0	0	0	0	0
State Revenue Sharing - T.V.A.	165,970	0	0	19,997	0	0
Contracted Prisoner Boarding	10,045	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0
Other State Grants	10,000	0	0	0	0	0
Total State of Tennessee	$ 399,178	$ 0	$ 0	$ 51,414	$ 0	$ 0
Federal Government						
Federal Through State						
Community Development	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Homeland Security Grants	21,220	0	0	0	0	0
Other Federal through State	0	0	0	0	0	0
Total Federal Government	$ 21,220	$ 0	$ 0	$ 0	$ 0	$ 0
Other Governments and Citizens Groups						
Other Governments						
Contributions	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Total Other Governments and Citizens Groups	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Total	$ 2,606,894	$ 8,744	$ 4,925	$ 225,161	$ 695,476	$ 11,069

(Continued)

Exhibit J-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		
	Other Special Revenue	Constitu-tional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	HUD Grant Projects	Total
Local Taxes							
County Property Taxes							
Current Property Tax	$ 0	$ 0	$ 0	$ 145,197	$ 0	$ 0	$ 1,495,479
Trustee's Collections - Prior Year	0	0	0	7,607	0	0	97,304
Circuit/Clerk & Master Collections - Prior Years	0	0	0	2,778	0	0	32,110
Interest and Penalty	0	0	0	1,361	0	0	16,848
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	867	0	0	8,032
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	127	0	0	1,324
County Local Option Taxes							
Local Option Sales Tax	0	0	0	0	0	0	65,661
Litigation Tax - General	0	0	0	0	0	0	18,516
Business Tax	0	0	0	0	0	0	29,342
Statutory Local Taxes							
Bank Excise Tax	0	0	0	1,842	0	0	18,975
Wholesale Beer Tax	0	0	0	0	0	0	100,151
Total Local Taxes	$ 0	$ 0	$ 0	$ 159,779	$ 0	$ 0	$ 1,883,742
Licenses and Permits							
Licenses							
Cable TV Franchise	$ 0	$ 0	$ 0	$ 413	$ 0	$ 0	$ 4,684
Permits							
Beer Permits	0	0	0	0	0	0	1,583
Total Licenses and Permits	$ 0	$ 0	$ 0	$ 413	$ 0	$ 0	$ 6,267
Fines, Forfeitures, and Penalties							
Circuit Court							
Fines	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 10,218
Officers Costs	0	0	0	0	0	0	1,703
Drug Control Fines	0	0	0	0	0	0	2,374
Drug Court Fees	0	0	0	0	0	0	479
Jail Fees	0	0	0	0	0	0	133
DUI Treatment Fines	0	0	0	0	0	0	164
General Sessions Court							
Fines	0	0	0	0	0	0	10,668

(Continued)

Exhibit J-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		
	Other Special Revenue	Constitu-tional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	HUD Grant Projects	Total
Fines, Forfeitures, and Penalties (Cont.)							
General Sessions Court (Cont.)							
Officers Costs	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 10,606
Drug Control Fines	0	0	0	0	0	0	3,980
Drug Court Fees	0	0	0	0	0	0	2,167
Jail Fees	0	0	0	0	0	0	1,405
DUI Treatment Fines	0	0	0	0	0	0	2,475
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	1,294
Juvenile Court							
Fines	0	0	0	0	0	0	1,449
Chancery Court							
Data Entry Fee - Chancery Court	0	0	0	0	0	0	128
Courtroom Security Fee	0	0	0	0	0	0	14
Other Fines, Forfeitures, and Penalties							
Proceeds from Confiscated Property	0	0	0	0	0	0	4,715
Total Fines, Forfeitures, and Penalties	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 53,972
Charges for Current Services							
General Service Charges							
Patient Charges	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 661,884
Other General Service Charges	0	0	0	0	0	0	26,169
Fees							
Copy Fees	0	0	0	0	0	0	1,192
Library Fees	0	0	0	0	0	0	971
Vending Machine Collections	14	0	0	0	0	0	453
Constitutional Officers' Fees and Commissions	0	2,556	0	0	0	0	2,556
Data Processing Fee - Register	0	0	0	0	0	0	6,098
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	1,300
Total Charges for Current Services	$ 14	$ 2,556	$ 0	$ 0	$ 0	$ 0	$ 700,623
Other Local Revenues							
Recurring Items							
Investment Income	$ 0	$ 0	$ 0	$ 134,168	$ 0	$ 0	$ 134,347
Lease/Rentals	0	0	0	0	0	0	130,000

(Continued)

Exhibit J-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	HUD Grant Projects	Total
Other Local Revenues (Cont.)							
Recurring Items (Cont.)							
Sale of Materials and Supplies	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 272
Sale of Recycled Materials	0	0	0	0	0	0	16,956
Miscellaneous Refunds	535	0	6,418	0	0	0	72,573
Nonrecurring Items							
Contributions and Gifts	0	0	0	0	0	0	1,354
Other Local Revenues							
Other Local Revenues	0	0	0	0	0	0	1,885
Total Other Local Revenues	$ 535	$ 0	$ 6,418	$ 134,168	$ 0	$ 0	$ 357,387
Fees Received from County Officials							
Fees in-Lieu-of Salary							
County Clerk	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 90,371
Circuit Court Clerk	0	0	0	0	0	0	23,425
General Sessions Court Clerk	0	0	0	0	0	0	48,120
Clerk and Master	0	0	0	0	0	0	30,477
Juvenile Court Clerk	0	0	0	0	0	0	1,628
Register	0	0	0	0	0	0	65,208
Sheriff	0	0	0	0	0	0	12,070
Trustee	0	0	0	0	0	0	111,050
Total Fees Received from County Officials	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 382,349
State of Tennessee							
General Government Grants							
Juvenile Services Program	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 6,750
State Reappraisal Grant	0	0	0	0	0	0	6,582
Solid Waste Grants	0	0	0	0	0	0	3,413
Public Safety Grants							
Other Public Safety Grants	0	0	0	0	0	0	33,449
Health and Welfare Grants							
Health Department Programs	0	0	0	0	0	0	5,689
Other Health and Welfare Grants	0	0	0	0	0	0	84,902

(Continued)

Exhibit J-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	HUD Grant Projects	Total
State of Tennessee (Cont.)							
Public Works Grants							
State Aid Program	$ 0	$ 0	$ 401,943	$ 0	$ 0	$ 0	$ 401,943
Litter Program	0	0	0	0	0	0	28,004
Other State Revenues							
Income Tax	0	0	0	0	0	0	11,038
Beer Tax	0	0	0	0	0	0	8,889
Alcoholic Beverage Tax	0	0	0	0	0	0	39,484
State Revenue Sharing - T.V.A.	0	0	0	19,997	0	0	205,964
Contracted Prisoner Boarding	0	0	0	0	0	0	10,045
Gasoline and Motor Fuel Tax	0	0	1,578,627	0	0	0	1,578,627
Petroleum Special Tax	0	0	9,932	0	0	0	9,932
Registrar's Salary Supplement	0	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	0	10,000
Total State of Tennessee	$ 0	$ 0	$ 1,990,502	$ 19,997	$ 0	$ 0	$ 2,461,091
Federal Government							
Federal Through State							
Community Development	$ 0	$ 0	$ 0	$ 0	$ 355,876	$ 0	$ 355,876
Homeland Security Grants	0	0	0	0	0	0	21,220
Other Federal through State	0	0	0	0	0	95,534	95,534
Total Federal Government	$ 0	$ 0	$ 0	$ 0	$ 355,876	$ 95,534	$ 472,630
Other Governments and Citizens Groups							
Other Governments							
Contributions	$ 180,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 180,000
Total Other Governments and Citizens Groups	$ 180,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 180,000
Total	$ 180,549	$ 2,556	$ 1,996,920	$ 314,357	$ 355,876	$ 95,534	$ 6,498,061

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Debt Service	Total
Local Taxes					
County Property Taxes					
Current Property Tax	$ 1,191,638	$ 0	$ 0	$ 73,303	$ 1,264,941
Trustee's Collections - Prior Year	88,423	0	0	5,095	93,518
Circuit/Clerk & Master Collections - Prior Years	24,436	0	0	2,806	27,242
Interest and Penalty	13,479	0	0	830	14,309
Payments in-Lieu-of Taxes - T.V.A.	7,492	0	0	461	7,953
Payments in-Lieu-of Taxes - Local Utilities	1,059	0	0	65	1,124
County Local Option Taxes					
Local Option Sales Tax	187,675	0	0	408,182	595,857
Statutory Local Taxes					
Bank Excise Tax	15,180	0	0	934	16,114
Interstate Telecommunications Tax	2,934	0	0	0	2,934
Total Local Taxes	$ 1,532,316	$ 0	$ 0	$ 491,676	$ 2,023,992
Licenses and Permits					
Licenses					
Marriage Licenses	$ 998	$ 0	$ 0	$ 0	$ 998
Cable TV Franchise	3,747	0	0	231	3,978
Total Licenses and Permits	$ 4,745	$ 0	$ 0	$ 231	$ 4,976
Charges for Current Services					
Education Charges					
Lunch Payments - Children	$ 0	$ 0	$ 154,779	$ 0	$ 154,779
Lunch Payments - Adults	0	0	35,696	0	35,696
Income from Breakfast	0	0	15,861	0	15,861
A la carte Sales	0	0	107,157	0	107,157
Total Charges for Current Services	$ 0	$ 0	$ 313,493	$ 0	$ 313,493
Other Local Revenues					
Recurring Items					
Investment Income	$ 0	$ 0	$ 2,311	$ 0	$ 2,311
Refund of Telecommunication and Internet Fees (E-Rate)	13,173	0	0	0	13,173
Miscellaneous Refunds	25,430	0	0	0	25,430
Nonrecurring Items					
Sale of Equipment	0	0	230	0	230
Damages Recovered from Individuals	1,526	0	0	0	1,526
Contributions and Gifts	55,518	0	0	0	55,518
Other Local Revenues					
Other Local Revenues	4,472	0	0	0	4,472
Total Other Local Revenues	$ 100,119	$ 0	$ 2,541	$ 0	$ 102,660
State of Tennessee					
General Government Grants					
On-Behalf Contributions for OPEB	$ 33,052	$ 0	$ 0	$ 0	$ 33,052
State Education Funds					
Basic Education Program	10,365,864	0	0	0	10,365,864
Early Childhood Education	395,912	0	0	0	395,912
School Food Service	0	0	11,346	0	11,346
Other State Education Funds	57,689	0	0	0	57,689

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Debt Service	Total
State of Tennessee (Cont.)					
State Education Funds (Cont.)					
Career Ladder Program	$ 87,820	$ 0	$ 0	$ 0	$ 87,820
Career Ladder - Extended Contract	44,625	0	0	0	44,625
Other State Revenues					
State Revenue Sharing - T.V.A.	164,770	0	0	10,138	174,908
Other State Grants	158,314	0	0	0	158,314
Total State of Tennessee	$ 11,308,046	$ 0	$ 11,346	$ 10,138	$ 11,329,530
Federal Government					
Federal Through State					
USDA School Lunch Program	$ 0	$ 0	$ 467,831	$ 0	$ 467,831
Breakfast	0	0	181,767	0	181,767
USDA - Other	0	0	5,090	0	5,090
Adult Education State Grant Program	81,941	0	0	0	81,941
Vocational Education - Basic Grants to States	0	42,969	0	0	42,969
Title I Grants to Local Education Agencies	0	438,772	0	0	438,772
Innovative Education Program Strategies	0	60,124	0	0	60,124
Special Education - Grants to States	10,798	494,938	0	0	505,736
Special Education Preschool Grants	0	24,719	0	0	24,719
Eisenhower Professional Development State Grants	0	93,942	0	0	93,942
Other Federal through State	219,233	9,289	52,598	0	281,120
Total Federal Government	$ 311,972	$ 1,164,753	$ 707,286	$ 0	$ 2,184,011
Total	$ 13,257,198	$ 1,164,753	$ 1,034,666	$ 502,045	$ 15,958,662

Exhibit J-7

Bledsoe 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	$	39,712		
Medical Insurance		2,968		
Audit Services		2,943		
Dues and Memberships		1,350		
Legal Notices, Recording, and Court Costs		967		
Other Charges		2,186		
Total County Commission			$	50,126
County Mayor/Executive				
County Official/Administrative Officer	$	63,377		
Assistant(s)		22,595		
Secretary(ies)		14,378		
Social Security		6,140		
State Retirement		7,993		
Life Insurance		68		
Employer Medicare		1,436		
Communication		4,475		
Data Processing Services		6,261		
Dues and Memberships		1,250		
Travel		4,761		
Office Supplies		2,869		
Data Processing Equipment		8,952		
Total County Mayor/Executive				144,555
County Attorney				
Legal Services	$	9,175		
Legal Notices, Recording, and Court Costs		650		
Total County Attorney				9,825
Election Commission				
County Official/Administrative Officer	$	43,749		
Election Commission		3,402		
Election Workers		10,127		
Social Security		2,251		
State Retirement		3,710		
Life Insurance		24		
Medical Insurance		2,968		
Employer Medicare		526		
Communication		652		
Legal Notices, Recording, and Court Costs		835		

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
General Government (Cont.)		
Election Commission (Cont.)		
Travel	$ 246	
Data Processing Supplies	19,155	
Office Supplies	963	
Total Election Commission		$ 88,608
Register of Deeds		
County Official/Administrative Officer	$ 54,872	
Clerical Personnel	20,601	
Social Security	4,404	
State Retirement	6,383	
Life Insurance	48	
Medical Insurance	2,769	
Employer Medicare	1,030	
Communication	1,086	
Data Processing Services	16,118	
Dues and Memberships	427	
Travel	176	
Office Supplies	5,779	
Total Register of Deeds		113,693
Planning		
Board and Committee Members Fees	$ 4,200	
Contracts with Government Agencies	9,250	
Other Contracted Services	250	
Total Planning		13,700
County Buildings		
Custodial Personnel	$ 16,200	
Social Security	959	
State Retirement	1,374	
Life Insurance	30	
Employer Medicare	224	
Communication	361	
Maintenance and Repair Services - Buildings	40,501	
Custodial Supplies	2,614	
Electricity	21,704	
Water and Sewer	3,884	
Other Supplies and Materials	694	
Total County Buildings		88,545

(Continued)

Exhibit J-7

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

General Fund (Cont.)				
General Government (Cont.)				
Other General Administration				
Guards	$	4,883		
Medical Insurance		1,346		
Unemployment Compensation		3,951		
Maintenance and Repair Services - Office Equipment		9,546		
Postal Charges		12,745		
Penalties		300		
Other Contracted Services		11,223		
Office Supplies		1,986		
Other Supplies and Materials		29,523		
Building and Contents Insurance		33,933		
Refunds		10,724		
Trustee's Commission		31,623		
Workers' Compensation Insurance		14,121		
Liability Claims		2,905		
Other Charges		3,040		
Total Other General Administration			$	171,849
Finance				
Property Assessor's Office				
County Official/Administrative Officer	$	54,872		
Deputy(ies)		25,803		
Clerical Personnel		8,200		
Social Security		6,036		
State Retirement		8,591		
Life Insurance		72		
Medical Insurance		2,769		
Employer Medicare		1,412		
Communication		1,348		
Contracts with Government Agencies		2,400		
Dues and Memberships		853		
Other Contracted Services		2,535		
Total Property Assessor's Office				114,891
Reappraisal Program				
Data Processing Services	$	330		
Postal Charges		2,000		
Travel		1,499		
Other Contracted Services		10,722		
Other Supplies and Materials		1,132		
Total Reappraisal Program				15,683

(Continued)

Exhibit J-7

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

General Fund (Cont.)				
Finance (Cont.)				
County Trustee's Office				
County Official/Administrative Officer	$	54,872		
Deputy(ies)		16,200		
Social Security		4,270		
State Retirement		6,010		
Life Insurance		48		
Medical Insurance		1,804		
Employer Medicare		999		
Communication		1,178		
Data Processing Services		10,855		
Dues and Memberships		437		
Legal Notices, Recording, and Court Costs		120		
Printing, Stationery, and Forms		90		
Data Processing Supplies		2,586		
Office Supplies		991		
Total County Trustee's Office			$	100,460
County Clerk's Office				
County Official/Administrative Officer	$	54,872		
Deputy(ies)		26,770		
Social Security		4,976		
State Retirement		6,906		
Life Insurance		48		
Employer Medicare		1,164		
Communication		1,141		
Dues and Memberships		327		
Office Supplies		1,937		
Total County Clerk's Office				98,141
Administration of Justice				
Circuit Court				
County Official/Administrative Officer	$	54,872		
Deputy(ies)		14,110		
Accountants/Bookkeepers		18,500		
Clerical Personnel		16,631		
Jury and Witness Fees		9,566		
Social Security		6,177		
State Retirement		6,911		
Life Insurance		78		
Medical Insurance		2,769		
Employer Medicare		1,445		

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Administration of Justice (Cont.)		
Circuit Court (Cont.)		
Communication	$ 3,474	
Dues and Memberships	327	
Office Supplies	5,797	
Data Processing Equipment	2,915	
Total Circuit Court		$ 143,572
General Sessions Court		
Judge(s)	$ 77,150	
Social Security	4,783	
State Retirement	6,542	
Employer Medicare	1,119	
Total General Sessions Court		89,594
Drug Court		
Fines, Assessments, and Penalties	$ 2,089	
Total Drug Court		2,089
Chancery Court		
County Official/Administrative Officer	$ 54,872	
Deputy(ies)	26,840	
Secretary(ies)	10,324	
Social Security	5,585	
State Retirement	6,906	
Life Insurance	48	
Employer Medicare	1,306	
Communication	1,568	
Dues and Memberships	387	
Travel	269	
Office Supplies	2,901	
Total Chancery Court		111,006
Juvenile Court		
Social Workers	$ 23,365	
In-Service Training	155	
Social Security	1,401	
State Retirement	1,981	
Life Insurance	24	
Employer Medicare	328	
Communication	629	
Travel	879	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Administration of Justice (Cont.)		
Juvenile Court (Cont.)		
Office Supplies	$ 1,133	
Total Juvenile Court		$ 29,895
Public Safety		
Sheriff's Department		
County Official/Administrative Officer	$ 60,360	
Deputy(ies)	242,862	
Youth Service Officer(s)	63,103	
Salary Supplements	7,200	
Overtime Pay	22,249	
In-Service Training	7,573	
Social Security	24,402	
State Retirement	25,682	
Life Insurance	226	
Employer Medicare	5,706	
Communication	8,996	
Data Processing Services	600	
Dues and Memberships	1,200	
Maintenance and Repair Services - Equipment	143	
Maintenance and Repair Services - Vehicles	19,601	
Transportation - Other than Students	252	
Gasoline	53,972	
Office Supplies	1,328	
Uniforms	3,646	
Data Processing Equipment	999	
Law Enforcement Equipment	4,527	
Motor Vehicles	21,060	
Total Sheriff's Department		575,687
Jail		
Supervisor/Director	$ 22,666	
Guards	107,691	
Social Security	8,016	
State Retirement	7,244	
Life Insurance	106	
Employer Medicare	1,874	
Medical and Dental Services	56,550	
Travel	317	
Other Contracted Services	105,150	
Custodial Supplies	472	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Jail (Cont.)		
Electricity	$ 7,157	
Food Supplies	8,162	
Office Supplies	3,161	
Water and Sewer	5,986	
Other Supplies and Materials	2,477	
Total Jail		$ 337,029
Fire Prevention and Control		
Contributions	$ 18,000	
Other Charges	500	
Total Fire Prevention and Control		18,500
Civil Defense		
In-Service Training	$ 50	
Communication	364	
Travel	284	
Diesel Fuel	319	
Other Supplies and Materials	27,541	
Total Civil Defense		28,558
Rescue Squad		
Contributions	$ 6,000	
Total Rescue Squad		6,000
County Coroner/Medical Examiner		
Medical and Dental Services	$ 4,600	
Travel	1,375	
Total County Coroner/Medical Examiner		5,975
Public Health and Welfare		
Local Health Center		
Custodial Personnel	$ 5,110	
Other Salaries and Wages	1,781	
Social Security	453	
Employer Medicare	74	
Communication	2,971	
Contracts with Government Agencies	5,723	
Dues and Memberships	100	
Maintenance and Repair Services - Buildings	672	
Travel	456	

(Continued)

Exhibit J-7

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

General Fund (Cont.)				
Public Health and Welfare (Cont.)				
Local Health Center (Cont.)				
Other Contracted Services	$	1,873		
Custodial Supplies		209		
Electricity		9,895		
Office Supplies		522		
Utilities		1,419		
Other Supplies and Materials		15,789		
Total Local Health Center			$	47,047
Dental Health Program				
Secretary(ies)	$	5,577		
Other Salaries and Wages		55,815		
Social Security		4,697		
Total Dental Health Program				66,089
Alcohol and Drug Programs				
Other Supplies and Materials	$	2,185		
Total Alcohol and Drug Programs				2,185
Crippled Children Services				
Contracts with Government Agencies	$	971		
Total Crippled Children Services				971
General Welfare Assistance				
Contributions	$	5,090		
Other Supplies and Materials		9,098		
Total General Welfare Assistance				14,188
Social, Cultural, and Recreational Services				
Senior Citizens Assistance				
Contributions	$	1,000		
Total Senior Citizens Assistance				1,000
Parks and Fair Boards				
Contributions	$	3,500		
Electricity		2,962		
Total Parks and Fair Boards				6,462
Agriculture and Natural Resources				
Agriculture Extension Service				
Salary Supplements	$	45,124		

(Continued)

Exhibit J-7

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

General Fund (Cont.)			
Agriculture and Natural Resources (Cont.)			
Agriculture Extension Service (Cont.)			
Communication	$ 3,205		
Transportation - Other than Students	4,000		
Other Supplies and Materials	4,070		
Total Agriculture Extension Service		$ 56,399	
Soil Conservation			
Contributions	$ 3,000		
Total Soil Conservation		3,000	
Other Operations			
Other Economic and Community Development			
Other Supplies and Materials	$ 56		
Total Other Economic and Community Development		56	
Veterans' Services			
Supervisor/Director	$ 1,250		
Social Security	74		
Employer Medicare	17		
Travel	486		
Office Supplies	700		
Total Veterans' Services		2,527	
Contributions to Other Agencies			
Contributions	$ 1,571		
Total Contributions to Other Agencies		1,571	
Total General Fund			$ 2,559,476
Courthouse and Jail Maintenance Fund			
General Government			
County Buildings			
Maintenance and Repair Services - Buildings	$ 6,862		
Other Supplies and Materials	1,500		
Total County Buildings		$ 8,362	
Other General Administration			
Trustee's Commission	$ 87		
Total Other General Administration		87	
Total Courthouse and Jail Maintenance Fund			8,449

(Continued)

Exhibit J-7

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

Public Library Fund			
Social, Cultural, and Recreational Services			
Libraries			
Assistant(s)	$ 10,716		
Librarians	26,771		
Social Security	2,641		
State Retirement	2,270		
Medical Insurance	2,968		
Communication	2,036		
Dues and Memberships	50		
Maintenance and Repair Services - Buildings	505		
Postal Charges	1,575		
Travel	399		
Other Contracted Services	794		
Data Processing Supplies	977		
Electricity	2,577		
Library Books/Media	1,120		
Water and Sewer	1,670		
Other Supplies and Materials	515		
Other Charges	4,338		
Total Libraries		$ 61,922	
Total Public Library Fund			$ 61,922
Solid Waste/Sanitation Fund			
Public Health and Welfare			
Convenience Centers			
Truck Drivers	$ 22,750		
Other Salaries and Wages	55,637		
Social Security	4,299		
State Retirement	2,938		
Communication	1,318		
Maintenance and Repair Services - Buildings	1,023		
Other Contracted Services	49,762		
Electricity	1,995		
Equipment and Machinery Parts	8,711		
Water and Sewer	296		
Other Supplies and Materials	1,459		
Building and Contents Insurance	5,000		
Trustee's Commission	3,297		
Vehicle and Equipment Insurance	5,000		
Workers' Compensation Insurance	4,675		
Other Construction	3,725		
Total Convenience Centers		$ 171,885	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)			
Public Health and Welfare (Cont.)			
Landfill Operation and Maintenance			
Contracts for Landfill Facilities	$ 12,864		
Total Landfill Operation and Maintenance		$ 12,864	
Highways			
Litter and Trash Collection			
Education Media Personnel	$ 3,951		
Clerical Personnel	4,673		
Other Salaries and Wages	15,036		
Social Security	1,493		
State Retirement	1,482		
Other Supplies and Materials	4,394		
Total Litter and Trash Collection		31,029	
Principal on Debt			
General Government			
Principal on Notes	$ 39,535		
Total General Government		39,535	
Interest on Debt			
General Government			
Interest on Notes	$ 3,665		
Total General Government		3,665	
Total Solid Waste/Sanitation Fund			$ 258,978
Ambulance Service Fund			
Public Health and Welfare			
Ambulance/Emergency Medical Services			
Medical Personnel	$ 291,740		
Part-time Personnel	15,093		
Overtime Pay	55,483		
In-Service Training	3,471		
Social Security	27,421		
State Retirement	11,994		
Life Insurance	183		
Medical Insurance	46,128		
Communication	3,190		
Consultants	3,000		
Dues and Memberships	360		
Licenses	700		

(Continued)

Exhibit J-7

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

Ambulance Service Fund (Cont.)			
Public Health and Welfare (Cont.)			
Ambulance/Emergency Medical Services (Cont.)			
Maintenance and Repair Services - Buildings	$ 1,328		
Maintenance and Repair Services - Equipment	1,613		
Maintenance and Repair Services - Vehicles	10,566		
Medical and Dental Services	598		
Postal Charges	759		
Travel	1,258		
Other Contracted Services	1,079		
Data Processing Supplies	2,280		
Drugs and Medical Supplies	19,621		
Electricity	4,891		
Gasoline	25,585		
Office Supplies	4,469		
Tires and Tubes	1,071		
Uniforms	5,303		
Water and Sewer	640		
Other Supplies and Materials	753		
Liability Insurance	6,000		
Refunds	795		
Vehicle and Equipment Insurance	5,500		
Workers' Compensation Insurance	30,000		
Other Charges	2,913		
Communication Equipment	381		
Motor Vehicles	9,878		
Total Ambulance/Emergency Medical Services		$ 596,044	
Total Ambulance Service Fund			$ 596,044
Drug Control Fund			
Public Safety			
Sheriff's Department			
Other Supplies and Materials	$ 505		
Total Sheriff's Department		$ 505	
Drug Enforcement			
Confidential Drug Enforcement Payments	$ 500		
Trustee's Commission	62		
Total Drug Enforcement		562	

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)			
Public Health and Welfare			
Alcohol and Drug Programs			
Contributions	$ 500		
Total Alcohol and Drug Programs		$ 500	
Total Drug Control Fund			$ 1,567
Other Special Revenue Fund			
Public Safety			
Other Public Safety			
Supervisor/Director	$ 27,001		
Dispatchers/Radio Operators	74,665		
Overtime Pay	23,726		
In-Service Training	1,807		
Social Security	9,290		
State Retirement	9,825		
Life Insurance	62		
Medical Insurance	2,852		
Communication	5,007		
Data Processing Services	175		
Dues and Memberships	88		
Travel	4,987		
Other Contracted Services	9,775		
Custodial Supplies	472		
Electricity	3,110		
Office Supplies	1,860		
Water and Sewer	1,228		
Building and Contents Insurance	3,500		
Workers' Compensation Insurance	6,000		
Other Charges	1,370		
Total Other Public Safety		$ 186,800	
Total Other Special Revenue Fund			186,800
Constitutional Officers - Fees Fund			
Finance			
County Clerk's Office			
Constitutional Officers' Operating Expenses	$ 2,206		
Total County Clerk's Office		$ 2,206	

(Continued)

Exhibit J-7

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

Constitutional Officers - Fees Fund (Cont.)			
Administration of Justice			
Circuit Court			
Constitutional Officers' Operating Expenses	$ 85		
Total Circuit Court		$ 85	
General Sessions Court			
Constitutional Officers' Operating Expenses	$ 259		
Total General Sessions Court		259	
Juvenile Court			
Constitutional Officers' Operating Expenses	$ 6		
Total Juvenile Court		6	
Total Constitutional Officers - Fees Fund			$ 2,556
Highway/Public Works Fund			
Highways			
Administration			
County Official/Administrative Officer	$ 60,360		
Data Processing Personnel	22,120		
Secretary(ies)	16,435		
Communication	5,098		
Data Processing Services	3,568		
Dues and Memberships	2,554		
Legal Notices, Recording, and Court Costs	230		
Maintenance and Repair Services - Office Equipment	175		
Postal Charges	496		
Travel	451		
Other Contracted Services	2,411		
Data Processing Supplies	459		
Electricity	5,670		
Office Supplies	546		
Propane Gas	848		
Water and Sewer	2,045		
Other Supplies and Materials	971		
Other Charges	4,103		
Total Administration		$ 128,540	
Highway and Bridge Maintenance			
Foremen	$ 59,788		
Equipment Operators	70,763		
Truck Drivers	69,607		

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)		
Highways (Cont.)		
Highway and Bridge Maintenance (Cont.)		
Laborers	$ 47,931	
Overtime Pay	15,798	
Freight Expenses	141	
Other Contracted Services	59,622	
Asphalt	350,096	
Concrete	366	
Crushed Stone	119,782	
Ice	388	
Other Road Supplies	380	
Pipe - Metal	10,326	
Propane Gas	1,066	
Road Signs	1,620	
Other Supplies and Materials	1,515	
Other Charges	1,718	
Total Highway and Bridge Maintenance		$ 810,907
Operation and Maintenance of Equipment		
Mechanic(s)	$ 40,948	
Nightwatchmen	35,207	
Freight Expenses	556	
Maintenance and Repair Services - Equipment	4,638	
Maintenance and Repair Services - Vehicles	2,379	
Other Contracted Services	1,566	
Diesel Fuel	89,967	
Equipment and Machinery Parts	40,086	
Garage Supplies	2,588	
Gasoline	19,088	
Lubricants	3,338	
Small Tools	1,263	
Tires and Tubes	16,053	
Other Supplies and Materials	396	
Other Charges	214	
Total Operation and Maintenance of Equipment		258,287
Quarry Operations		
Other Charges	$ 2,376	
Total Quarry Operations		2,376
Other Charges		
Licenses	$ 17	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)			
Highways (Cont.)			
Other Charges (Cont.)			
Building and Contents Insurance	$ 1,059		
Liability Insurance	12,422		
Trustee's Commission	15,822		
Vehicle and Equipment Insurance	7,589		
Workers' Compensation Insurance	30,454		
Total Other Charges		$ 67,363	
Employee Benefits			
Social Security	$ 33,175		
State Retirement	34,932		
Employee and Dependent Insurance	151,858		
Unemployment Compensation	3,359		
Other Fringe Benefits	185		
Total Employee Benefits		223,509	
Capital Outlay			
Building Improvements	$ 2,179		
State Aid Projects	463,490		
Total Capital Outlay		465,669	
Total Highway/Public Works Fund			$ 1,956,651
General Debt Service Fund			
Principal on Debt			
General Government			
Principal on Bonds	$ 70,000		
Total General Government		$ 70,000	
Interest on Debt			
General Government			
Interest on Bonds	$ 47,595		
Total General Government		47,595	
Other Debt Service			
General Government			
Fiscal Agent Charges	$ 500		
Trustee's Commission	3,375		
Total General Government		3,875	
Total General Debt Service Fund			121,470

(Continued)

Exhibit J-7

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

General Capital Projects Fund			
Public Safety			
Jail			
Architects	$ 250,000		
Other Contracted Services	18,752		
Total Jail		$ 268,752	
Total General Capital Projects Fund			$ 268,752
Community Development/Industrial Park Fund			
Capital Projects			
Public Utility Projects			
Other Contracted Services	$ 355,876		
Total Public Utility Projects		$ 355,876	
Total Community Development/Industrial Park Fund			355,876
HUD Grant Projects Fund			
Capital Projects			
General Administration Projects			
Building Improvements	$ 95,534		
Total General Administration Projects		$ 95,534	
Total HUD Grant Projects Fund			95,534
Total Governmental Funds - Primary Government			$ 6,474,075

Exhibit J-8

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

General Purpose School Fund		
Instruction		
Regular Instruction Program		
Teachers	$ 4,003,711	
Career Ladder Program	41,462	
Career Ladder Extended Contracts	17,500	
Homebound Teachers	8,150	
Educational Assistants	275,424	
Certified Substitute Teachers	9,199	
Non-certified Substitute Teachers	84,458	
Social Security	258,892	
State Retirement	273,180	
Life Insurance	435	
Medical Insurance	418,283	
Employer Medicare	60,852	
Maintenance and Repair Services - Equipment	162	
Instructional Supplies and Materials	65,961	
Textbooks	99,707	
Regular Instruction Equipment	153,802	
Total Regular Instruction Program		$ 5,771,178
Alternative Instruction Program		
Teachers	$ 3,712	
Social Security	210	
State Retirement	232	
Medical Insurance	170	
Employer Medicare	49	
Total Alternative Instruction Program		4,373
Special Education Program		
Teachers	$ 823,623	
Career Ladder Program	13,300	
Career Ladder Extended Contracts	3,500	
Homebound Teachers	2,138	
Clerical Personnel	23,706	
Educational Assistants	203,744	
Other Salaries and Wages	7,000	
Social Security	61,021	
State Retirement	70,645	
Medical Insurance	99,564	
Employer Medicare	14,539	
Maintenance and Repair Services - Equipment	4,969	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)		
Instruction (Cont.)		
Special Education Program (Cont.)		
Other Contracted Services	$ 11,806	
Instructional Supplies and Materials	12,978	
Other Supplies and Materials	2,521	
Special Education Equipment	11,473	
Total Special Education Program		$ 1,366,527
Vocational Education Program		
Teachers	$ 239,762	
Career Ladder Program	5,063	
Non-certified Substitute Teachers	4,570	
Social Security	15,040	
State Retirement	15,160	
Medical Insurance	12,719	
Employer Medicare	3,544	
Other Contracted Services	1,860	
Instructional Supplies and Materials	6,508	
Total Vocational Education Program		304,226
Adult Education Program		
Teachers	$ 39,053	
Other Salaries and Wages	2,092	
Social Security	2,395	
State Retirement	1,819	
Employer Medicare	560	
Instructional Supplies and Materials	5,004	
Total Adult Education Program		50,923
Support Services		
Attendance		
Supervisor/Director	$ 32,227	
Career Ladder Program	1,000	
Social Security	2,060	
State Retirement	2,070	
Employer Medicare	482	
Travel	387	
Other Contracted Services	20	
Other Supplies and Materials	2,174	
Attendance Equipment	3,875	
Total Attendance		44,295

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Health Services		
Medical Personnel	$ 99,169	
Educational Assistants	14,193	
Social Security	6,447	
State Retirement	7,392	
Medical Insurance	15,798	
Employer Medicare	1,508	
Postal Charges	150	
Travel	3,115	
Other Supplies and Materials	9,286	
In Service/Staff Development	2,883	
Health Equipment	26,616	
Total Health Services		$ 186,557
Other Student Support		
Career Ladder Program	$ 5,000	
Guidance Personnel	138,299	
Psychological Personnel	44,426	
Social Security	10,775	
State Retirement	11,710	
Medical Insurance	20,815	
Employer Medicare	2,520	
Evaluation and Testing	5,687	
Travel	120	
Other Contracted Services	34,912	
Other Supplies and Materials	11,774	
Other Charges	3,800	
Other Equipment	7,752	
Total Other Student Support		297,590
Regular Instruction Program		
Supervisor/Director	$ 56,608	
Career Ladder Program	8,000	
Career Ladder Extended Contracts	7,000	
Librarians	129,685	
Materials Supervisor	57,008	
Instructional Computer Personnel	51,368	
Other Salaries and Wages	44,184	
Social Security	20,900	
State Retirement	22,802	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Regular Instruction Program (Cont.)				
Medical Insurance	$	28,267		
Employer Medicare		4,888		
Travel		14,726		
Other Contracted Services		1,278		
Library Books/Media		5,061		
Other Supplies and Materials		2,660		
In Service/Staff Development		3,642		
Other Equipment		5,125		
Total Regular Instruction Program			$	463,202
Special Education Program				
Supervisor/Director	$	64,880		
Career Ladder Program		2,000		
Career Ladder Extended Contracts		3,500		
Secretary(ies)		29,666		
Social Security		5,959		
State Retirement		6,891		
Medical Insurance		4,591		
Employer Medicare		1,396		
Travel		6,111		
Other Contracted Services		4,160		
Other Supplies and Materials		4,199		
Other Charges		1,890		
Total Special Education Program				135,243
Vocational Education Program				
Supervisor/Director	$	32,672		
Clerical Personnel		7,200		
Social Security		412		
State Retirement		611		
Medical Insurance		39		
Employer Medicare		570		
Travel		972		
Total Vocational Education Program				42,476
Adult Programs				
Supervisor/Director	$	47,386		
Social Security		2,784		
State Retirement		2,953		

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Adult Programs (Cont.)				
Medical Insurance	$	3,937		
Employer Medicare		651		
Communication		34		
Travel		1,046		
Other Supplies and Materials		201		
Other Charges		2,032		
Other Equipment		846		
Total Adult Programs			$	61,870
Other Programs				
On-Behalf Payments to OPEB	$	33,052		
Total Other Programs				33,052
Board of Education				
Other Salaries and Wages	$	3,500		
Board and Committee Members Fees		24,300		
Social Security		1,724		
State Retirement		218		
Unemployment Compensation		9,773		
Employer Medicare		403		
Advertising		1,040		
Audit Services		5,000		
Dues and Memberships		7,226		
Legal Services		23,832		
Travel		10,410		
Other Contracted Services		6,063		
Office Supplies		217		
Other Supplies and Materials		475		
Liability Insurance		31,786		
Trustee's Commission		49,177		
Workers' Compensation Insurance		62,666		
Refund to Applicant for Criminal Investigation		288		
Total Board of Education				238,098
Director of Schools				
County Official/Administrative Officer	$	88,139		
Career Ladder Program		1,000		
Social Security		5,139		
State Retirement		5,555		

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Director of Schools (Cont.)				
Medical Insurance	$	11,556		
Employer Medicare		1,216		
Communication		27,316		
Dues and Memberships		1,173		
Postal Charges		1,422		
Travel		548		
Other Contracted Services		358		
Office Supplies		79		
Total Director of Schools			$	143,501
Office of the Principal				
Principals	$	341,624		
Career Ladder Program		7,000		
Career Ladder Extended Contracts		3,500		
Secretary(ies)		109,895		
Social Security		27,405		
State Retirement		31,257		
Medical Insurance		20,017		
Employer Medicare		6,409		
Communication		2,126		
Total Office of the Principal				549,233
Fiscal Services				
Accountants/Bookkeepers	$	90,356		
Other Salaries and Wages		29,032		
Social Security		6,789		
State Retirement		4,664		
Medical Insurance		9,756		
Employer Medicare		1,588		
Data Processing Services		6,008		
Travel		613		
Other Contracted Services		1,295		
Office Supplies		1,623		
Administration Equipment		13,324		
Total Fiscal Services				165,048
Operation of Plant				
Supervisor/Director	$	56,336		
Custodial Personnel		322,494		

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Operation of Plant (Cont.)		
Other Salaries and Wages	$ 3,125	
Social Security	23,254	
State Retirement	28,324	
Medical Insurance	1,796	
Employer Medicare	5,455	
Rentals	601	
Other Contracted Services	149,967	
Electricity	359,516	
Natural Gas	62,404	
Water and Sewer	27,125	
Other Supplies and Materials	25,748	
Total Operation of Plant		$ 1,066,145
Maintenance of Plant		
Supervisor/Director	$ 32,227	
Maintenance Personnel	66,012	
Other Salaries and Wages	17,055	
Social Security	6,904	
State Retirement	9,016	
Medical Insurance	1,547	
Employer Medicare	1,615	
Maintenance and Repair Services - Buildings	5,789	
Maintenance and Repair Services - Equipment	30,592	
Other Contracted Services	34,708	
Other Supplies and Materials	25,415	
Total Maintenance of Plant		230,880
Transportation		
Supervisor/Director	$ 31,363	
Mechanic(s)	28,148	
Bus Drivers	371,098	
Other Salaries and Wages	16,089	
Social Security	26,312	
State Retirement	34,487	
Medical Insurance	2,611	
Employer Medicare	6,425	
Contracts with Parents	125	
Maintenance and Repair Services - Vehicles	14,308	
Medical and Dental Services	1,615	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Transportation (Cont.)		
Other Contracted Services	$ 3,194	
Gasoline	197,493	
Tires and Tubes	15,713	
Vehicle Parts	37,662	
Other Supplies and Materials	11,891	
Vehicle and Equipment Insurance	14,542	
Total Transportation		$ 813,076
Operation of Non-Instructional Services		
Food Service		
Other Salaries and Wages	$ 20,648	
Social Security	1,268	
State Retirement	913	
Employer Medicare	296	
Total Food Service		23,125
Community Services		
Supervisor/Director	$ 33,869	
Teachers	54,000	
Bus Drivers	11,050	
Clerical Personnel	1,510	
Educational Assistants	52,256	
Other Salaries and Wages	10,962	
Social Security	9,328	
State Retirement	11,243	
Employer Medicare	2,182	
Communication	447	
Other Contracted Services	3,675	
Instructional Supplies and Materials	2,170	
Other Supplies and Materials	13,823	
Workers' Compensation Insurance	1,027	
Total Community Services		207,542
Early Childhood Education		
Teachers	$ 133,146	
Bus Drivers	19,338	
Educational Assistants	82,396	
Other Salaries and Wages	22,275	
Social Security	15,044	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)			
Operation of Non-Instructional Services (Cont.)			
Early Childhood Education (Cont.)			
State Retirement	$ 17,934		
Medical Insurance	21,447		
Employer Medicare	3,518		
Communication	4,041		
Travel	2,986		
Other Contracted Services	105		
Instructional Supplies and Materials	46,488		
In Service/Staff Development	4,018		
Other Equipment	23,175		
Total Early Childhood Education		$ 395,911	
Capital Outlay			
Regular Capital Outlay			
Building Improvements	$ 13,586		
Other Capital Outlay	58,423		
Total Regular Capital Outlay		72,009	
Principal on Debt			
Education			
Principal on Notes	$ 9,000		
Total Education		9,000	
Total General Purpose School Fund			$ 12,675,080
School Federal Projects Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 205,727		
Educational Assistants	45,301		
Certified Substitute Teachers	750		
Non-certified Substitute Teachers	3,335		
Social Security	15,038		
State Retirement	16,674		
Medical Insurance	17,266		
Employer Medicare	3,517		
Instructional Supplies and Materials	21,499		
Regular Instruction Equipment	34,246		
Total Regular Instruction Program		$ 363,353	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)		
Instruction (Cont.)		
Special Education Program		
Teachers	$ 1,671	
Educational Assistants	276,619	
Other Salaries and Wages	17,800	
Social Security	18,267	
State Retirement	22,442	
Employer Medicare	4,272	
Contracts with Private Agencies	28,058	
Other Contracted Services	16,436	
Instructional Supplies and Materials	44,538	
Total Special Education Program		$ 430,103
Vocational Education Program		
Educational Assistants	$ 4,415	
Social Security	274	
State Retirement	374	
Employer Medicare	64	
Instructional Supplies and Materials	2,000	
Vocational Instruction Equipment	26,156	
Total Vocational Education Program		33,283
Support Services		
Other Student Support		
Travel	$ 6,902	
In Service/Staff Development	2,784	
Other Charges	1,999	
Total Other Student Support		11,685
Regular Instruction Program		
Supervisor/Director	$ 46,816	
Clerical Personnel	11,880	
In-Service Training	2,106	
Social Security	4,111	
State Retirement	3,780	
Medical Insurance	4,234	
Employer Medicare	961	
Consultants	6,865	
Travel	12,307	
Other Supplies and Materials	7,969	
In Service/Staff Development	109,314	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)			
Support Services (Cont.)			
Regular Instruction Program (Cont.)			
Other Equipment	$ 3,648		
Total Regular Instruction Program		$ 213,991	
Special Education Program			
Secretary(ies)	$ 26,187		
Clerical Personnel	12,000		
Social Security	2,350		
State Retirement	2,968		
Employer Medicare	550		
Travel	6,903		
In Service/Staff Development	11,204		
Total Special Education Program		62,162	
Transportation			
Bus Drivers	$ 809		
Social Security	50		
Employer Medicare	12		
Contracts with Parents	15,208		
Total Transportation		16,079	
Total School Federal Projects Fund			$ 1,130,656
Central Cafeteria Fund			
Operation of Non-Instructional Services			
Food Service			
Supervisor/Director	$ 27,452		
Clerical Personnel	11,781		
Cafeteria Personnel	304,035		
Social Security	21,042		
State Retirement	26,332		
Unemployment Compensation	198		
Employer Medicare	4,921		
Communication	1,806		
Maintenance and Repair Services - Equipment	21,913		
Travel	1,659		
Other Contracted Services	1,687		
Food Preparation Supplies	43,702		
Food Supplies	458,928		
Office Supplies	3,915		

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)			
Operation of Non-Instructional Services (Cont.)			
Food Service (Cont.)			
Uniforms	$ 1,198		
Other Supplies and Materials	621		
In Service/Staff Development	6,153		
Other Charges	274		
Food Service Equipment	33,667		
Total Food Service		$ 971,284	
Community Services			
Supervisor/Director	$ 2,700		
Other Salaries and Wages	17,725		
Social Security	1,266		
State Retirement	1,752		
Employer Medicare	296		
Communication	352		
Travel	2,942		
Food Preparation Supplies	1,045		
Food Supplies	23,008		
Office Supplies	43		
Other Charges	158		
Food Service Equipment	3,202		
Total Community Services		54,489	
Total Central Cafeteria Fund			$ 1,025,773
Education Debt Service Fund			
Principal on Debt			
Education			
Principal on Bonds	$ 425,000		
Total Education		$ 425,000	
Interest on Debt			
Education			
Interest on Bonds	$ 466,045		
Total Education		466,045	
Other Debt Service			
Education			
Fiscal Agent Charges	$ 2,358		
Trustee's Commission	5,754		
Other Debt Service	6,000		
Total Education		14,112	
Total Education Debt Service Fund			905,157
Total Governmental Funds - Bledsoe County School Department			$ 15,736,666

Exhibit J-9

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

	Cities - Sales Tax Fund
Cash Receipts	
Local Option Sales Tax	$ 185,330
Cash Disbursements	
Remittance of Revenues Collected	$ 183,477
Trustee's Commission	1,853
Total Cash Disbursements	$ 185,330
Excess of Cash Receipts Over (Under) Cash Disbursements	$ 0
Cash Balance, July 1, 2007	0
Cash Balance, June 30, 2008	$ 0

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SINGLE AUDIT SECTION

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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

December 17, 2008

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

To the County Mayor 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 Bledsoe County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Bledsoe County's basic financial statements and have issued our report thereon dated December 17, 2008. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Bledsoe County Nursing Home and the Bledsoe County Emergency Communications District, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Accordingly, we do not express an opinion on the effectiveness of Bledsoe 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, 08.03, 08.04, 08.06, 08.07, 08.08, and 08.10.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Bledsoe County's 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 considered items 08.01 and 08.02 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bledsoe 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 items: 08.05 and 08.11.

We consider item 08.09 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 Bledsoe County in separate communications.

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

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

Very truly yours,

John G. Morgan
Comptroller of the Treasury

JGM/sb

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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

December 17, 2008

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

To the County Mayor and Board of County Commissioners:

Compliance

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

In our opinion, Bledsoe 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 Bledsoe 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 Bledsoe 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 Bledsoe 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 the county's 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 Bledsoe County as of and for the year ended June 30, 2008, and have issued our report thereon dated December 17, 2008. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Bledsoe County Nursing Home and the Bledsoe 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 Bledsoe 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.

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

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

Yours very truly,

John G. Morgan
Comptroller of the Treasury

JGM/sb

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Bledsoe 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	$ 50,691	(3)
Passed-through State Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	181,767	
National School Lunch Program	10.555	N/A	467,831	(3)
Passed-through State Department of Human Services:				
Child and Adult Care Food Program	10.558	N/A	5,090	
Child Nutrition Cluster:				
Summer Food Service Program for Children	10.559	N/A	52,598	
Total U.S. Department of Agriculture			$ 757,977	
U.S. Department of Housing and Urban Development:				
Passed-through State Department of Economic and Community Development:				
Community Development Block Grants/Small Cities Program	14.219	GG-05-12401-00	$ 355,876	
Passed-through State Housing Development Agency:				
Home Investment Partnerships Program	14.239	(2)	95,534	
Total U.S. Department of Housing and Urban Development			$ 451,410	
U.S. Department of Education:				
Passed-through State Department of Labor and Workforce Development:				
Adult Education - State Grant Program	84.002	Z-08-020760-00	$ 81,941	
Passed-through State Department of Education:				
Title I Grants to Local Education Agencies	84.010	N/A	425,626	
Special Education Cluster:				
Special Education - Grants to States	84.027	N/A	505,088	
Special Education - Preschool Grants	84.173	N/A	25,939	
Vocational Education - Basic Grants to States	84.048	N/A	42,969	
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	9,289	
State Grants for Innovative Programs	84.298	N/A	4,245	
Education Technology State Grants	84.318	(2)	4,445	
Rural Education	84.358	N/A	56,939	
Improving Teacher Quality State Grants	84.367	N/A	88,036	
Passed-through State Department of Human Services:				
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	(2)	19,341	
Passed-through Sequatchie County Board of Education:				
Twenty-First Century Community Learning Centers	84.287	(2)	159,227	
Total U.S. Department of Education			$ 1,423,085	
U.S. Department of Health and Human Services:				
Passed-through Sequatchie Valley Planning and Head Start:				
Head Start	93.600	(2)	$ 40,665	
U.S. Department of Health and Human Services			$ 40,665	
U.S. Department of Homeland Security:				
Passed-through State Department of Military:				
Homeland Security Grant Program	97.067	Z-05-2513302	$ 21,220	
Total U.S. Department of Homeland Security			$ 21,220	
Total Expenditures of Federal Awards			$ 2,694,357	

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
State Grants			
Adult Basic Education - State Department of Education	N/A	Z-08-201189-00	$ 37,075
Litter Program - State Department of Transportation	N/A	(2)	28,004
Early Childhood Education - State Department of Education	N/A	(2)	33,934
Voluntary Pre K for Tennessee (Expansion) - State Department of Education	N/A	(2)	263,000
Voluntary Pre K for Tennessee (Lottery) - State Department of Education	N/A	(2)	98,978
Family Resource Center - State Department of Education	N/A	(2)	36,239
Coordinated School Health Expansion - State Department of Education	N/A	(2)	85,000
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	6,582
Youth Services Program - State Commission on Children and Youth	N/A	(2)	6,750
Tobacco Grant - State Department of Health	N/A	GG-08-23337-00	15,789
Local Health Services - State Department of Health	N/A	Z-08-02324-00	5,689
Courtroom Security Equipment Grant - State Administrative Office of the Courts	N/A	(2)	33,449
Health Access Community Initiative Project - State Department of Health	N/A	GG-08-20725-00	69,113
Three Star Grant Program - State Department of Economic and Community Development	N/A	(2)	10,000
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	3,413
Total State Grants			$ 733,015

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 for CFDA No. 10.555 is $518,522.

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

OFFICE OF SHERIFF

Finding Number	Page Number	Subject
07.06	18	Receipts were not issued at the time of collection

OTHER FINDINGS

Finding Number	Page Number	Subject
07.07	19	A central system of accounting, budgeting, and purchasing had not been adopted
07.08	19	Duties were not segregated adequately in the Offices of County Mayor; Road Superintendent; Director of Schools; Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff
07.09	20	The general sessions judge also served as county attorney, school board attorney, and delinquent tax attorney, contrary to opinions issued by the state Attorney General's Office

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BLEDSOE 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 Bledsoe County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.

3. The audit disclosed one instance of noncompliance that was material to the financial statements of Bledsoe 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: the School Breakfast Program, the National School Lunch Program, and the Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the Community Development Block Grants/Small Cities Program (CFDA No. 14.219); the Title I Grants to Local Educational Agencies (CFDA No. 84.010); and the Special Education Cluster: Special Education - Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), were determined to be major programs.

8. A $300,000 threshold was used to distinguish between Type A and Type B federal programs.

9. Bledsoe County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

BLEDSOE COUNTY AND BLEDSOE COUNTY SCHOOL DEPARTMENT

FINDING 08.01 **BLEDSOE COUNTY AND THE BLEDSOE 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 Bledsoe County's and the Bledsoe 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 county's external auditors, to assist Bledsoe County and the School Department in preparing their financial statements and notes as a matter of convenience as long as the county and the 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

Bledsoe County and the Bledsoe 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 the 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 MAYOR

FINDING 08.02 **THE AMBULANCE SERVICE FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under Government Auditing Standards)

Generally accepted accounting principles require Bledsoe County to have adequate internal controls over the maintenance of its accounting records. At June 30, 2008, certain general ledger account balances in the Ambulance Service Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Therefore, the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. Although it is permissible for us, as the external auditors, to assist the county in preparing its financial statements, it is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to present properly the financial statements in this report.

RECOMMENDATION

Bledsoe County should have appropriate processes in place to ensure that its general ledgers are materially correct.

FINDING 08.03 **THE COUNTY MAYOR'S OFFICE AND THE AMBULANCE SERVICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT THEIR INFORMATION RESOURCES**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The County Mayor's Office and the Ambulance Service did not implement adequate controls to protect their information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the offices' information systems or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur.

RECOMMENDATION

The County Mayor's Office and the Ambulance Service should ensure that adequate controls over information systems and the resources associated with those systems are implemented.

OFFICES OF ROAD SUPERINTENDENT AND DIRECTOR OF SCHOOLS

FINDING 08.04 **THE OFFICES OF ROAD SUPERINTENDENT AND DIRECTOR OF SCHOOLS HAD DEFICIENCIES IN COMPUTER SYSTEMS BACKUP PROCEDURES**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Systems backups were not stored off-site until several months into the fiscal year. Sound business practices dictate that off-site storage of system backups be implemented. This deficiency is the result of managements' failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper systems backup procedures are now in place.

OFFICE OF ROAD SUPERINTENDENT

FINDING 08.05 **EXPENDITURES EXCEEDED TOTAL APPROPRIATIONS**
(Material Noncompliance Under Government Auditing Standards)

Expenditures exceeded total appropriations approved by the County Commission in the Highway/Public Works Fund by $342,785. Section 5-9-401, Tennessee Code Annotated, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies." This deficiency exists because management was unaware that the County Commission approved a version of the budget different from the budget initially proposed by the Highway Department. As a result, the Highway Department operated under the incorrect budget for the entire period.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission. The Highway Department should ensure that the budget information posted to the accounting records is the information approved by the County Commission.

MANAGEMENT'S RESPONSE – ROAD SUPERINTENDENT

On August 27, 2007, the county mayor called a County Commission meeting for consideration of the 2007-08 budget, and the Highway Department presented its proposed budget. Several county commissioners believed that highway appropriations were excessive in a few areas. After some discussion with the commissioners, my understanding was that I was to amend the categories that the commissioners deemed excessive, and subsequently these amendments were presented and adopted by the County Commission.

However, in the confusion at the budget hearing, the County Commission formally adopted one version of our budget when we thought they had adopted our original proposed budget. Therefore, we operated under the wrong budget numbers during the year until auditors brought this to our attention. I feel someone other than the Highway Department personnel made a mistake that caused the department's expenditures to exceed appropriations.

AUDITOR'S REBUTTAL

It is the responsibility of Highway Department personnel to know what budget the County Commission adopts and to post the correct appropriations to the accounting records.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 08.06 **CERTAIN EMPLOYEES AT THE SCHOOL BUS GARAGE USED DEPARTMENT PURCHASED FUEL IN THEIR PERSONAL VEHICLES AS REIMBURSEMENT**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

During our audit, we learned that it had been the practice at the school bus garage to provide their mechanics and maintenance personnel with department purchased fuel, which is tax-exempt fuel, as reimbursement for the use of their personal vehicles for driving to various job-sites. State and federal regulations prohibit the use of government purchased non-taxed fuel in personal vehicles. This practice results in a loss of tax revenue to the State of Tennessee. It should be noted that this practice was discontinued in August 2008, and employees are now required to file travel expense claims for reimbursement for the use of their personal vehicles.

RECOMMENDATION

School officials should ensure that employees do not use department purchased fuel in their personal vehicles and are reimbursed for the use of their personal vehicles based upon the actual miles driven through a department approved employee travel reimbursement plan.

OFFICES OF TRUSTEE AND REGISTER

FINDING 08.07 **THE OFFICES DID NOT REVIEW SOFTWARE AUDIT LOGS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The software applications used by the trustee and register generated a daily log that displayed changes made by users. Because this log provided the only audit trail of these changes, it should be reviewed daily for inappropriate activity. Since they were not aware

of its existence, management in each office did not begin reviewing this log until several months into the fiscal year. Procedures for reviewing this log are currently in place.

OFFICE OF SHERIFF

FINDING 08.08 **RECEIPTS WERE NOT ISSUED AT THE TIME OF COLLECTION**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Receipts were not issued at the time of collection. Instead, employees would write receipts for collections at the time bank deposits were prepared. The practice of issuing receipts subsequent to the actual collection increases the risk that officials will not properly account for funds. This deficiency remains uncorrected from prior years as a result of management's failure to take corrective action. Since receipts were not issued at the time of collection, we were unable to determine if the office had complied with Section 5-8-207, Tennessee Code Annotated. This statute requires officials to deposit all receipts within three days of collection.

RECOMMENDATION

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

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 08.09 **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 either the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

FINDING 08.10 **DUTIES WERE NOT SEGREGATED ADEQUATELY AT THE AMBULANCE SERVICE AND IN THE OFFICES OF COUNTY MAYOR; ROAD SUPERINTENDENT; DIRECTOR OF SCHOOLS; TRUSTEE; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees at the Ambulance Service and in the Offices of County Mayor; Road Superintendent; Director of Schools; Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of managements' decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

FINDING 08.11 **THE GENERAL SESSIONS JUDGE ALSO SERVED AS COUNTY ATTORNEY, SCHOOL BOARD ATTORNEY, AND DELINQUENT TAX ATTORNEY, CONTRARY TO OPINIONS ISSUED BY THE STATE ATTORNEY GENERAL'S OFFICE**
(Noncompliance Under Government Auditing Standards)

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

RECOMMENDATION

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

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs for federal programs.

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

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

County Mayor – Summary Schedule of Prior-year's Findings

FINDINGS 07.03 and 07.10

When applicable, the Emergency Management Agency (EMA) director submitted all bid information and purchase requests to the County Mayor's Office. The County Mayor's Office handled all paperwork for bids and submitted bid requests to the paper. All merchandise was delivered to the County Mayor's Office and inventoried. The EMA director picked up the merchandise and reported the location to us.