ANNUAL FINANCIAL REPORT

COFFEE COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2008

TENNESSEE
COMPTROLLER
OF THE TREASURY

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ANNUAL FINANCIAL REPORT

COFFEE COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2008

DEPARTMENT OF AUDIT
JUSTIN P. WILSON
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
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State Auditors

This financial report is available at www.tn.gov/comptroller

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Audit Highlights

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

Scope

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

Results

Our report on Coffee County's financial statements is unqualified.

Our audit resulted in 14 findings and recommendations, which we have reviewed with Coffee County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICES OF COUNTY MAYOR AND SHERIFF

- Deficiencies were noted in the administration of the commissary.

OFFICE OF COUNTY MAYOR

- Compensation was paid in-lieu-of insurance benefits to some employees contrary to an opinion of the state attorney general.
- The Ambulance Service did not require a depository to adequately collateralize funds exceeding Federal Deposit Insurance Corporation coverage.
- The Ambulance Service did not implement adequate controls to protect its information resources.
- The Ambulance Service had deficiencies in computer system backup procedures.

COFFEE COUNTY LIBRARIES

- Other auditors audited the financial statements of the Coffee County Libraries (a nonmajor special revenue fund). The other auditors' report for the year ended June 30, 2008, noted several deficiencies in the operations of the county's libraries.

OFFICE OF DIRECTOR OF SCHOOLS

- A tax anticipation note was not issued in compliance with state statutes.
- The office had deficiencies in purchasing procedures.
- The office did not require a depository to adequately collateralize funds exceeding Federal Deposit Insurance Corporation coverage.

OFFICES OF TRUSTEE; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; AND REGISTER

- The offices did not review software audit logs.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

- The office did not implement adequate controls to protect its information resources.

OFFICE OF REGISTER OF DEEDS

- The office did not require a depository to adequately collateralize funds exceeding Federal Deposit Insurance Corporation coverage.

OTHER FINDINGS

- County officials had not adopted a central system of accounting and budgeting.
- Duties were not segregated adequately among the officials and employees in the Offices of County Mayor, Director of Schools, Trustee, County Clerk, Clerk and Master, Register, and Sheriff.

INTRODUCTORY SECTION

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

June 17, 2009

Coffee County Commissioners
Citizens of Coffee County

Dear Commissioners and Citizens:

We are pleased to submit to you the Annual Financial Report of Coffee County, Tennessee, for the year ended June 30, 2008. The county's Office of Accounts and Budgets prepared this report in conjunction with the State of Tennessee's Office of the Comptroller of the Treasury, Department of Audit, Division of County Audit.

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

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

Coffee County's financial statements have been audited by the State of Tennessee's Office of the Comptroller of the Treasury, Department of Audit, Division of County Audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of Coffee County for the fiscal year ended June 30, 2008, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this report. This report on the financial statements of Coffee County, Tennessee, expresses an unqualified opinion.

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

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

PROFILE OF COFFEE COUNTY, TENNESSEE

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

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

The Coffee County Government continues to strive to provide essential services that enhance the quality of life for families throughout Coffee County. This requires detailed planning and the implementation of a number of initiatives and programs, which include a wide range of services from emergency management planning to expanding needed infrastructure, to running water and sewer to new and existing homes throughout Coffee County. Coffee County is also financially accountable for a legally separate school district, which is reported separately within its financial statements. Additional information on this legally separate entity along with the county's other discretely presented component units is incorporated into the financial statements.

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

ECONOMIC CONDITIONS

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

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

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

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

AWARDS AND ACKNOWLEDGEMENTS

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

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

Sincerely,

Marianna Edinger

Marianna Edinger, Director of Accounts and Budgets

David Pennington

David Pennington, Coffee County Mayor

Coffee County Officials
June 30, 2008

Officials

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

Board of County Commissioners

David Pennington, County Mayor, Chairman
Virgil Alford
Rennie Bell
John Berry
Jimmy Bradford
B. Rush Bricken
Bobby Bryan
G. Steven Cline
Lee Duckett
Janet Fann
Kerry Farrar
Ted Frisby
Charles Harris
Robin Hines
Paul Hogan
Mark Kelly
Tim Morris
Don Northcutt
Sam Rittenberry
Mark Schempp
Robert Stewart
Wilma Thomas

Road Commission

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

Board of Education

Jimmy Sain, Chairman
Tommy Allen
Reggie Johnson
Ricky Milburn
Kathy Norton
Esther Sims
Paul Thornton

Budget and Finance Committee

Ted Frisby, Chairman
B. Rush Bricken
Lee Duckett
Robin Hines
Sam Rittenberry

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

June 25, 2009

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Coffee County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Coffee County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Coffee County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Public Library Fund, a special revenue fund, which represent four percent and one percent, respectively, of the assets and revenues of the aggregate remaining fund information as of June 30, 2008. We also did not audit the financial statements of the Coffee County Emergency Communications District, which represent four percent and two percent, respectively, of the assets and revenues of the aggregate discretely presented component units, the Industrial Board of Coffee County, which represent three percent and one percent, respectively, of the assets and revenues of the aggregate discretely presented component units, or the Coffee County Public Building Authority, which represent 24 percent and four percent, respectively, of the assets and revenues of the aggregate discretely presented component units as of June 30, 2008, and for the year then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Public Library Fund, Coffee County Emergency Communications District, Industrial Board of Coffee County, and Coffee County Public Building Authority, is based on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Coffee County, Tennessee, as of June 30 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 25, 2009, on our consideration of Coffee County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., the discretely presented Coffee County School Department has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. For the first time, the financial statements include government-wide financial statements. Also, during the year, Coffee County implemented the provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures.

The management's discussion and analysis on pages 25 through 35 and the budgetary comparison, pension, and postemployment benefits information on pages 111 through 117 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 Coffee County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Coffee 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, combining and individual fund financial statements of the Coffee County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our report, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Coffee County Government (the county), we offer readers of Coffee County's financial statements this narrative overview and analysis of the financial activities and financial position of the county for the fiscal year ended June 30, 2008. In the broadest context, the financial well being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically so that the county's tax base, service levels, county assets, and the county's desirability will be maintained not just for the current year but well into the future. Financial reporting is limited in its ability to provide the future vision, but rather focuses on financial position and changes in financial position. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal as well as other community information found on the county's website at www.coffeecountytn.org. It should be noted that the Independent Auditors' Report describes the auditors' association with the various sections of this report and that all of the additional information from the website and other county sources is unaudited.

IN BRIEF

- The assets of Coffee County, including its governmental activities, business-type activities, and discretely presented component units, exceeded its liabilities at the close of the most recent fiscal year by $36,516,578 (net assets). It should be noted that 80.8 percent of the county's net assets are capital assets (e.g. land, buildings, equipment, improvements, and infrastructure) and that most capital assets in government, with the exception of business-type assets, do not directly generate revenue nor can they be sold to generate liquid capital.

- As of the close of the current fiscal year, Coffee County's governmental funds reported combined ending fund balances of $9,722,384. Within this total, $4,122,984 is reserved for special purposes and the remaining $5,599,400 comprises the unreserved balances in the General Fund and other nonmajor governmental funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Nonfinancial assets such as governmental

buildings, roads, bridges, land, and long-term liabilities such as bonds payable or long-term liabilities that will not be paid with current assets are excluded. Such information may be useful in evaluating a government's near-term financing requirements.

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

Coffee County reports the following major governmental fund: the General Fund. Additionally, Coffee County reports the following fund types: special revenue funds, debt service funds, capital project funds, an enterprise fund, and agency funds. Agency funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Coffee County, and state grants and other restricted revenues held for the benefit of the Fourteenth Judicial District Drug Task Force. Agency funds are custodial in nature (assets equal liabilities). Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for major funds. Data from the other nonmajor governmental funds, i.e., Public Library Fund, Solid Waste/Sanitation Fund, Industrial/Economic Development Fund, Local Purpose Tax Fund, Drug Control Fund, District Attorney General Fund, Commissary Fund, Constitutional Officers - Fees Fund, Highway/Public Works Fund, debt service funds, and capital projects funds, are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the Annual Financial Report.

Proprietary Fund

In April 2002, the Coffee County Commission approved Resolution #2002-12 which created a Coffee County Water and Wastewater Authority to allow the county to own and operate wastewater treatment systems within the rural areas of Coffee County. This allowed the county to have a means to develop parts of Coffee County that previously would not have been capable of supporting development due to poor soil conditions. Construction began on Coffee County's first wastewater septic system in 2006 and was completed in February 2008. The county accounts for the operation of this system in a proprietary fund as a business-type activity.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets and especially net assets by category may serve over time as a useful indicator of the government's financial position. In the case of the county, assets of the governmental activities, business-type activities, and the discretely presented component units exceeded liabilities by $36,516,578 as of June 30, 2008.

The largest portion of the county's net assets $29,515,939 (80.8%) reflects its investments in capital assets (e.g., land, buildings, equipment, improvements and infrastructure), less any debt used to acquire those assets that is still outstanding. The county uses these capital assets to provide service to citizens; consequently these assets are not available for future spending and do not generate direct revenue for the county. They do represent, however, an obligation on the part of the county to maintain these assets into the future. Although the county's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Coffee County
Statement of Net Assets
June 30, 2008

	Govern-mental Activities	Business-type Activities	Component Units	Totals
Assets:				
Current and Other Assets	$ 21,559,531	$ 43,226	$ 23,381,146	$ 44,983,903
Capital Assets	24,439,247	898,228	14,990,212	40,327,687
Total Assets	$ 45,998,778	$ 941,454	$ 38,371,358	$ 85,311,590
Liabilities:				
Current Liabilities	$ 11,571,253	$ 4,887	$ 11,580,124	$ 23,156,264
Long-term Liabilities	1,581,002	314,423	7,743,323	9,638,748
Total Liabilities	$ 13,152,255	$ 319,310	$ 19,323,447	$ 32,795,012
Net Assets:				
Invested in Capital Assets - Net of Related Debt	$ 14,677,868	$ 580,008	$ 14,258,063	$ 29,515,939
Restricted	7,526,504	0	1,734,842	9,261,346
Unrestricted	(5,357,849)	42,136	3,055,006	(2,260,707)
Total Net Assets	$ 16,846,523	$ 622,144	$ 19,047,911	$ 36,516,578

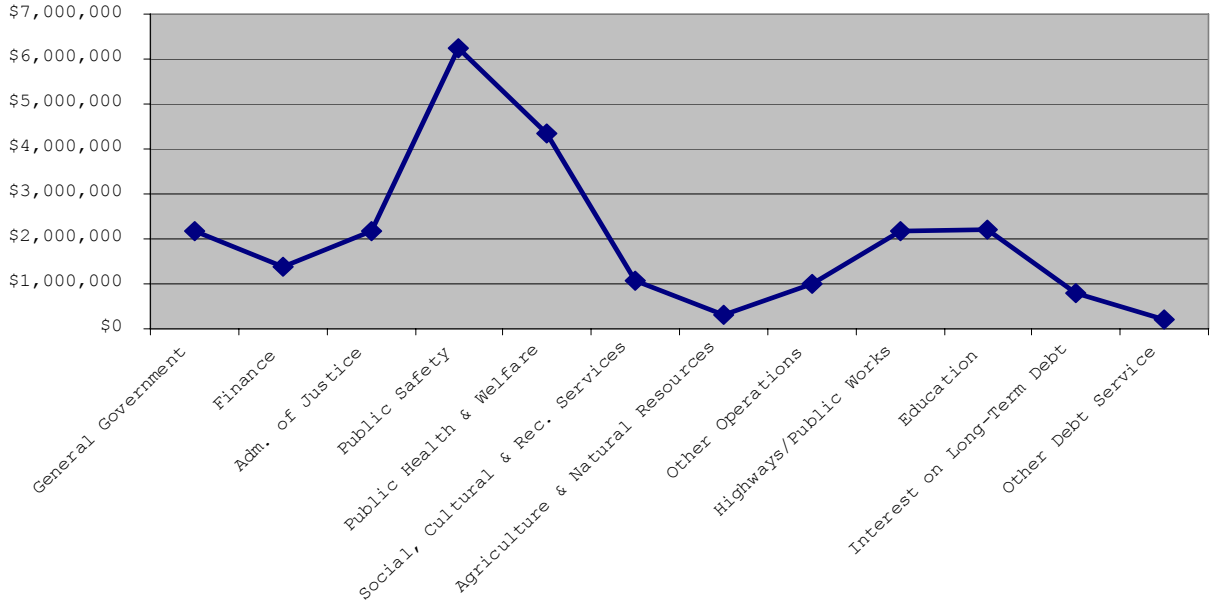
As of June 30, 2008, the county has positive balances in all three categories of the statement of net assets. The primary government's net assets increased $369,077 during the fiscal year.

At year-end, long-term liabilities of the primary government included outstanding debt issued of $19,377,928 and compensated absences of $504,903. During the year, the county issued $3,000,000 of rural debt to refund the 2007 capital outlay notes and to purchase a building for the county's alternative school and bus garage.

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

	Govern-mental Activities	Business-type Activities	Component Units	Totals
Revenues:				
Program Revenues:				
Charges for Services	$ 6,529,141	$ 32,478	$ 2,089,794	$ 8,651,413
Operating Grants and Contributions	3,217,111	0	3,056,234	6,273,345
Capital Grants and Contributions	440,037	63,422	876,993	1,380,452
General Revenues:				
Property Taxes	9,033,778	0	6,814,397	15,848,175
Local Option Sales Taxes	2,857,783	0	3,598,463	6,456,246
Other Taxes	1,421,627	0	3,167	1,424,794
Grants and Contributions Not Restricted for Specific Programs	443,255	0	19,674,019	20,117,274
Unrestricted Investment Earnings	362,992	0	587,400	950,392
Amortized Premium	13,222	0	0	13,222
Miscellaneous	47,672	0	103,989	151,661
Total Revenues	$ 24,366,618	$ 95,900	$ 36,804,456	$ 61,266,974
Expenses:				
General Government	$ 2,175,310	$ 0	$ 0	$ 2,175,310
Finance	1,383,820	0	0	1,383,820
Administration of Justice	2,169,086	0	0	2,169,086
Public Safety	6,248,303	0	420,028	6,668,331
Public Health and Welfare	4,360,095	0	0	4,360,095
Social, Cultural, and Recreational	1,056,503	0	0	1,056,503
Agriculture and Natural Resources	303,881	0	0	303,881
Other Operations	992,077	33,587	1,578,233	2,603,897
Highways/Public Works	2,168,426	0	0	2,168,426
Education	2,216,824	0	33,451,077	35,667,901
Interest on Long-term Debt	785,965	0	0	785,965
Other Debt Service	199,564	0	0	199,564
Total Expenses	$ 24,059,854	$ 33,587	$ 35,449,338	$ 59,542,779
Insurance Recovery	$ 0	$ 0	$ 27,115	$ 27,115
Transfers	(28,919)	28,919	0	0
Increase (Decrease) in Net Assets	$ 277,845	$ 91,232	$ 1,382,233	$ 1,751,310
Net Assets, July 1, 2007	16,568,678	530,912	17,710,710	34,810,300
Prior-period Adjustment	0	0	(45,132)	(45,132)
Net Assets, June 30, 2008	$ 16,846,523	$ 622,144	$ 19,047,811	$ 36,516,478

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



Property taxes are the main funding source of the county with 64 percent of the uniform tax rate being allocated to the three school systems. Property tax rates for the last five years are as follows:

Coffee County Property Tax Rates

Calendar Year **Fiscal Year**	**2004** **FY05**	**2005** **FY06**	**2006** **FY07**	**2007** **FY08**	**2008** **FY09**
General Fund	$ 1.01	$ 0.92	$ 0.92	$ 0.81	$ 0.81
School Purposes	1.37	1.26	1.26	1.54	1.58
General Debt Service Fund	0.18	0.07	0.07	0.02	0.07
Total Uniform Rate	$ 2.56	$ 2.25	$ 2.25	$ 2.37	$ 2.46
Education Debt Service	0.08	0.07	0.07	0.08	0.08
Total Education Debt Service	$ 2.64	$ 2.32	$ 2.32	$ 2.45	$ 2.54
Rural Debt Service	0.17	0.12	0.12	0.12	0.12
Rural Solid Waste/Sanitation	0.21	0.21	0.21	0.21	0.21
Total Rural Property Tax	$ 3.02	$ 2.65	$ 2.65	$ 2.78	$ 2.87
Industrial Park Tax Special Purpose Tax	0.29	0.28	0.28	0.28	0.28
Total Industrial Park Tax	$ 3.31	$ 2.93	$ 2.93	$ 3.06	$ 3.15

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

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

At the end of the current fiscal year, the county's governmental funds reported combined ending fund balances of $9,722,384. Within this total, $4,122,984 is reserved for specific purposes and the remaining $5,599,400 comprises the unreserved fund balances in the General Fund and other nonmajor governmental funds.

It is one of the county's financial policies to maintain a fund balance of $700,000 in the General Fund, if possible. Due to actual revenues being more than budgeted and actual expenditures and net transfers being less than budgeted, the actual budget basis fund balance change was an increase for fiscal year 2008 of $254,030. The amount of excess fund balance exceeding the 2008 budget will be addressed during the 2009 budget deliberations.

The County Commission set aside additional revenues from the ¾ cent sales tax referendum that was approved by the voters in February 2007, into two new debt service funds to be used for rural county schools construction and renovation. In the General Capital Projects Fund, the county earmarked 27 percent of the second-half of sales tax collections to be used for rural projects. As of the close of fiscal year 2008, $356,795 had been deposited into that fund.

Proprietary Fund

The county's proprietary fund statement provides the same type of information found in the government-wide financial statements, but in more detail. This fund reflects the operations of the Wayside Acres Sewer System. The construction of this system is being funded through grants from the State of Tennessee and rural development loans. The fund is supported by fees charged to the users of the septic system. This project was completed in February 2008.

General Fund Budgetary Highlights

During the year, amendments to the original appropriations were approved by the Coffee County Commission. Overall these changes resulted in an increase in budgeted expenditures from the original budget of two percent or $354,689.

The majority of the increase was due to the receipt of a grant from the State of Tennessee for public safety equipment for the Sheriff's Department and the completion of the communication tower in the Beech Grove Community. Other grants received from the State of Tennessee were a grant through the Health Department to address teenage tobacco use and one from the Department of Agriculture for improvements to the farmer's market

trading shelter. Management's estimate of the General Fund's budgeted revenues increased $411,875 from the original budget due to amendments to properly receipt the grants mentioned in the above statement.

CAPITAL ASSETS

The county's investment in capital assets for its primary government as of June 30, 2008, totals $25,337,475 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, infrastructure, library assets, and construction in progress. The total decrease in the county's investment in capital assets for the current fiscal year was $36,827 or .1 percent.

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

- Purchasing a second camera system for the Coffee County Jail
- Purchasing one new ambulance and one remount for the Ambulance Service
- Purchasing eight new vehicles for various county departments
- Installing a new phone system at the Administrative Plaza

Coffee County
Capital Assets at Year End
Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Component Units	
	6-30-07	6-30-08	6-30-07	6-30-08	6-30-07	6-30-08
Capital Assets						
Land	$ 3,500,751	$ 3,500,751	$ 0	$ 30,120	$ 0	$ 1,088,853
Buildings and Improvements	11,864,049	11,445,373	0	868,108	31,227	11,718,137
Other Capital Assets	2,267,487	2,476,021	0	0	350,730	2,183,222
Infrastructure	6,895,478	7,017,102	0	0	0	0
Construction in Progress	0	0	846,537	0	0	0
Total Capital Assets	$ 24,527,765	$ 24,439,247	$ 846,537	$ 898,228	$ 381,957	$ 14,990,212

DEBT ADMINISTRATION

At the end of the current fiscal year, Coffee County and the discretely presented Coffee County School Department had total outstanding debt of $20,110,075. Of that amount, $19,791,914 comprises debt backed by the full faith and credit of the government and $318,161 represents bonds secured solely by wastewater revenues. In October 2007, the county issued $3,000,000 in rural school bonds to purchase a building to house the school bus garage and alternative school and to retire $718,460 in capital outlay notes that had previously been issued to purchase portables to relieve the overcrowding at several of the

county schools. The county has a debt rating of A by Standard and Poor's on the county-wide debt, an A3 by Moody's on the rural school pledges, and an A+ by S&P on the new school pledges.

Coffee County
Outstanding Debt at Year End

Fund/Description	6-30-07	6-30-08
Primary Government		
General Debt Service		
Series 1998 GO Bonds	$ 180,000	$ 0
Vocational Training Center, Conference Center, Public Facility Bonds	965,000	875,000
Series 9001 B Public Facility Bonds	360,000	185,000
Series 2002 A-7-D TN Loans	1,500,000	1,500,000
2004 Six-Year Capital Outlay Note	436,000	327,000
Series 2006 C GO Refunding Bonds	2,590,000	2,200,000
Coffee County Portion of Z-4-A PBA Loans	4,475,000	4,455,000
Total General Debt Service	$ 10,506,000	$ 9,542,000
Rural Debt Service		
2004 Six-Year Capital Outlay Note	$ 436,517	$ 282,708
Series 2006 B Rural School Refunding Bonds	2,580,000	2,295,000
2007 Three-Year Capital Outlay Note	718,460	0
Series 2007 Z-5-B Rural School Bonds	0	2,850,000
Total Rural Debt Service	$ 3,734,977	$ 5,427,708
Education Debt Service		
Series 2006 A Senior High Refunding Bonds	$ 4,055,000	$ 3,785,000
Wayside Acres Sewer		
$224,000 Rural Development Loan	$ 222,332	$ 219,807
$100,000 Rural Development Loan	99,471	98,413
Total Wayside Acres Sewer	$ 321,803	$ 318,220
Other Capital Projects		
Ambulance Facilities, Series 2008	$ 0	$ 170,000
Local Purpose Tax		
Road Improvements, Series 2008	$ 0	$ 135,000

Coffee County
Outstanding Debt at Year End (Cont.)

Fund/Description	6-30-07	6-30-08
Discretely Presented Coffee County School Department		
General Purpose School		
School Buses	$ 303,487	$ 232,147
Energy Efficiency Improvements	0	500,000
Total Wayside Acres Sewer	$ 303,487	$ 732,147
Total Long-term Debt Outstanding	$ 18,617,780	$ 20,110,075

LIMIT ON AMOUNT OF OUTSTANDING DEBT

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

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Based on the 2000 census, the population of Coffee County is 48,014. Coffee County has favorable economic factors with a steady tax base and an unemployment rate of 6.5 percent. With three industrial parks within its boundaries, Coffee County offers a wide variety of industry. Tullahoma is home to a municipal airport and the CSX and Caney Fork and Western Railroads also provide transportation to and from the county.

Due to continual overcrowding at the Coffee County Jail, the Coffee County Sheriff realizes the need for an addition to the current facility and is in the process of studying the fiscal impact of an expansion. The first phase of the school building program was approved by the full commission in July 2008, and includes the construction of both a new elementary and a middle school and major renovations at Hillsboro Elementary School.

In the fiscal year 2008-2009 budget, General Fund revenues are budgeted to increase by one percent from the 2007-2008 unaudited actual amounts with property taxes making up 45 percent of General Fund budgeted revenues. Certified assessed valuations increased two percent from the previous years' valuation. The undesignated fund balance in the General Fund at year-end is estimated to be $976,553. This is an increase of 38 percent over last year's budgeted undesignated fund balance. Due to the projected downturn in the national economy, management insisted that an increased amount should be set aside in case of a shortfall in revenues, but historically, a significant part of the annual appropriation has not been utilized and is returned to the unreserved fund balance at the end of the fiscal year.

REQUEST FOR INFORMATION

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

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Basic Financial Statements

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Exhibit A

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

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Coffee County School Department	Coffee County Emergency Communications District	Industrial Board of Coffee County	Coffee Public Building Authority
ASSETS							
Cash	$ 763,921	$ 0	$ 763,921	$ 11,041	$ 1,009,045	$ 959,497	$ 156,111
Equity in Pooled Cash and Investments	7,695,656	40,728	7,736,384	5,796,541	0	0	0
Inventories	13,422	0	13,422	0	0	0	18,045
Accounts Receivable	3,217,779	2,498	3,220,277	70,163	23,724	8,021	7,015,031
Allowance for Uncollectibles	(1,330,955)	0	(1,330,955)	0	0	0	0
Due from Other Governments	1,411,693	0	1,411,693	1,101,495	18,290	0	0
Property Taxes Receivable	9,828,411	0	9,828,411	7,294,751	0	0	0
Allowance for Uncollectible Property Taxes	(326,176)	0	(326,176)	(186,614)	0	0	0
Prepaid Items	0	0	0	0	17,326	0	0
Note Receivable	0	0	0	0	0	68,679	0
Deferred Charges - Debt Issuance Costs	285,780	0	285,780	0	0	0	0
Capital Assets:							
Assets Not Depreciated:							
Land	3,500,751	30,120	3,530,871	1,088,853	0	0	0
Assets Net of Accumulated Depreciation:							
Buildings and Improvements	11,445,373	868,108	12,313,481	9,665,422	35,791	0	2,016,924
Infrastructure	7,017,102	0	7,017,102	0	0	0	0
Other Capital Assets	2,476,021	0	2,476,021	1,592,502	324,471	196,118	70,131
Total Assets	$ 45,998,778	$ 941,454	$ 46,940,232	$ 26,434,154	$ 1,428,647	$ 1,232,315	$ 9,276,242

(Continued)

Exhibit A

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

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Coffee County School Department	Coffee County Emergency Communications District	Industrial Board of Coffee County	Coffee Public Building Authority
LIABILITIES							
Accounts Payable	$ 200,627	$ 1,090	$ 201,717	$ 9,478	$ 1,986	$ 0	$ 62,835
Accrued Payroll	0	0	0	2,229,585	0	0	0
Payroll Deductions Payable	19,987	0	19,987	1,471,030	49	0	0
Claims and Judgments Payable	0	0	0	146,634	0	0	0
Accrued Interest Payable	240,822	0	240,822	6,404	0	0	146,632
Due to Litigants, Heirs, and Others	5,241	0	5,241	0	0	0	0
Due to State of Tennessee	2,876	0	2,876	0	0	0	0
Deferred Revenue - Current Property Taxes	9,212,100	0	9,212,100	6,926,941	0	0	0
Noncurrent Liabilities:							
Due Within One Year	1,784,488	3,797	1,788,285	102,121	0	0	405,000
Due in More Than One Year (net of deferred amount on refunding and unamortized premiums on debt)	17,686,114	314,423	18,000,537	1,384,268	0	0	6,430,484
Total Liabilities	$ 29,152,255	$ 319,310	$ 29,471,565	$ 12,276,461	$ 2,035	$ 0	$ 7,044,951
NET ASSETS							
Invested in Capital Assets, Net of Related Debt	$ 14,677,868	$ 580,008	$ 15,257,876	$ 11,614,630	$ 0	$ 0	$ 0
Invested in Capital Assets	0	0	0	0	360,261	196,118	2,087,054
Restricted for:							
Public Library	332,899	0	332,899	0	0	0	0
Solid Waste/Sanitation	813,524	0	813,524	0	0	0	0
Industrial/Economic Development	19,953	0	19,953	0	0	0	0
Local Purpose Tax	194,429	0	194,429	0	0	0	0
Drug Control	251,228	0	251,228	0	0	0	0
District Attorney General	121,737	0	121,737	0	0	0	0
Commissary	51,247	0	51,247	0	0	0	0
Highway/Public Works	1,568,080	0	1,568,080	0	0	0	0
Basic Education Program	0	0	0	320,022	0	0	0
School Federal Projects	0	0	0	9,898	0	0	0
Central Cafeteria	0	0	0	556,826	0	0	0
Capital Projects	830,371	0	830,371	785,245	0	0	0
Debt Service	3,006,945	0	3,006,945	0	0	0	0
Other Purposes	336,091	0	336,091	62,851	0	0	0
Unrestricted	(5,357,849)	42,136	(5,315,713)	808,221	1,066,351	1,036,197	144,237
Total Net Assets	$ 16,846,523	$ 622,144	$ 17,468,667	$ 14,157,693	$ 1,426,612	$ 1,232,315	$ 2,231,291

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

Exhibit B

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets						
					Primary Government			Component Units			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Coffee County School Department	Coffee County Emergency Communications District	Industrial Board of Coffee County	Coffee County Public Building Authority
Primary Government:											
Governmental Activities:											
General Government	$ 2,175,310	$ 1,093,777	$ 72,699	$ 0	$ (1,008,834)	$ 0	$ (1,008,834)	$ 0	$ 0	$ 0	$ 0
Finance	1,383,820	1,278,429	18,086	0	(87,305)	0	(87,305)	0	0	0	0
Administration of Justice	2,169,086	1,813,801	106,326	0	(248,959)	0	(248,959)	0	0	0	0
Public Safety	6,248,303	951,687	250,562	2,096	(5,043,958)	0	(5,043,958)	0	0	0	0
Public Health and Welfare	4,360,095	1,308,048	791,361	146,120	(2,114,566)	0	(2,114,566)	0	0	0	0
Social, Cultural, and Recreational Services	1,056,503	74,949	59,980	0	(921,574)	0	(921,574)	0	0	0	0
Agriculture and Natural Resources	303,881	0	0	0	(303,881)	0	(303,881)	0	0	0	0
Other Operations	992,077	5,585	0	33,163	(953,329)	0	(953,329)	0	0	0	0
Highways	2,168,426	2,865	1,918,097	258,658	11,194	0	11,194	0	0	0	0
Education	2,216,824	0	0		(2,216,824)	0	(2,216,824)	0	0	0	0
Interest on Long-term Debt	785,965	0	0	0	(785,965)	0	(785,965)	0	0	0	0
Other Debt Service	199,564	0	0	0	(199,564)	0	(199,564)	0	0	0	0
Total Governmental Activities	$ 24,059,854	$ 6,529,141	$ 3,217,111	$ 440,037	$ (13,873,565)	$ 0	$ (13,873,565)	$ 0	$ 0	$ 0	$ 0
Business-type Activities:											
Wayside Acres Sewer Fund	$ 33,587	$ 32,478	$ 0	$ 63,422	$ 0	$ 62,313	$ 62,313	$ 0	$ 0	$ 0	$ 0
Total Business-type Activities	$ 33,587	$ 32,478	$ 0	$ 63,422	$ 0	$ 62,313	$ 62,313	$ 0	$ 0	$ 0	$ 0
Total Primary Government	$ 24,093,441	$ 6,561,619	$ 3,217,111	$ 503,459	$ (13,873,565)	$ 62,313	$ (13,811,252)	$ 0	$ 0	$ 0	$ 0
Component Units:											
Coffee County School Department	$ 33,451,077	$ 1,110,417	$ 3,056,234	$ 786,824	$ 0	$ 0	$ 0	$ (28,497,602)	$ 0	$ 0	$ 0
Emergency Communications District	420,028	359,229	0	90,169	0	0	0	0	29,370	0	0
Industrial Board of Coffee County	243,392	0	0	0	0	0	0	0	0	(243,392)	0
Coffee County Public Building Authority	1,334,841	620,148	0	0	0	0	0	0	0	0	(714,693)
Total Component Units	$ 35,449,338	$ 2,089,794	$ 3,056,234	$ 876,993	$ 0	$ 0	$ 0	$ (28,497,602)	$ 29,370	$ (243,392)	$ (714,693)

(Continued)

Exhibit B

Coffee 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: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Coffee County School Department	Component Units: Coffee County Emergency Communications District	Component Units: Industrial Board of Coffee County	Component Units: Coffee County Public Building Authority
General Revenues:											
Taxes:											
Property Taxes Levied for General Purposes					$ 7,972,808	$ 0	$ 7,972,808	$ 6,814,397	$ 0	$ 0	$ 0
Property Taxes Levied for Debt Service					1,060,970	0	1,060,970	0	0	0	0
Local Option Sales Taxes					2,857,783	0	2,857,783	3,598,463	0	0	0
Litigation Taxes					352,797	0	352,797	0	0	0	0
Wholesale Beer Tax					253,337	0	253,337	0	0	0	0
Mineral Severance Tax					71,247	0	71,247	0	0	0	0
Business Tax					741,426	0	741,426	0	0	0	0
Other Local Taxes					2,820	0	2,820	3,167	0	0	0
Grants and Contributions Not Restricted for Specific Programs					443,255	0	443,255	18,932,277	120,041	472,663	149,038
Unrestricted Investment Earnings					362,992	0	362,992	8,293	39,956	49,862	489,289
Miscellaneous					47,672	0	47,672	68,856	367	1,990	32,776
Amortized Premium					13,222	0	13,222	0	0	0	0
Total General Revenues					$ 14,180,329	$ 0	$ 14,180,329	$ 29,425,453	$ 160,364	$ 524,515	$ 671,103
Insurance Recovery					$ 0	$ 0	$ 0	$ 27,115	$ 0	$ 0	$ 0
Transfers					(28,919)	28,919	0	0	0	0	0
Change in Net Assets					$ 277,845	$ 91,232	$ 369,077	$ 954,966	$ 189,734	$ 281,123	$ (43,590)
Net Assets, July 1, 2007					16,568,678	530,912	17,099,590	13,202,727	1,282,010	951,092	2,274,881
Prior-period Adjustments					0	0	0	0	(45,132)	0	0
Net Assets, June 30, 2008					$ 16,846,523	$ 622,144	$ 17,468,667	$ 14,157,693	$ 1,426,612	$ 1,232,215	$ 2,231,291

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

Exhibit C-1

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

	Major Fund General	Nonmajor Funds Other Govern-mental Funds	Total Govern-mental Funds
ASSETS			
Cash	$ 1,500	$ 762,421	$ 763,921
Equity in Pooled Cash and Investments	1,886,457	5,809,199	7,695,656
Inventories	7,570	5,852	13,422
Accounts Receivable	3,149,182	66,442	3,215,624
Allowance for Uncollectibles	(1,330,955)	0	(1,330,955)
Due from Other Governments	451,328	960,365	1,411,693
Due from Other Funds	126,293	8,516	134,809
Property Taxes Receivable	7,309,352	2,519,059	9,828,411
Allowance for Uncollectible Property Taxes	(188,889)	(137,287)	(326,176)
Total Assets	$ 11,411,838	$ 9,994,567	$ 21,406,405
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 107,204	$ 93,423	$ 200,627
Payroll Deductions Payable	16,400	3,587	19,987
Due to Other Funds	8,516	124,138	132,654
Due to State of Tennessee	2,492	384	2,876
Due to Litigants, Heirs, and Others	0	5,241	5,241
Deferred Revenue - Current Property Taxes	6,935,182	2,276,918	9,212,100
Deferred Revenue - Delinquent Property Taxes	165,063	99,204	264,267
Other Deferred Revenues	1,479,490	366,779	1,846,269
Total Liabilities	$ 8,714,347	$ 2,969,674	$ 11,684,021
Fund Balances			
Reserved for Encumbrances	$ 139,791	$ 454,290	$ 594,081
Reserved for Alcohol and Drug Treatment	39,080	0	39,080
Reserved for Drug Court	151,792	0	151,792
Reserved for Sexual Offender Registration	4,336	0	4,336
Reserved for Computer System - Register	20,684	0	20,684
Reserved for Automation Purposes - Chancery Court	7,359	0	7,359
Reserved for Automation Purposes - Sheriff	822	0	822
Reserved for State Reappraisal Grant	97,914	0	97,914
Reserved for Inventory	0	5,852	5,852
Reserved for Other General Purposes	14,104	0	14,104
Unreserved, Reported In:			
General Fund	2,221,609	0	2,221,609
Special Revenue Funds	0	3,377,791	3,377,791
Debt Service Funds	0	2,729,882	2,729,882
Capital Projects Funds	0	457,078	457,078
Total Fund Balances	$ 2,697,491	$ 7,024,893	$ 9,722,384
Total Liabilities and Fund Balances	$ 11,411,838	$ 9,994,567	$ 21,406,405

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

Exhibit C-2

Coffee County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Assets
June 30, 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)		$ 9,722,384
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in in the governmental funds.		
Add: land	$ 3,500,751	
Add: buildings and improvements net of accumulated depreciation	11,445,373	
Add: infrastructure net of accumulated depreciation	7,017,102	
Add: other capital assets net of accumulated depreciation	2,476,021	24,439,247
(2) Long-term liabilities are not due in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	$ (8,280,000)	
Less: notes payable	(914,708)	
Less: other loans payable	(9,865,000)	
Less: compensated absences payable	(504,903)	
Less: other postemployment benefits liability	(91,890)	
Less: accrued interest on bonds	(136,594)	
Less: accrued interest on notes	(6,975)	
Less: accrued interest on other loans	(97,253)	
Less: other deferred revenue - premium on debt	(105,112)	
Add: deferred charges - debt issuance costs	285,780	
Add: deferred charges - refunding	291,011	(19,425,644)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		2,110,536
Net assets of governmental activities (Exhibit A)		$ 16,846,523

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

Exhibit C-3

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

	Major Fund General	Nonmajor Funds Other Govern-mental Funds	Total Governmental Funds
Revenues			
Local Taxes	$ 8,571,457	$ 4,923,426	$ 13,494,883
Licenses and Permits	213,704	6,058	219,762
Fines, Forfeitures, and Penalties	410,950	97,913	508,863
Charges for Current Services	1,765,594	1,409,707	3,175,301
Other Local Revenues	529,166	634,160	1,163,326
Fees Received from County Officials	1,577,828	0	1,577,828
State of Tennessee	2,044,099	2,335,971	4,380,070
Federal Government	95,715	164,274	259,989
Other Governments and Citizens Groups	11,158	63,621	74,779
Total Revenues	$ 15,219,671	$ 9,635,130	$ 24,854,801
Expenditures			
Current:			
General Government	$ 1,594,231	$ 165,021	$ 1,759,252
Finance	875,662	449,366	1,325,028
Administration of Justice	1,325,359	813,935	2,139,294
Public Safety	5,898,511	243,030	6,141,541
Public Health and Welfare	2,929,301	1,326,653	4,255,954
Social, Cultural, and Recreational Services	148,843	904,700	1,053,543
Agriculture and Natural Resources	304,060	0	304,060
Other Operations	1,250,007	106,313	1,356,320
Highways	0	2,280,177	2,280,177
Debt Service:			
Principal on Debt	0	2,541,269	2,541,269
Interest on Debt	0	801,744	801,744
Other Debt Service	0	189,186	189,186
Capital Projects	0	1,577,269	1,577,269
Capital Projects - Donated	0	786,824	786,824
Total Expenditures	$ 14,325,974	$ 12,185,487	$ 26,511,461
Excess (Deficiency) of Revenues Over Expenditures	$ 893,697	$ (2,550,357)	$ (1,656,660)
Other Financing Sources (Uses)			
Notes Issued	$ 0	$ 305,000	$ 305,000
Other Loans Issued	0	3,000,000	3,000,000
Proceeds from Sale of Capital Assets	165,000	0	165,000
Insurance Recovery	7,200	0	7,200
Transfers In	24,959	836,826	861,785
Transfers Out	(836,826)	(53,878)	(890,704)
Total Other Financing Sources (Uses)	$ (639,667)	$ 4,087,948	$ 3,448,281
Net Change in Fund Balances	$ 254,030	$ 1,537,591	$ 1,791,621
Fund Balance, July 1, 2007	2,443,461	5,487,302	7,930,763
Fund Balance, June 30, 2008	$ 2,697,491	$ 7,024,893	$ 9,722,384

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

Exhibit C-4

Coffee County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 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)		$ 1,791,621
(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	$ 1,062,313	
Less: current year depreciation expense	(1,165,053)	(102,740)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized	$ 36,410	
Less: gain on the disposal of capital assets	(22,188)	14,222
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2008	$ 2,110,536	
Less: deferred delinquent property taxes and other deferred June 30, 2007	(2,648,351)	(537,815)
(4) The issuance of long-term debt (e.g., bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Less: note proceeds	$ (305,000)	
Less: other loan proceeds	(3,000,000)	
Add: premium on debt proceeds	13,222	
Add: deferred debt issuance costs	37,117	
Add: principal payments on notes	981,269	
Add: principal payments on bonds	1,125,000	
Add: principal payments on other loans	435,000	
Less: amortization of deferred amount on refunding	(47,495)	(760,887)
(5) Some expenses reported in the statement of activities do not require the uses of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in accrued interest payable	$ 15,779	
Change in compensated absences payable	(50,445)	
Change in other postemployment benefits liability	(91,890)	(126,556)
Change in net assets of governmental activities (Exhibit B)		$ 277,845

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

Exhibit D-1

Coffee County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2008

	Business-type Activities
	Wayside Acres Sewer Fund
ASSETS	
Current Assets:	
Equity in Pooled Assets and Investments	$ 40,728
Accounts Receivable	2,498
Total Current Assets	$ 43,226
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation):	
Land	$ 30,120
Buildings and Improvements	868,108
Total Noncurrent Assets	$ 898,228
Total Assets	$ 941,454
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 1,090
Current Maturities of Long-term Debt	3,797
Total Current Liabilities	$ 4,887
Noncurrent Liabilities:	
Long-term Debt	$ 314,423
Total Noncurrent Liabilities	$ 314,423
Total Liabilities	$ 319,310

(Continued)

Exhibit D-1

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

	Business-type Activities
	Wayside Acres Sewer Fund
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	$ 580,008
Unrestricted	42,136
Total Net Assets	$ 622,144

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

Exhibit D-2

Coffee County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2008

	Business-type Activities	
	Wayside Acres Sewer Fund	
Operating Revenues		
Charges for Current Services	$	32,478
Total Operating Revenues	$	32,478
Operating Expenses		
Public Health and Welfare	$	8,327
Depreciation		11,731
Total Operating Expenses	$	20,058
Operating Income (Loss)	$	12,420
Nonoperating Revenues (Expenses)		
Contributions	$	63,422
Interest on Other Loans		(13,529)
Total Nonoperating Expenses	$	49,893
Transfers In	$	28,919
Change in Net Assets	$	91,232
Net Assets, July 1, 2007		530,912
Net Assets, June 30, 2008	$	622,144

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

Exhibit D-3

Coffee County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2008

	Business-type Activities Wayside Acres Sewer Fund
Cash Flows from Operating Activities	
Receipts from Customers and Users	$ 32,478
Payments to Suppliers	(7,237)
Net Cash Provided By (Used In) Operating Activities	$ 25,241
Cash Flows from Capital and Related Financing Activities	
Principal Paid on Other Loans	$ (3,989)
Interest Paid on Other Loans	(15,073)
Net Cash Provided By (Used In) Capital and Related Financing Activities	$ (19,062)
Cash Flows from Noncapital Financing Activities	
Transfers from Other Funds	$ 28,919
Net Increase (Decrease) in Cash	$ 35,098
Cash, July 1, 2007	5,630
Cash, June 30, 2008	$ 40,728
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities	
Operating Income (Loss)	$ 12,420
Adjustment to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	11,731
Change in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	1,090
Net Cash Provided By (Used In) Operating Activities	$ 25,241

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

Exhibit E

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

	Agency Funds
ASSETS	
Cash	$ 1,352,795
Equity in Pooled Cash and Investments	295,818
Due from Other Governments	2,118,562
Property Taxes Receivable	6,948,996
Allowance for Uncollectible Property Taxes	(176,983)
Total Assets	$ 10,539,188
LIABILITIES	
Accounts Payable	$ 24
Payroll Deductions Payable	241
Due to Other Funds	2,155
Due to State of Tennessee	61
Due to Other Taxing Units	8,943,510
Due to Litigants, Heirs, and Others	1,352,795
Due to Joint Ventures	240,402
Total Liabilities	$ 10,539,188

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

The Coffee County School Department operates the public school system in the county, and the voters of Coffee County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Coffee County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Coffee County, and the Coffee County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Industrial Board of Coffee County provides and assists industry in Coffee County, and the Coffee County Commission appoints its Board of Directors. The board comprises three members each from the City of Tullahoma, the City of Manchester, and from rural areas. The board is primarily funded by appropriations from the county.

The Coffee County Public Building Authority (PBA) oversees the operations of the conference center which benefits the citizens of Manchester and Coffee County. The Coffee County Commission appoints the seven-member Board of Directors, and Coffee County and the City of Manchester share equally in the profits and losses of the conference center. The center is primarily funded by charges assessed for the use of the facility.

The Coffee 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. Complete financial statements of the Coffee County Emergency Communications District, Industrial Board of Coffee County, and Coffee County Public Building Authority can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

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

Coffee County Public Building Authority
147 Hospitality Boulevard
Manchester, TN 37355

B. Government-wide and Fund Financial Statements

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

accountable. The Coffee 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.

Coffee County issues debt for the discretely presented Coffee County School Department. Net debt issues ($786,824) were contributed by the county to the School Department during the year ended June 30, 2008.

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

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and the enterprise fund 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. Fiduciary funds in total are reported in a single column.

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

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

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

Coffee County reports the following major governmental fund:

> **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.

Additionally, Coffee County reports the following fund types:

> **Special Revenue Funds** – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

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

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

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

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Coffee County, the city school systems' share of educational revenues, and state grants and other restricted revenues held for the benefit of the Fourteenth Judicial District Drug Task Force. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Coffee County School Department reports the following major governmental fund:

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

Additionally, the Coffee County School Department reports the following fund types:

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.

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

The county trustee maintains a cash and internal investment pool that is used by all Coffee County and Coffee County School Department funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Coffee County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices

if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.53 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. Inventories

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

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of $5,000 ($10,000 for the discretely presented Coffee County School Department) or more and an estimated useful life of more than three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

5. Compensated Absences

The general policy of Coffee County (except for the Highway Department) allows employees to accumulate a limited number of unused vacation days. Unused vacation days that exceed the limit

allowed by county policy are transferred to sick days on the employee's anniversary date. These vacation days have no guaranteed payment attached, and no liability is accrued and recorded in the governmental funds. The general policy of the Highway Department does not allow for the accumulation of vacation days beyond year-end. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

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

The general policy of the discretely presented Coffee County School Department does not allow for the accumulation of vacation days beyond year-end for professional employees. Support staff is allowed to accumulate unused vacation days. Vacation pay is accrued for support staff when incurred in the government-wide financial statements for the School Department. A liability for vacation pay is reported in the governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. 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.

6. Long-term Obligations

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

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported

as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

7. Net Assets and Fund Equity

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

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

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

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

On the government-wide statement of net assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling $336,091, with the primary restrictions being for: (1) drug court ($151,792); (2) computer systems for various offices ($28,865); (3) alcohol and drug treatment ($39,080); and (4) state reappraisal grant funds ($97,914).

As of June 30, 2008, Coffee County had $9,212,708 in outstanding debt for capital purposes for the discretely presented Coffee County School Department. This debt is a liability of Coffee County, but the capital assets acquired are reported in the financial statements of the Coffee County School Department. Therefore, Coffee County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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 Coffee 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 Coffee 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 Public Library, Constitutional Officers - Fees, and District Attorney General funds

(special revenue funds), which are not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

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

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

B. A Tax Anticipation Note was not Issued in Compliance with State Statutes

During the year, the discretely presented School Federal Projects Fund borrowed $125,000 from the General Purpose School Fund to provide temporary operating funds. A note for $100,000 was approved by the state director of Local Finance. However, the General Purpose School Fund loaned an additional $25,000 to the School Federal Projects Fund that was not approved. Section 9-21-801, Tennessee Code Annotated, allows the County Commission to issue tax anticipation notes with the approval of the state director of Local Finance. Management was not aware that they had already loaned the maximum amount approved by the state director of Local Finance at the time they loaned the additional $25,000.

C. The County and Discretely Presented Coffee County School Department had Deposits Exposed to Custodial Credit Risk

The ambulance service, register, and the discretely presented School Department's central cafeteria did not require depositories holding county funds to pledge securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2008, deposits exceeded FDIC coverage by $17,852 at the ambulance service and by $41,930 in the Register's Office. The School Department's central cafeteria was adequately secured at June 30, 2008; however, deposits exceeded FDIC coverage for four

months during the year. Section 5-8-201, Tennessee Code Annotated, requires any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of such county funds.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Coffee County and the Coffee County School Department participate in an internal cash and investment pool through the Office of Trustee. The 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.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, Coffee County's deposits may not be returned to it. Coffee County does not have a formal policy that limits custodial credit risk for deposits. As of June 30, 2008, bank balances of $17,852 at the ambulance service and $41,930 in the Office of Register were uninsured and uncollateralized, which exposed these deposits to custodial credit risk. The $59,782 exposed to custodial credit risk was in nonpooled bank balances. Uninsured and uncollateralized deposits are a violation of state statutes.

Investments

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

Investment Balances. As of June 30, 2008, Coffee County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Coffee County and the discretely presented Coffee County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities		Cost
State Treasurer's Investment Pool	Daily	$	5,675,903

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

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

B. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	$ 3,500,751	$ 0	$ 0	$ 3,500,751
Total Capital Assets Not Depreciated	$ 3,500,751	$ 0	$ 0	$ 3,500,751
Capital Assets Depreciated:				
Buildings and Improvements	$ 17,513,105	$ 0	$ (52,095)	$ 17,461,010
Infrastructure	11,487,588	522,578	0	12,010,166
Other Capital Assets	4,203,842	576,145	(27,091)	4,752,896
Total Capital Assets Depreciated	$ 33,204,535	$ 1,098,723	$ (79,186)	$ 34,224,072
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 5,649,056	$ 405,652	$ (39,071)	$ 6,015,637
Infrastructure	4,592,110	400,954	0	4,993,064
Other Capital Assets	1,936,355	358,447	(17,927)	2,276,875
Total Accumulated Depreciation	$ 12,177,521	$ 1,165,053	$ (56,998)	$ 13,285,576
Total Capital Assets Depreciatied, Net	$ 21,027,014	$ (66,330)	$ (22,188)	$ 20,938,496
Governmental Activities Capital Assets, Net	$ 24,527,765	$ (66,330)	$ (22,188)	$ 24,439,247

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

Governmental Activities:

General Government	$ 302,638
Finance	38,451
Administration of Justice	4,468
Public Safety	108,089
Public Health and Welfare	129,952
Social, Cultural, and Recreational	122,548
Other General Government	1,283
Highways/Public Works	457,624
Total Depreciation Expense - Governmental Activities	$ 1,165,053

Business-type Activities

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	$ 0	$ 30,120	$ 0	$ 30,120
Construction in Progress	846,537	33,302	(879,839)	0
Total Capital Assets Not Depreciated	$ 846,537	$ 63,422	$ (879,839)	$ 30,120
Capital Assets Depreciated:				
Infrastructure	$ 0	$ 879,839	$ 0	$ 879,839
Total Capital Assets Depreciated	$ 0	$ 879,839	$ 0	$ 879,839
Less Accumulated Depreciation For:				
Infrastructure	$ 0	$ 11,731	$ 0	$ 11,731
Total Accumulated Depreciation	$ 0	$ 11,731	$ 0	$ 11,731
Total Capital Assets Depreciatied, Net	$ 0	$ 868,108	$ 0	$ 868,108
Governmental Activities Capital Assets, Net	$ 846,537	$ 931,530	$ (879,839)	$ 898,228

Discretely Presented Coffee County School Department

Governmental Activities:

	Balance 7-1-07	Increases	Balance 6-30-08
Capital Assets Not Depreciated:			
Land	$ 183,853	$ 905,000	$ 1,088,853
Total Capital Assets Not Depreciated	$ 183,853	$ 905,000	$ 1,088,853
Capital Assets Depreciated:			
Buildings and Improvements	$ 15,302,138	$ 991,960	$ 16,294,098
Other Capital Assets	2,784,399	23,000	2,807,399
Total Capital Assets Depreciated	$ 18,086,537	$ 1,014,960	$ 19,101,497

Governmental Activities: (Cont.)

	Balance 7-1-07	Increases	Balance 6-30-08
Less Accumulated Depreciation For:			
Buildings and Improvements	$ 6,246,894	$ 381,782	$ 6,628,676
Other Capital Assets	1,013,834	201,063	1,214,897
Total Accumulated Depreciation	$ 7,260,728	$ 582,845	$ 7,843,573
Total Capital Assets Depreciatied, Net	$ 10,825,809	$ 432,115	$ 11,257,924
Governmental Activities Capital Assets, Net	$ 11,009,662	$ 1,337,115	$ 12,346,777

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

Governmental Activities:

Instruction	$ 383,710
Support Services	194,377
Operation of Non-Instructional Services	4,758
Total Depreciation Expense - Governmental Activities	$ 582,845

C. Construction Commitments

At June 30, 2008, the county had uncompleted construction contracts of approximately $212,600 for widening the road at the industrial park payable through the Local Purpose Tax ($77,600) and General Capital Projects ($135,000) funds. Funding has been received for these future expenditures.

At June 30, 2008, the discretely presented Coffee County School Department had uncompleted construction contracts of approximately $543,001 for remodeling the alternative school and bus maintenance facility payable through the Education Capital Projects Fund. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
Nonmajor governmental	General	$ 8,516
General	Nonmajor governmental	124,138
General	Fiduciary funds	2,155

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

Interfund Transfers:

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

Primary Government

	Transfers In		
Transfers Out	General Fund	Nonmajor Enterprise Fund	Nonmajor Govern-mental Funds
General Fund	$ 0	$ 0	$ 836,826
Nonmajor governmental funds	24,959	0	0
Nonmajor governmental funds	0	28,919	
Total	$ 24,959	$ 28,919	$ 836,826

Discretely Presented Coffee County School Department

	Transfer In
Transfer Out	General Purpose School Fund
Nonmajor governmental funds	$ 27,434

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to

finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 12 years for bonds, up to six years for notes, and up to 23 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. General obligation bonds included in long-term debt as of June 30, 2008, will be retired from the General Debt Service, Rural Debt Service, and Education Debt Service funds. Notes and other loans included in long-term debt will be retired from the General Debt Service, Rural Debt Service, Local Purpose Tax, and Other Capital Projects funds.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bonds - Refunding	3.75 to 4 %	$ 9,470,000	$ 8,280,000
Capital Outlay Notes	3.4 to 3.83	1,859,000	914,708
Other Loans	3.55 to 6.7	11,510,000	5,515,000
Other Loans	Variable	4,500,000	4,350,000

Coffee County entered into various loan agreements with the Coffee County Public Building Authority and the Blount County Public Building Authority (PBAs) to finance various capital projects for Coffee County and the discretely presented Coffee County School Department. Under the loan agreements, the PBAs issued revenue bonds and made the proceeds available for loan to Coffee County. In addition to repaying the loans, the county pays various other fees (trustee, debt remarketing, etc.) in connection with these loans.

The following table summarizes loan agreements outstanding at June 30, 2008:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-08	Interest Type	Interest Rates as of 6-30-08	Fee Rates as of 6-30-08
Coffee County PBA:					
Series 2001A	$ 5,800,000	$ 875,000	Fixed	3.75 to 5 %	0 %
Series 2001B	1,200,000	185,000	Fixed	5.8 to 6.7	0
Series Z-4-A	4,510,000	4,455,000	Fixed	3.55 to 4	0
Series Z-5-B	3,000,000	2,850,000	Variable	2.713	.47
Blount County PBA:					
Series A-7-D	1,500,000	1,500,000	Variable	2.25	.47

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2009	$ 319,241	$ 18,167	$ 337,408
2010	283,133	8,695	291,828
2011	159,833	2,780	162,613
2012	50,833	5,659	56,492
2013	50,833	3,762	54,595
2014	50,835	1,882	52,717
Total	$ 914,708	$ 40,945	$ 955,653

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2009	$ 445,000	$ 335,888	$ 20,445	$ 801,333
2010	530,000	314,190	19,975	864,165
2011	405,000	293,968	19,270	718,238
2012	335,000	269,723	19,270	623,993
2013	650,000	256,323	17,884	924,207
2014-2018	3,620,000	991,315	68,268	4,679,583
2019-2023	2,280,000	402,849	47,823	2,730,672
2024-2028	1,025,000	166,850	28,906	1,220,756
2029-2030	575,000	23,736	4,110	602,846
Total	$ 9,865,000	$ 3,054,842	$ 245,951	$ 13,165,793

Year Ending June 30	Bonds Principal	Interest	Total
2009	$ 995,000	$ 327,825	$ 1,322,825
2010	1,015,000	288,025	1,303,025
2011	1,055,000	247,425	1,302,425
2012	1,095,000	205,225	1,300,225
2013	825,000	161,425	986,425
2014-2018	3,295,000	315,720	3,610,720
Total	$ 8,280,000	$ 1,545,645	$ 9,825,645

There is $2,729,882 available in the debt service funds to service long-term debt. Bonded debt per capita totaled $172, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans totaled $397, based on the 2000 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2007	$ 9,405,000	$ 1,590,977	$ 7,300,000
Additions	0	305,000	3,000,000
Deductions	(1,125,000)	(981,269)	(435,000)
Balance, June 30, 2008	$ 8,280,000	$ 914,708	$ 9,865,000
Balance Due Within One Year	$ 995,000	$ 319,241	$ 445,000

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2007	$ 454,458	$ 0
Additions	620,129	204,643
Deductions	(569,684)	(112,753)
Balance, June 30, 2008	$ 504,903	$ 91,890
Balance Due Within One Year	$ 25,247	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	$ 19,656,501
Less: Balance Due Within One Year	(1,784,488)
Add: Unamortized Premium on Debt	105,112
Less: Deferred Amount on Refunding	(291,011)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 17,686,114

Compensated absences will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Wayside Acres Sewer Fund (enterprise fund)

The annual requirements to amortize all other loans outstanding as of June 30, 2008, including interest payments, are presented in the following table:

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2009	$ 3,797	$ 13,315	$ 17,112
2010	3,959	13,153	17,112
2011	4,128	12,984	17,112
2012	4,305	12,807	17,112
2013	4,489	12,623	17,112
2014-2018	25,488	60,072	85,560
2019-2023	31,425	54,135	85,560
2024-2028	38,747	46,813	85,560
2029-2033	47,785	37,775	85,560
2034-2038	58,930	26,629	85,559
2039-2043	72,686	12,874	85,560
2044-2045	22,481	717	23,198
Total	$ 318,220	$ 303,897	$ 622,117

Changes in Long-term Liabilities

Long-term liability activity for the Wayside Acres Sewer Fund (enterprise fund) for the year ended June 30, 2008, was as follows:

Business-type Activities:

	Other Loans
Balance, July 1, 2007	$ 321,803
Additions	0
Deductions	(3,583)
Balance, June 30, 2008	$ 318,220
Balance Due Within One Year	$ 3,797

Discretely Presented Coffee County School Department

Capital Outlay Notes

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

Capital outlay notes are a direct obligation and pledge the full faith and credit of the government. Capital outlay notes outstanding were issued for an original term of up to eight years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Capital outlay notes outstanding at June 30, 2008, will be retired from the General Purpose School Fund.

The capital outlay note outstanding as of June 30, 2008, is as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
Capital Outlay Notes	0 to 4.07 %	$ 872,000	$ 732,147

The annual requirements to amortize capital outlay notes outstanding as of June 30, 2008, including interest, are presented in the following table:

Year Ending June 30	Notes Principal	Notes Interest	Notes Total
2009	$ 74,258	$ 9,606	$ 83,864
2010	148,777	6,515	155,292
2011	151,969	3,324	155,292
2012	71,429	0	71,429
2013	71,429	0	71,429
2014-2016	214,286	0	214,286
Total	$ 732,147	$ 19,445	$ 751,592

Debt per capita for the School Department totaled $15, 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:

	Notes	Compensated Absences	Other Post-employment Benefits
Balance, July 1, 2007	$ 303,487	$ 25,853	$ 0
Additions	500,000	41,657	1,124,000
Deductions	(71,340)	(33,389)	(403,879)
Balance, June 30, 2008	$ 732,147	$ 34,121	$ 720,121
Balance Due Within One Year	$ 74,258	$ 27,863	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	$ 1,486,389
Less: Balance Due Within One Year	(102,121)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 1,384,268

F. On-Behalf Payments – Discretely Presented Coffee County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Coffee 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 $158,811 and $20,613, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Short-term Debt

The discretely presented Coffee County School Department issued revenue anticipation notes in advance of collections and deposited the proceeds in the School Federal Projects Fund. These notes were necessary because funds were not available to meet fund obligations coming due before current revenue collections. Short-term debt activity for the year ended June 30, 2008, was as follows:

	Balance 7-1-07	Issued	Redeemed	Balance 6-30-08
School Federal Projects	$ 0	$ 125,000	$ (125,000)	$ 0

V. OTHER INFORMATION

A. Risk Management

Primary Government

Coffee County (except for the Highway Department and Ambulance Service) participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

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

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

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

Discretely Presented Coffee County School Department

The discretely presented Coffee County School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, Tennessee Code Annotated (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 provides a self-insured dental and vision plan for all full-time employees through the General Purpose School Fund. The cost of this plan was provided by appropriations made for that purpose. Payroll deductions were made from employees' compensation for the portion of premiums relating to family coverage. The dental and vision plan provides maximum yearly benefit amounts for participants. The maximum calendar year benefit under the dental plan is $1,500 per person. The vision plan also contains limits on benefits and the number of procedures covered by the plan. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The self-insurance program funds established claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustments and expenditures, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not

necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	End of Fiscal Year Liability
2006-07	$ 59,922	$ 350,379	$ 301,532	$ 108,769
2007-08	108,769	384,705	347,106	146,368

B. Accounting Changes

At the beginning of the year, the discretely presented Coffee County School Department 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, Coffee County had elected only to implement the provisions of Statement No. 34 that related to the fund financial statements. Also, provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures became effective for the year ended June 30, 2008.

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

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables or future revenues. This statement provides additional guidance for sales of receivables and future revenues within the same reporting entity. This statement also requires governments to disclose in the notes to the financial statements the nature of any receivables or future revenues that have been pledged or sold. Tennessee state statutes do not currently allow counties to sell or pledge receivables or sell future revenue streams. Therefore, those provisions of GASB Statement No. 48 that pertain to the sale or pledge receivables or sale of future revenue

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

C. Subsequent Events

On December 10, 2008, the county entered into a $7,600,000 loan agreement with the Coffee County Public Building Authority. As of the date of this report, the county has received loan proceeds of $2,850,000 to refund the Public Improvement Series Z-5-B and $946,931 for school construction and improvements. The $7,600,000 is a portion of the $45,000,000 loans approved by the County Commission on July 29, 2008, for school construction and renovation and the $3,000,000 approved by the County Commission on September 9, 2008, to refund existing loans.

D. Contingent Liabilities

The county is the defendant in a lawsuit filed by the city of Tullahoma and their respective boards of education. The plaintiffs in this case are seeking reimbursement of certain sales tax proceeds that they allege to be due them as a result of Coffee County failing to follow state statute relative to the disbursement of sales tax proceeds, which are used for educational purposes. This claim requests reimbursement for the years 1987 to the present and also requests reimbursement of attorney fees and accrued interest. The county attorney stated that the estimate of potential risk to the county should judgment be entered for the plaintiff could be between $4 and $6 million.

The county is the defendant in another suit alleging that the county owes approximately $500,000 in fees and assessments to the trustees of Lakewood Park for lots acquired by the county in a tax sale where no bidders bid adequate funds to purchase the lots. A partial summary judgment has been granted to the county for a portion of the amount. However, there are some claims that have not been addressed by the court; therefore, the county attorney could not provide a reasonable estimate of the potential risk to the county.

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

E. Joint Venture

The Fourteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fourteenth Judicial District and participating municipalities in the district. The DTF interlocal agreement was signed by the sheriff of Coffee County, and the police chiefs of the cities of Manchester and Tullahoma. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Coffee County made no contributions to the DTF for the year ended June 30, 2008, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

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

F. Jointly Governed Organization

Primary Government

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

Discretely Presented Coffee County School Department

The Coffee County School Department is a member of the Volunteer State Cooperative (VOLCO). The cooperative was established through a contractual agreement between the Boards of Education of Bedford County, Coffee County, Dickson County, Humphreys County, Marshall County, Fayetteville City, Manchester City, Maury County, Stewart County, and Robertson County. The cooperative was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing

requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Stewart County School Department) and a service provider to provide these services. The cooperative is governed by a Representative Committee, including one representative from each of the member districts, and an Executive Council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the Representative Committee. The cooperative began operations in July 1998.

G. Retirement Commitments

Employees

Plan Description

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

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

Funding Policy

Coffee County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2008, was 9.17 percent of annual covered payroll. The contribution requirement of plan

members is set by state statute. The contribution requirement for Coffee County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2008, Coffee County's annual pension cost of $1,081,150 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. Coffee County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was ten years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	$1,081,150	100%	$0
6-30-07	996,647	100	0
6-30-06	763,952	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 85.28 percent funded. The actuarial accrued liability for benefits was $24.13 million, and the actuarial value of assets was $20.58 million, resulting in an unfunded actuarial accrued liability (UAAL) of $3.55 million. The covered payroll (annual payroll of active employees covered by the plan) was $11.24 million, and the ratio of the UAAL to the covered payroll was 31.61 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents 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 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.tn.gov/treasury/tcrs.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2008, was 6.24 percent of annual

covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2008, 2007, and 2006, were $1,006,487, $906,105, and $762,250, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Plan Description

Coffee County and the Coffee County School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, Tennessee Code Annotated (TCA), for local governments and Section 8-27-302, TCA, for teachers. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at http://tennessee.gov/finance/act/cafr.html.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants, however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for retirees ranges from ten to 55 percent based on the years of service. During the year ended June 30, 2008, the county and the discretely presented School Department contributed $11,194 and $210,083, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	$ 204,643	$ 1,124,000
Interest on the NPO	0	0
Adjustment to the ARC	0	0
Annual OPEB cost	$ 204,643	$ 1,124,000
Amount of contribution	(112,753)	(403,879)
Increase/decrease in NPO	$ 91,890	$ 720,121
Net OPEB obligation, 7-1-07	0	0
Net OPEB obligation, 6-30-08	$ 91,890	$ 720,121

Year Ended	Plan	Annual OPEB Cost	of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Government Group	$ 204,643	55 %	$ 91,890
6-30-08	Local Education Group	1,124,000	36	720,121

* Data not available for two preceding years.

Funded Status and Funding Progress

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

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	6-30-07	6-30-07
Actuarial accrued liability (AAL)	$ 1,644,638	$ 9,666,000
Actuarial value of plan assets	$ 0	$ 0
Unfunded actuarial accrued liability (UAAL)	$ 1,644,638	$ 9,666,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	$ 7,319,402	$ 20,180,411
UAAL as a % of covered payroll	22%	48%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual

results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

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

I. Purchasing Laws

Offices of County Mayor and Road Superintendent

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

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.

VI. OTHER NOTES – PUBLIC LIBRARY FUND

A. Organization and Reporting Entity

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

B. Summary of Significant Accounting Policies

1. Basis of Presentation

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

2. Basis of Accounting

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

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

3. Budgets and Budgetary Accounting

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

4. **Capital Assets and Depreciation**

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

C. Pension Plan

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

D. Insurance

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

E. Bank Deposits

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

1. Bonds, notes, treasury bills or similar types of indebtedness to the United States.

2. Non-convertible debt including Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank, and Student Loan Marketing Association.

3. Other obligations not specified above, which provide guaranteed principal and interest by the United States or any of its agencies.

4. Repurchase agreements, which involve obligations of the United States or its agencies provided the term of the repurchase agreement does not extend beyond the maturity date of the obligation and the market value of the security exceeds the cost of the security.

5. Money market funds invested in any of the aforementioned securities.

The carrying amount of total cash deposits (including petty cash) at June 30, 2008, is $352,753. With the exception of petty cash, all cash deposits were entirely covered by federal depository insurance or by collateral held by the libraries' custodial banks in the libraries' name.

F. Commitments and Contingencies

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

G. Budget Variances

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

H. Capital Assets

Changes in capital assets are summarized by major classifications for the year ended June 30, 2008, as follows:

Assets	Balance 7-1-07	Additions	Balance 6-30-08
Land	$ 8,050	$ 0	$ 8,050
Buildings/Improvements	1,405,297	0	1,405,297
Furniture and Office Equipment	92,090	0	92,090
Other Capital Assets	576,604	116,537	693,141
Total Assets	$ 2,082,041	$ 116,537	$ 2,198,578
Less: Accumulated Depreciation			
Buildings/Improvements	$ (692,655)	$ (56,306)	$ (748,961)
Furniture and Office Equipment	(80,928)	(2,344)	(83,272)
Other Capital Assets	(550,175)	(63,899)	(614,074)
Total Assets	$ (1,323,758)	$ (122,549)	$ (1,446,307)
Capital Assets, Net	$ 758,283	$ (6,012)	$ 752,271

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

A. Summary of Significant Accounting Policies

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

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

1. Depreciation

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

	Method	Estimated Useful Life (Years)	2008 Depreciation
Buildings/Improvements	S/L	10-30	$ 4,335
Office Equipment	S/L	5-10	5,294
Furniture and Fixtures	S/L	5-10	5,195
Communication Equipment	S/L	5-20	59,595
Total			$ 74,419

2. **Major Source of Revenue**

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

B. Cash and Cash Investments

The following is a schedule of bank accounts at June 30, 2008:

Checking – First National Bank	$ 88,628
Money Market – American City Bank	135,330
Investment Account – AEDC	50
Certificates of Deposit – Coffee County Bank	319,356
Certificates of Deposit – First National Bank	465,681
Total	$ 1,009,045

At June 30, 2008, the carrying amount of the Coffee County Emergency Communications District's cash deposits was $1,009,045. The district's deposit accounts are covered up to $100,000 by the Federal Deposit Insurance Corporation. Any amounts over $100,000 are covered by collateralization held by First National Bank and Coffee County Bank in the district's name and American City Bank is a member of the Government Collateralization Pool. The district is authorized to deposit and invest funds according to the provisions of Section 5-8-301 of Tennessee Code Annotated.

C. Bonding and Insurance

Coffee County Emergency Communications District has a bond covering certain members of the board at June 30, 2008. The district has liability insurance covering the building and its contents. The policy also insures employees automobiles used in the counsel of business. The district had no settlements that exceeded the coverage for the past three years. Insurance reimbursements were received for damaged equipment totaling $22,590. All damaged equipment was retired as of June 30, 2008.

D. Capital Assets

The following is a schedule of capital assets at June 30, 2008:

Assets	Cost	Accumulated Depreciation	Net
Buildings/Improvements	$ 112,927	$ 77,136	$ 35,791
Office Equipment	48,862	29,098	19,764
Furniture and Fixtures	41,955	24,854	17,101
Communication Equipment	665,634	378,028	287,606
Total	$ 869,378	$ 509,116	$ 360,262

Assets	Balance 7-1-07	Additions	Retire-ments	Adjust-ments	Balance 6-30-08
Buildings/Improvements	$ 61,528	$ 1,400	$ 0	$ 50,000	$ 112,928
Office Equipment	46,862	2,000	0	0	48,862
Furniture and Fixtures	41,955	0	0	0	41,955
Communication Equipment	710,649	99,549	(77,923)	(66,642)	665,633
Total	$ 860,994	$ 102,949	$ (77,923)	$ (16,642)	$ 869,378

E. Cash and Cash Equivalents

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

F. Accounts Receivable/Due from Other Governments

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

Bell South	$ 16,240
Ben Lomand	1,514
Other Telephone Companies	3,014
Sub-total	$ 20,768
State Emergency Communications Board	18,290
Total	$ 39,058

G. Compensated Absences

There were no compensated absences as of June 30, 2008.

H. Salaries and Wages

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

I. Calculation of Invested in Capital Assets

Net Book Value	$ 360,261
Current and Noncurrent Debt	0
Total Invested in Capital Assets	$ 360,261

J. Prior-period Adjustments

A prior-period adjustment of $66,642 was made to communications equipment to correct an overstatement in a prior year. A prior-period adjustment of $50,000 was made to building/improvements to correct an understatement in a prior year.

VIII. OTHER NOTES - DISCRETELY PRESENTED INDUSTRIAL BOARD OF COFFEE COUNTY

A. Summary of Significant Accounting Policies

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

1. Government-wide Statements

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

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

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of debt is included in the same net assets component as the unspent proceeds.

- Restricted – This component of net assets consists of constraints placed on the use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

2. Fund Financial Statements

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

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

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

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

3. Estimates

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

4. Equipment

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

5. Cash and Cash Equivalents

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

6. Accounts Receivable

The board considers accounts receivable to be fully collectible at June 30, 2008; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged off when that determination is made.

7. Compensated Absences

There are no compensated absences to be accrued.

8. **Pension Plan**

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

9. **Federal Income Taxes**

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

B. Cash Deposits with Financial Institutions

The board is authorized to deposit its funds in banks, trust companies, or other depositories as the board may select. Deposits are carried at cost. At year-end the carrying amount of deposits was $959,497, and the bank balance was $965,622. Of the banks balances, $300,000 was covered by federal deposit insurance and $665,622 was collateralized with securities pledged that comply with statutes as acceptable collateral.

C. Capital Assets

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

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

	Balance 7-1-07	Additions	Deletions	Balance 6-30-08
Capital Assets Being Depreciated:				
Equipment	$ 17,672	$ 3,178	$ (4,526)	$ 16,324
Vehicles	0	199,705	0	199,705
Total Capital Assets Being Depreciated	$ 17,672	$ 202,883	$ (4,526)	$ 216,029
Less: Accumulated Depreciation:				
Equipment	$ (12,580)	$ (1,572)	$ 4,226	$ (9,926)
Vehicles	0	(9,985)	0	(9,985)
Total Accumulated Depreciation	$ (12,580)	$ (11,557)	$ 4,226	$ (19,911)
Total	$ 5,092	$ 191,326	$ (300)	$ 196,118

Depreciation expense for the year ended June 30, 2008, was $11,557.

D. Commitments and Contingency

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

At June 30, 2008, the board had entered into an agreement to build a speculative building in the City of Manchester Industrial Park. The building is to be partially paid with a Fast Tract Grant with a board match of 18 percent or approximately $135,000. The total cost is projected to be $750,000. The City of Manchester is to reimburse the board once the building is sold. Construction had not begun as of June 30, 2008.

As of June 30, 2008, a bid had been approved for water and sewer extension for the Fischer Tool and Die project at an approximate cost of $35,885. In addition, a bid was accepted for roadwork in the Industrial Park for $210,745. No costs have been expended as of June 30, 2008.

E. Note Receivable

The board has a note receivable due from an individual dated September 28, 2006, to sell 17.42 acres located in the Coffee County Interstate Industrial Park. The gross sales price was $104,520, with $42,000 paid to the board at closing, and a note receivable for the remainder of $62,520. The note is due September 28, 2013, and is secured by a deed of trust on the property. No monthly payments are due until September 28, 2010, at which time payments of $633 will commence for not more than three years, with the remainder being due at September 28, 2013. The interest rate is 5.5 percent. The balance of the note receivable at June 30, 2008, was $68,679, which consists of principal balance of $62,520 and $6,159 interest.

F. Lease Agreement

The board purchased a fire truck in July 2007 for $199,705. The truck is to be leased to Hickerson Station Fire Department, and the fire station is responsible for insurance, maintenance, and service on the truck.

IX. OTHER NOTES – DISCRETELY PRESENTED COFFEE COUNTY PUBLIC BUILDING AUTHORITY

A. Summary of Significant Accounting Policies

The Public Building Authority of Coffee County, Tennessee, was incorporated September 5, 2000. The purpose of the authority is to provide the capital resources (through the sale of bonds, notes, and other obligations) necessary to acquire, construct, reconstruct, rehabilitate, or improve facilities necessary or convenient to the operation of the related entities. In accordance with

Section 12-10-108, Tennessee Code Annotated, the authority has a seven-member board of directors elected by the governing body, the County Commission of Coffee County, Tennessee, and they hold office for staggered six-year terms. As defined in GASB Statement No. 14, the authority is a legal entity that meets the definition of a component unit of Coffee County in that a financial benefit/burden relationship exists between the county and the authority.

1. Reporting Entity

The accounts of the Public Building Authority of Coffee County, Tennessee, are maintained, and the financial statements have been prepared, in conformity with recommendations of the Governmental Accounting Standards Board (GASB).

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14. There are no discretely presented component units for the authority.

2. Government-wide and Fund Financial Statements

Government-wide financial statements (i.e. Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the authority and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Assets presents the authority's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

- Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those assets. The outstanding debt is offset by any unspent proceeds for such debt.

- Restricted net assets result from restrictions placed on net assets by external sources such as creditors, grantors and contributors, or imposed by law through constitutional provisions or enabling legislation.

- Unrestricted net assets consist of net assets, which do not meet the definition of the two preceding categories.

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 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.

Separate financial statements are provided for governmental funds and proprietary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements; nonmajor funds are combined in a single column.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded 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.

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 are 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

All other revenue items are considered to be measurable and available only when cash is received by the authority. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to non-vested sick pay, compensated absences, and other long-term commitments and contingencies are recorded only when payment is due.

The enterprise fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The enterprise fund operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The enterprise fund is accounted for using the accrual basis of accounting. Its revenues are recognized when they are earned, and its expenses are recognized when they are incurred.

The authority has adopted GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting. The authority applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions; issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The authority has elected not to apply FASB statements and interpretations issued after November 30, 1989.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers for goods, services or privileges provided, and fines and forfeitures, 2) operating grants and contributions, and 3) capital grants and contributions. Amounts reported as general revenues include 1) all taxes, 2) unrestricted revenues for the use of money or property.

Expenses reported by function include direct expenses that are specifically associated with a service or program and are clearly identifiable to a particular program. Some functions, such as general government and fiscal administration, include expenses that are in

essence indirect expenses of other functions. The authority has elected not to charge these indirect expenses to other functions.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods and services in connection with the fund's principal ongoing operations and consist primarily of charges to customers or departments, cost of sales and services, administrative expense and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The accounts of the authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are spent and the means by which spending activities are controlled. The various funds are grouped into one fund type category as follows:

Governmental Fund Types

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

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Proprietary Fund Type

Enterprise Fund – Enterprise Funds are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis can be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for

capital maintenance, public policy, management control, accountability or other purposes.

4. Equipment

Plant and equipment are stated at cost, and depreciation is computed using the straight-line method based upon the estimated useful lives of the assets. Major expenditures for plant and equipment are capitalized while maintenance and repairs are expensed when incurred.

5. Interfund Receivables, Payables, and Transactions Between Funds

Short-term amounts owed between funds are classified as Due to/from Other Funds. Legally authorized transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds.

6. Cash and Cash Equivalents

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

7. Conference Center

During the year ended June 30, 2002, the authority completed construction of the Manchester-Coffee County Conference Center, located adjacent to the Holiday Inn in Manchester. The PBA is responsible for operating the conference center. Operations of the conference center are reported as an enterprise fund of the PBA. In an agreement with the authority, the City of Manchester and Coffee County are jointly responsible for underwriting the debt and operations of the center. Furthermore, any net profits and losses attributable to the operation of the conference center are born equally by the City of Manchester and Coffee County.

8. Bond Fund

The bond fund, a special revenue fund, is used to account for the loans made by the authority to the city and county for capital projects such as the joint industrial park, vocational rehab center, and water lines for the county. The collection of principal and interest on these loans is recorded in the bond fund.

B. Cash and Cash Equivalents

The authority is authorized to invest funds in financial institutions and direct obligations of the federal government. During 2008, the authority invested funds that are not immediately needed in certificates of deposit, savings accounts, and money market accounts. The authority's deposits at year-end were entirely covered by federal depository insurance or by collateral held by the authority's bank in the authority's name. The carrying amount of total cash deposits (including petty cash) at June 30, 2008, is $156,111.

C. Receivables

	Governmental Funds
Due from City of Manchester	$ 1,630,000
Due from County	5,515,000
Total	$ 7,145,000

D. Capital Assets

Governmental Funds

A summary of changes in property, plant, and equipment for the year ended June 30, 2008, follows:

Coffee County Public Building Authority:

	Balance 7-1-07	Additions	Balance 6-30-08
Land	$ 0	$ 25,000	$ 25,000
Equipment	674	0	674
Less: accumulated depreciation - equipment	(478)	(122)	0 (600)
Net	$ 196	$ 24,878	$ 25,074

Depreciation expense totaled $122 for the year ended June 30, 2008.

Proprietary Funds

A summary of changes in property, plant, and equipment for the year ended June 30, 2008, follows:

Coffee County/Manchester Conference Center (Enterprise Fund):

	Balance 7-1-07	Additions	Transfers/ Retirements	Balance 6-30-08
Land and Buildings	$ 2,371,319	$ 0	$ 0	$ 2,371,319
Equipment	289,594	13,222	1,185	301,631
Total	$ 2,660,913	$ 13,222	$ 1,185	$ 2,672,950
Less: Accumulated Depreciation:				
Buildings	$ 295,112	$ 59,283	$ 0	$ 354,395
Equipment	215,620	41,923	968	256,575
Total Accumulated Depreciation	$ 510,732	$ 101,206	$ 968	$ 610,970
Net	$ 2,150,181	$ (87,984)	$ 217	$ 2,061,980

Depreciation expense totaled $101,327 for the year ended June 30, 2008.

E. Bonds Payable

The following is a summary of the authority's bonded debt transactions for the year ended June 30, 2008:

Coffee County Public Authority:

Type	Interest Rate	Outstanding 7-1-07	Refunding/ Retirements	Outstanding 6-30-08
Bond Series 2001A	3.25 to 5 %	$ 1,240,000	$ (180,000)	$ 1,060,000
Bonds, Taxable Series 2001B	5.8 to 6.7	360,000	(175,000)	185,000
Bonds, Series Z-4A	4.5 to 5	5,925,000	(25,000)	5,900,000
Net		$ 7,525,000	$ (380,000)	$ 7,145,000

Annual debt service requirements for bonds, Series 2001A outstanding to maturity, including interest of $103,280, are as follows:

Year Ending June 30	Amount
2009	$ 240,835
2010	452,645
2011	469,800
Total	$ 1,163,280

Annual debt service requirements for bonds, Taxable Series 2001B outstanding to maturity, including interest of $12,395, are as follows:

Year Ending June 30	Amount
2009	$ 197,395
Total	$ 197,395

Annual debt service requirements for bonds, Series Z-4A outstanding to maturity, including interest of $2,211,023, are as follows:

Year Ending June 30	Amount
2009	$ 271,412
2010	271,412
2011	271,413
2012	661,413
2013	376,863
2014-2017	2,856,535
2018-2021	3,104,975
Total	$ 7,814,023

The City of Manchester and Coffee County are jointly responsible for the bonds payable.

F. Conduit Debt

The authority is an unauthorized conduit debt issuer under the Tennessee Local Government Alternative Loan Program (TN-LOANS Program). The authority has issued bonds as conduit debt on behalf of the City of Manchester, Tennessee, the City of Fayetteville, Tennessee, and the City of Lawrenceburg, Tennessee. The borrowers have guaranteed, insured, and pledged certain revenues for repayments of these bond issues. The bonds do not constitute a debt or pledge of faith and credit of the authority and, accordingly, have not been reported in the accompanying financial statements. The total conduit debt outstanding as of June 30, 2008, for all conduit bond issues is $37,235,000.

G. Inventory

Inventory is stated at cost and includes food and supplies used by the conference center.

H. Other Revenues

Total Other Revenues for the year was $32,776. This amount consists of a piece of land valued at $25,000 that the authority was awarded during the year from the result of a legal issue and $7,776 in various other revenues and fees.

I. Budgetary Data

Formal budgetary accounting is employed as a management control for all funds of the authority. Annual operating budgets are adopted each fiscal year through the passage of an annual budget ordinance and amended as required, and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis. Budgetary control is exercised at the departmental level.

J. Risk Financing Activities

It is the policy of the authority to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty, worker's compensation, and environmental. Settled claims have not exceeded commercial coverage in the past three fiscal years, and there are currently no pending lawsuits.

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REQUIRED SUPPLEMENTARY INFORMATION

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Exhibit F-1

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 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	$ 8,571,457	$ 0	$ 0	$ 8,571,457	$ 8,388,341	$ 8,388,341	$ 183,116
Licenses and Permits	213,704	0	0	213,704	229,144	229,144	(15,440)
Fines, Forfeitures, and Penalties	410,950	0	0	410,950	528,950	541,889	(130,939)
Charges for Current Services	1,765,594	0	0	1,765,594	1,539,529	1,539,529	226,065
Other Local Revenues	529,166	0	0	529,166	306,600	315,128	214,038
Fees Received from County Officials	1,577,828	0	0	1,577,828	1,360,000	1,360,000	217,828
State of Tennessee	2,044,099	0	0	2,044,099	1,842,858	1,940,607	103,492
Federal Government	95,715	0	0	95,715	64,519	160,019	(64,304)
Other Governments and Citizens Groups	11,158	0	0	11,158	16,450	16,450	(5,292)
Total Revenues	$ 15,219,671	$ 0	$ 0	$ 15,219,671	$ 14,276,391	$ 14,491,107	$ 728,564
Expenditures							
General Government							
County Commission	$ 42,242	$ 0	$ 0	$ 42,242	$ 56,703	$ 56,703	$ 14,461
Board of Equalization	1,432	0	0	1,432	4,521	4,521	3,089
Other Boards and Committees	35,577	0	0	35,577	38,189	38,189	2,612
County Mayor/Executive	193,435	0	0	193,435	200,985	200,985	7,550
County Attorney	36,538	0	0	36,538	19,800	36,800	262
Election Commission	287,513	(350)	4,636	291,799	333,110	334,883	43,084
Register of Deeds	76,961	(1,786)	2,689	77,864	89,801	91,801	13,937
Codes Compliance	173,881	0	8,002	181,883	203,326	203,326	21,443
County Buildings	639,144	(2,965)	7,236	643,415	796,537	805,771	162,356
Other General Administration	107,508	(8,261)	4,741	103,988	106,350	106,350	2,362

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Finance							
Accounting and Budgeting	$ 306,217	$ 0	$ 0	$ 306,217	$ 317,970	$ 317,970	$ 11,753
Central Services	1,875	(1,875)	0	0	0	0	0
Property Assessor's Office	360,553	(541)	330	360,342	374,375	374,375	14,033
Reappraisal Program	2,627	(1,623)	0	1,004	20,765	20,765	19,761
County Trustee's Office	77,373	0	2,514	79,887	84,589	84,589	4,702
County Clerk's Office	127,017	(400)	619	127,236	133,695	133,695	6,459
Administration of Justice							
Circuit Court	275,772	(8,620)	0	267,152	274,969	287,719	20,567
General Sessions Court	17,878	0	0	17,878	18,050	18,050	172
General Sessions Judge	316,229	0	0	316,229	340,239	340,239	24,010
Drug Court	312,423	0	1,861	314,284	304,946	334,946	20,662
Chancery Court	116,819	0	0	116,819	124,108	124,297	7,478
Judicial Commissioners	120,067	0	772	120,839	123,958	123,958	3,119
Probation Services	166,171	0	0	166,171	235,790	235,790	69,619
Public Safety							
Sheriff's Department	2,239,061	(1,144)	3,126	2,241,043	2,393,787	2,403,283	162,240
Traffic Control	25,304	(1,809)	0	23,495	29,000	29,000	5,505
Administration of the Sexual Offender Registry	2,284	0	0	2,284	500	2,285	1
Jail	2,084,940	(24,700)	73,922	2,134,162	2,278,717	2,294,442	160,280
Juvenile Services	339,890	0	0	339,890	344,688	344,688	4,798
Rural Fire Protection	257,000	0	0	257,000	257,000	257,000	0
Civil Defense	150,223	(5,135)	24,743	169,831	108,294	203,794	33,963
Rescue Squad	17,000	0	0	17,000	17,000	17,000	0
County Coroner/Medical Examiner	48,680	0	0	48,680	35,000	50,000	1,320
Other Public Safety	734,129	0	0	734,129	767,078	767,078	32,949

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Public Health and Welfare							
Local Health Center	$ 696,094	$ 0	$ 0	$ 696,094	$ 661,647	$ 717,101	$ 21,007
Rabies and Animal Control	90,676	0	0	90,676	96,345	96,345	5,669
Ambulance/Emergency Medical Services	1,967,479	(13,414)	600	1,954,665	2,070,993	2,070,993	116,328
Alcohol and Drug Programs	3,900	0	0	3,900	4,000	4,000	100
Appropriation to State	91,230	0	0	91,230	91,510	91,510	280
General Welfare Assistance	22,800	0	0	22,800	22,800	22,800	0
Other Waste Disposal	57,122	0	0	57,122	38,861	57,122	0
Postclosure Care Costs	0	0	0	0	2,000	2,000	2,000
Social, Cultural, and Recreational Services							
Senior Citizens Assistance	148,843	0	0	148,843	127,216	157,216	8,373
Libraries	0	0	0	0	844,006	7,180	7,180
Agriculture and Natural Resources							
Agriculture Extension Service	218,308	(1,200)	0	217,108	192,375	217,108	0
Soil Conservation	85,752	0	0	85,752	86,210	86,210	458
Other Operations							
Industrial Development	471,657	(199,472)	0	272,185	272,958	272,958	773
Veterans' Services	17,393	0	0	17,393	18,673	18,673	1,280
Other Charges	641,216	(11,393)	4,000	633,823	658,771	658,771	24,948
Contributions to Other Agencies	47,753	(2,218)	0	45,535	47,535	47,535	2,000
Payments to Cities	71,000	0	0	71,000	71,000	71,000	0
Miscellaneous	988	0	0	988	1,200	16,989	16,001
Total Expenditures	$ 14,325,974	$ (286,906)	$ 139,791	$ 14,178,859	$ 15,741,940	$ 15,259,803	$ 1,080,944
Excess (Deficiency) of Revenues Over Expenditures	$ 893,697	$ 286,906	$ (139,791)	$ 1,040,812	$ (1,465,549)	$ (768,696)	$ 1,809,508

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Other Financing Sources (Uses)							
Proceeds from Sale of Capital Assets	$ 165,000	$ 0	$ 0	$ 165,000	$ 0	$ 165,000	$ 0
Insurance Recovery	7,200	0	0	7,200	0	7,200	0
Transfers In	24,959	0	0	24,959	0	24,959	0
Transfers Out	(836,826)	0	0	(836,826)	0	(836,826)	0
Total Other Financing Sources (Uses)	$ (639,667)	$ 0	$ 0	$ (639,667)	$ 0	$ (639,667)	$ 0
Net Change in Fund Balance	$ 254,030	$ 286,906	$ (139,791)	$ 401,145	$ (1,465,549)	$ (1,408,363)	$ 1,809,508
Fund Balance, July 1, 2007	2,443,461	(286,906)	0	2,156,555	2,176,773	2,176,773	(20,218)
Fund Balance, June 30, 2008	$ 2,697,491	$ 0	$ (139,791)	$ 2,557,700	$ 711,224	$ 768,410	$ 1,789,290

Exhibit F-2

Coffee 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	$ 20,582	$ 24,136	$ 3,554	85.28 %	$ 11,243	31.61 %

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

Exhibit F-3

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

(Dollar amounts in thousands)

	Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
PRIMARY GOVERNMENT							
Local Government Group Plan	6-30-07	$ 0	$ 1,645	$ 1,645	0 %	$ 7,319	22 %
DISCRETELY PRESENTED COFFEE COUNTY SCHOOL DEPARTMENT							
Local Education Group Plan	6-30-07	0	9,666	9,666	0	20,180	48

*Data not available for two preceding years.

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

BUDGETARY INFORMATION

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

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

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

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

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

Highway/Public Works Fund – The Highway/Public Works Fund is used to account for transactions of the county's Highway Department.

Debt Service Funds

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

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

Rural Debt Service Fund – The Rural Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs of school projects outside the territorial limits of the Special School District.

Special Debt Service Fund – The Special Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs of future school construction and renovation projects to be financed with the first-half of the additional ¾ cent sales tax approved in 2007.

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

Other Debt Service Fund – The Other Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs of future school construction and renovation projects to be financed with the second-half of the additional ¾ cent sales tax approved in 2007.

Capital Projects Funds

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

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

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

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

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Exhibit G-1

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

	Special Revenue Funds						
	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control	District Attorney General	Commissary
ASSETS							
Cash	$ 352,753	$ 0	$ 0	$ 0	$ 0	$ 0	$ 5,241
Equity in Pooled Cash and Investments	0	700,081	20,153	187,933	251,447	121,737	47,833
Inventories	0	0	0	0	0	0	5,852
Accounts Receivable	0	63,692	0	0	0	0	0
Due from Other Governments	0	39,144	0	0	0	0	0
Due from Other Funds	0	8,516	0	0	0	0	0
Property Taxes Receivable	0	831,627	0	139,474	0	0	0
Allowance for Uncollectible Property Taxes	0	(48,971)	0	(31,419)	0	0	0
Total Assets	$ 352,753	$ 1,594,089	$ 20,153	$ 295,988	$ 251,447	$ 121,737	$ 58,926
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable	$ 3,573	$ 23,734	$ 200	$ 0	$ 219	$ 0	$ 2,012
Payroll Deductions Payable	0	154	0	0	0	0	27
Due to Other Funds	0	0	0	0	0	0	0
Due to State of Tennessee	0	331	0	0	0	0	53
Due to Litigants, Heirs, and Others	0	0	0	0	0	0	5,241
Deferred Revenue - Current Property Taxes	0	734,620	0	101,559	0	0	0
Deferred Revenue - Delinquent Property Taxes	0	45,660	0	6,496	0	0	0
Other Deferred Revenues	0	7,218	0	0	0	0	0
Total Liabilities	$ 3,573	$ 811,717	$ 200	$ 108,055	$ 219	$ 0	$ 7,333
Fund Balances							
Reserved for Encumbrances	$ 0	$ 1,158	$ 2,950	$ 77,600	$ 0	$ 0	$ 913
Reserved for Inventory	0	0	0	0	0	0	5,852
Unreserved	349,180	781,214	17,003	110,333	251,228	121,737	44,828
Total Fund Balances	$ 349,180	$ 782,372	$ 19,953	$ 187,933	$ 251,228	$ 121,737	$ 51,593
Total Liabilities and Fund Balances	$ 352,753	$ 1,594,089	$ 20,153	$ 295,988	$ 251,447	$ 121,737	$ 58,926

(Continued)

Exhibit G-1

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

	Special Revenue Funds (Cont.)			Debt Service Funds			
	Constitutional Officers - Fees	Highway / Public Works	Total	General Debt Service	Rural Debt Service	Special Debt Service	Education Debt Service
ASSETS							
Cash	$ 404,427	$ 0	$ 762,421	$ 0	$ 0	$ 0	$ 0
Equity in Pooled Cash and Investments	0	1,323,321	2,652,505	311,695	65,488	1,364,443	238,504
Inventories	0	0	5,852	0	0	0	0
Accounts Receivable	2,698	0	66,390	52	0	0	0
Due from Other Governments	0	341,162	380,306	0	112,947	264,751	0
Due from Other Funds	0	0	8,516	0	0	0	0
Property Taxes Receivable	0	0	971,101	614,168	475,215	0	458,575
Allowance for Uncollectible Property Taxes	0	0	(80,390)	(10,257)	(27,984)	0	(18,656)
Total Assets	$ 407,125	$ 1,664,483	$ 4,766,701	$ 915,658	$ 625,666	$ 1,629,194	$ 678,423
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable	$ 0	$ 63,685	$ 93,423	$ 0	$ 0	$ 0	$ 0
Payroll Deductions Payable	0	3,406	3,587	0	0	0	0
Due to Other Funds	124,138	0	124,138	0	0	0	0
Due to State of Tennessee	0	0	384	0	0	0	0
Due to Litigants, Heirs, and Others	0	0	5,241	0	0	0	0
Deferred Revenue - Current Property Taxes	0	0	836,179	599,336	419,783	0	421,620
Deferred Revenue - Delinquent Property Taxes	0	0	52,156	4,076	26,091	0	16,881
Other Deferred Revenues	0	158,081	165,299	0	28,873	120,877	0
Total Liabilities	$ 124,138	$ 225,172	$ 1,280,407	$ 603,412	$ 474,747	$ 120,877	$ 438,501
Fund Balances							
Reserved for Encumbrances	$ 0	$ 20,030	$ 102,651	$ 0	$ 0	$ 0	$ 0
Reserved for Inventory	0	0	5,852	0	0	0	0
Unreserved	282,987	1,419,281	3,377,791	312,246	150,919	1,508,317	239,922
Total Fund Balances	$ 282,987	$ 1,439,311	$ 3,486,294	$ 312,246	$ 150,919	$ 1,508,317	$ 239,922
Total Liabilities and Fund Balances	$ 407,125	$ 1,664,483	$ 4,766,701	$ 915,658	$ 625,666	$ 1,629,194	$ 678,423

(Continued)

Exhibit G-1

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

	Debt Service Funds (Cont.)		Capital Projects Funds			
	Other Debt Service	Total	General Capital Projects	Other Capital Projects	Total	Total Nonmajor Governmental Funds
ASSETS						
Cash	$ 0	$ 0	$ 0	$ 0	$ 0	$ 762,421
Equity in Pooled Cash and Investments	430,902	2,411,032	697,189	48,473	745,662	5,809,199
Inventories	0	0	0	0	0	5,852
Accounts Receivable	0	52	0	0	0	66,442
Due from Other Governments	117,652	495,350	84,709	0	84,709	960,365
Due from Other Funds	0	0	0	0	0	8,516
Property Taxes Receivable	0	1,547,958	0	0	0	2,519,059
Allowance for Uncollectible Property Taxes	0	(56,897)	0	0	0	(137,287)
Total Assets	$ 548,554	$ 4,397,495	$ 781,898	$ 48,473	$ 830,371	$ 9,994,567
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	$ 0	$ 0	$ 0	$ 0	$ 0	$ 93,423
Payroll Deductions Payable	0	0	0	0	0	3,587
Due to Other Funds	0	0	0	0	0	124,138
Due to State of Tennessee	0	0	0	0	0	384
Due to Litigants, Heirs, and Others	0	0	0	0	0	5,241
Deferred Revenue - Current Property Taxes	0	1,440,739	0	0	0	2,276,918
Deferred Revenue - Delinquent Property Taxes	0	47,048	0	0	0	99,204
Other Deferred Revenues	30,076	179,826	21,654	0	21,654	366,779
Total Liabilities	$ 30,076	$ 1,667,613	$ 21,654	$ 0	$ 21,654	$ 2,969,674
Fund Balances						
Reserved for Encumbrances	$ 0	$ 0	$ 346,850	$ 4,789	$ 351,639	$ 454,290
Reserved for Inventory	0	0	0	0	0	5,852
Unreserved	518,478	2,729,882	413,394	43,684	457,078	6,564,751
Total Fund Balances	$ 518,478	$ 2,729,882	$ 760,244	$ 48,473	$ 808,717	$ 7,024,893
Total Liabilities and Fund Balances	$ 548,554	$ 4,397,495	$ 781,898	$ 48,473	$ 830,371	$ 9,994,567

Exhibit G-2

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

	Special Revenue Funds						
	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control	District Attorney General	Commissary
Revenues							
Local Taxes	$ 0	$ 1,125,657	$ 0	$ 147,442	$ 0	$ 0	$ 0
Licenses and Permits	0	6,058	0	0	0	0	0
Fines, Forfeitures, and Penalties	0	0	0	0	97,913	0	0
Charges for Current Services	74,949	82,473	0	0	0	0	6,480
Other Local Revenues	5,336	65,416	5,585	0	0	234	94,994
State of Tennessee	0	75,099	0	0	32,128	0	0
Federal Government	0	0	0	0	18,154	0	0
Other Governments and Citizens Groups	35,248	0	0	0	0	28,373	0
Total Revenues	$ 115,533	$ 1,354,703	$ 5,585	$ 147,442	$ 148,195	$ 28,607	$ 101,474
Expenditures							
Current:							
General Government	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Finance	0	0	0	0	0	0	0
Administration of Justice	0	0	0	0	0	53,284	0
Public Safety	0	0	0	0	145,632	0	97,398
Public Health and Welfare	0	1,137,832	0	0	0	0	0
Social, Cultural, and Recreational Services	904,700	0	0	0	0	0	0
Other Operations	0	18,500	9,842	77,971	0	0	0
Highways	0	0	0	0	0	0	0
Debt Service:							
Principal on Debt	0	0	0	0	0	0	0
Interest on Debt	0	0	0	0	0	0	0
Other Debt Service	0	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0	0
Capital Projects - Donated	0	0	0	0	0	0	0
Total Expenditures	$ 904,700	$ 1,156,332	$ 9,842	$ 77,971	$ 145,632	$ 53,284	$ 97,398
Excess (Deficiency) of Revenues Over Expenditures	$ (789,167)	$ 198,371	$ (4,257)	$ 69,471	$ 2,563	$ (24,677)	$ 4,076

(Continued)

Exhibit G-2

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

	Special Revenue Funds						
	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control	District Attorney General	Commissary
Other Financing Sources (Uses)							
Notes Issued	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Other Loans Issued	0	0	0	0	0	0	0
Transfers In	836,826	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	(24,959)
Total Other Financing Sources (Uses)	$ 836,826	$ 0	$ 0	$ 0	$ 0	$ 0	$ (24,959)
Net Change in Fund Balances	$ 47,659	$ 198,371	$ (4,257)	$ 69,471	$ 2,563	$ (24,677)	$ (20,883)
Fund Balance, July 1, 2007	301,521	584,001	24,210	118,462	248,665	146,414	72,476
Fund Balance, June 30, 2008	$ 349,180	$ 782,372	$ 19,953	$ 187,933	$ 251,228	$ 121,737	$ 51,593

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)			Debt Service Funds			
	Constitutional Officers - Fees	Highway / Public Works	Total	General Debt Service	Rural Debt Service	Special Debt Service	Education Debt Service
Revenues							
Local Taxes	$ 0	$ 71,247	$ 1,344,346	$ 230,573	$ 808,098	$ 1,346,685	$ 431,537
Licenses and Permits	0	0	6,058	0	0	0	0
Fines, Forfeitures, and Penalties	0	0	97,913	0	0	0	0
Charges for Current Services	1,100,805	0	1,264,707	0	0	0	0
Other Local Revenues	0	4,659	176,224	457,936	0	0	0
State of Tennessee	0	2,195,581	2,302,808	0	0	0	0
Federal Government	0	0	18,154	0	0	0	0
Other Governments and Citizens Groups	0	0	63,621	0	0	0	0
Total Revenues	$ 1,100,805	$ 2,271,487	$ 5,273,831	$ 688,509	$ 808,098	$ 1,346,685	$ 431,537
Expenditures							
Current:							
General Government	$ 165,021	$ 0	$ 165,021	$ 0	$ 0	$ 0	$ 0
Finance	449,366	0	449,366	0	0	0	0
Administration of Justice	760,651	0	813,935	0	0	0	0
Public Safety	0	0	243,030	0	0	0	0
Public Health and Welfare	0	0	1,137,832	0	0	0	0
Social, Cultural, and Recreational Services	0	0	904,700	0	0	0	0
Other Operations	0	0	106,313	0	0	0	0
Highways	0	2,280,177	2,280,177	0	0	0	0
Debt Service:							
Principal on Debt	0	0	0	964,000	588,809	0	270,000
Interest on Debt	0	0	0	423,162	219,757	0	158,825
Other Debt Service	0	0	0	12,415	13,403	85,052	9,520
Capital Projects	0	0	0	0	0	0	0
Capital Projects - Donated	0	0	0	0	0	0	0
Total Expenditures	$ 1,375,038	$ 2,280,177	$ 6,100,374	$ 1,399,577	$ 821,969	$ 85,052	$ 438,345
Excess (Deficiency) of Revenues Over Expenditures	$ (274,233)	$ (8,690)	$ (826,543)	$ (711,068)	$ (13,871)	$ 1,261,633	$ (6,808)

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)			Debt Service Funds			
	Constitutional Officers - Fees	Highway / Public Works	Total	General Debt Service	Rural Debt Service	Special Debt Service	Education Debt Service
Other Financing Sources (Uses)							
Notes Issued	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Other Loans Issued	0	0	0	0	0	0	0
Transfers In	0	0	836,826	0	0	0	0
Transfers Out	0	0	(24,959)	0	0	0	0
Total Other Financing Sources (Uses)	$ 0	$ 0	$ 811,867	$ 0	$ 0	$ 0	$ 0
Net Change in Fund Balances	$ (274,233)	$ (8,690)	$ (14,676)	$ (711,068)	$ (13,871)	$ 1,261,633	$ (6,808)
Fund Balance, July 1, 2007	557,220	1,448,001	3,500,970	1,023,314	164,790	246,684	246,730
Fund Balance, June 30, 2008	$ 282,987	$ 1,439,311	$ 3,486,294	$ 312,246	$ 150,919	$ 1,508,317	$ 239,922

(Continued)

Exhibit G-2

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

	Debt Service Funds (Cont.)		Capital Projects Funds				Total Nonmajor Governmental Funds
	Other Debt Service	Total	General Capital Projects	Education Capital Projects	Other Capital Projects	Total	
Revenues							
Local Taxes	$ 405,392	$ 3,222,285	$ 356,795	$ 0	$ 0	$ 356,795	$ 4,923,426
Licenses and Permits	0	0	0	0	0	0	6,058
Fines, Forfeitures, and Penalties	0	0	0	0	0	0	97,913
Charges for Current Services	0	0	0	0	145,000	145,000	1,409,707
Other Local Revenues	0	457,936	0	0	0	0	634,160
State of Tennessee	0	0	33,163	0	0	33,163	2,335,971
Federal Government	0	0	146,120	0	0	146,120	164,274
Other Governments and Citizens Groups	0	0	0	0	0	0	63,621
Total Revenues	$ 405,392	$ 3,680,221	$ 536,078	$ 0	$ 145,000	$ 681,078	$ 9,635,130
Expenditures							
Current:							
General Government	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 165,021
Finance	0	0	0	0	0	0	449,366
Administration of Justice	0	0	0	0	0	0	813,935
Public Safety	0	0	0	0	0	0	243,030
Public Health and Welfare	0	0	0	0	188,821	188,821	1,326,653
Social, Cultural, and Recreational Services	0	0	0	0	0	0	904,700
Other Operations	0	0	0	0	0	0	106,313
Highways	0	0	0	0	0	0	2,280,177
Debt Service:							
Principal on Debt	0	1,822,809	718,460	0	0	718,460	2,541,269
Interest on Debt	0	801,744	0	0	0	0	801,744
Other Debt Service	4,080	124,470	64,716	0	0	64,716	189,186
Capital Projects	0	0	1,577,269	0	0	1,577,269	1,577,269
Capital Projects - Donated	0	0	0	786,824	0	786,824	786,824
Total Expenditures	$ 4,080	$ 2,749,023	$ 2,360,445	$ 786,824	$ 188,821	$ 3,336,090	$ 12,185,487
Excess (Deficiency) of Revenues Over Expenditures	$ 401,312	$ 931,198	$ (1,824,367)	$ (786,824)	$ (43,821)	$ (2,655,012)	$ (2,550,357)

(Continued)

Exhibit G-2

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

	Debt Service Funds (Cont.)		Capital Projects Funds				Total
	Other Debt Service	Total	General Capital Projects	Education Capital Projects	Other Capital Projects	Total	Nonmajor Governmental Funds
Other Financing Sources (Uses)							
Notes Issued	$ 0	$ 0	$ 305,000	$ 0	$ 0	$ 305,000	$ 305,000
Other Loans Issued	0	0	2,213,176	786,824	0	3,000,000	3,000,000
Transfers In	0	0	0	0	0	0	836,826
Transfers Out	0	0	(28,919)	0	0	(28,919)	(53,878)
Total Other Financing Sources (Uses)	$ 0	$ 0	$ 2,489,257	$ 786,824	$ 0	$ 3,276,081	$ 4,087,948
Net Change in Fund Balances	$ 401,312	$ 931,198	$ 664,890	$ 0	$ (43,821)	$ 621,069	$ 1,537,591
Fund Balance, July 1, 2007	117,166	1,798,684	95,354	0	92,294	187,648	5,487,302
Fund Balance, June 30, 2008	$ 518,478	$ 2,729,882	$ 760,244	$ 0	$ 48,473	$ 808,717	$ 7,024,893

Exhibit G-3

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 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	$ 1,125,657	$ 0	$ 0	$ 1,125,657	$ 1,047,822	$ 1,047,822	$ 77,835
Licenses and Permits	6,058	0	0	6,058	6,000	6,000	58
Charges for Current Services	82,473	0	0	82,473	78,497	78,497	3,976
Other Local Revenues	65,416	0	0	65,416	33,050	33,050	32,366
State of Tennessee	75,099	0	0	75,099	74,509	74,509	590
Total Revenues	$ 1,354,703	$ 0	$ 0	$ 1,354,703	$ 1,239,878	$ 1,239,878	$ 114,825
Expenditures							
Public Health and Welfare							
Sanitation Management	$ 151,499	$ (1,537)	$ 400	$ 150,362	$ 162,517	$ 162,517	$ 12,155
Waste Pickup	590,564	(3,108)	0	587,456	660,024	660,024	72,568
Convenience Centers	325,157	(4,155)	758	321,760	353,049	365,049	43,289
Other Waste Collection	70,612	0	0	70,612	75,861	75,861	5,249
Other Waste Disposal	0	0	0	0	4,500	4,500	4,500
Other Operations							
Other Charges	18,500	0	0	18,500	18,500	18,500	0
Total Expenditures	$ 1,156,332	$ (8,800)	$ 1,158	$ 1,148,690	$ 1,274,451	$ 1,286,451	$ 137,761
Excess (Deficiency) of Revenues Over Expenditures	$ 198,371	$ 8,800	$ (1,158)	$ 206,013	$ (34,573)	$ (46,573)	$ 252,586
Net Change in Fund Balance	$ 198,371	$ 8,800	$ (1,158)	$ 206,013	$ (34,573)	$ (46,573)	$ 252,586
Fund Balance, July 1, 2007	584,001	(8,800)	0	575,201	579,333	579,333	(4,132)
Fund Balance, June 30, 2008	$ 782,372	$ 0	$ (1,158)	$ 781,214	$ 544,760	$ 532,760	$ 248,454

Exhibit G-4

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Industrial/Economic Development 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						
Other Local Revenues	$ 5,585	$ 0	$ 5,585	$ 5,585	$ 5,585	$ 0
Total Revenues	$ 5,585	$ 0	$ 5,585	$ 5,585	$ 5,585	$ 0
Expenditures						
Other Operations						
Industrial Development	$ 9,842	$ 2,950	$ 12,792	$ 1,200	$ 17,300	$ 4,508
Total Expenditures	$ 9,842	$ 2,950	$ 12,792	$ 1,200	$ 17,300	$ 4,508
Excess (Deficiency) of Revenues Over Expenditures	$ (4,257)	$ (2,950)	$ (7,207)	$ 4,385	$ (11,715)	$ 4,508
Net Change in Fund Balance	$ (4,257)	$ (2,950)	$ (7,207)	$ 4,385	$ (11,715)	$ 4,508
Fund Balance, July 1, 2007	24,210	0	24,210	24,174	24,174	36
Fund Balance, June 30, 2008	$ 19,953	$ (2,950)	$ 17,003	$ 28,559	$ 12,459	$ 4,544

Exhibit G-5

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Local Purpose Tax 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						
Local Taxes	$ 147,442	$ 0	$ 147,442	$ 144,641	$ 144,641	$ 2,801
Total Revenues	$ 147,442	$ 0	$ 147,442	$ 144,641	$ 144,641	$ 2,801
Expenditures						
Other Operations						
Industrial Development	$ 77,971	$ 77,600	$ 155,571	$ 164,000	$ 164,000	$ 8,429
Total Expenditures	$ 77,971	$ 77,600	$ 155,571	$ 164,000	$ 164,000	$ 8,429
Excess (Deficiency) of Revenues Over Expenditures	$ 69,471	$ (77,600)	$ (8,129)	$ (19,359)	$ (19,359)	$ 11,230
Net Change in Fund Balance	$ 69,471	$ (77,600)	$ (8,129)	$ (19,359)	$ (19,359)	$ 11,230
Fund Balance, July 1, 2007	118,462	0	118,462	118,265	118,265	197
Fund Balance, June 30, 2008	$ 187,933	$ (77,600)	$ 110,333	$ 98,906	$ 98,906	$ 11,427

Exhibit G-6

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 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						
Fines, Forfeitures, and Penalties	$ 97,913	$ 0	$ 97,913	$ 97,000	$ 103,045	$ (5,132)
State of Tennessee	32,128	0	32,128	0	32,126	2
Federal Government	18,154	0	18,154	5,000	23,000	(4,846)
Total Revenues	$ 148,195	$ 0	$ 148,195	$ 102,000	$ 158,171	$ (9,976)
Expenditures						
Public Safety						
Drug Enforcement	$ 145,632	$ (1,500)	$ 144,132	$ 102,200	$ 163,740	$ 19,608
Total Expenditures	$ 145,632	$ (1,500)	$ 144,132	$ 102,200	$ 163,740	$ 19,608
Excess (Deficiency) of Revenues Over Expenditures	$ 2,563	$ 1,500	$ 4,063	$ (200)	$ (5,569)	$ 9,632
Net Change in Fund Balance	$ 2,563	$ 1,500	$ 4,063	$ (200)	$ (5,569)	$ 9,632
Fund Balance, July 1, 2007	248,665	(1,500)	247,165	256,939	256,939	(9,774)
Fund Balance, June 30, 2008	$ 251,228	$ 0	$ 251,228	$ 256,739	$ 251,370	$ (142)

Exhibit G-7

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Commissary Fund
For the Year Ended June 30, 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	$ 6,480	$ 0	$ 0	$ 6,480	$ 9,500	$ 9,500	$ (3,020)
Other Local Revenues	94,994	0	0	94,994	102,000	102,000	(7,006)
Total Revenues	$ 101,474	$ 0	$ 0	$ 101,474	$ 111,500	$ 111,500	$ (10,026)
Expenditures							
Public Safety							
Commissary	$ 97,398	$ (2,250)	$ 913	$ 96,061	$ 105,688	$ 105,688	$ 9,627
Total Expenditures	$ 97,398	$ (2,250)	$ 913	$ 96,061	$ 105,688	$ 105,688	$ 9,627
Excess (Deficiency) of Revenues Over Expenditures	$ 4,076	$ 2,250	$ (913)	$ 5,413	$ 5,812	$ 5,812	$ (399)
Other Financing Sources (Uses)							
Transfers Out	$ (24,959)	$ 0	$ 0	$ (24,959)	$ 0	$ (24,959)	$ 0
Total Other Financing Sources (Uses)	$ (24,959)	$ 0	$ 0	$ (24,959)	$ 0	$ (24,959)	$ 0
Net Change in Fund Balance	$ (20,883)	$ 2,250	$ (913)	$ (19,546)	$ 5,812	$ (19,147)	$ (399)
Fund Balance, July 1, 2007	72,476	(2,250)	0	70,226	70,782	70,782	(556)
Fund Balance, June 30, 2008	$ 51,593	$ 0	$ (913)	$ 50,680	$ 76,594	$ 51,635	$ (955)

Exhibit G-8

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 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	$ 71,247	$ 0	$ 0	$ 71,247	$ 92,000	$ 92,000	$ (20,753)
Other Local Revenues	4,659	0	0	4,659	4,700	4,700	(41)
State of Tennessee	2,195,581	0	0	2,195,581	2,590,605	2,590,605	(395,024)
Total Revenues	$ 2,271,487	$ 0	$ 0	$ 2,271,487	$ 2,687,305	$ 2,687,305	$ (415,818)
Expenditures							
Highways							
Administration	$ 235,527	$ 0	$ 0	$ 235,527	$ 229,795	$ 243,595	$ 8,068
Highway and Bridge Maintenance	1,582,270	(10,779)	17,489	1,588,980	1,813,464	1,813,464	224,484
Operation and Maintenance of Equipment	297,878	(642)	2,541	299,777	325,404	325,404	25,627
Other Charges	121,748	0	0	121,748	132,418	122,418	670
Capital Outlay	42,754	0	0	42,754	561,759	580,259	537,505
Total Expenditures	$ 2,280,177	$ (11,421)	$ 20,030	$ 2,288,786	$ 3,062,840	$ 3,085,140	$ 796,354
Excess (Deficiency) of Revenues Over Expenditures	$ (8,690)	$ 11,421	$ (20,030)	$ (17,299)	$ (375,535)	$ (397,835)	$ 380,536
Net Change in Fund Balance	$ (8,690)	$ 11,421	$ (20,030)	$ (17,299)	$ (375,535)	$ (397,835)	$ 380,536
Fund Balance, July 1, 2007	1,448,001	(11,421)	0	1,436,580	1,457,472	1,457,472	(20,892)
Fund Balance, June 30, 2008	$ 1,439,311	$ 0	$ (20,030)	$ 1,419,281	$ 1,081,937	$ 1,059,637	$ 359,644

Exhibit G-9

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 230,573	$ 310,038	$ 310,038	$ (79,465)
Other Local Revenues	457,936	534,944	534,944	(77,008)
Total Revenues	$ 688,509	$ 844,982	$ 844,982	$ (156,473)
Expenditures				
Principal on Debt				
General Government	$ 964,000	$ 1,054,000	$ 1,054,000	$ 90,000
Interest on Debt				
General Government	423,162	447,948	447,948	24,786
Other Debt Service				
General Government	12,415	40,500	40,500	28,085
Total Expenditures	$ 1,399,577	$ 1,542,448	$ 1,542,448	$ 142,871
Excess (Deficiency) of Revenues Over Expenditures	$ (711,068)	$ (697,466)	$ (697,466)	$ (13,602)
Net Change in Fund Balance	$ (711,068)	$ (697,466)	$ (697,466)	$ (13,602)
Fund Balance, July 1, 2007	1,023,314	1,022,439	1,022,439	875
Fund Balance, June 30, 2008	$ 312,246	$ 324,973	$ 324,973	$ (12,727)

Exhibit G-10

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 808,098	$ 799,869	$ 799,869	$ 8,229
Total Revenues	$ 808,098	$ 799,869	$ 799,869	$ 8,229
Expenditures				
Principal on Debt				
Education	$ 588,809	$ 669,310	$ 588,826	$ 17
Interest on Debt				
Education	219,757	144,566	219,800	43
Other Debt Service				
General Government	0	16,000	0	0
Education	13,403	0	16,000	2,597
Total Expenditures	$ 821,969	$ 829,876	$ 824,626	$ 2,657
Excess (Deficiency) of Revenues Over Expenditures	$ (13,871)	$ (30,007)	$ (24,757)	$ 10,886
Net Change in Fund Balance	$ (13,871)	$ (30,007)	$ (24,757)	$ 10,886
Fund Balance, July 1, 2007	164,790	140,618	140,618	24,172
Fund Balance, June 30, 2008	$ 150,919	$ 110,611	$ 115,861	$ 35,058

Exhibit G-11

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 1,346,685	$ 1,338,615	$ 1,338,615	$ 8,070
Total Revenues	$ 1,346,685	$ 1,338,615	$ 1,338,615	$ 8,070
Expenditures				
Other Debt Service				
General Government	$ 0	$ 14,000	$ 0	$ 0
Education	85,052	0	85,096	44
Total Expenditures	$ 85,052	$ 14,000	$ 85,096	$ 44
Excess (Deficiency) of Revenues Over Expenditures	$ 1,261,633	$ 1,324,615	$ 1,253,519	$ 8,114
Net Change in Fund Balance	$ 1,261,633	$ 1,324,615	$ 1,253,519	$ 8,114
Fund Balance, July 1, 2007	246,684	0	0	246,684
Fund Balance, June 30, 2008	$ 1,508,317	$ 1,324,615	$ 1,253,519	$ 254,798

Exhibit G-12

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 431,537	$ 423,903	$ 423,903	$ 7,634
Total Revenues	$ 431,537	$ 423,903	$ 423,903	$ 7,634
Expenditures				
Principal on Debt				
Education	$ 270,000	$ 270,000	$ 270,000	$ 0
Interest on Debt				
Education	158,825	158,825	158,825	0
Other Debt Service				
General Government	0	13,200	0	0
Education	9,520	0	13,200	3,680
Total Expenditures	$ 438,345	$ 442,025	$ 442,025	$ 3,680
Excess (Deficiency) of Revenues Over Expenditures	$ (6,808)	$ (18,122)	$ (18,122)	$ 11,314
Net Change in Fund Balance	$ (6,808)	$ (18,122)	$ (18,122)	$ 11,314
Fund Balance, July 1, 2007	246,730	246,751	246,751	(21)
Fund Balance, June 30, 2008	$ 239,922	$ 228,629	$ 228,629	$ 11,293

Exhibit G-13

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 405,392	$ 360,809	$ 360,809	$ 44,583
Total Revenues	$ 405,392	$ 360,809	$ 360,809	$ 44,583
Expenditures				
Other Debt Service				
General Government	$ 0	$ 4,500	$ 0	$ 0
Education	4,080	0	4,500	420
Total Expenditures	$ 4,080	$ 4,500	$ 4,500	$ 420
Excess (Deficiency) of Revenues Over Expenditures	$ 401,312	$ 356,309	$ 356,309	$ 45,003
Net Change in Fund Balance	$ 401,312	$ 356,309	$ 356,309	$ 45,003
Fund Balance, July 1, 2007	117,166	0	0	117,166
Fund Balance, June 30, 2008	$ 518,478	$ 356,309	$ 356,309	$ 162,169

Fiduciary Funds

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

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

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

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

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

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

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Exhibit H-1

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

	Agency Funds					
	Cities - Sales Tax	City School ADA-Tullahoma Fund	City School ADA-Manchester Fund	Constitutional Officers - Agency	Judicial District Drug Fund	Total
ASSETS						
Cash	$ 0	$ 0	$ 0	$ 1,352,795	$ 0	$ 1,352,795
Equity in Pooled Cash and Investments	0	37,390	15,545	0	242,883	295,818
Due from Other Governments	2,117,378	836	348	0	0	2,118,562
Property Taxes Receivable	0	4,906,854	2,042,142	0	0	6,948,996
Allowance for Uncollectible Property Taxes	0	(125,612)	(51,371)	0	0	(176,983)
Total Assets	$ 2,117,378	$ 4,819,468	$ 2,006,664	$ 1,352,795	$ 242,883	$ 10,539,188
LIABILITIES						
Accounts Payable	$ 0	$ 0	$ 0	$ 0	$ 24	$ 24
Payroll Deductions Payable	0	0	0	0	241	241
Due to Other Funds	0	0	0	0	2,155	2,155
Due to State of Tennessee	0	0	0	0	61	61
Due to Other Taxing Units	2,117,378	4,819,468	2,006,664	0	0	8,943,510
Due to Litigants, Heirs, and Others	0	0	0	1,352,795	0	1,352,795
Due to Joint Ventures	0	0	0	0	240,402	240,402
Total Liabilities	$ 2,117,378	$ 4,819,468	$ 2,006,664	$ 1,352,795	$ 242,883	$ 10,539,188

Exhibit H-2

Coffee 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	$ 12,848,562	$ 12,848,562	$ 0
Due from Other Governments	2,019,839	2,117,378	2,019,839	2,117,378
Total Assets	$ 2,019,839	$ 14,965,940	$ 14,868,401	$ 2,117,378
Liabilities				
Due to Other Taxing Units	$ 2,019,839	$ 14,965,940	$ 14,868,401	$ 2,117,378
Total Liabilities	$ 2,019,839	$ 14,965,940	$ 14,868,401	$ 2,117,378
City School ADA-Tullahoma Fund				
Assets				
Equity in Pooled Cash and Investments	$ 11,663	$ 4,584,417	$ 4,558,690	$ 37,390
Due from Other Governments	244	836	244	836
Property Taxes Receivable	4,726,514	4,906,854	4,726,514	4,906,854
Allowance for Uncollectible Property Taxes	(117,685)	117,685	125,612	(125,612)
Total Assets	$ 4,620,736	$ 9,609,792	$ 9,411,060	$ 4,819,468
Liabilities				
Cash Overdraft	$ 61,844	$ 0	$ 61,844	$ 0
Due to Other Taxing Units	4,558,892	9,609,792	9,349,216	4,819,468
Total Liabilities	$ 4,620,736	$ 9,609,792	$ 9,411,060	$ 4,819,468
City School ADA-Manchester Fund				
Assets				
Equity in Pooled Cash and Investments	$ 53,799	$ 1,908,299	$ 1,946,553	$ 15,545
Due from Other Governments	259,630	348	259,630	348
Property Taxes Receivable	1,894,837	2,042,142	1,894,837	2,042,142
Allowance for Uncollectible Property Taxes	(46,118)	46,118	51,371	(51,371)
Total Assets	$ 2,162,148	$ 3,996,907	$ 4,152,391	$ 2,006,664
Liabilities				
Due to Other Taxing Units	$ 2,162,148	$ 3,996,907	$ 4,152,391	$ 2,006,664
Total Liabilities	$ 2,162,148	$ 3,996,907	$ 4,152,391	$ 2,006,664
Constitutional Officers - Agency Fund				
Assets				
Cash	$ 1,398,132	$ 10,467,168	$ 10,512,505	$ 1,352,795
Total Assets	$ 1,398,132	$ 10,467,168	$ 10,512,505	$ 1,352,795
Liabilities				
Due to Litigants, Heirs, and Others	$ 1,398,132	$ 10,467,168	$ 10,512,505	$ 1,352,795
Total Liabilities	$ 1,398,132	$ 10,467,168	$ 10,512,505	$ 1,352,795

(Continued)

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
Judicial District Drug Fund				
Assets				
Equity in Pooled Cash and Investments	$ 290,248	$ 350,568	$ 397,933	$ 242,883
Due from Other Governments	1,810	0	1,810	0
Total Assets	$ 292,058	$ 350,568	$ 399,743	$ 242,883
Liabilities				
Accounts Payable	$ 0	$ 24	$ 0	$ 24
Payroll Deductions Payable	0	241	0	241
Due to Other Funds	0	2,155	0	2,155
Due to State of Tennessee	0	61	0	61
Due to Joint Ventures	292,058	348,087	399,743	240,402
Total Liabilities	$ 292,058	$ 350,568	$ 399,743	$ 242,883
Totals - All Agency Funds				
Assets				
Cash	$ 1,398,132	$ 10,467,168	$ 10,512,505	$ 1,352,795
Equity in Pooled Cash and Investments	355,710	19,691,846	19,751,738	295,818
Due from Other Governments	2,281,523	2,118,562	2,281,523	2,118,562
Property Taxes Receivable	6,621,351	6,948,996	6,621,351	6,948,996
Allowance for Uncollectible Property Taxes	(163,803)	163,803	176,983	(176,983)
Total Assets	$ 10,492,913	$ 39,390,375	$ 39,344,100	$ 10,539,188
Liabilities				
Cash Overdraft	$ 61,844	$ 0	$ 61,844	$ 0
Accounts Payable	0	24	0	24
Payroll Deductions Payable	0	241	0	241
Due to Other Funds	0	2,155	0	2,155
Due to State of Tennessee	0	61	0	61
Due to Other Taxing Units	8,740,879	28,572,639	28,370,008	8,943,510
Due to Litigants, Heirs, and Others	1,398,132	10,467,168	10,512,505	1,352,795
Due to Joint Ventures	292,058	348,087	399,743	240,402
Total Liabilities	$ 10,492,913	$ 39,390,375	$ 39,344,100	$ 10,539,188

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Coffee County School Department

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

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

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

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

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

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Exhibit I-1

Coffee County, Tennessee
Statement of Activities
Discretely Presented Coffee County School Department
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: Total Governmental Activities
Component Unit:					
Governmental Activities:					
Instruction	$ 20,106,922	$ 81,384	$ 1,789,119	$ 0	$ (18,236,419)
Support Services	10,089,997	0	0	786,824	(9,303,173)
Operation of Non-Instructional Services	3,020,500	1,029,033	1,267,115	0	(724,352)
Interest on Long-term Debt	10,579	0	0	0	(10,579)
Other Debt Service	223,079	0	0	0	(223,079)
Total Governmental Activities	$ 33,451,077	$ 1,110,417	$ 3,056,234	$ 786,824	$ (28,497,602)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					$ 6,814,397
Local Option Sales Taxes					3,598,463
Other Local Taxes					3,167
Grants and Contributions Not Restricted to Specific Programs					18,932,277
Unrestricted Investment Earnings					8,293
Miscellaneous					68,856
Total General Revenues					$ 29,425,453
Insurance Recovery					$ 27,115
Change in Net Assets					$ 954,966
Net Assets, July 1, 2007					13,202,727
Net Assets, June 30, 2008					$ 14,157,693

Exhibit I-2

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

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern-mental Funds	Total Govern-mental Funds
ASSETS			
Cash	$ 10,011	$ 1,030	$ 11,041
Equity in Pooled Cash and Investments	4,413,587	1,382,954	5,796,541
Accounts Receivable	70,151	12	70,163
Due from Other Governments	1,091,195	10,300	1,101,495
Property Taxes Receivable	7,294,751	0	7,294,751
Allowance for Uncollectible Property Taxes	(186,614)	0	(186,614)
Total Assets	$ 12,693,081	$ 1,394,296	$ 14,087,377
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 9,478	$ 0	$ 9,478
Accrued Payroll	2,057,260	172,325	2,229,585
Payroll Deductions Payable	1,379,794	91,236	1,471,030
Claims and Judgments Payable	146,368	266	146,634
Deferred Revenue - Current Property Taxes	6,926,941	0	6,926,941
Deferred Revenue - Delinquent Property Taxes	161,512	0	161,512
Other Deferred Revenues	335,173	0	335,173
Total Liabilities	$ 11,016,526	$ 263,827	$ 11,280,353
Fund Balances			
Reserved for Encumbrances	$ 337,017	$ 563,115	$ 900,132
Other Local Education Reserves	59,536	0	59,536
Reserved for Capital Outlay	221,500	0	221,500
Reserved for Career Ladder Program	3,315	0	3,315
Reserved for Basic Education Program	320,022	0	320,022
Reserved for Title I Grants to Local Education Agencies	0	1,350	1,350
Unreserved, Reported In:			
General Fund	735,165	0	735,165
Special Revenue Funds	0	545,260	545,260
Capital Projects Funds	0	20,744	20,744
Total Fund Balances	$ 1,676,555	$ 1,130,469	$ 2,807,024
Total Liabilities and Fund Balances	$ 12,693,081	$ 1,394,296	$ 14,087,377

Exhibit I-3

Coffee County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Coffee 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)		$ 2,807,024
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in in the governmental funds.		
Add: land	$ 1,088,853	
Add: buildings and improvements net of accumulated depreciation	9,665,422	
Add: other capital assets net of accumulated depreciation	1,592,502	12,346,777
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	$ (732,147)	
Less: compensated absences payable	(34,121)	
Less: other postemployment benefits liability	(720,121)	
Less: accrued interest on notes	(6,404)	(1,492,793)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		496,685
Net assets of governmental activities (Exhibit A)		$ 14,157,693

Exhibit I-4

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

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern-mental Funds	Total Governmental Funds
Revenues			
Local Taxes	$ 10,353,162	$ 0	$ 10,353,162
Licenses and Permits	1,882	0	1,882
Charges for Current Services	236,750	869,563	1,106,313
Other Local Revenues	111,125	9,158	120,283
State of Tennessee	18,989,467	26,837	19,016,304
Federal Government	102,048	2,686,289	2,788,337
Other Governments and Citizens Groups	0	786,824	786,824
Total Revenues	$ 29,794,434	$ 4,378,671	$ 34,173,105
Expenditures			
Current:			
Instruction	$ 18,471,326	$ 1,364,810	$ 19,836,136
Support Services	9,732,786	178,605	9,911,391
Operation of Non-Instructional Services	812,993	2,071,220	2,884,213
Capital Outlay	1,063,915	0	1,063,915
Debt Service:			
Principal on Debt	71,340	0	71,340
Interest on Debt	12,524	0	12,524
Capital Projects	0	223,079	223,079
Total Expenditures	$ 30,164,884	$ 3,837,714	$ 34,002,598
Excess (Deficiency) of Revenues Over Expenditures	$ (370,450)	$ 540,957	$ 170,507
Other Financing Sources (Uses)			
Notes Issued	$ 500,000	$ 0	$ 500,000
Insurance Recovery	27,115	0	27,115
Transfers In	27,434	0	27,434
Transfers Out	0	(27,434)	(27,434)
Total Other Financing Sources (Uses)	$ 554,549	$ (27,434)	$ 527,115
Net Change in Fund Balances	$ 184,099	$ 513,523	$ 697,622
Fund Balance, July 1, 2007	1,492,456	616,946	2,109,402
Fund Balance, June 30, 2008	$ 1,676,555	$ 1,130,469	$ 2,807,024

Exhibit I-5

Coffee County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Coffee 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)		$ 697,622
(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	$ 1,919,960	
Less: current year depreciation expense	(582,845)	1,337,115
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2008	$ 496,685	
Less: deferred delinquent property taxes and other deferred June 30, 2007	(421,351)	75,334
(3) The issuance of long-term debt (e.g., bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Less: note proceeds	$ (500,000)	
Add: principal payments on notes	71,340	(428,660)
(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 payable	$ 1,945	
Change in compensated absences payable	(8,269)	
Change in other postemployment benefits liability	(720,121)	(726,445)
Change in net assets of governmental activities (Exhibit B)		$ 954,966

Exhibit I-6

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

	Special Revenue Funds			Capital Projects Fund	Total
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Nonmajor Governmental Funds
ASSETS					
Cash	$ 0	$ 1,030	$ 1,030	$ 0	$ 1,030
Equity in Pooled Cash and Investments	153,721	665,488	819,209	563,745	1,382,954
Accounts Receivable	0	12	12	0	12
Due from Other Governments	9,933	367	10,300	0	10,300
Total Assets	$ 163,654	$ 666,897	$ 830,551	$ 563,745	$ 1,394,296
LIABILITIES AND FUND BALANCES					
Liabilities					
Accrued Payroll	$ 106,045	$ 66,280	$ 172,325	$ 0	$ 172,325
Payroll Deductions Payable	47,711	43,525	91,236	0	91,236
Claims and Judgments Payable	0	266	266	0	266
Total Liabilities	$ 153,756	$ 110,071	$ 263,827	$ 0	$ 263,827
Fund Balances					
Reserved for Encumbrances	$ 8,548	$ 11,566	$ 20,114	$ 543,001	$ 563,115
Reserved for Title I Grants to Local Education Agencies	1,350	0	1,350	0	1,350
Unreserved	0	545,260	545,260	20,744	566,004
Total Fund Balances	$ 9,898	$ 556,826	$ 566,724	$ 563,745	$ 1,130,469
Total Liabilities and Fund Balances	$ 163,654	$ 666,897	$ 830,551	$ 563,745	$ 1,394,296

Exhibit I-7

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

	Special Revenue Funds			Capital Projects Fund	Total
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Nonmajor Governmental Funds
Revenues					
Charges for Current Services	$ 0	$ 869,563	$ 869,563	$ 0	$ 869,563
Other Local Revenues	0	9,158	9,158	0	9,158
State of Tennessee	0	26,837	26,837	0	26,837
Federal Government	1,575,500	1,110,789	2,686,289	0	2,686,289
Other Governments and Citizens Groups	0	0	0	786,824	786,824
Total Revenues	$ 1,575,500	$ 2,016,347	$ 3,591,847	$ 786,824	$ 4,378,671
Expenditures					
Current:					
Instruction	$ 1,364,810	$ 0	$ 1,364,810	$ 0	$ 1,364,810
Support Services	178,605	0	178,605	0	178,605
Operation of Non-Instructional Services	0	2,071,220	2,071,220	0	2,071,220
Capital Projects	0	0	0	223,079	223,079
Total Expenditures	$ 1,543,415	$ 2,071,220	$ 3,614,635	$ 223,079	$ 3,837,714
Excess (Deficiency) of Revenues Over Expenditures	$ 32,085	$ (54,873)	$ (22,788)	$ 563,745	$ 540,957
Other Financing Sources (Uses)					
Transfers Out	$ (27,434)	$ 0	$ (27,434)	$ 0	$ (27,434)
Total Other Financing Sources (Uses)	$ (27,434)	$ 0	$ (27,434)	$ 0	$ (27,434)
Net Change in Fund Balances	$ 4,651	$ (54,873)	$ (50,222)	$ 563,745	$ 513,523
Fund Balance, July 1, 2007	5,247	611,699	616,946	0	616,946
Fund Balance, June 30, 2008	$ 9,898	$ 556,826	$ 566,724	$ 563,745	$ 1,130,469

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 10,353,162	$ 0	$ 0	$ 10,353,162	$ 10,584,420	$ 10,584,420	$ (231,258)
Licenses and Permits	1,882	0	0	1,882	2,000	2,000	(118)
Charges for Current Services	236,750	0	0	236,750	248,000	248,000	(11,250)
Other Local Revenues	111,125	0	0	111,125	3,473	65,365	45,760
State of Tennessee	18,989,467	0	0	18,989,467	18,653,270	18,942,537	46,930
Federal Government	102,048	0	0	102,048	698,080	116,632	(14,584)
Total Revenues	$ 29,794,434	$ 0	$ 0	$ 29,794,434	$ 30,189,243	$ 29,958,954	$ (164,520)
Expenditures							
Instruction							
Regular Instruction Program	$ 14,727,747	$ (1,534)	$ 68,698	$ 14,794,911	$ 14,867,677	$ 14,845,131	$ 50,220
Special Education Program	2,439,416	0	898	2,440,314	2,560,724	2,560,724	120,410
Vocational Education Program	1,255,359	(443)	1,129	1,256,045	1,315,418	1,315,418	59,373
Student Body Education Program	48,804	0	0	48,804	54,019	56,735	7,931
Support Services							
Attendance	83,403	0	35	83,438	85,584	85,584	2,146
Health Services	428,213	0	4,224	432,437	442,401	456,947	24,510
Other Student Support	759,938	(480)	0	759,458	780,588	786,159	26,701
Regular Instruction Program	1,147,397	(2,161)	0	1,145,236	1,194,177	1,194,177	48,941
Special Education Program	251,003	0	0	251,003	251,041	251,041	38
Vocational Education Program	117,150	0	929	118,079	124,390	124,390	6,311
Other Programs	179,424	0	0	179,424	0	179,424	0
Board of Education	906,805	0	0	906,805	910,641	910,641	3,836
Director of Schools	277,687	0	1,726	279,413	264,468	284,268	4,855

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Support Services (Cont.)							
Office of the Principal	$ 1,432,931	$ (150)	$ 700	$ 1,433,481	$ 1,458,314	$ 1,458,314	$ 24,833
Fiscal Services	251,440	(1,833)	1,106	250,713	250,774	250,774	61
Operation of Plant	1,625,724	0	275	1,625,999	1,720,025	1,720,025	94,026
Maintenance of Plant	552,592	0	0	552,592	491,154	559,809	7,217
Transportation	1,719,079	0	75,025	1,794,104	1,952,945	2,224,057	429,953
Operation of Non-Instructional Services							
Community Services	233,075	(580)	6,871	239,366	272,411	283,211	43,845
Early Childhood Education	579,918	(1,095)	3,731	582,554	582,554	582,554	0
Capital Outlay							
Regular Capital Outlay	1,063,915	(496,960)	171,670	738,625	846,500	896,500	157,875
Principal on Debt							
Education	71,340	0	0	71,340	71,341	71,341	1
Interest on Debt							
Education	12,524	0	0	12,524	12,524	12,524	0
Total Expenditures	$ 30,164,884	$ (505,236)	$ 337,017	$ 29,996,665	$ 30,509,670	$ 31,109,748	$ 1,113,083
Excess (Deficiency) of Revenues Over Expenditures	$ (370,450)	$ 505,236	$ (337,017)	$ (202,231)	$ (320,427)	$ (1,150,794)	$ 948,563
Other Financing Sources (Uses)							
Notes Issued	$ 500,000	$ 0	$ 0	$ 500,000	$ 0	$ 500,000	$ 0
Insurance Recovery	27,115	0	0	27,115	30,000	29,545	(2,430)
Transfers In	27,434	0	0	27,434	10,000	10,000	17,434
Total Other Financing Sources (Uses)	$ 554,549	$ 0	$ 0	$ 554,549	$ 40,000	$ 539,545	$ 15,004
Net Change in Fund Balance	$ 184,099	$ 505,236	$ (337,017)	$ 352,318	$ (280,427)	$ (611,249)	$ 963,567
Fund Balance, July 1, 2007	1,492,456	(505,236)	0	987,220	821,547	821,547	165,673
Fund Balance, June 30, 2008	$ 1,676,555	$ 0	$ (337,017)	$ 1,339,538	$ 541,120	$ 210,298	$ 1,129,240

Exhibit I-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Federal Government	$ 1,575,500	$ 0	$ 0	$ 1,575,500	$ 1,669,968	$ 1,674,860	$ (99,360)
Total Revenues	$ 1,575,500	$ 0	$ 0	$ 1,575,500	$ 1,669,968	$ 1,674,860	$ (99,360)
Expenditures							
Instruction							
Regular Instruction Program	$ 503,892	$ (3,898)	$ 0	$ 499,994	$ 511,993	$ 514,338	$ 14,344
Special Education Program	784,917	0	1,098	786,015	820,681	819,681	33,666
Vocational Education Program	76,001	0	4,279	80,280	75,366	80,280	0
Support Services							
Other Student Support	14,009	0	481	14,490	18,014	18,014	3,524
Regular Instruction Program	126,038	0	0	126,038	169,597	167,252	41,214
Special Education Program	35,248	0	500	35,748	39,972	40,972	5,224
Vocational Education Program	1,810	0	2,190	4,000	4,000	4,000	0
Office of the Principal	1,500	0	0	1,500	1,500	1,500	0
Total Expenditures	$ 1,543,415	$ (3,898)	$ 8,548	$ 1,548,065	$ 1,641,123	$ 1,646,037	$ 97,972
Excess (Deficiency) of Revenues Over Expenditures	$ 32,085	$ 3,898	$ (8,548)	$ 27,435	$ 28,845	$ 28,823	$ (1,388)
Other Financing Sources (Uses)							
Transfers Out	$ (27,434)	$ 0	$ 0	$ (27,434)	$ (28,845)	$ (28,823)	$ 1,389
Total Other Financing Sources (Uses)	$ (27,434)	$ 0	$ 0	$ (27,434)	$ (28,845)	$ (28,823)	$ 1,389
Net Change in Fund Balance	$ 4,651	$ 3,898	$ (8,548)	$ 1	$ 0	$ 0	$ 1
Fund Balance, July 1, 2007	5,247	(3,898)	0	1,349	0	0	1,349
Fund Balance, June 30, 2008	$ 9,898	$ 0	$ (8,548)	$ 1,350	$ 0	$ 0	$ 1,350

Exhibit I-10

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Coffee County School Department
Central Cafeteria 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	$ 869,563	$ 0	$ 0	$ 869,563	$ 942,900	$ 942,900	$ (73,337)
Other Local Revenues	9,158	0	0	9,158	10,000	10,000	(842)
State of Tennessee	26,837	0	0	26,837	25,800	25,800	1,037
Federal Government	1,110,789	0	0	1,110,789	1,228,000	1,228,000	(117,211)
Total Revenues	$ 2,016,347	$ 0	$ 0	$ 2,016,347	$ 2,206,700	$ 2,206,700	$ (190,353)
Expenditures							
Operation of Non-Instructional Services							
Food Service	$ 2,071,220	$ (5,372)	$ 11,566	$ 2,077,414	$ 2,209,776	$ 2,209,776	$ 132,362
Total Expenditures	$ 2,071,220	$ (5,372)	$ 11,566	$ 2,077,414	$ 2,209,776	$ 2,209,776	$ 132,362
Excess (Deficiency) of Revenues Over Expenditures	$ (54,873)	$ 5,372	$ (11,566)	$ (61,067)	$ (3,076)	$ (3,076)	$ (57,991)
Net Change in Fund Balance	$ (54,873)	$ 5,372	$ (11,566)	$ (61,067)	$ (3,076)	$ (3,076)	$ (57,991)
Fund Balance, July 1, 2007	611,699	(5,372)	0	606,327	603,650	603,650	2,677
Fund Balance, June 30, 2008	$ 556,826	$ 0	$ (11,566)	$ 545,260	$ 600,574	$ 600,574	$ (55,314)

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MISCELLANEOUS SCHEDULES

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Exhibit J-1

Coffee County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
Primary Government and Discretely Presented Coffee 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	Transferred	Outstanding 6-30-08
PRIMARY GOVERNMENT									
NOTES PAYABLE									
Payable though General Debt Service Fund									
County Improvement Capital Outlay Notes	$ 654,000	3.4 %	2-16-05	2-15-11	$ 436,000	$ 0	$ 109,000	$ 0	$ 327,000
Payable though Rural Debt Service Fund									
School Repairs	900,000	3.5	2-26-04	3-1-10	$ 436,517	$ 0	$ 153,809	$ 0	$ 282,708
Portable Classrooms	718,460	3.83	5-10-07	11-14-07	718,460	0	0	(718,460)	0
Total Payable though Rural Debt Service Fund					$ 1,154,977	$ 0	$ 153,809	$ (718,460)	$ 282,708
Payable though Local Purpose Tax Fund									
Road Improvements	135,000	3.65	6-11-08	6-30-14	$ 0	$ 135,000	$ 0	$ 0	$ 135,000
Payable though General Capital Projects Fund									
Portable Classrooms	718,460	3.83	5-10-07	11-14-07	$ 0	$ 0	$ 718,460	$ 718,460	$ 0
Payable though Other Capital Projects Fund									
Ambulance Facilities, Series 2008	170,000	3.65	6-11-08	6-30-14	$ 0	$ 170,000	$ 0	$ 0	$ 170,000
Total Notes Payable					$ 1,590,977	$ 305,000	$ 981,269	$ 0	$ 914,708
OTHER LOANS PAYABLE									
Payable though General Debt Service Fund									
Public Facilities, Industrial Park, Convention Center, and Water/Sewer Projects, Series 2001A	5,800,000	3.75 to 5	1-1-01	2-1-21	$ 965,000	$ 0	$ 90,000	$ 0	$ 875,000
Public Facilities, Industrial Park, and Water/Sewer Projects, Series 2001B	1,200,000	5.8 to 6.7	1-1-01	2-1-09	360,000	0	175,000	0	185,000
Public Improvement Projects	1,500,000	Variable	10-24-02	6-1-17	1,500,000	0	0	0	1,500,000
Public Improvement, Series Z-4-A	4,510,000	3.55 to 4	11-2-06	3-1-21	4,475,000	0	20,000	0	4,455,000
Total Payable though General Debt Service Fund					$ 7,300,000	$ 0	$ 285,000	$ 0	$ 7,015,000
Payable though Rural Debt Service Fund									
Public Improvement Series Z-5-B	3,000,000	Variable	10-25-07	6-1-30	$ 0	$ 3,000,000	$ 150,000	$ 0	$ 2,850,000
Total Other Loans Payable					$ 7,300,000	$ 3,000,000	$ 435,000	$ 0	$ 9,865,000

(Continued)

Exhibit J-1

Coffee County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
Primary Government and Discretely Presented Coffee County School Department (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Transferred	Outstanding 6-30-08
PRIMARY GOVERNMENT (CONT.)									
BONDS PAYABLE									
Payable though General Debt Service Fund									
General Obligation Public Improvement Bonds	$ 1,500,000	3.7 to 4.4 %	8-1-1998	6-30-08	$ 180,000	$ 0	$ 180,000	$ 0	$ 0
General Obligation Refunding Bonds, Series 2006C	2,745,000	4	11-29-06	2-1-15	2,590,000	0	390,000	0	2,200,000
Total Payable through General Debt Service Fund					$ 2,770,000	$ 0	$ 570,000	$ 0	$ 2,200,000
Payable though Rural Debt Service Fund									
Rural School Refunding, Series 2006B	2,615,000	4	11-29-06	2-1-15	$ 2,580,000	$ 0	$ 285,000	$ 0	$ 2,295,000
Payable though Education Debt Service Fund									
Senior High School Refunding Bonds, Series 2006A	4,110,000	3.75 to 4	11-29-06	2-1-18	$ 4,055,000	$ 0	$ 270,000	$ 0	$ 3,785,000
Total Bonds Payable					$ 9,405,000	$ 0	$ 1,125,000	$ 0	$ 8,280,000
DISCRETELY PRESENTED COFFEE COUNTY SCHOOL DEPARTMENT									
NOTES PAYABLE									
Payable through General Purpose School Fund									
School Buses	372,000	4.07	10-24-05	10-24-10	$ 303,487	$ 0	$ 71,340	$ 0	$ 232,147
Energy Efficiency Improvements	500,000	0	9-5-07	7-15-15	0	500,000	0	0	500,000
Total Notes Payable					$ 303,487	$ 500,000	$ 71,340	$ 0	$ 732,147

Exhibit J-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	$ 319,241	$ 18,167	$ 337,408
2010	283,133	8,695	291,828
2011	159,833	2,780	162,613
2012	50,833	5,659	56,492
2013	50,833	3,762	54,595
2014	50,835	1,882	52,717
Total	$ 914,708	$ 40,945	$ 955,653

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2009	$ 445,000	$ 335,888	$ 20,445	$ 801,333
2010	530,000	314,190	19,975	864,165
2011	405,000	293,968	19,270	718,238
2012	335,000	269,723	19,270	623,993
2013	650,000	256,323	17,884	924,207
2014	675,000	242,011	16,497	933,508
2015	700,000	226,698	15,087	941,785
2016	825,000	213,411	13,654	1,052,065
2017	850,000	164,298	11,750	1,026,048
2018	570,000	144,897	11,280	726,177
2019	625,000	124,324	10,810	760,134
2020	650,000	101,683	10,223	761,906
2021	705,000	77,817	9,635	792,452
2022	150,000	51,547	8,930	210,477
2023	150,000	47,478	8,225	205,703
2024	175,000	43,408	7,520	225,928
2025	175,000	38,660	6,698	220,358
2026	200,000	33,913	5,875	239,788
2027	225,000	28,487	4,935	258,422
2028	250,000	22,382	3,878	276,260
2029	275,000	15,600	2,700	293,300
2030	300,000	8,136	1,410	309,546
Total	$ 9,865,000	$ 3,054,842	$ 245,951	$ 13,165,793

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2009	$ 995,000	$ 327,825	$ 1,322,825
2010	1,015,000	288,025	1,303,025
2011	1,055,000	247,425	1,302,425
2012	1,095,000	205,225	1,300,225
2013	825,000	161,425	986,425
2014	860,000	128,425	988,425
2015	900,000	94,025	994,025
2016	705,000	58,025	763,025
2017	735,000	31,588	766,588
2018	95,000	3,657	98,657
Total	$ 8,280,000	$ 1,545,645	$ 9,825,645

(Continued)

Exhibit J-2

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

DISCRETELY PRESENTED COFFEE
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	$ 74,258	$ 9,606	$ 83,864
2010	148,777	6,515	155,292
2011	151,969	3,324	155,292
2012	71,429	0	71,429
2013	71,429	0	71,429
2014	71,429	0	71,429
2015	71,429	0	71,429
2016	71,429	0	71,429
Total	$ 732,147	$ 19,445	$ 751,592

Exhibit J-3

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

From Fund	To Fund	Purpose	Amount
PRIMARY GOVERNMENT			
Commissary	General	Jail maintenance	$ 24,959
General	Public Library	Operations	836,826
General Capital Projects	Wayside Acres Sewer	Construction	28,919
Total Transfers			$ 890,704
DISCRETELY PRESENTED COFFEE COUNTY SCHOOL DEPARTMENT			
School Federal Projects	General Purpose School	Indirect costs	$ 27,434
Total Transfers			$ 27,434

Exhibit J-4

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

Official	Authorization for Salary	Salary Paid During Period	(1)	Bond	Surety
County Mayor	Section 8-24-102, TCA, and Coffee County Personnel Policies	$ 70,422		$ 50,000	State Auto Insurance Company
Road Superintendent	Section 8-24-102, TCA	67,070		100,000	"
Director of Schools	State Board of Education and Coffee County Board of Education	99,795	(2)	(3)	
Trustee	Section 8-24-102, TCA	60,972		1,287,000	Auto-Owners Mutual Insurance Company
Assessor of Property	Section 8-24-102, TCA	60,972		10,000	State Auto Insurance Company
Director of Accounts and Budgets	Coffee County Commission	62,794		20,000	"
County Clerk	Section 8-24-102, TCA	60,972		50,000	"
Circuit Court Clerk	Section 8-24-102, TCA, and Coffee County Personnel Policies	60,972	(4)	50,000	"
Clerk and Master	Section 8-24-102, TCA	60,972		50,000	"
Register	Section 8-24-102, TCA	60,972		25,000	"
Sheriff	Section 8-24-102, TCA, and Coffee County Personnel Policies	67,070	(5)	25,000	"

Employee Blanket Bonds:		
Public Employee Dishonesty - County Departments (excluding Highway Department)	150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - Highway Department	150,000	Local Government Insurance Pool
Public Employee Dishonesty - School Department	150,000	Tennessee Risk Management Trust

(1) All Coffee County employees have an option under the county's personnel policies to opt out of the medical insurance plan and receive an incentive payment equal to 67 percent of the cost of single coverage.
(2) Includes chief executive officer training supplement of $1,000.
(3) The director is covered under the School Department's blanket bond.
(4) Does not include a $2,617 payment in-lieu-of insurance benefit.
(5) Does not include a $2,617 payment in-lieu-of insurance benefit and law enforcement training supplement of $600.

Exhibit J-5

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

		Special Revenue Funds				
	General	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control
Local Taxes						
County Property Taxes						
Current Property Tax	$ 6,658,901	$ 0	$ 736,276	$ 0	$ 146,021	$ 0
Trustee's Collections - Prior Year	205,557	0	0	0	1,246	0
Trustee's Collections - Bankruptcy	3,936	0	209	0	0	0
Circuit/Clerk & Master Collections - Prior Years	99,796	0	23,019	0	0	0
Interest and Penalty	89,338	0	14,940	0	175	0
Payments in-Lieu-of Taxes - T.V.A.	601	0	156	0	0	0
Payments in-Lieu-of Taxes - Other	1,691	0	426	0	0	0
County Local Option Taxes						
Local Option Sales Tax	302,693	0	97,294	0	0	0
Litigation Tax - General	271,960	0	0	0	0	0
Litigation Tax - Special Purpose	44,804	0	0	0	0	0
Business Tax	741,426	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
Statutory Local Taxes						
Bank Excise Tax	147,971	0	0	0	0	0
Wholesale Beer Tax	0	0	253,337	0	0	0
Interstate Telecommunications Tax	2,783	0	0	0	0	0
Total Local Taxes	$ 8,571,457	$ 0	$ 1,125,657	$ 0	$ 147,442	$ 0
Licenses and Permits						
Licenses						
Cable TV Franchise	$ 114,965	$ 0	$ 0	$ 0	$ 0	$ 0
Permits						
Beer Permits	0	0	6,058	0	0	0
Building Permits	85,096	0	0	0	0	0
Plumbing Permits	4,978	0	0	0	0	0
Other Permits	8,665	0	0	0	0	0
Total Licenses and Permits	$ 213,704	$ 0	$ 6,058	$ 0	$ 0	$ 0

(Continued)

Exhibit J-5

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

	General	Special Revenue Funds				
		Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control
Fines, Forfeitures, and Penalties						
Circuit Court						
Fines	$ 4,216	$ 0	$ 0	$ 0	$ 0	$ 0
Officers Costs	12,048	0	0	0	0	0
Drug Control Fines	110,926	0	0	0	0	56,772
Data Entry Fee - Circuit Court	11,751	0	0	0	0	0
Courtroom Security Fee	200	0	0	0	0	0
General Sessions Court						
Fines	71,954	0	0	0	0	0
Officers Costs	92,420	0	0	0	0	0
Game and Fish Fines	318	0	0	0	0	0
Jail Fees	23,294	0	0	0	0	0
DUI Treatment Fines	13,881	0	0	0	0	0
Data Entry Fee - General Sessions Court	2	0	0	0	0	0
Courtroom Security Fee	1,920	0	0	0	0	0
Juvenile Court						
Fines	2,753	0	0	0	0	0
Officers Costs	13,446	0	0	0	0	0
Drug Control Fines	20	0	0	0	0	0
Chancery Court						
Officers Costs	4,372	0	0	0	0	0
Data Entry Fee - Chancery Court	4,319	0	0	0	0	0
Courtroom Security Fee	207	0	0	0	0	0
Other Courts - In-county						
Drug Control Fines	19,102	0	0	0	0	0
Drug Court Fees	23,801	0	0	0	0	0
Other Fines, Forfeitures, and Penalties						
Proceeds from Confiscated Property	0	0	0	0	0	41,141
Total Fines, Forfeitures, and Penalties	$ 410,950	$ 0	$ 0	$ 0	$ 0	$ 97,913

(Continued)

Exhibit J-5

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

		Special Revenue Funds				
	General	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control
Charges for Current Services						
General Service Charges						
Convenience Waste Centers Collection Charge	$ 0	$ 0	$ 5,125	$ 0	$ 0	$ 0
Solid Waste Disposal Fees	0	0	77,348	0	0	0
Patient Charges	1,408,943	0	0	0	0	0
Work Release Charges for Board	38,816	0	0	0	0	0
Other General Service Charges	2,135	0	0	0	0	0
Fees						
Subdivision Lot Fees	41,582	0	0	0	0	0
Recreation Fees	13,764	0	0	0	0	0
Copy Fees	12,169	0	0	0	0	0
Library Fees	0	74,949	0	0	0	0
Telephone Commissions	23,783	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0
Data Processing Fee - Register	21,140	0	0	0	0	0
Probation Fees	172,656	0	0	0	0	0
Data Processing Fee - Sheriff	1,606	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,900	0	0	0	0	0
Other Charges for Services						
Other Charges for Services	27,100	0	0	0	0	0
Total Charges for Current Services	$ 1,765,594	$ 74,949	$ 82,473	$ 0	$ 0	$ 0
Other Local Revenues						
Recurring Items						
Investment Income	$ 0	$ 5,336	$ 0	$ 0	$ 0	$ 0
Lease/Rentals	16,410	0	0	5,585	0	0
Sale of Materials and Supplies	0	0	0	0	0	0
Commissary Sales	0	0	0	0	0	0
Sale of Recycled Materials	0	0	56,078	0	0	0
Miscellaneous Refunds	11,262	0	27	0	0	0
Nonrecurring Items						
Sale of Equipment	5,025	0	9,311	0	0	0

(Continued)

Exhibit J-5

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

		Special Revenue Funds				
	General	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control
Other Local Revenues (Cont.)						
Nonrecurring Items (Cont.)						
Damages Recovered from Individuals	$ 1,189	$ 0	$ 0	$ 0	$ 0	$ 0
Contributions and Gifts	492,966	0	0	0	0	0
Other Local Revenues						
Other Local Revenues	2,314	0	0	0	0	0
Total Other Local Revenues	$ 529,166	$ 5,336	$ 65,416	$ 5,585	$ 0	$ 0
Fees Received from County Officials						
Excess Fees						
County Clerk	$ 354,036	$ 0	$ 0	$ 0	$ 0	$ 0
Circuit Court Clerk	378,867	0	0	0	0	0
Clerk and Master	147,171	0	0	0	0	0
Register	110,023	0	0	0	0	0
Trustee	567,000	0	0	0	0	0
Fees in-Lieu-of Salary						
Sheriff	20,731	0	0	0	0	0
Total Fees Received from County Officials	$ 1,577,828	$ 0	$ 0	$ 0	$ 0	$ 0
State of Tennessee						
General Government Grants						
Juvenile Services Program	$ 10,000	$ 0	$ 0	$ 0	$ 0	$ 0
Solid Waste Grants	0	0	37,000	0	0	0
Other General Government Grants	1,773	0	0	0	0	0
Public Safety Grants						
Law Enforcement Training Programs	23,400	0	0	0	0	0
Drug Control Grants	106,326	0	0	0	0	0
Other Public Safety Grants	0	0	0	0	0	16,468
Health and Welfare Grants						
Other Health and Welfare Grants	40,521	0	0	0	0	0
Public Works Grants						
State Aid Program	0	0	0	0	0	0

(Continued)

Exhibit J-5

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

	General	Special Revenue Funds				
		Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control
State of Tennessee (Cont.)						
Public Works Grants (Cont.)						
Litter Program	$ 0	$ 0	$ 38,099	$ 0	$ 0	$ 0
Tennessee Industrial Infrastructure Program	0	0	0	0	0	0
Other State Revenues						
Income Tax	109,975	0	0	0	0	0
Beer Tax	19,312	0	0	0	0	0
Alcoholic Beverage Tax	63,375	0	0	0	0	0
Mixed Drink Tax	773	0	0	0	0	0
State Revenue Sharing - T.V.A.	84,435	0	0	0	0	0
Emergency Hospital - Prisoners	1,165	0	0	0	0	0
Contracted Prisoner Boarding	724,608	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
Reappraisal Program Reimbursement	18,086	0	0	0	0	0
T.B.I. - Equipment Reimbursement	2,096	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0
Other State Grants	767,328	0	0	0	0	5,847
Other State Revenues	54,546	0	0	0	0	9,813
Total State of Tennessee	$ 2,044,099	$ 0	$ 75,099	$ 0	$ 0	$ 32,128
Federal Government						
Federal Through State						
Appalachian Regional Commission	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Homeland Security Grants	66,105	0	0	0	0	0
Law Enforcement Grants	0	0	0	0	0	18,000
Other Federal through State	29,610	0	0	0	0	0
Direct Federal Revenue						
Asset Forfeiture Funds	0	0	0	0	0	154
Total Federal Government	$ 95,715	$ 0	$ 0	$ 0	$ 0	$ 18,154

(Continued)

Exhibit J-5

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

		Special Revenue Funds				
	General	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control
Other Governments and Citizens Groups						
Other Governments						
Contributions	$ 3,145	$ 21,400	$ 0	$ 0	$ 0	$ 0
Contracted Services	8,013	0	0	0	0	0
Citizens Groups						
Donations	0	13,848	0	0	0	0
Total Other Governments and Citizens Groups	$ 11,158	$ 35,248	$ 0	$ 0	$ 0	$ 0
Total	$ 15,219,671	$ 115,533	$ 1,354,703	$ 5,585	$ 147,442	$ 148,195

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Funds	
	District Attorney General	Commissary	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service
Local Taxes						
County Property Taxes						
Current Property Tax	$ 0	$ 0	$ 0	$ 0	$ 164,412	$ 420,734
Trustee's Collections - Prior Year	0	0	0	0	15,799	0
Trustee's Collections - Bankruptcy	0	0	0	0	624	214
Circuit/Clerk & Master Collections - Prior Years	0	0	0	0	7,194	13,121
Interest and Penalty	0	0	0	0	6,457	8,562
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	14	89
Payments in-Lieu-of Taxes - Other	0	0	0	0	40	243
County Local Option Taxes						
Local Option Sales Tax	0	0	0	0	0	365,135
Litigation Tax - General	0	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	0	0	36,033	0
Business Tax	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	71,247	0	0
Statutory Local Taxes						
Bank Excise Tax	0	0	0	0	0	0
Wholesale Beer Tax	0	0	0	0	0	0
Interstate Telecommunications Tax	0	0	0	0	0	0
Total Local Taxes	$ 0	$ 0	$ 0	$ 71,247	$ 230,573	$ 808,098
Licenses and Permits						
Licenses						
Cable TV Franchise	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Permits						
Beer Permits	0	0	0	0	0	0
Building Permits	0	0	0	0	0	0
Plumbing Permits	0	0	0	0	0	0
Other Permits	0	0	0	0	0	0
Total Licenses and Permits	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Funds	
	District Attorney General	Commissary	Constitu-tional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service
Fines, Forfeitures, and Penalties						
Circuit Court						
Fines	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Officers Costs	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	0
Data Entry Fee - Circuit Court	0	0	0	0	0	0
Courtroom Security Fee	0	0	0	0	0	0
General Sessions Court						
Fines	0	0	0	0	0	0
Officers Costs	0	0	0	0	0	0
Game and Fish Fines	0	0	0	0	0	0
Jail Fees	0	0	0	0	0	0
DUI Treatment Fines	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	0	0	0	0	0	0
Courtroom Security Fee	0	0	0	0	0	0
Juvenile Court						
Fines	0	0	0	0	0	0
Officers Costs	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	0
Chancery Court						
Officers Costs	0	0	0	0	0	0
Data Entry Fee - Chancery Court	0	0	0	0	0	0
Courtroom Security Fee	0	0	0	0	0	0
Other Courts - In-county						
Drug Control Fines	0	0	0	0	0	0
Drug Court Fees	0	0	0	0	0	0
Other Fines, Forfeitures, and Penalties						
Proceeds from Confiscated Property	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Funds	
	District Attorney General	Commissary	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service
Charges for Current Services						
General Service Charges						
Convenience Waste Centers Collection Charge	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Solid Waste Disposal Fees	0	0	0	0	0	0
Patient Charges	0	6,480	0	0	0	0
Work Release Charges for Board	0	0	0	0	0	0
Other General Service Charges	0	0	0	0	0	0
Fees						
Subdivision Lot Fees	0	0	0	0	0	0
Recreation Fees	0	0	0	0	0	0
Copy Fees	0	0	0	0	0	0
Library Fees	0	0	0	0	0	0
Telephone Commissions	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	1,100,805	0	0	0
Data Processing Fee - Register	0	0	0	0	0	0
Probation Fees	0	0	0	0	0	0
Data Processing Fee - Sheriff	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0
Other Charges for Services						
Other Charges for Services	0	0	0	0	0	0
Total Charges for Current Services	$ 0	$ 6,480	$ 1,100,805	$ 0	$ 0	$ 0
Other Local Revenues						
Recurring Items						
Investment Income	$ 0	$ 0	$ 0	$ 411	$ 362,992	$ 0
Lease/Rentals	0	0	0	0	94,944	0
Sale of Materials and Supplies	0	0	0	1,143	0	0
Commissary Sales	0	94,984	0	0	0	0
Sale of Recycled Materials	0	0	0	0	0	0
Miscellaneous Refunds	234	10	0	1,311	0	0
Nonrecurring Items						
Sale of Equipment	0	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Funds	
	District Attorney General	Commissary	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service
Other Local Revenues (Cont.)						
Nonrecurring Items (Cont.)						
Damages Recovered from Individuals	$ 0	$ 0	$ 0	$ 1,794	$ 0	$ 0
Contributions and Gifts	0	0	0	0	0	0
Other Local Revenues						
Other Local Revenues	0	0	0	0	0	0
Total Other Local Revenues	$ 234	$ 94,994	$ 0	$ 4,659	$ 457,936	$ 0
Fees Received from County Officials						
Excess Fees						
County Clerk	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Circuit Court Clerk	0	0	0	0	0	0
Clerk and Master	0	0	0	0	0	0
Register	0	0	0	0	0	0
Trustee	0	0	0	0	0	0
Fees in-Lieu-of Salary						
Sheriff	0	0	0	0	0	0
Total Fees Received from County Officials	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
State of Tennessee						
General Government Grants						
Juvenile Services Program	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Solid Waste Grants	0	0	0	0	0	0
Other General Government Grants	0	0	0	0	0	0
Public Safety Grants						
Law Enforcement Training Programs	0	0	0	0	0	0
Drug Control Grants	0	0	0	0	0	0
Other Public Safety Grants	0	0	0	0	0	0
Health and Welfare Grants						
Other Health and Welfare Grants	0	0	0	0	0	0
Public Works Grants						
State Aid Program	0	0	0	258,658	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Funds	
	District Attorney General	Commissary	Constitu-tional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service
State of Tennessee (Cont.)						
Public Works Grants (Cont.)						
Litter Program	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Tennessee Industrial Infrastructure Program	0	0	0	0	0	0
Other State Revenues						
Income Tax	0	0	0	0	0	0
Beer Tax	0	0	0	0	0	0
Alcoholic Beverage Tax	0	0	0	0	0	0
Mixed Drink Tax	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	0	0	0	0	0	0
Emergency Hospital - Prisoners	0	0	0	0	0	0
Contracted Prisoner Boarding	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	1,898,363	0	0
Petroleum Special Tax	0	0	0	38,560	0	0
Reappraisal Program Reimbursement	0	0	0	0	0	0
T.B.I. - Equipment Reimbursement	0	0	0	0	0	0
Registrar's Salary Supplement	0	0	0	0	0	0
Other State Grants	0	0	0	0	0	0
Other State Revenues	0	0	0	0	0	0
Total State of Tennessee	$ 0	$ 0	$ 0	$ 2,195,581	$ 0	$ 0
Federal Government						
Federal Through State						
Appalachian Regional Commission	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Homeland Security Grants	0	0	0	0	0	0
Law Enforcement Grants	0	0	0	0	0	0
Other Federal through State	0	0	0	0	0	0
Direct Federal Revenue						
Asset Forfeiture Funds	0	0	0	0	0	0
Total Federal Government	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Funds	
	District Attorney General	Commissary	Constitu-tional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service
Other Governments and Citizens Groups						
Other Governments						
Contributions	$ 28,373	$ 0	$ 0	$ 0	$ 0	$ 0
Contracted Services	0	0	0	0	0	0
Citizens Groups						
Donations	0	0	0	0	0	0
Total Other Governments and Citizens Groups	$ 28,373	$ 0	$ 0	$ 0	$ 0	$ 0
Total	$ 28,607	$ 101,474	$ 1,100,805	$ 2,271,487	$ 688,509	$ 808,098

(Continued)

Exhibit J-5

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

	Debt Service Funds			Capital Projects Funds		
	Special Debt Service	Education Debt Service	Other Debt Service	General Capital Projects	Other Capital Projects	Total
Local Taxes						
County Property Taxes						
Current Property Tax	$ 0	$ 406,004	$ 0	$ 0	$ 0	$ 8,532,348
Trustee's Collections - Prior Year	0	11,342	0	0	0	233,944
Trustee's Collections - Bankruptcy	0	214	0	0	0	5,197
Circuit/Clerk & Master Collections - Prior Years	0	7,769	0	0	0	150,899
Interest and Penalty	0	5,983	0	0	0	125,455
Payments in-Lieu-of Taxes - T.V.A.	0	59	0	0	0	919
Payments in-Lieu-of Taxes - Other	0	166	0	0	0	2,566
County Local Option Taxes						
Local Option Sales Tax	1,346,685	0	405,392	356,795	0	2,873,994
Litigation Tax - General	0	0	0	0	0	271,960
Litigation Tax - Special Purpose	0	0	0	0	0	80,837
Business Tax	0	0	0	0	0	741,426
Mineral Severance Tax	0	0	0	0	0	71,247
Statutory Local Taxes						
Bank Excise Tax	0	0	0	0	0	147,971
Wholesale Beer Tax	0	0	0	0	0	253,337
Interstate Telecommunications Tax	0	0	0	0	0	2,783
Total Local Taxes	$ 1,346,685	$ 431,537	$ 405,392	$ 356,795	$ 0	$ 13,494,883
Licenses and Permits						
Licenses						
Cable TV Franchise	$ 0	$ 0	$ 0	$ 0	$ 0	$ 114,965
Permits						
Beer Permits	0	0	0	0	0	6,058
Building Permits	0	0	0	0	0	85,096
Plumbing Permits	0	0	0	0	0	4,978
Other Permits	0	0	0	0	0	8,665
Total Licenses and Permits	$ 0	$ 0	$ 0	$ 0	$ 0	$ 219,762

(Continued)

Exhibit J-5

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

	Debt Service Funds			Capital Projects Funds		
	Special Debt Service	Education Debt Service	Other Debt Service	General Capital Projects	Other Capital Projects	Total
Fines, Forfeitures, and Penalties						
Circuit Court						
Fines	$ 0	$ 0	$ 0	$ 0	$ 0	$ 4,216
Officers Costs	0	0	0	0	0	12,048
Drug Control Fines	0	0	0	0	0	167,698
Data Entry Fee - Circuit Court	0	0	0	0	0	11,751
Courtroom Security Fee	0	0	0	0	0	200
General Sessions Court						
Fines	0	0	0	0	0	71,954
Officers Costs	0	0	0	0	0	92,420
Game and Fish Fines	0	0	0	0	0	318
Jail Fees	0	0	0	0	0	23,294
DUI Treatment Fines	0	0	0	0	0	13,881
Data Entry Fee - General Sessions Court	0	0	0	0	0	2
Courtroom Security Fee	0	0	0	0	0	1,920
Juvenile Court						
Fines	0	0	0	0	0	2,753
Officers Costs	0	0	0	0	0	13,446
Drug Control Fines	0	0	0	0	0	20
Chancery Court						
Officers Costs	0	0	0	0	0	4,372
Data Entry Fee - Chancery Court	0	0	0	0	0	4,319
Courtroom Security Fee	0	0	0	0	0	207
Other Courts - In-county						
Drug Control Fines	0	0	0	0	0	19,102
Drug Court Fees	0	0	0	0	0	23,801
Other Fines, Forfeitures, and Penalties						
Proceeds from Confiscated Property	0	0	0	0	0	41,141
Total Fines, Forfeitures, and Penalties	$ 0	$ 0	$ 0	$ 0	$ 0	$ 508,863

(Continued)

Exhibit J-5

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

	Debt Service Funds			Capital Projects Funds		
	Special Debt Service	Education Debt Service	Other Debt Service	General Capital Projects	Other Capital Projects	Total
Charges for Current Services						
General Service Charges						
Convenience Waste Centers Collection Charge	$ 0	$ 0	$ 0	$ 0	$ 0	$ 5,125
Solid Waste Disposal Fees	0	0	0	0	0	77,348
Patient Charges	0	0	0	0	145,000	1,560,423
Work Release Charges for Board	0	0	0	0	0	38,816
Other General Service Charges	0	0	0	0	0	2,135
Fees						
Subdivision Lot Fees	0	0	0	0	0	41,582
Recreation Fees	0	0	0	0	0	13,764
Copy Fees	0	0	0	0	0	12,169
Library Fees	0	0	0	0	0	74,949
Telephone Commissions	0	0	0	0	0	23,783
Constitutional Officers' Fees and Commissions	0	0	0	0	0	1,100,805
Data Processing Fee - Register	0	0	0	0	0	21,140
Probation Fees	0	0	0	0	0	172,656
Data Processing Fee - Sheriff	0	0	0	0	0	1,606
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	1,900
Other Charges for Services						
Other Charges for Services	0	0	0	0	0	27,100
Total Charges for Current Services	$ 0	$ 0	$ 0	$ 0	$ 145,000	$ 3,175,301
Other Local Revenues						
Recurring Items						
Investment Income	$ 0	$ 0	$ 0	$ 0	$ 0	$ 368,739
Lease/Rentals	0	0	0	0	0	116,939
Sale of Materials and Supplies	0	0	0	0	0	1,143
Commissary Sales	0	0	0	0	0	94,984
Sale of Recycled Materials	0	0	0	0	0	56,078
Miscellaneous Refunds	0	0	0	0	0	12,844
Nonrecurring Items						
Sale of Equipment	0	0	0	0	0	14,336

(Continued)

Exhibit J-5

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

	Debt Service Funds			Capital Projects Funds		
	Special Debt Service	Education Debt Service	Other Debt Service	General Capital Projects	Other Capital Projects	Total
Other Local Revenues (Cont.)						
Nonrecurring Items (Cont.)						
Damages Recovered from Individuals	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,983
Contributions and Gifts	0	0	0	0	0	492,966
Other Local Revenues						
Other Local Revenues	0	0	0	0	0	2,314
Total Other Local Revenues	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,163,326
Fees Received from County Officials						
Excess Fees						
County Clerk	$ 0	$ 0	$ 0	$ 0	$ 0	$ 354,036
Circuit Court Clerk	0	0	0	0	0	378,867
Clerk and Master	0	0	0	0	0	147,171
Register	0	0	0	0	0	110,023
Trustee	0	0	0	0	0	567,000
Fees in-Lieu-of Salary						
Sheriff	0	0	0	0	0	20,731
Total Fees Received from County Officials	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,577,828
State of Tennessee						
General Government Grants						
Juvenile Services Program	$ 0	$ 0	$ 0	$ 0	$ 0	$ 10,000
Solid Waste Grants	0	0	0	0	0	37,000
Other General Government Grants	0	0	0	0	0	1,773
Public Safety Grants						
Law Enforcement Training Programs	0	0	0	0	0	23,400
Drug Control Grants	0	0	0	0	0	106,326
Other Public Safety Grants	0	0	0	0	0	16,468
Health and Welfare Grants						
Other Health and Welfare Grants	0	0	0	0	0	40,521
Public Works Grants						
State Aid Program	0	0	0	0	0	258,658

(Continued)

Exhibit J-5

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

	Debt Service Funds			Capital Projects Funds		
	Special Debt Service	Education Debt Service	Other Debt Service	General Capital Projects	Other Capital Projects	Total
State of Tennessee (Cont.)						
Public Works Grants (Cont.)						
Litter Program	$ 0	$ 0	$ 0	$ 0	$ 0	$ 38,099
Tennessee Industrial Infrastructure Program	0	0	0	33,163	0	33,163
Other State Revenues						
Income Tax	0	0	0	0	0	109,975
Beer Tax	0	0	0	0	0	19,312
Alcoholic Beverage Tax	0	0	0	0	0	63,375
Mixed Drink Tax	0	0	0	0	0	773
State Revenue Sharing - T.V.A.	0	0	0	0	0	84,435
Emergency Hospital - Prisoners	0	0	0	0	0	1,165
Contracted Prisoner Boarding	0	0	0	0	0	724,608
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,898,363
Petroleum Special Tax	0	0	0	0	0	38,560
Reappraisal Program Reimbursement	0	0	0	0	0	18,086
T.B.I. - Equipment Reimbursement	0	0	0	0	0	2,096
Registrar's Salary Supplement	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	773,175
Other State Revenues	0	0	0	0	0	64,359
Total State of Tennessee	$ 0	$ 0	$ 0	$ 33,163	$ 0	$ 4,380,070
Federal Government						
Federal Through State						
Appalachian Regional Commission	$ 0	$ 0	$ 0	$ 146,120	$ 0	$ 146,120
Homeland Security Grants	0	0	0	0	0	66,105
Law Enforcement Grants	0	0	0	0	0	18,000
Other Federal through State	0	0	0	0	0	29,610
Direct Federal Revenue						
Asset Forfeiture Funds	0	0	0	0	0	154
Total Federal Government	$ 0	$ 0	$ 0	$ 146,120	$ 0	$ 259,989

(Continued)

Exhibit J-5

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

	Debt Service Funds			Capital Projects Funds		
	Special Debt Service	Education Debt Service	Other Debt Service	General Capital Projects	Other Capital Projects	Total
Other Governments and Citizens Groups						
Other Governments						
Contributions	$ 0	$ 0	$ 0	$ 0	$ 0	$ 52,918
Contracted Services	0	0	0	0	0	8,013
Citizens Groups						
Donations	0	0	0	0	0	13,848
Total Other Governments and Citizens Groups	$ 0	$ 0	$ 0	$ 0	$ 0	$ 74,779
Total	$ 1,346,685	$ 431,537	$ 405,392	$ 536,078	$ 145,000	$ 24,854,801

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
Local Taxes					
County Property Taxes					
Current Property Tax	$ 6,482,618	$ 0	$ 0	$ 0	$ 6,482,618
Trustee's Collections - Prior Year	143,961	0	0	0	143,961
Trustee's Collections - Bankruptcy	2,787	0	0	0	2,787
Circuit/Clerk & Master Collections - Prior Years	64,486	0	0	0	64,486
Interest and Penalty	62,930	0	0	0	62,930
Payments in-Lieu-of Taxes - T.V.A.	585	0	0	0	585
Payments in-Lieu-of Taxes - Other	1,594	0	0	0	1,594
County Local Option Taxes					
Local Option Sales Tax	3,591,034	0	0	0	3,591,034
Statutory Local Taxes					
Interstate Telecommunications Tax	3,167	0	0	0	3,167
Total Local Taxes	$ 10,353,162	$ 0	$ 0	$ 0	$ 10,353,162
Licenses and Permits					
Licenses					
Marriage Licenses	$ 1,882	$ 0	$ 0	$ 0	$ 1,882
Total Licenses and Permits	$ 1,882	$ 0	$ 0	$ 0	$ 1,882
Charges for Current Services					
Fees					
Recreation Fees	$ 3,633	$ 0	$ 0	$ 0	$ 3,633
Education Charges					
Tuition - Summer School	31,200	0	0	0	31,200
Lunch Payments - Children	0	0	504,339	0	504,339
Lunch Payments - Adults	0	0	57,406	0	57,406
Income from Breakfast	0	0	56,198	0	56,198
A la carte Sales	0	0	251,429	0	251,429
Receipts from Individual Schools	46,080	0	0	0	46,080
Community Service Fees - Children	147,385	0	0	0	147,385
Other Charges for Services					
Other Charges for Services	8,452	0	191	0	8,643
Total Charges for Current Services	$ 236,750	$ 0	$ 869,563	$ 0	$ 1,106,313
Other Local Revenues					
Recurring Items					
Investment Income	$ 0	$ 0	$ 8,293	$ 0	$ 8,293
Sale of Materials and Supplies	6,556	0	0	0	6,556
Refund of Telecommunication and Internet Fees (E-Rate)	28,846	0	0	0	28,846
Nonrecurring Items					
Sale of Equipment	30,998	0	0	0	30,998
Damages Recovered from Individuals	4,104	0	0	0	4,104
Contributions and Gifts	10,184	0	0	0	10,184
Other Local Revenues					
Other Local Revenues	30,437	0	865	0	31,302
Total Other Local Revenues	$ 111,125	$ 0	$ 9,158	$ 0	$ 120,283

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
State of Tennessee					
General Government Grants					
On-Behalf Contributions for OPEB	$ 179,424	$ 0	$ 0	$ 0	$ 179,424
State Education Funds					
Basic Education Program	16,991,000	0	0	0	16,991,000
Early Childhood Education	582,554	0	0	0	582,554
School Food Service	0	0	25,837	0	25,837
Driver Education	9,230	0	0	0	9,230
Other State Education Funds	54,638	0	0	0	54,638
Career Ladder Program	216,413	0	0	0	216,413
Career Ladder - Extended Contract	105,015	0	0	0	105,015
Other State Revenues					
Alcoholic Beverage Tax	2,730	0	0	0	2,730
State Revenue Sharing - T.V.A.	654,240	0	0	0	654,240
Other State Grants	156,548	0	1,000	0	157,548
Other State Revenues	37,675	0	0	0	37,675
Total State of Tennessee	$ 18,989,467	$ 0	$ 26,837	$ 0	$ 19,016,304
Federal Government					
Federal Through State					
USDA School Lunch Program	$ 0	$ 0	$ 831,523	$ 0	$ 831,523
Breakfast	0	0	276,686	0	276,686
USDA - Other	0	0	2,580	0	2,580
Vocational Education - Basic Grants to States	0	85,016	0	0	85,016
Title I Grants to Local Education Agencies	0	455,382	0	0	455,382
Innovative Education Program Strategies	0	6,412	0	0	6,412
Special Education - Grants to States	0	813,407	0	0	813,407
Special Education Preschool Grants	0	25,320	0	0	25,320
Safe and Drug-Free Schools - State Grants	45,600	8,066	0	0	53,666
Eisenhower Professional Development State Grants	0	175,693	0	0	175,693
Other Federal through State	11,831	6,204	0	0	18,035
Direct Federal Revenue					
ROTC Reimbursement	44,617	0	0	0	44,617
Total Federal Government	$ 102,048	$ 1,575,500	$ 1,110,789	$ 0	$ 2,788,337
Other Governments and Citizens Groups					
Other Governments					
Contributions	$ 0	$ 0	$ 0	$ 786,824	$ 786,824
Total Other Governments and Citizens Groups	$ 0	$ 0	$ 0	$ 786,824	$ 786,824
Total	$ 29,794,434	$ 1,575,500	$ 2,016,347	$ 786,824	$ 34,173,105

Exhibit J-7

Coffee 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	$	21,315		
Social Security		1,630		
Audit Services		11,003		
Dues and Memberships		1,700		
Maintenance Agreements		500		
Printing, Stationery, and Forms		130		
Travel		5,964		
Total County Commission			$	42,242
Board of Equalization				
Board and Committee Members Fees	$	1,351		
Social Security		81		
Total Board of Equalization				1,432
Other Boards and Committees				
Board and Committee Members Fees	$	23,620		
Social Security		1,792		
Travel		965		
Data Processing Supplies		9,200		
Total Other Boards and Committees				35,577
County Mayor/Executive				
County Official/Administrative Officer	$	70,422		
Secretary(ies)		29,100		
Clerical Personnel		28,441		
Part-time Personnel		3,400		
Social Security		10,007		
State Retirement		11,734		
Medical Insurance		10,886		
Dental Insurance		774		
Unemployment Compensation		112		
Communication		2,815		
Dues and Memberships		12,805		
Legal Notices, Recording, and Court Costs		1,303		
Maintenance Agreements		1,271		
Printing, Stationery, and Forms		487		
Travel		1,440		
Office Supplies		3,137		
Other Charges		5,301		
Total County Mayor/Executive				193,435

(Continued)

Exhibit J-7

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

General Fund (Cont.)				
General Government (Cont.)				
County Attorney				
County Official/Administrative Officer	$	4,800		
Legal Services		31,738		
Total County Attorney			$	36,538
Election Commission				
County Official/Administrative Officer	$	54,875		
Deputy(ies)		83,679		
Clerical Personnel		4,444		
Overtime Pay		1,159		
Election Commission		4,578		
Election Workers		27,176		
Social Security		12,155		
State Retirement		12,812		
Medical Insurance		23,295		
Dental Insurance		1,032		
Unemployment Compensation		397		
Communication		1,733		
Operating Lease Payments		1,462		
Legal Notices, Recording, and Court Costs		25,286		
Maintenance Agreements		15,145		
Maintenance and Repair Services - Equipment		8,256		
Travel		1,848		
Other Contracted Services		501		
Office Supplies		5,600		
Utilities		298		
Data Processing Equipment		1,782		
Total Election Commission				287,513
Register of Deeds				
Social Security	$	12,488		
State Retirement		11,568		
Medical Insurance		22,340		
Dental Insurance		1,032		
Unemployment Compensation		168		
Communication		891		
Operating Lease Payments		18,800		
Maintenance Agreements		2,825		
Data Processing Supplies		2,363		
Office Supplies		2,569		
Office Equipment		1,917		
Total Register of Deeds				76,961

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
General Government (Cont.)		
Codes Compliance		
Assistant(s)	$ 23,187	
Supervisor/Director	31,285	
Secretary(ies)	23,505	
Social Security	5,887	
State Retirement	5,768	
Medical Insurance	15,565	
Dental Insurance	688	
Unemployment Compensation	235	
Communication	1,931	
Consultants	2,082	
Contracts with Private Agencies	34,025	
Data Processing Services	3,610	
Operating Lease Payments	6,043	
Legal Notices, Recording, and Court Costs	1,480	
Maintenance and Repair Services - Office Equipment	1,250	
Maintenance and Repair Services - Vehicles	2,000	
Printing, Stationery, and Forms	1,512	
Travel	260	
Gasoline	2,607	
Office Supplies	4,731	
Data Processing Equipment	6,230	
Total Codes Compliance		$ 173,881
County Buildings		
Supervisor/Director	$ 44,604	
Custodial Personnel	72,140	
Maintenance Personnel	72,953	
Part-time Personnel	7,062	
Overtime Pay	11,978	
Social Security	15,867	
State Retirement	17,386	
Medical Insurance	36,339	
Dental Insurance	1,547	
Unemployment Compensation	642	
Communication	28,395	
Contracts with Private Agencies	8,915	
Maintenance Agreements	64,290	
Maintenance and Repair Services - Buildings	70,362	
Maintenance and Repair Services - Equipment	3,622	
Maintenance and Repair Services - Vehicles	795	

(Continued)

Exhibit J-7

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

General Fund (Cont.)				
General Government (Cont.)				
County Buildings (Cont.)				
Pest Control	$	4,255		
Travel		3,540		
Custodial Supplies		16,900		
Electricity		99,410		
Gasoline		6,417		
Natural Gas		36,457		
Office Supplies		441		
Uniforms		184		
Water and Sewer		3,725		
Other Supplies and Materials		1,681		
Maintenance Equipment		3,924		
Other Equipment		5,313		
Total County Buildings			$	639,144
Other General Administration				
Consultants	$	2,807		
Data Processing Services		6,986		
Maintenance Agreements		34,626		
Maintenance and Repair Services - Office Equipment		5,089		
Postal Charges		58,000		
Total Other General Administration				107,508
Finance				
Accounting and Budgeting				
Supervisor/Director	$	62,794		
Accountants/Bookkeepers		126,175		
Secretary(ies)		26,455		
Social Security		17,074		
State Retirement		18,624		
Medical Insurance		21,362		
Dental Insurance		1,289		
Unemployment Compensation		391		
Communication		2,424		
Dues and Memberships		480		
Legal Notices, Recording, and Court Costs		5,000		
Maintenance Agreements		8,619		
Maintenance and Repair Services - Vehicles		118		
Travel		383		
Other Contracted Services		3,195		
Gasoline		91		

(Continued)

Exhibit J-7

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

General Fund (Cont.)				
Finance (Cont.)				
Accounting and Budgeting (Cont.)				
Office Supplies	$	8,661		
In Service/Staff Development		3,082		
Total Accounting and Budgeting			$	306,217
Central Services				
Part-time Personnel	$	1,497		
Maintenance Equipment		378		
Total Central Services				1,875
Property Assessor's Office				
County Official/Administrative Officer	$	60,972		
Clerical Personnel		162,836		
In-Service Training		12		
Social Security		16,986		
State Retirement		20,500		
Medical Insurance		35,402		
Dental Insurance		1,805		
Unemployment Compensation		366		
Audit Services		28,162		
Communication		2,151		
Data Processing Services		22,763		
Dues and Memberships		1,383		
Maintenance Agreements		514		
Maintenance and Repair Services - Vehicles		1,311		
Printing, Stationery, and Forms		266		
Gasoline		4,108		
Office Supplies		1,016		
Total Property Assessor's Office				360,553
Reappraisal Program				
Data Processing Supplies	$	944		
Other Charges		1,683		
Total Reappraisal Program				2,627
County Trustee's Office				
Social Security	$	14,218		
State Retirement		17,068		
Medical Insurance		25,924		
Dental Insurance		1,268		
Unemployment Compensation		254		

(Continued)

Exhibit J-7

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

General Fund (Cont.)				
Finance (Cont.)				
County Trustee's Office (Cont.)				
Communication	$	1,172		
Maintenance Agreements		6,956		
Maintenance and Repair Services - Office Equipment		389		
Postal Charges		5,784		
Printing, Stationery, and Forms		591		
Office Supplies		1,782		
Office Equipment		1,967		
Total County Trustee's Office			$	77,373
County Clerk's Office				
Social Security	$	19,485		
State Retirement		22,512		
Medical Insurance		51,657		
Dental Insurance		2,278		
Unemployment Compensation		578		
Communication		1,717		
Maintenance Agreements		22,878		
Printing, Stationery, and Forms		1,297		
Office Supplies		4,215		
Data Processing Equipment		400		
Total County Clerk's Office				127,017
Administration of Justice				
Circuit Court				
Jury and Witness Fees	$	20,204		
Social Security		47,940		
State Retirement		45,776		
Medical Insurance		107,328		
Dental Insurance		5,244		
Unemployment Compensation		1,425		
Communication		2,718		
Data Processing Services		1,150		
Maintenance Agreements		7,945		
Maintenance and Repair Services - Office Equipment		200		
Printing, Stationery, and Forms		4,925		
Duplicating Supplies		3,550		
Office Supplies		11,089		
Other Charges		13,691		
Office Equipment		2,587		
Total Circuit Court				275,772

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Administration of Justice (Cont.)		
General Sessions Court		
Maintenance Agreements	$ 3,600	
Maintenance and Repair Services - Office Equipment	300	
Printing, Stationery, and Forms	6,215	
Travel	259	
Duplicating Supplies	922	
Office Supplies	5,432	
Office Equipment	1,150	
Total General Sessions Court		$ 17,878
General Sessions Judge		
Judge(s)	$ 259,919	
Social Security	16,102	
State Retirement	11,917	
Medical Insurance	11,100	
Dental Insurance	516	
Communication	2,035	
Dues and Memberships	50	
Legal Services	8,200	
Travel	2,121	
Office Supplies	588	
Periodicals	3,681	
Total General Sessions Judge		316,229
Drug Court		
Probation Officer(s)	$ 55,829	
Social Security	4,271	
State Retirement	5,120	
Medical Insurance	11,533	
Dental Insurance	516	
Unemployment Compensation	123	
Communication	9,036	
Contracts with Private Agencies	15,011	
Dues and Memberships	550	
Evaluation and Testing	4,152	
Maintenance and Repair Services - Equipment	758	
Printing, Stationery, and Forms	1,371	
Travel	5,160	
Other Contracted Services	131,813	
Electricity	1,772	
Natural Gas	595	

(Continued)

Exhibit J-7

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

General Fund (Cont.)				
Administration of Justice (Cont.)				
Drug Court (Cont.)				
Office Supplies	$	7,692		
Periodicals		320		
Water and Sewer		314		
Other Supplies and Materials		42,485		
In Service/Staff Development		4,560		
Other Charges		160		
Furniture and Fixtures		1,771		
Other Equipment		7,511		
Total Drug Court			$	312,423
Chancery Court				
Clerical Personnel	$	50,887		
Social Security		13,349		
State Retirement		15,737		
Medical Insurance		16,767		
Dental Insurance		1,371		
Unemployment Compensation		306		
Communication		2,000		
Maintenance Agreements		9,046		
Printing, Stationery, and Forms		3,471		
Office Supplies		2,970		
Periodicals		850		
Other Supplies and Materials		65		
Total Chancery Court				116,819
Judicial Commissioners				
County Official/Administrative Officer	$	75,281		
Temporary Personnel		9,786		
Social Security		6,554		
State Retirement		6,959		
Medical Insurance		17,184		
Dental Insurance		774		
Unemployment Compensation		261		
Communication		1,548		
Maintenance Agreements		407		
Printing, Stationery, and Forms		99		
Office Supplies		256		
In Service/Staff Development		878		
Office Equipment		80		
Total Judicial Commissioners				120,067

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Administration of Justice (Cont.)		
Probation Services		
Supervisor/Director	$ 32,847	
Probation Officer(s)	65,456	
Clerical Personnel	15,964	
Social Security	8,398	
State Retirement	3,524	
Medical Insurance	16,936	
Dental Insurance	580	
Unemployment Compensation	547	
Communication	5,082	
Maintenance Agreements	1,151	
Printing, Stationery, and Forms	934	
Office Supplies	6,605	
Furniture and Fixtures	649	
Office Equipment	7,498	
Total Probation Services		$ 166,171
Public Safety		
Sheriff's Department		
County Official/Administrative Officer	$ 67,070	
Deputy(ies)	1,089,690	
Salary Supplements	23,400	
Secretary(ies)	37,604	
Clerical Personnel	53,429	
Overtime Pay	60,713	
Other Salaries and Wages	60,595	
Social Security	109,425	
State Retirement	111,071	
Medical Insurance	211,000	
Dental Insurance	8,537	
Unemployment Compensation	2,735	
Communication	14,515	
Dues and Memberships	1,950	
Evaluation and Testing	875	
Maintenance Agreements	3,204	
Maintenance and Repair Services - Equipment	946	
Maintenance and Repair Services - Vehicles	56,364	
Printing, Stationery, and Forms	1,066	
Travel	4,849	
Remittance of Revenue Collected	2,296	
Gasoline	178,656	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Sheriff's Department (Cont.)		
Instructional Supplies and Materials	$ 4,948	
Law Enforcement Supplies	4,527	
Office Supplies	5,679	
Uniforms	7,662	
Communication Equipment	1,555	
Data Processing Equipment	1,089	
Law Enforcement Equipment	17,473	
Motor Vehicles	95,350	
Office Equipment	788	
Total Sheriff's Department		$ 2,239,061
Traffic Control		
Contracts with Other Public Agencies	$ 14,925	
Road Signs	10,379	
Total Traffic Control		25,304
Administration of the Sexual Offender Registry		
Law Enforcement Supplies	$ 2,284	
Total Administration of the Sexual Offender Registry		2,284
Jail		
Deputy(ies)	$ 132,193	
Medical Personnel	66,472	
Guards	615,173	
Attendants	46,606	
Cafeteria Personnel	24,772	
Overtime Pay	25,107	
Bonus Payments	9,554	
Other Salaries and Wages	32,563	
Social Security	73,950	
State Retirement	66,688	
Medical Insurance	180,056	
Dental Insurance	8,514	
Unemployment Compensation	3,157	
Communication	11,562	
Contracts with Private Agencies	48,000	
Evaluation and Testing	2,100	
Maintenance Agreements	5,051	
Maintenance and Repair Services - Equipment	895	
Medical and Dental Services	227,875	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Jail (Cont.)		
Transportation - Other than Students	$ 3,420	
Travel	2,366	
Custodial Supplies	41,205	
Electricity	78,765	
Food Supplies	236,404	
Law Enforcement Supplies	2,004	
Natural Gas	29,637	
Office Supplies	4,095	
Periodicals	912	
Prisoners Clothing	9,639	
Uniforms	4,558	
Water and Sewer	35,120	
Communication Equipment	5,999	
Data Processing Equipment	48,225	
Furniture and Fixtures	20	
Law Enforcement Equipment	2,283	
Total Jail		$ 2,084,940
Juvenile Services		
Supervisor/Director	$ 38,477	
Youth Service Officer(s)	141,065	
Salary Supplements	9,000	
Clerical Personnel	20,809	
Other Salaries and Wages	7,533	
In-Service Training	2,532	
Social Security	16,050	
State Retirement	18,536	
Medical Insurance	38,266	
Dental Insurance	1,632	
Unemployment Compensation	477	
Communication	2,851	
Contracts with Government Agencies	31,988	
Maintenance Agreements	1,677	
Travel	4,921	
Other Contracted Services	2,034	
Office Supplies	2,042	
Total Juvenile Services		339,890
Rural Fire Protection		
Contributions	$ 257,000	
Total Rural Fire Protection		257,000

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Civil Defense		
Supervisor/Director	$ 33,021	
Deputy(ies)	34,518	
Social Security	4,743	
State Retirement	1,703	
Medical Insurance	9,639	
Dental Insurance	492	
Unemployment Compensation	135	
Communication	3,145	
Dues and Memberships	70	
Maintenance and Repair Services - Buildings	172	
Maintenance and Repair Services - Vehicles	3,739	
Travel	424	
Food Supplies	1,125	
Gasoline	1,678	
Office Supplies	2,008	
Uniforms	1,526	
In Service/Staff Development	85	
Other Charges	3,652	
Law Enforcement Equipment	48,348	
Total Civil Defense		$ 150,223
Rescue Squad		
Contributions	$ 17,000	
Total Rescue Squad		17,000
County Coroner/Medical Examiner		
Medical and Dental Services	$ 48,680	
Total County Coroner/Medical Examiner		48,680
Other Public Safety		
Supervisor/Director	$ 40,820	
Salary Supplements	16,800	
Dispatchers/Radio Operators	417,268	
Educational Assistants	35,789	
Overtime Pay	9,435	
Other Salaries and Wages	19,712	
Social Security	40,502	
State Retirement	47,189	
Medical Insurance	101,000	
Dental Insurance	4,384	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Other Public Safety (Cont.)		
Unemployment Compensation	$ 1,230	
Total Other Public Safety		$ 734,129
Public Health and Welfare		
Local Health Center		
Medical Personnel	$ 162,789	
Clerical Personnel	97,773	
Educational Assistants	195,734	
Social Security	35,624	
State Retirement	37,377	
Medical Insurance	51,305	
Dental Insurance	2,342	
Unemployment Compensation	1,173	
Communication	7,328	
Contributions	40,000	
Maintenance and Repair Services - Buildings	4,388	
Travel	18,363	
Other Contracted Services	263	
Drugs and Medical Supplies	72	
Office Supplies	667	
Utilities	7,398	
Other Supplies and Materials	32,749	
Liability Insurance	349	
Other Charges	400	
Total Local Health Center		696,094
Rabies and Animal Control		
Supervisor/Director	$ 29,100	
Deputy(ies)	20,902	
Overtime Pay	2,856	
Social Security	4,044	
State Retirement	4,523	
Medical Insurance	11,533	
Dental Insurance	516	
Unemployment Compensation	150	
Communication	2,351	
Laundry Service	757	
Maintenance and Repair Services - Buildings	35	
Maintenance and Repair Services - Vehicles	196	
Travel	13	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Public Health and Welfare (Cont.)		
Rabies and Animal Control (Cont.)		
Veterinary Services	$ 3,910	
Animal Food and Supplies	30	
Custodial Supplies	1,473	
Drugs and Medical Supplies	795	
Gasoline	3,983	
Office Supplies	787	
Utilities	1,200	
Other Supplies and Materials	265	
In Service/Staff Development	1,187	
Specialized Medical Treatment	70	
Total Rabies and Animal Control		$ 90,676
Ambulance/Emergency Medical Services		
Supervisor/Director	$ 49,392	
Accountants/Bookkeepers	54,163	
Medical Personnel	720,123	
Overtime Pay	472,967	
In-Service Training	5,280	
Social Security	97,660	
State Retirement	102,021	
Medical Insurance	160,898	
Dental Insurance	7,500	
Unemployment Compensation	2,776	
Communication	13,177	
Consultants	3,000	
Data Processing Services	1,200	
Dues and Memberships	420	
Operating Lease Payments	490	
Licenses	2,688	
Maintenance and Repair Services - Buildings	437	
Maintenance and Repair Services - Equipment	9,789	
Maintenance and Repair Services - Vehicles	33,082	
Medical and Dental Services	1,114	
Travel	321	
Custodial Supplies	1,828	
Drugs and Medical Supplies	51,877	
Gasoline	65,792	
Office Supplies	5,025	
Tires and Tubes	5,295	
Uniforms	13,956	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Public Health and Welfare (Cont.)		
Ambulance/Emergency Medical Services (Cont.)		
Utilities	$ 18,530	
Other Supplies and Materials	1,138	
Liability Insurance	18,655	
Vehicle and Equipment Insurance	22,930	
Communication Equipment	16,829	
Furniture and Fixtures	4,850	
Other Equipment	2,276	
Total Ambulance/Emergency Medical Services		$ 1,967,479
Alcohol and Drug Programs		
Other Supplies and Materials	$ 3,900	
Total Alcohol and Drug Programs		3,900
Appropriation to State		
Contributions	$ 91,230	
Total Appropriation to State		91,230
General Welfare Assistance		
Contributions	$ 22,800	
Total General Welfare Assistance		22,800
Other Waste Disposal		
Disposal Fees	$ 47,122	
Other Equipment	10,000	
Total Other Waste Disposal		57,122
Social, Cultural, and Recreational Services		
Senior Citizens Assistance		
Contributions	$ 65,216	
Tax Relief Program	83,627	
Total Senior Citizens Assistance		148,843
Agriculture and Natural Resources		
Agriculture Extension Service		
Salary Supplements	$ 86,538	
Secretary(ies)	42,571	
Social Security	563	
State Retirement	675	
Unemployment Compensation	62	
Other Fringe Benefits	28,262	

(Continued)

Exhibit J-7

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

General Fund (Cont.)				
Agriculture and Natural Resources (Cont.)				
Agriculture Extension Service (Cont.)				
Communication	$	575		
Contracts with Private Agencies		20,471		
Maintenance and Repair Services - Office Equipment		3,437		
Travel		4,294		
Data Processing Supplies		4,292		
Office Supplies		1,611		
Utilities		225		
Other Charges		24,732		
Total Agriculture Extension Service			$	218,308
Soil Conservation				
Secretary(ies)	$	30,466		
Other Salaries and Wages		30,872		
Social Security		4,655		
State Retirement		5,625		
Medical Insurance		11,534		
Dental Insurance		516		
Unemployment Compensation		84		
Contributions		2,000		
Total Soil Conservation				85,752
Other Operations				
Industrial Development				
Contributions	$	471,657		
Total Industrial Development				471,657
Veterans' Services				
Clerical Personnel	$	12,860		
Social Security		984		
Unemployment Compensation		124		
Communication		600		
Dues and Memberships		50		
Travel		1,046		
Electricity		807		
Natural Gas		437		
Office Supplies		170		
Water and Sewer		315		
Total Veterans' Services				17,393

(Continued)

Exhibit J-7

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

General Fund (Cont.)			
Other Operations (Cont.)			
Other Charges			
Liability Insurance	$ 157,624		
Premiums on Corporate Surety Bonds	359		
Trustee's Commission	185,677		
Workers' Compensation Insurance	168,055		
Liability Claims	23,887		
Loss from Joint Ventures	77,083		
Other Charges	28,531		
Total Other Charges		$ 641,216	
Contributions to Other Agencies			
Contributions	$ 47,753		
Total Contributions to Other Agencies		47,753	
Payments to Cities			
Contributions	$ 71,000		
Total Payments to Cities		71,000	
Miscellaneous			
Other Charges	$ 988		
Total Miscellaneous		988	
Total General Fund			$ 14,325,974
Public Library Fund			
Social, Cultural, and Recreational Services			
Libraries			
Librarians	$ 473,319		
Dues and Memberships	4,125		
Janitorial Services	11,100		
Maintenance and Repair Services - Buildings	19,530		
Postal Charges	3,586		
Printing, Stationery, and Forms	387		
Travel	1,297		
Periodicals	4,816		
Utilities	49,503		
Other Supplies and Materials	129,916		
Liability Insurance	76,870		
Office Equipment	13,714		
Other Capital Outlay	116,537		
Total Libraries		$ 904,700	
Total Public Library Fund			904,700

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund		
Public Health and Welfare		
Sanitation Management		
Supervisor/Director	$ 43,306	
Secretary(ies)	30,872	
Overtime Pay	1,349	
In-Service Training	1,012	
Social Security	5,778	
State Retirement	6,926	
Medical Insurance	11,762	
Dental Insurance	516	
Unemployment Compensation	112	
Communication	1,155	
Maintenance and Repair Services - Buildings	3,655	
Postal Charges	1,024	
Travel	697	
Custodial Supplies	530	
Utilities	8,347	
Other Supplies and Materials	2,968	
Trustee's Commission	19,289	
Other Charges	12,201	
Total Sanitation Management		$ 151,499
Waste Pickup		
Truck Drivers	$ 101,219	
Guards	22,009	
Overtime Pay	22,134	
Social Security	11,004	
State Retirement	7,425	
Medical Insurance	29,176	
Dental Insurance	1,032	
Unemployment Compensation	302	
Contracts with Government Agencies	22,250	
Contracts with Private Agencies	266,600	
Maintenance and Repair Services - Equipment	3,125	
Maintenance and Repair Services - Vehicles	5,575	
Diesel Fuel	47,153	
Garage Supplies	1,799	
Gasoline	6,489	
Tires and Tubes	8,479	
Uniforms	2,194	
Other Supplies and Materials	2,427	
Vehicle and Equipment Insurance	6,536	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)			
Public Health and Welfare (Cont.)			
Waste Pickup (Cont.)			
Other Equipment	$ 23,636		
Total Waste Pickup		$ 590,564	
Convenience Centers			
Attendants	$ 136,566		
Overtime Pay	3,306		
Other Salaries and Wages	7,224		
Social Security	11,834		
State Retirement	10,301		
Medical Insurance	48,415		
Dental Insurance	1,870		
Unemployment Compensation	947		
Communication	6,052		
Maintenance and Repair Services - Buildings	9,556		
Maintenance and Repair Services - Equipment	20,239		
Rentals	4,900		
Crushed Stone	727		
Electricity	7,190		
Solid Waste Equipment	45,608		
Other Equipment	10,422		
Total Convenience Centers		325,157	
Other Waste Collection			
Supervisor/Director	$ 12,741		
Secretary(ies)	7,873		
Social Security	1,577		
State Retirement	1,890		
Contracts with Private Agencies	46,231		
Contracts with Vehicle Owners	300		
Total Other Waste Collection		70,612	
Other Operations			
Other Charges			
Workers' Compensation Insurance	$ 18,500		
Total Other Charges		18,500	
Total Solid Waste/Sanitation Fund			$ 1,156,332

(Continued)

Exhibit J-7

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

Industrial/Economic Development Fund			
Other Operations			
Industrial Development			
Engineering Services	$ 7,500		
Other Contracted Services	2,010		
Electricity	276		
Trustee's Commission	56		
Total Industrial Development		$ 9,842	
Total Industrial/Economic Development Fund			$ 9,842
Local Purpose Tax Fund			
Other Operations			
Industrial Development			
Contracts with Government Agencies	$ 75,000		
Trustee's Commission	2,971		
Total Industrial Development		$ 77,971	
Total Local Purpose Tax Fund			77,971
Drug Control Fund			
Public Safety			
Drug Enforcement			
Advertising	$ 50		
Confidential Drug Enforcement Payments	5,000		
Travel	17,225		
Instructional Supplies and Materials	490		
Law Enforcement Supplies	5,882		
Trustee's Commission	532		
Data Processing Equipment	42,738		
Law Enforcement Equipment	18,577		
Motor Vehicles	55,138		
Total Drug Enforcement		$ 145,632	
Total Drug Control Fund			145,632
District Attorney General Fund			
Administration of Justice			
District Attorney General			
Communication	$ 6,410		
Dues and Memberships	95		
Janitorial Services	4,850		
Travel	1,350		

(Continued)

Exhibit J-7

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

District Attorney General Fund (Cont.)			
Administration of Justice (Cont.)			
District Attorney General (Cont.)			
Office Supplies	$ 2,738		
Other Supplies and Materials	26,289		
Other Charges	11,552		
Total District Attorney General		$ 53,284	
Total District Attorney General Fund			$ 53,284
Commissary Fund			
Public Safety			
Commissary			
Supervisor/Director	$ 25,395		
Social Security	1,969		
State Retirement	1,675		
Medical Insurance	5,265		
Dental Insurance	215		
Unemployment Compensation	117		
Communication	220		
Maintenance Agreements	1,700		
Maintenance and Repair Services - Vehicles	249		
Food Supplies	34,062		
Gasoline	431		
Office Supplies	1,424		
Other Supplies and Materials	12,441		
Trustee's Commission	72		
Workers' Compensation Insurance	62		
Other Charges	12,101		
Total Commissary		$ 97,398	
Total Commissary Fund			97,398
Constitutional Officers - Fees Fund			
General Government			
Register of Deeds			
Constitutional Officers' Operating Expenses	$ 165,021		
Total Register of Deeds		$ 165,021	
Finance			
County Trustee's Office			
Constitutional Officers' Operating Expenses	$ 189,043		
Total County Trustee's Office		189,043	

(Continued)

Exhibit J-7

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

Constitutional Officers - Fees Fund (Cont.)			
Finance (Cont.)			
County Clerk's Office			
Constitutional Officers' Operating Expenses	$ 260,323		
Total County Clerk's Office		$ 260,323	
Administration of Justice			
Circuit Court			
Constitutional Officers' Operating Expenses	$ 633,767		
Total Circuit Court		633,767	
Chancery Court			
Constitutional Officers' Operating Expenses	$ 126,884		
Total Chancery Court		126,884	
Total Constitutional Officers - Fees Fund			$ 1,375,038
Highway/Public Works Fund			
Highways			
Administration			
County Official/Administrative Officer	$ 67,070		
Assistant(s)	41,500		
Secretary(ies)	26,500		
Board and Committee Members Fees	6,300		
Social Security	10,822		
State Retirement	12,386		
Medical Insurance	23,928		
Dental Insurance	774		
Unemployment Compensation	307		
Accounting Services	12,000		
Dues and Memberships	3,230		
Engineering Services	21,918		
Evaluation and Testing	450		
Legal Services	3,764		
Maintenance and Repair Services - Office Equipment	304		
Travel	768		
Other Contracted Services	185		
Office Supplies	643		
Other Charges	2,678		
Total Administration		$ 235,527	
Highway and Bridge Maintenance			
Equipment Operators	$ 373,899		

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)		
Highways (Cont.)		
Highway and Bridge Maintenance (Cont.)		
Truck Drivers	$ 13,171	
Social Security	29,611	
State Retirement	26,705	
Medical Insurance	152,769	
Dental Insurance	3,981	
Unemployment Compensation	2,774	
Other Contracted Services	329,636	
Asphalt - Cold Mix	958	
Asphalt - Liquid	382,037	
Concrete	584	
Crushed Stone	208,444	
Other Road Supplies	102	
Pipe - Concrete	49,992	
Pipe - Metal	235	
Road Signs	5,460	
Salt	1,682	
Structural Steel	83	
Other Supplies and Materials	147	
Total Highway and Bridge Maintenance		$ 1,582,270
Operation and Maintenance of Equipment		
Mechanic(s)	$ 56,151	
Social Security	4,296	
State Retirement	5,148	
Medical Insurance	23,793	
Dental Insurance	516	
Unemployment Compensation	333	
Laundry Service	2,998	
Maintenance and Repair Services - Equipment	100	
Tow-in Services	225	
Diesel Fuel	105,960	
Equipment and Machinery Parts	53,384	
Garage Supplies	1,038	
Gasoline	23,061	
Lubricants	3,410	
Tires and Tubes	14,354	
Other Supplies and Materials	3,111	
Total Operation and Maintenance of Equipment		297,878

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)			
Highways (Cont.)			
Other Charges			
Communication	$ 2,475		
Electricity	4,912		
Natural Gas	1,868		
Water and Sewer	439		
Liability Insurance	37,218		
Trustee's Commission	20,169		
Workers' Compensation Insurance	53,394		
Other Charges	1,273		
Total Other Charges		$ 121,748	
Capital Outlay			
Highway Equipment	$ 18,500		
Motor Vehicles	24,254		
Total Capital Outlay		42,754	
Total Highway/Public Works Fund			$ 2,280,177
General Debt Service Fund			
Principal on Debt			
General Government			
Principal on Bonds	$ 570,000		
Principal on Notes	109,000		
Principal on Other Loans	285,000		
Total General Government		$ 964,000	
Interest on Debt			
General Government			
Interest on Bonds	$ 111,520		
Interest on Notes	14,067		
Interest on Other Loans	297,575		
Total General Government		423,162	
Other Debt Service			
General Government			
Trustee's Commission	$ 8,970		
Other Debt Service	3,445		
Total General Government		12,415	
Total General Debt Service Fund			1,399,577

(Continued)

Exhibit J-7

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

Rural Debt Service Fund			
Principal on Debt			
Education			
Principal on Bonds	$ 285,000		
Principal on Notes	153,809		
Principal on Other Loans	150,000		
Total Education		$ 588,809	
Interest on Debt			
Education			
Interest on Bonds	$ 103,200		
Interest on Notes	27,747		
Interest on Other Loans	88,810		
Total Education		219,757	
Other Debt Service			
Education			
Trustee's Commission	$ 12,645		
Other Debt Service	758		
Total Education		13,403	
Total Rural Debt Service Fund			$ 821,969
Special Debt Service Fund			
Other Debt Service			
Education			
Other Supplies and Materials	$ 446		
Trustee's Commission	13,510		
Site Development	71,096		
Total Education		$ 85,052	
Total Special Debt Service Fund			85,052
Education Debt Service Fund			
Principal on Debt			
Education			
Principal on Bonds	$ 270,000		
Total Education		$ 270,000	
Interest on Debt			
Education			
Interest on Bonds	$ 158,825		
Total Education		158,825	

(Continued)

Exhibit J-7

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

Education Debt Service Fund (Cont.)			
Other Debt Service			
Education			
Trustee's Commission	$ 8,631		
Other Debt Service	889		
Total Education		$ 9,520	
Total Education Debt Service Fund			$ 438,345
Other Debt Service Fund			
Other Debt Service			
Education			
Trustee's Commission	$ 4,080		
Total Education		$ 4,080	
Total Other Debt Service Fund			4,080
General Capital Projects Fund			
Principal on Debt			
Education			
Principal on Notes	$ 718,460		
Total Education		$ 718,460	
Other Debt Service			
Education			
Underwriter's Discount	$ 30,000		
Other Debt Issuance Charges	34,716		
Total Education		64,716	
Capital Projects			
General Administration Projects			
Trustee's Commission	$ 2,937		
Furniture and Fixtures	5,658		
Total General Administration Projects		8,595	
Public Health and Welfare Projects			
Building Purchases	$ 440		
Total Public Health and Welfare Projects		440	
Public Utility Projects			
Equipment and Machinery Parts	$ 210		
Other Capital Outlay	134,024		
Total Public Utility Projects		134,234	

(Continued)

Exhibit J-7

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

General Capital Projects Fund (Cont.)			
Capital Projects (Cont.)			
Other General Government Projects			
Other Construction	$ 4,000		
Total Other General Government Projects		$ 4,000	
Education Capital Projects			
Architects	$ 23,259		
Engineering Services	2,500		
Building Purchases	1,404,241		
Total Education Capital Projects		1,430,000	
Total General Capital Projects Fund			$ 2,360,445
Education Capital Projects Fund			
Capital Projects - Donated			
Capital Projects Donated to School Department			
Contributions	$ 786,824		
Total Capital Projects Donated to School Department		$ 786,824	
Total Education Capital Projects Fund			786,824
Other Capital Projects Fund			
Public Health and Welfare			
Ambulance/Emergency Medical Services			
Maintenance and Repair Services - Vehicles	$ 56,200		
Drugs and Medical Supplies	5,457		
Trustee's Commission	1,450		
Motor Vehicles	104,902		
Other Equipment	20,812		
Total Ambulance/Emergency Medical Services		$ 188,821	
Total Other Capital Projects Fund			188,821
Total Governmental Funds - Primary Government			$ 26,511,461

Exhibit J-8

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

General Purpose School Fund		
Instruction		
Regular Instruction Program		
Teachers	$ 10,099,940	
Career Ladder Program	133,431	
Career Ladder Extended Contracts	73,207	
Homebound Teachers	25,442	
Instructional Computer Personnel	55,983	
Educational Assistants	205,880	
Other Salaries and Wages	39,461	
Certified Substitute Teachers	27,163	
Non-certified Substitute Teachers	123,010	
Social Security	619,100	
State Retirement	647,765	
Life Insurance	39,133	
Medical Insurance	1,631,782	
Dental Insurance	71,842	
Employer Medicare	148,914	
Communication	76,445	
Maintenance and Repair Services - Equipment	46,743	
Other Contracted Services	18,450	
Instructional Supplies and Materials	161,746	
Textbooks	276,863	
Other Supplies and Materials	37,388	
Other Charges	32,008	
Furniture and Fixtures	36,896	
Regular Instruction Equipment	99,155	
Total Regular Instruction Program		$ 14,727,747
Special Education Program		
Teachers	$ 1,425,887	
Career Ladder Program	19,489	
Homebound Teachers	12,332	
Educational Assistants	128,987	
Speech Pathologist	217,016	
Certified Substitute Teachers	1,500	
Non-certified Substitute Teachers	11,995	
Social Security	103,847	
State Retirement	110,464	
Life Insurance	9,007	
Medical Insurance	276,357	
Dental Insurance	25,269	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)				
Instruction (Cont.)				
Special Education Program (Cont.)				
Employer Medicare	$	24,642		
Maintenance and Repair Services - Equipment		2,055		
Other Contracted Services		54,823		
Instructional Supplies and Materials		12,382		
Other Supplies and Materials		3,353		
Other Charges		11		
Total Special Education Program			$	2,439,416
Vocational Education Program				
Teachers	$	904,401		
Career Ladder Program		9,500		
Educational Assistants		11,631		
Certified Substitute Teachers		2,700		
Non-certified Substitute Teachers		11,822		
Social Security		55,483		
State Retirement		58,090		
Life Insurance		3,675		
Medical Insurance		130,701		
Dental Insurance		5,160		
Employer Medicare		12,976		
Instructional Supplies and Materials		29,284		
Vocational Instruction Equipment		19,936		
Total Vocational Education Program				1,255,359
Student Body Education Program				
Other Salaries and Wages	$	37,908		
Social Security		2,237		
State Retirement		3,026		
Employer Medicare		523		
Other Charges		5,110		
Total Student Body Education Program				48,804
Support Services				
Attendance				
Supervisor/Director	$	61,032		
Career Ladder Program		1,000		
Social Security		3,904		
State Retirement		4,027		
Life Insurance		180		

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Attendance (Cont.)				
Medical Insurance	$	4,936		
Dental Insurance		272		
Employer Medicare		913		
Travel		448		
Other Supplies and Materials		2,878		
Attendance Equipment		3,813		
Total Attendance			$	83,403
Health Services				
Medical Personnel	$	281,346		
Secretary(ies)		12,126		
Other Salaries and Wages		5,684		
Social Security		17,729		
State Retirement		17,556		
Life Insurance		1,094		
Medical Insurance		41,471		
Dental Insurance		1,358		
Employer Medicare		4,146		
Travel		5,516		
Other Contracted Services		1,361		
Other Supplies and Materials		19,964		
Other Charges		2,180		
Health Equipment		12,496		
Other Equipment		4,186		
Total Health Services				428,213
Other Student Support				
Career Ladder Program	$	7,607		
Guidance Personnel		501,604		
Career Ladder Extended Contracts		4,000		
Social Workers		29,122		
Secretary(ies)		9,814		
Other Salaries and Wages		2,199		
Social Security		33,315		
State Retirement		34,233		
Life Insurance		2,353		
Medical Insurance		67,547		
Dental Insurance		2,987		
Employer Medicare		7,791		

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Other Student Support (Cont.)		
Evaluation and Testing	$ 51,128	
Travel	616	
Other Supplies and Materials	480	
Other Equipment	5,142	
Total Other Student Support		$ 759,938
Regular Instruction Program		
Supervisor/Director	$ 294,333	
Career Ladder Program	11,000	
Career Ladder Extended Contracts	7,000	
Librarians	362,901	
Secretary(ies)	90,400	
Other Salaries and Wages	56,247	
Social Security	48,448	
State Retirement	55,353	
Life Insurance	3,198	
Medical Insurance	109,124	
Dental Insurance	4,888	
Employer Medicare	11,331	
Travel	30,666	
Library Books/Media	26,934	
Other Supplies and Materials	1,532	
In Service/Staff Development	25,756	
Other Charges	5,094	
Other Equipment	3,192	
Total Regular Instruction Program		1,147,397
Special Education Program		
Supervisor/Director	$ 58,468	
Career Ladder Program	1,000	
Psychological Personnel	104,548	
Secretary(ies)	18,096	
Other Salaries and Wages	2,171	
Social Security	10,276	
State Retirement	12,080	
Life Insurance	931	
Medical Insurance	23,672	
Dental Insurance	1,901	
Employer Medicare	2,403	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Special Education Program (Cont.)				
Travel	$	12,796		
Other Contracted Services		234		
Other Supplies and Materials		427		
In Service/Staff Development		2,000		
Total Special Education Program			$	251,003
Vocational Education Program				
Supervisor/Director	$	37,016		
Career Ladder Program		1,500		
Secretary(ies)		25,087		
Clerical Personnel		24,111		
Social Security		5,255		
State Retirement		6,067		
Life Insurance		447		
Medical Insurance		12,926		
Dental Insurance		815		
Employer Medicare		1,229		
Communication		1,171		
Travel		1,526		
Total Vocational Education Program				117,150
Other Programs				
On-Behalf Payments to OPEB	$	179,424		
Total Other Programs				179,424
Board of Education				
Secretary to Board	$	1,341		
Board and Committee Members Fees		15,745		
Social Security		945		
State Retirement		123		
Life Insurance		5,655		
Medical Insurance		133,058		
Dental Insurance		15,763		
Unemployment Compensation		5,555		
Employer Medicare		245		
Audit Services		4,750		
Bank Charges		777		
Dues and Memberships		5,685		
Legal Services		7,376		

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Board of Education (Cont.)				
Travel	$	2,102		
Liability Insurance		219,423		
Trustee's Commission		222,009		
Workers' Compensation Insurance		190,124		
In Service/Staff Development		12,299		
Criminal Investigation of Applicants - TBI		7,788		
Other Charges		56,042		
Total Board of Education			$	906,805
Director of Schools				
County Official/Administrative Officer	$	99,795		
Secretary(ies)		30,797		
Clerical Personnel		25,402		
Social Security		9,881		
State Retirement		11,418		
Life Insurance		541		
Medical Insurance		18,130		
Dental Insurance		815		
Employer Medicare		2,311		
Communication		6,531		
Dues and Memberships		2,088		
Maintenance and Repair Services - Equipment		12,815		
Postal Charges		1,164		
Travel		3,438		
Office Supplies		8,413		
Utilities		18,237		
In Service/Staff Development		3,242		
Administration Equipment		2,869		
Other Equipment		19,800		
Total Director of Schools				277,687
Office of the Principal				
Principals	$	502,085		
Career Ladder Program		13,000		
Accountants/Bookkeepers		49,989		
Career Ladder Extended Contracts		8,000		
Assistant Principals		274,712		
Secretary(ies)		244,985		
Social Security		65,228		

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Office of the Principal (Cont.)				
State Retirement	$	76,041		
Life Insurance		4,336		
Medical Insurance		146,828		
Dental Insurance		7,061		
Employer Medicare		15,255		
Communication		19,329		
Travel		1,620		
Office Supplies		4,462		
Total Office of the Principal			$	1,432,931
Fiscal Services				
Supervisor/Director	$	41,338		
Accountants/Bookkeepers		127,795		
Social Security		10,183		
State Retirement		15,510		
Life Insurance		1,006		
Medical Insurance		27,423		
Dental Insurance		1,358		
Employer Medicare		2,381		
Travel		330		
Other Contracted Services		13,768		
Other Supplies and Materials		3,044		
In Service/Staff Development		1,245		
Administration Equipment		6,059		
Total Fiscal Services				251,440
Operation of Plant				
Custodial Personnel	$	460,807		
Social Security		26,611		
State Retirement		38,591		
Life Insurance		4,255		
Medical Insurance		116,996		
Dental Insurance		7,332		
Employer Medicare		6,371		
Laundry Service		3,961		
Electricity		732,951		
Natural Gas		97,620		
Propane Gas		8,152		
Water and Sewer		67,726		

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Operation of Plant (Cont.)		
Other Supplies and Materials	$ 54,351	
Total Operation of Plant		$ 1,625,724
Maintenance of Plant		
Supervisor/Director	$ 49,385	
Maintenance Personnel	190,317	
Other Salaries and Wages	15,000	
Social Security	15,223	
State Retirement	19,558	
Life Insurance	1,081	
Medical Insurance	38,204	
Dental Insurance	1,358	
Employer Medicare	3,560	
Communication	4,977	
Maintenance and Repair Services - Buildings	1,778	
Maintenance and Repair Services - Equipment	41,413	
Travel	1,489	
Other Supplies and Materials	142,572	
In Service/Staff Development	69	
Maintenance Equipment	26,608	
Total Maintenance of Plant		552,592
Transportation		
Supervisor/Director	$ 55,551	
Mechanic(s)	110,454	
Bus Drivers	544,473	
Clerical Personnel	30,394	
Other Salaries and Wages	133,935	
Social Security	51,093	
State Retirement	73,776	
Life Insurance	9,905	
Medical Insurance	279,693	
Dental Insurance	14,664	
Employer Medicare	11,953	
Communication	1,704	
Laundry Service	2,849	
Travel	1,136	
Diesel Fuel	205,115	
Gasoline	10,360	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Transportation (Cont.)				
Tires and Tubes	$	13,518		
Utilities		18,467		
Vehicle Parts		81,054		
In Service/Staff Development		3,962		
Other Charges		5,173		
Administration Equipment		2,500		
Transportation Equipment		57,350		
Total Transportation			$	1,719,079
Operation of Non-Instructional Services				
Community Services				
Teachers	$	47,622		
Other Salaries and Wages		121,799		
Social Security		10,110		
State Retirement		6,466		
Dental Insurance		2,172		
Employer Medicare		2,364		
Communication		1,429		
Travel		5,640		
Other Contracted Services		6,557		
Food Supplies		13,060		
Instructional Supplies and Materials		393		
Other Supplies and Materials		6,351		
Other Charges		5,277		
Regular Instruction Equipment		542		
Other Equipment		3,293		
Total Community Services				233,075
Early Childhood Education				
Teachers	$	285,038		
Educational Assistants		78,160		
Other Salaries and Wages		4,388		
Certified Substitute Teachers		2,865		
Non-certified Substitute Teachers		3,345		
Social Security		22,009		
State Retirement		23,841		
Life Insurance		2,559		
Medical Insurance		76,685		
Employer Medicare		5,147		

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)			
Operation of Non-Instructional Services (Cont.)			
Early Childhood Education (Cont.)			
Communication	$ 1,801		
Travel	5,279		
Instructional Supplies and Materials	29,193		
Other Supplies and Materials	5,124		
Other Charges	3,830		
Regular Instruction Equipment	8,296		
Other Equipment	22,358		
Total Early Childhood Education		$ 579,918	
Capital Outlay			
Regular Capital Outlay			
Building Improvements	$ 160,673		
Furniture and Fixtures	78,373		
Building Purchases	496,960		
Other Capital Outlay	327,909		
Total Regular Capital Outlay		1,063,915	
Principal on Debt			
Education			
Principal on Notes	$ 71,340		
Total Education		71,340	
Interest on Debt			
Education			
Interest on Notes	$ 12,524		
Total Education		12,524	
Total General Purpose School Fund			$ 30,164,884
School Federal Projects Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 341,213		
Educational Assistants	22,195		
Certified Substitute Teachers	570		
Non-certified Substitute Teachers	6,165		
Social Security	22,162		
State Retirement	22,794		
Life Insurance	1,701		

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)				
Instruction (Cont.)				
Regular Instruction Program (Cont.)				
Medical Insurance	$	58,729		
Employer Medicare		5,183		
Other Contracted Services		1,657		
Instructional Supplies and Materials		18,137		
Other Supplies and Materials		3,386		
Total Regular Instruction Program			$	503,892
Special Education Program				
Teachers	$	72,563		
Educational Assistants		362,330		
Certified Substitute Teachers		590		
Non-certified Substitute Teachers		16,404		
Social Security		26,578		
State Retirement		26,727		
Life Insurance		5,659		
Medical Insurance		173,137		
Employer Medicare		6,217		
Maintenance and Repair Services - Equipment		2,516		
Other Contracted Services		69,737		
Instructional Supplies and Materials		5,331		
Textbooks		4,024		
Other Supplies and Materials		8,408		
Other Charges		627		
Other Equipment		4,069		
Total Special Education Program				784,917
Vocational Education Program				
Teachers	$	15,800		
Social Security		980		
State Retirement		986		
Employer Medicare		229		
Travel		8,840		
Instructional Supplies and Materials		1,218		
Other Supplies and Materials		169		
In Service/Staff Development		6,881		
Vocational Instruction Equipment		40,898		
Total Vocational Education Program				76,001

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)				
Support Services				
Other Student Support				
Social Workers	$	10,888		
Social Security		675		
State Retirement		679		
Employer Medicare		158		
Evaluation and Testing		452		
Instructional Supplies and Materials		397		
Other Supplies and Materials		535		
In Service/Staff Development		225		
Total Other Student Support			$	14,009
Regular Instruction Program				
Supervisor/Director	$	27,771		
Secretary(ies)		24,851		
Social Security		2,916		
State Retirement		3,442		
Life Insurance		361		
Medical Insurance		14,661		
Employer Medicare		682		
Travel		511		
Other Supplies and Materials		4,401		
In Service/Staff Development		45,833		
Other Charges		609		
Total Regular Instruction Program				126,038
Special Education Program				
Secretary(ies)	$	17,248		
Social Security		1,069		
State Retirement		1,245		
Life Insurance		271		
Medical Insurance		3,146		
Employer Medicare		250		
Travel		1,319		
Other Supplies and Materials		2,528		
In Service/Staff Development		6,620		
Other Charges		1,552		
Total Special Education Program				35,248
Vocational Education Program				
In Service/Staff Development	$	1,810		
Total Vocational Education Program				1,810

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)			
Support Services (Cont.)			
Office of the Principal			
Communication	$ 1,500		
Total Office of the Principal		$ 1,500	
Total School Federal Projects Fund			$ 1,543,415
Central Cafeteria Fund			
Operation of Non-Instructional Services			
Food Service			
Supervisor/Director	$ 53,692		
Accountants/Bookkeepers	30,931		
Cafeteria Personnel	593,020		
Other Salaries and Wages	17,986		
Social Security	40,564		
State Retirement	54,188		
Life Insurance	7,079		
Medical Insurance	221,891		
Dental Insurance	10,862		
Employer Medicare	9,487		
Accounting Services	500		
Communication	3,953		
Maintenance and Repair Services - Equipment	3,268		
Travel	11,779		
Other Contracted Services	11,091		
Food Preparation Supplies	60,582		
Food Supplies	907,742		
Office Supplies	3,540		
Other Supplies and Materials	802		
In Service/Staff Development	2,015		
Other Charges	1,634		
Food Service Equipment	24,614		
Total Food Service		$ 2,071,220	
Total Central Cafeteria Fund			2,071,220
Education Capital Projects Fund			
Capital Projects			
Education Capital Projects			
Architects	$ 50,084		
Building Improvements	172,995		
Total Education Capital Projects		$ 223,079	
Total Education Capital Projects Fund			223,079
Total Governmental Funds - Coffee County School Department			$ 34,002,598

Exhibit J-9

Coffee County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund
For the Year Ended June 30, 2008

	Enterprise Fund Wayside Acres Sewer Fund
Revenues	
Operating Revenues	
Charges for Current Services	
Water Treatment Charges	$ 12,815
Other General Service Charges	19,663
Total Operating Revenues	$ 32,478
Nonoperating Revenues	
Contributions	$ 63,422
Total Nonoperating Revenues	$ 63,422
Total Revenues	$ 95,900
Expenses	
Operating Expenses	
Public Health and Welfare	
Communication	$ 698
Engineering Services	3,692
Permits	120
Other Contracted Services	980
Electricity	1,746
Office Supplies	104
Water and Sewer	64
Other Supplies and Materials	273
Liability Insurance	650
Depreciation	11,731
Total Operating Expenses	$ 20,058
Nonoperating Expenses	
Interest on Other Loans	$ 13,529
Total Nonoperating Expenses	$ 13,529
Total Expenses	$ 33,587

Exhibit J-10

Coffee County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2008

	Cities - Sales Tax Fund	City School ADA- Tullahoma Fund	City School ADA- Manchester Fund	Total
Cash Receipts				
Current Property Taxes	$ 0	$ 4,347,600	$ 1,810,591	$ 6,158,191
Trustee's Collections - Prior Years	0	135,350	56,366	191,716
Trustee's Collections - Bankruptcy	0	1,911	771	2,682
Circuit/Clerk and Master Collections - Prior Years	0	48,445	20,314	68,759
Interest and Penalty	0	44,201	17,377	61,578
Payments in-Lieu-of Taxes - TVA	0	397	164	561
Payments in-Lieu-of Taxes - Other	0	1,098	456	1,554
Interstate Telecommunications Tax	0	2,114	881	2,995
Local Option Sales Tax	12,848,562	0	0	12,848,562
Marriage Licenses	0	1,432	600	2,032
Alcoholic Beverage Tax	0	1,869	779	2,648
Total Cash Receipts	$ 12,848,562	$ 4,584,417	$ 1,908,299	$ 19,341,278
Cash Disbursements				
Remittance of Revenues Collected	$ 12,720,246	$ 4,405,025	$ 1,909,638	$ 19,034,909
Trustee's Commission	128,316	91,821	36,915	257,052
Total Cash Disbursements	$ 12,848,562	$ 4,496,846	$ 1,946,553	$ 19,291,961
Excess of Cash Receipts Over (Under) Cash Disbursements	$ 0	$ 87,571	$ (38,254)	$ 49,317
Cash Balance, July 1, 2007	0	(50,181)	53,799	3,618
Cash Balance, June 30, 2008	$ 0	$ 37,390	$ 15,545	$ 52,935

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

June 25, 2009

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Coffee County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Coffee County's basic financial statements and have issued our report thereon dated June 25, 2009. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Public Library Fund, Coffee County Emergency Communications District, Industrial Board of Coffee County, and Coffee County Public Building Authority as described in our report on Coffee County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Coffee County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coffee County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Coffee 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, 08.04, 08.05, 08.06(B,C,D), 08.08, 08.10, 08.11, and 08.14.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Coffee County's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coffee 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

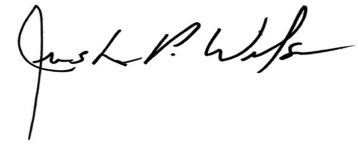
to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 08.02, 08.03, 08.06(A), 08.07, 08.09, and 08.12.

We consider item 08.13 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also noted certain matters that we reported to management of Coffee County in separate communications.

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

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

JPW/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

June 25, 2009

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Coffee 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. Coffee 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 Coffee County's management. Our responsibility is to express an opinion on Coffee 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 auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Coffee County's 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 Coffee County's compliance with those requirements.

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

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

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Coffee County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Coffee County's basic financial statements and have issued our reports thereon dated June 25, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise a

portion of Coffee 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.

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

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

Very truly yours,

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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Coffee 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	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	$ 146,120
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	130,489 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	276,686
National School Lunch Program	10.555	N/A	834,103 (3)
Total U.S. Department of Agriculture			$ 1,387,398
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-08-023216-00	$ 6,500
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(2)	18,000
Total U.S. Department of Justice			$ 24,500
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	STP-H-127(10)	$ 3,090
Alcohol Open Container Requirements	20.607	Z-08-024024-00	5,847
Passed-through Governor's Highway Safety Office:			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grant	20.601	(4)	20,020
Total U.S. Department of Transportation			$ 28,957
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	$ 455,381
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	811,809
Special Education - Preschool Grants	84.173	N/A	25,320
Vocational Education - Basic Grants to States	84.048	N/A	78,547
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	59,389
State Grants for Innovative Programs	84.298	N/A	6,924
Education Technology State Grants	84.318	(2)	4,906
English Language Acquisition Grants	84.365	N/A	3,386
Improving Teacher Quality State Grants	84.367	N/A	170,787
Total U.S. Department of Education			$ 1,616,449
Election Assistance Commission:			
Passed-through Tennessee Office of Secretary of State:			
Help America Vote Act Requirements Payment	90.401	Z-08-201056-00	$ 1,773
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	(5)	$ 66,105
Total Expenditures of Federal Awards			$ 3,125,182

(Continued)

Coffee 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			
Juvenile Services Program - State Commission on Children and Youth	N/A	Z-08-022745-00	$ 9,000
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	Z-08-023216-00	1,000
FastTrack Infrastructure Development Program - State Department of Economic and Community Development	N/A	(2)	33,164
Three Star Energy Star Programs - State Department of Economic and Community Development	N/A	Z-07-038027-00	1,300
Agriculture Enhancement Program - State Department of Agriculture	N/A	Z-07-035522-00	24,732
Courtroom Security Equipment - Administrative Office of the Courts	N/A	(2)	16,468
Drug Court Treatment Grant - State Department of Finance and Administration	N/A	(7)	106,326
Rural Dispatcher Grant - State Emergency Communications Board	N/A	(2)	70,000
Rural Local Health Services - State Department of Health	N/A	(6)	696,028
Coordinated School Health Program - State Department of Health	N/A	(2)	89,948
Tobacco Cessation - State Department of Health	N/A	GG-08-23218-00	15,789
Statewide Student Management System - State Department of Education	N/A	(2)	5,000
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	582,554
Family Resource - State Department of Education	N/A	(2)	66,600
Safe Schools Act - State Department of Education	N/A	(2)	23,000
ACT-EXP - Internet Connectivity - State Department of Education	N/A	(2)	17,516
AGMS - Nutrition PE Equipment - State Department of Education	N/A	(2)	3,552
Litter Program - State Department of Transportation	N/A	(8)	38,099
Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-08-020207-00	37,000
Total State Grants			$ 1,837,076

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 $964,592.
(4) Z-07-036120-00: $4,216; Z-08-023995-00: $15,804.
(5) GG-07-20958-00: $18,599; GG-08-24190-00: $47,506.
(6) Z-07-031602-00: $67,800; Z-08-020398-00: $582,524; GG-08-22003-00: $45,704.
(7) Z-05-025519-00: $48,161; Z-05-12535-00: $58,165.
(8) Z-07-033784-00: $3,740; Z-08-020981-00: $34,359.

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

OFFICE OF COUNTY MAYOR

Finding Number	Page Number	Subject
07.01	14	Compensation was paid in-lieu-of insurance benefits for some employees

COFFEE COUNTY LIBRARIES

Finding Number	Page Number	Subject
07.03(A,E,F,H)	15	The Coffee County Library audit report prepared by an accounting firm disclosed deficiencies

OTHER FINDINGS

Finding Number	Page Number	Subject
07.08	21	A central system of accounting and budgeting had not been adopted
07.09	21	Duties were not segregated adequately in the Offices of County Mayor, Director of Schools, Trustee, County Clerk, Clerk and Master, Register, and Sheriff

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COFFEE 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 financial statements of Coffee County is unqualified.

2. The audit of the financial statements of Coffee County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.

3. The audit disclosed no instances of noncompliance that were material to the financial statements.

4. The audit disclosed no significant deficiencies in internal control over major programs.

5. An unqualified opinion was issued on compliance for major programs.

6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.

7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), Title I Grants to Local Educational Agencies (CFDA No. 84.010), and the Special Education Cluster: Special Education Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.

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

9. Coffee County 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 responses of the county mayor and the School Department's business manager are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report. The finding, recommendation, and management's response from the Library Board for the Coffee County Libraries is paraphrased from the report of other auditors.

OFFICES OF COUNTY MAYOR AND SHERIFF

FINDING 08.01 **DEFICIENCIES WERE NOTED IN THE ADMINISTRATION OF THE COMMISSARY**
(Internal Control – Material Weakness Under Government Auditing Standards)

The Office of Accounts and Budgets is responsible for operating the jail commissary system and maintains separate office space for a commissary clerk who is primarily responsible for processing the commissary transactions; however, employees of the Sheriff's Department also participate in the commissary operation by handling arrestees' funds.

When a person is booked into the county jail, a sheriff's deputy places any money in the arrestee's possession into an unnumbered intake envelope identified by the arrestee's name, booking number, dollar amount, date, time, and the officer's signature and number. The inmate signs a receipt for the money taken from him, and the receipt is attached to the intake envelope. The intake envelope is then placed into a locked storage box. After the booking process is completed, a sheriff's deputy removes the money from the intake envelope, transfers the money into a prenumbered commissary envelope, and places the commissary envelope into a lock box. A sergeant in the Sheriff's Department maintains the only key to the lock box; however, various shift officers obtain the key to retrieve the commissary envelopes for inmates being released. If the inmate is released prior to personnel from the Office of Accounts and Budgets retrieving the commissary envelope, a sheriff's deputy will remove the commissary envelope from the lock box, return the cash to the inmate, and have the inmate sign the commissary envelope as evidence of the return of his funds. The empty commissary envelope is then placed back into the lock box pending retrieval of all envelopes by the commissary clerk, who should account for the prenumbered sequence. The remaining inmate funds in the lock box are to be deposited into the commissary bank account maintained by the Office of Accounts and Budgets. These remaining commissary envelopes are removed from the lock box jointly by a sheriff's deputy and by personnel from the Office of Accounts and Budgets. The envelopes are listed on a transfer of funds report as evidence of funds moving from the jail to the Office of Accounts and Budgets. The Office of Accounts and Budgets and the Sheriff's Department maintained a copy of the transfer report.

Subsequent to June 30, 2008, the director of accounts and budgets notified our office of a possible fraud related to the commissary operations, and that the Tennessee Bureau of Investigation had been contacted. We extended our audit procedures related to commissary receipts through March 6, 2009, and noted the following deficiencies:

A. Our examination revealed that 327 prenumbered commissary envelopes were missing for the period April 16, 2008, through February 11, 2009. Also, neither the Sheriff's Department nor the Office of Accounts and Budgets could locate copies of the transfer reports from March 2008 through March 2009. One transfer report for December 1, 2008, was eventually located in other files at the Office of Accounts and Budgets. This transfer report listed several receipts; however, of the receipts listed, two receipts totaling $109 were not posted to the inmates' commissary accounts. Therefore, we could not determine the disposition of funds that would have been disclosed on the 327 missing envelopes.

B. Although the commissary computer system had a computerized receipting package, main office personnel in the Office of Accounts and Budgets issued manual receipts totaling $1,115 for commissary collections from May 2008 through February 2009. However, these receipts were not posted to the inmates' accounts, were not deposited to the bank, or otherwise accounted for.

C. The commissary clerk located in the separate commissary office also maintained a manual receipt book for commissary collections in the event the computer system was not working. We noted that 149 manual receipts were missing from the commissary clerk's manual receipt book. Inmates were eventually able to provide us with their copies of four of these receipts totaling $184.76, which were not posted to the inmates' accounts or deposited to the commissary bank account. The county has replaced these funds with commissary profits since the inmates had copies of their receipts.

D. Commissary receipts posted in the computer system totaling $1,602 were voided/reversed on inmates' accounts without any supporting documentation. During the period July 1, 2007, through April 16, 2008, the director of accounts and budgets periodically logged on to the commissary computer system using the commissary clerk's user identification and password to reconcile the bank account with receipts and deposits. Since data could have been entered by either the director of accounts and budgets or the commissary clerk, we could not determine who actually voided/reversed the receipts. Also, since there was no supporting documentation for these adjustments, we could not determine if the adjustments were made to conceal a theft of funds or to correct errors. Effective April 16, 2008, all personnel of the Office of Accounts and Budgets can enter data into the commissary computer system using their own unique log-on and password.

E. We noted numerous instances where sales posted to the computer system were reversed on the inmates' accounts without supporting documentation. It appears that these sales may have been reversed to maintain balances in the inmates' accounts to conceal receipts that were not posted to the accounts. As noted above in Part D. for the period July 1, 2007, through April 16, 2008, since the director of accounts and budgets periodically logged on to the commissary computer system using the commissary clerk's user identification and password, we could not determine who actually reversed the sales data.

F. Furthermore, order forms completed by inmates could not be located for the first week in August, September, October, November, and most of December 2008. Inmates were able to provide us their copies of two receipts totaling $115 from the county that were not posted to their accounts that related to the reversed sales. The county has replaced these funds with commissary profits since the inmates had copies of their receipts.

G. The Office of Accounts and Budgets did not reconcile commissary sales with merchandise purchased and on hand. The failure to reconcile the commissary's inventory records with the purchases, sales, and inventory on hand weakens internal controls over inventory and increases the risks of fraud or misappropriation.

H. The Office of Accounts and Budgets did not reconcile receipts posted to the inmate accounts with deposits to the commissary bank account. A comparison of receipts with deposits for the period April 16, 2008, through March 6, 2009, revealed receipts in excess of deposits by $48.

I. Duties related to the operation of the commissary were not segregated adequately. The Office of Accounts and Budgets commissary clerk responsible for maintaining the inmates' records was also involved in receipting, depositing, and disbursing funds, as well as the purchase, distribution, and maintenance of the inventory. 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.

These deficiencies have been reviewed with the Tennessee Bureau of Investigation; however, the investigation had not been completed as of the date of this report.

RECOMMENDATION

The county should immediately improve internal controls over the commissary operations and prisoner funds at the Offices of Accounts and Budgets and Sheriff'. Intake envelopes used at the jail should be prenumbered. Access to the lock box should be restricted, and all intake envelopes, commissary envelopes, and transfer forms should be accounted for and on file for audit inspection. All manual receipts issued by the Office of Accounts and Budgets should be reconciled with computer receipts and inmate accounts. Documentation should be on file to support any voided receipts and sales transactions. Employees should not log on to the computer system using another employee's user identification and password. The Office of Accounts and Budgets should reconcile commissary sales with merchandise

purchased and on hand and should reconcile receipts posted to the inmates' accounts with bank deposits. Duties should be segregated adequately.

MANAGEMENT'S RESPONSE – COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

A. We agree with this statement. Although the commissary clerk was aware that all booking envelopes were to be filed numerically for audit purposes, we have established written standards that state the retention schedules for all documents pertaining to the commissary. The standards will be discussed with the current commissary clerk, and a signature will be evidenced as his/her understanding of these standards.

B. The Office of Accounts and Budgets' staff would write manual receipts for commissary collections in the absence of the commissary clerk. The deposits were then stored in the vault until such time that the commissary clerk returned to retrieve them. It is not the responsibility of the office staff to post or deposit any commissary collections, but only to notify the commissary clerk that she had inmates' deposits stored in the vault. This practice has stopped. The Office of Accounts and Budgets' staff do not issue any manual receipts for the commissary. There is now an envelope box attached to the door of the commissary, and anyone inquiring when the commissary clerk is not available is directed to place their deposit in the box. In the event the commissary computer system is not operational (which is rare), the manual receipt book will be collected from the Office of Accounts and Budgets' vault to use until the computer system is restored. Once the manual receipt book is returned to the Office of Accounts and Budgets, the director will verify that the manual receipts have been posted to the inmates' commissary accounts and return the receipt book to the vault.

C. Please reference section B.

D. We concur that there were voided/reversed deposits on the inmates' accounts without any supporting documentation. However, the director only accessed the commissary program to use the bank reconciliation function to balance the inmates' bank accounts. After it was brought to the director's attention in a previous audit that the clerk had not reconciled the bank account for a six-month period, the director separated that duty as an internal control measure and continues to reconcile the monthly bank statement. The director did not make corrections to the inmates' accounts. Any discrepancies that were noted during the bank reconciliation process were discussed with the commissary clerk and corrected by the clerk when possible. Otherwise, a journal entry was made. Any supporting documentation was attached to the bank statement for that period. The director also authorized the software vendor to upgrade the program so it is web-based and can be backed-up nightly by the software vendor. Previously, the director had discovered that the current version was not being backed-up to the hard drive. All employees of the Office of Accounts and Budgets that access the commissary program as part of their job function have unique user names and passwords, and the director has deemed it mandatory that all passwords be changed every 90 days. However, it is important to note that the State of Tennessee Division of County Audit conducted an information

system audit during March 2008. For whatever reason, the commissary operations were not reviewed by the auditors as part of the audit. We regret that had the commissary operations been reviewed with management at that time, then we feel that the Office of Accounts and Budgets would have implemented stronger internal control policies concerning the commissary operations.

E. As stated above, the director only reconciled the inmates' bank accounts. There is documentation to substantiate that sales were reversed by the commissary clerk to possibly conceal fraud. As part of the internal control standards referenced in section A., any time transactions are reversed in an inmate's account, a copy of the transaction must be given to the director with a documented explanation. The documentation will be filed with the monthly bank statement. Furthermore, the director or his/her designee will reconcile all payments with the bank statements, compare sales to purchases, and monitor the inventory on a monthly basis as part of the monthly bank reconciliation.

F. Please reference section A.

G. Please reference section E. with one comment. The inventory was independently counted at year-end by both the commissary clerk and employees of the Office of Accounts and Budgets. The two inventories were compared and adjustments were made at that time.

H. Please reference section E.

I. In prior years, the commissary was operated by one clerk who exercised control over all of the operations. Improvements have been established to strengthen the level of internal controls at the commissary. The director will review this finding with the sheriff to improve internal controls at the jail.

OFFICE OF COUNTY MAYOR

FINDING 08.02 **COMPENSATION WAS PAID IN-LIEU-OF INSURANCE BENEFITS FOR SOME EMPLOYEES**

(Noncompliance Under Government Auditing Standards)

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

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

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

REBUTTAL

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

FINDING 08.03 **THE AMBULANCE SERVICE DID NOT REQUIRE A DEPOSITORY TO ADEQUATELY COLLATERALIZE FUNDS EXCEEDING FEDERAL DEPOSIT INSURANCE CORPORATION COVERAGE**
(Noncompliance Under Government Auditing Standards)

The Ambulance Service maintains a bank clearing account for patient collections and remits these collections to the county trustee monthly. However, balances in this clearing account exceeded Federal Deposit Insurance Corporation (FDIC) coverage during several days in most months. The Ambulance Service did not require the depository to pledge securities to protect funds exceeding FDIC coverage. Section 5-8-201, Tennessee Code Annotated, provides for county officials to require any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of the funds exceeding FDIC coverage. The failure to adequately collateralize funds could result in a loss of funds for the county.

RECOMMENDATION

The Ambulance Service should consider remitting funds to the county trustee more frequently to keep the balance in the clearing account within FDIC coverage or require the depository to pledge adequate securities to protect county funds exceeding FDIC coverage as required by state statute.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We will request that the director of the Ambulance Service deposit patient collections more frequently to keep the balance in the clearing account within the FDIC coverage.

FINDING 08.04 **THE AMBULANCE SERVICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The Ambulance Service did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system 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 office should ensure that adequate controls over information systems and the resources associated with those systems are implemented.

FINDING 08.05 **THE AMBULANCE SERVICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The following weaknesses regarding computer system backup procedures in the Ambulance Service were identified during the audit period:

A. Daily backups were not performed. Inadequate backup procedures could result in the loss of data in the event of a hardware or software failure. Without current daily backups, the cost of re-creating data could be substantial. After the importance of performing backups on a daily basis was brought to management's attention, daily backup procedures were implemented.

B. Daily backups were not stored in a secure location. Unsecured access to system backups exposes the data to environmental hazards, as well as to possible sabotage.

C. A backup log was not maintained. If system backups are not labeled and inventoried systematically, discrepancies may occur and affect the integrity of system backups in the event of a hardware or software failure.

Sound business practices dictate that proper backup procedures be implemented. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures.

RECOMMENDATION

Management should store daily backups in a secure fireproof location. A current log of all backups that includes label descriptions, date of creation, contents, and storage location should be maintained.

COFFEE COUNTY LIBRARIES

FINDING 08.06 **THE COFFEE COUNTY LIBRARIES FUND AUDIT REPORT PREPARED BY AN ACCOUNTING FIRM DISCLOSED DEFICIENCIES**
(A. – Noncompliance Under Government Auditing Standards; B., C., and D. – Internal Control – Significant Deficiency Under Government Auditing Standards)

The financial statements of the Coffee County Library Fund (a nonmajor special revenue fund) for the year ended June 30, 2008, were audited by other auditors. Their report listed the following deficiencies:

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

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

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

D. The libraries used checks and a debit card that required only one signature for purchases.

RECOMMENDATION

A. All expenditures should be authorized either in the original budget or as an amendment to the budget.

B. The use of a purchase order system allows control of expenditures within budget guidelines and ensures expenditures are in accordance with the purpose of the appropriation. Adequate documentation should be maintained to substantiate bid and quotation requests. Purchase orders should be completed with the date, amount of the purchase that matches the invoice attached, and signed by an individual instead of printed from the computer.

C. Prenumbered receipts should be issued for each revenue source as required by Section 9-2-103, Tennessee Code Annotated. Receipts should be filled out completely with name, date, description of fee or service, amount, and signed by the individual receiving the money. Receipts should be in duplicate form so that one copy is retained for auditors during the auditing process. All unused or voided receipts should be accounted for through this process. When custody of money changes from one employee to another (i.e., from the library director to the library bookkeeper) the money should be counted by both employees, a receipt should be issued by the recipient of the funds, and both employees should sign the document indicating concurrence with the amount transferred. Each daily report should be signed, dated, and the date should agree with the total of the corresponding deposit slip. If totals do not agree, a cash over or cash short amount should be included to balance totals. The daily report should be signed.

D. Checks should not be written and signed by the same person. Dual signatures ensure a review of disbursements and additional examination of invoices about to be paid.

LIBRARY BOARD'S COMMENTS

A. The budget will be monitored more closely in the future.

B. We will correct this problem.

C. Our new computer software does not generate the type of cash report that had been represented at the time of the software purchase. Upon inquiry to the vendor, we found that most libraries use this process in conjunction with a cash register. We are now trying to improve our records for recording cash collections.

D. We will correct this problem.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

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

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 08.07 **A TAX ANTICIPATION NOTE WAS NOT ISSUED IN COMPLIANCE WITH STATE STATUTES**
(Noncompliance Under Government Auditing Standards)

During the year, the School Federal Projects Fund borrowed $125,000 from the General Purpose School Fund to provide temporary operating funds. A note for $100,000 was approved by the state director of Local Finance. However, the General Purpose School Fund loaned an additional $25,000 to the School Federal Projects Fund that was not approved. Section 9-21-801, Tennessee Code Annotated, allows the County Commission to issue tax anticipation notes with the approval of the state director of Local Finance. Management was not aware that they had already loaned the maximum amount approved by the state director of Local Finance at the time they loaned the additional $25,000.

RECOMMENDATION

Tax anticipation notes should be issued in compliance with state statute.

MANAGEMENT'S RESPONSE – SCHOOL DEPARTMENT BUSINESS MANAGER

We agree and have corrected.

FINDING 08.08 **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

In some instances, payments were made without the issuance of a purchase requisition or purchase order. In addition, the same form was used for both the purchase requisition and the purchase order. In some of these instances, the bookkeeper had the business manager or director of schools sign the invoice before she made the payment, or a check request was issued in-lieu-of a purchase requisition or purchase order in violation of school board policy. Purchase requisitions and purchase orders are necessary to control who has purchasing authority for the School Department and to document purchasing commitments. The failure to issue purchase requisitions and purchase orders increases the risks of unauthorized purchases.

RECOMMENDATION

The office should improve purchasing procedures by issuing purchase requisitions and purchase orders in all applicable instances.

MANAGEMENT'S RESPONSE – SCHOOL DEPARTMENT BUSINESS MANAGER

Several of these purchasing procedures were for things that we do not issue purchase orders for: travel, newspaper ads, and extended school program activities. We will pursue changing our policy to exclude these types of expenses.

FINDING 08.09 **THE OFFICE DID NOT REQUIRE A DEPOSITORY TO ADEQUATELY COLLATERALIZE FUNDS EXCEEDING FEDERAL DEPOSIT INSURANCE CORPORATION COVERAGE**
(Noncompliance Under Government Auditing Standards)

The School Department did not require a depository to pledge securities to protect funds exceeding Federal Deposit Insurance Corporation (FDIC) coverage for four months of the year in a bank account maintained for the Central Cafeteria Fund. Section 5-8-201, Tennessee Code Annotated, provides for county officials to require any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of the funds exceeding FDIC coverage. The failure to adequately collateralize funds was a lack of management oversight and could result in a loss of funds for the county.

RECOMMENDATION

The School Department should require all depositories to pledge adequate securities to protect county funds exceeding FDIC coverage as required by state statute.

MANAGEMENT'S RESPONSE – SCHOOL DEPARTMENT BUSINESS MANAGER

We agree and have corrected.

OFFICES OF TRUSTEE; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; AND REGISTER

FINDING 08.10 **THE OFFICES DID NOT REVIEW SOFTWARE AUDIT LOGS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The software applications used by the Offices of Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; and Register generated daily logs that displayed changes made by users. Since these logs provided the only audit trail of these changes, they should be routinely reviewed for inappropriate activity. Since they were not aware of its existence, management did not begin reviewing these logs until several months into the fiscal year. Procedures for reviewing these logs are currently in place.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

FINDING 08.11 **THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system 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 office should ensure that adequate controls over information systems and the resources associated with those systems are implemented.

OFFICE OF REGISTER OF DEEDS

FINDING 08.12 **THE OFFICE DID NOT REQUIRE A DEPOSITORY TO ADEQUATELY COLLATERALIZE FUNDS EXCEEDING FEDERAL DEPOSIT INSURANCE CORPORATION COVERAGE**
(Noncompliance Under Government Auditing Standards)

The register of deeds did not require a depository to pledge securities to protect funds exceeding Federal Deposit Insurance Corporation (FDIC) coverage for ten months of the year. At June 30, 2008, deposits, at a depository holding county funds, exceeded FDIC coverage by $41,930. Section 5-8-201, Tennessee Code Annotated, provides for county officials to require any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of the funds exceeding FDIC coverage. The failure to adequately collateralize funds could result in a loss of funds for the county.

RECOMMENDATION

The register of deeds should require all depositories to pledge adequate securities to protect county funds exceeding FDIC coverage as required by state statute.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 08.13 **A CENTRAL SYSTEM OF ACCOUNTING AND BUDGETING HAD NOT BEEN ADOPTED**
(Internal Control – Control Deficiency Under Government Auditing Standards)

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

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The benefit of being under the County Financial Management System of 1981 has been discussed casually on several occasions. However, at this time there have not been any formal discussions with the full commission.

FINDING 08.14 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY MAYOR, DIRECTOR OF SCHOOLS, TRUSTEE, COUNTY CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of County Mayor, Director of Schools, Trustee, County Clerk, Clerk and Master, Register, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. 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 management's 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.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I appreciate the Division of County Audit bringing this potential problem to my attention. However, due to limited resources in the Office of County Mayor, we will be unable to correct the segregation of duties finding at this time.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs for federal awards.

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

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