

**ANNUAL FINANCIAL REPORT
CROCKETT COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2011



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FOR THE YEAR ENDED JUNE 30, 2011

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This financial report is available at [**www.tn.gov/comptroller**](http://www.tn.gov/comptroller)

CROCKETT COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Crockett County, Tennessee
For the Year Ended June 30, 2011

Scope

We have audited the basic financial statements of Crockett County as of and for the year ended June 30, 2011.

Results

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

Our audit resulted in 15 findings and recommendations, which we have reviewed with Crockett County management. Detailed findings and recommendations are included in the Single Audit section of this report.

Findings and Best Practice

The following are summaries of the audit findings and best practice:

CROCKETT COUNTY AND CROCKETT COUNTY SCHOOL DEPARTMENT

- ◆ The General, Highway/Public Works, General Debt Service, and General Purpose School funds required material audit adjustments for proper financial statement presentation.

OFFICE OF COUNTY MAYOR

- ◆ A formal purchase order system had not been established.
- ◆ The Ambulance Service had deficiencies in computer system backup procedures.

OFFICE OF ROAD SUPERVISOR

- ◆ Bid specifications for equipment purchases applied only to one brand.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The office had deficiencies in budget operations.
 - ◆ Competitive bids were not solicited for purchases made with federal grant funds.
 - ◆ The office had deficiencies in purchasing procedures.
 - ◆ The office had deficiencies in computer system backup procedures.
-

OFFICE OF TRUSTEE

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

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

- ◆ Multiple employees operated from the same cash drawer.
-

OFFICES OF REGISTER AND SHERIFF

- ◆ Some funds were not deposited within three days of collection.
-

OFFICE OF SHERIFF

- ◆ Fees were not reported and paid to the county in compliance with state statute.
-

OFFICE OF ASSESSOR OF PROPERTY

- ◆ The state Division of Property Assessments noted deficiencies in the maintenance of records by the assessor of property.
-

OTHER FINDINGS

- ◆ Crockett County has a material recurring audit finding.
 - ◆ Duties were not segregated adequately among the officials and employees in the Offices of County Mayor; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff.
-

BEST PRACTICE

Crockett County does not have a central system of accounting, budgeting, and purchasing. The Division of County Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Crockett County.

INTRODUCTORY SECTION

Crockett County Officials

June 30, 2011

Officials

Gary Reasons, County Mayor
Milton Legions, Road Supervisor
Eddie Whitby, Director of Schools
Gary Spraggins, Trustee
Johnna Slayton, Assessor of Property
Ernest Bushart, County Clerk
Kim Kail, Circuit, General Sessions, and Juvenile Courts Clerk
Nancy Evans, Clerk and Master
Alan Castellaw, Register
Troy Klyce, Sheriff

Board of County Commissioners

Gary Reasons, County Mayor, Chairman	Donald Prescott
Pat Branch	John Schwerdt
Harold Craig	Jane Smith
James East	Steven Sutton
David Gilpin	Edwin Tritt
Flynold Gregory	Gaylon Turnage
Lee Hickman	Richard Walker
Ashley Jordan	Charles Paul Ward
Jerrel Little	Jimmy Webb
Darrell Lowery	Cartha Williams
Carolyn Nance	Gary Williams
Cayce Nanney	Alpha Worrell
Harold Park	

Road Commission

Thomas Haynes, Chairman
William Beard
Andy Edwards

Board of Education

Jasper Taylor, IV, Chairman
John Cole
Keith Curl
Mark Faulkner
Henry King
David Russell
Will Spence

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

October 21, 2011

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Crockett County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Crockett County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Crockett County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements of the Crockett County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the

Crockett County Emergency Communications District, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Crockett County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Crockett County, Tennessee, as of June 30, 2011, and the results of operations of the aggregate discretely presented component units, for the year ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Crockett County, Tennessee, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2011, on our consideration of Crockett County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in Note V.B., Crockett County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

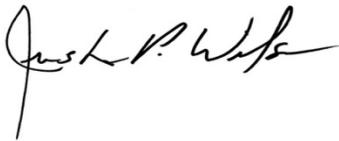
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 54 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Crockett County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Crockett 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 financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Crockett County School Department (a discretely presented component unit), and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end of the name.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Crockett County, Tennessee
Statement of Net Assets
June 30, 2011

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Crockett County School Department</u>
<u>ASSETS</u>		
Cash	\$ 5,762	\$ 0
Equity in Pooled Cash and Investments	3,922,447	1,043,155
Accounts Receivable	961,011	4,820
Allowance for Uncollectibles	(471,309)	0
Due from Other Governments	511,439	787,533
Property Taxes Receivable	4,073,750	1,336,786
Allowance for Uncollectible Property Taxes	(343,545)	(112,733)
Deferred Charges - Debt Issuance Costs	266,153	0
Capital Assets:		
Assets Not Depreciated:		
Land	895,130	824,805
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	2,523,705	13,407,330
Infrastructure	1,481,821	287,526
Other Capital Assets	844,513	525,745
Total Assets	<u>\$ 14,670,877</u>	<u>\$ 18,104,967</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 28,524
Payroll Deductions Payable	565	0
Accrued Interest Payable	98,421	0
Due to State of Tennessee	6,064	0
Deferred Revenue - Current Property Taxes	3,655,789	1,199,634
Noncurrent Liabilities:		
Due Within One Year	1,135,134	0
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	16,326,248	231,183
Total Liabilities	<u>\$ 21,222,221</u>	<u>\$ 1,459,341</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 3,927,799	\$ 0
Invested in Capital Assets	0	15,045,406
Restricted for:		
Solid Waste/Sanitation	114,841	0
Highway/Public Works	1,647,635	0
School Federal Projects	0	153,882
Central Cafeteria	0	69,093
School Transportation	0	16,232
Debt Service	1,497,219	0
Capital Projects	1,180	0
Other Purposes	94,304	7,821
Unrestricted	<u>(13,834,322)</u>	<u>1,353,192</u>
Total Net Assets (Deficit)	<u>\$ (6,551,344)</u>	<u>\$ 16,645,626</u>

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

Exhibit B

Crockett County, Tennessee
 Statement of Activities
 For the Year Ended June 30, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Primary Government Total Governmental Activities	Component Unit	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Crockett County School Department	
Expenses						
Primary Government:						
Governmental Activities:						
General Government	\$ 1,146,688	\$ 57,210	\$ 60,485	\$ 0	\$ (1,028,993)	\$ 0
Finance	455,919	329,297	0	0	(126,622)	0
Administration of Justice	618,976	258,492	58,733	0	(301,751)	0
Public Safety	2,225,386	275,885	98,318	0	(1,851,183)	0
Public Health and Welfare	1,466,520	901,713	98,954	0	(465,853)	0
Social, Cultural, and Recreational Services	597,478	1,405	305,816	61,408	(228,849)	0
Agriculture and Natural Resources	186,001	0	18,644	0	(167,357)	0
Other Operations	153,586	0	0	0	(153,586)	0
Highway/Public Works	1,881,758	6,634	1,758,015	50,982	(66,127)	0
Interest on Long-term Debt	562,652	0	150,000	0	(412,652)	0
Other Debt Service	45,545	0	0	0	(45,545)	0
Total Primary Government	\$ 9,340,509	\$ 1,830,636	\$ 2,548,965	\$ 112,390	\$ (4,848,518)	\$ 0
Component Unit:						
Crockett County School Department	\$ 14,978,641	\$ 274,418	\$ 3,747,654	\$ 22,930	\$ 0	\$ (10,933,639)
Total Component Unit	\$ 14,978,641	\$ 274,418	\$ 3,747,654	\$ 22,930	\$ 0	\$ (10,933,639)

(Continued)

Exhibit B

Crockett County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component	
				Primary Governmental Activities	Unit Crockett County School Department
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 3,630,699	\$ 1,218,851
Property Taxes Levied for Debt Service				83,917	0
Local Option Sales Taxes				661,574	339,735
Wheel Tax				673,296	126,344
Wholesale Beer Tax				98,272	0
Business Tax				69,168	0
Other Local Taxes				70,080	842
Grants and Contributions Not Restricted to Specific Programs				404,182	8,746,005
Unrestricted Investment Income				39,188	23,193
Miscellaneous				17,394	19,455
Total General Revenues				\$ 5,747,770	\$ 10,474,425
Change in Net Assets				\$ 899,252	\$ (459,214)
Net Assets (Deficit), July 1, 2010				(7,450,596)	17,104,840
Net Assets (Deficit), June 30, 2011				(6,551,344)	16,645,626

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

Exhibit C-1

Crockett County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2011

	Major Funds			Nonmajor Funds	Total Govern- mental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 5,762	\$ 5,762
Equity in Pooled Cash and Investments	1,008,510	1,457,769	1,331,829	124,339	3,922,447
Accounts Receivable	959,285	467	34	1,225	961,011
Allowance for Uncollectibles	(471,309)	0	0	0	(471,309)
Due from Other Governments	160,709	254,443	85,995	10,292	511,439
Due from Other Funds	5,762	0	15,000	0	20,762
Property Taxes Receivable	3,920,786	0	152,964	0	4,073,750
Allowance for Uncollectible Property Taxes	(333,991)	0	(9,554)	0	(343,545)
Total Assets	\$ 5,249,752	\$ 1,712,679	\$ 1,576,268	\$ 141,618	\$ 8,680,317
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Payroll Deductions Payable	\$ 147	\$ 418	\$ 0	\$ 0	\$ 565
Due to Other Funds	15,000	0	0	5,762	20,762
Due to State of Tennessee	6,064	0	0	0	6,064
Deferred Revenue - Current Property Taxes	3,513,619	0	142,170	0	3,655,789
Deferred Revenue - Delinquent Property Taxes	56,176	0	840	0	57,016
Other Deferred Revenues	484,866	127,222	42,998	5,159	660,245
Total Liabilities	\$ 4,075,872	\$ 127,640	\$ 186,008	\$ 10,921	\$ 4,400,441
<u>Fund Balances</u>					
Restricted:					
Restricted for General Government	\$ 57,601	\$ 0	\$ 0	\$ 0	\$ 57,601
Restricted for Finance	7,282	0	0	0	7,282
Restricted for Administration of Justice	5,203	0	0	0	5,203
Restricted for Public Safety	4,383	0	0	19,835	24,218
Restricted for Highways/Public Works	0	1,585,039	0	0	1,585,039
Restricted for Debt Service	0	0	965,116	0	965,116
Restricted for Capital Projects	0	0	0	1,180	1,180
Committed:					
Committed for Public Health and Welfare	0	0	0	109,682	109,682
Committed for Debt Service	0	0	425,144	0	425,144
Committed for Capital Projects	160,218	0	0	0	160,218
Unassigned	939,193	0	0	0	939,193
Total Fund Balances	\$ 1,173,880	\$ 1,585,039	\$ 1,390,260	\$ 130,697	\$ 4,279,876
Total Liabilities and Fund Balances	\$ 5,249,752	\$ 1,712,679	\$ 1,576,268	\$ 141,618	\$ 8,680,317

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

Exhibit C-2

Crockett County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2011

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)		\$ 4,279,876
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 895,130	
Add: buildings and improvements net of accumulated depreciation	2,523,705	
Add: infrastructure net of accumulated depreciation	1,481,821	
Add: other capital assets net of accumulated depreciation	<u>844,513</u>	5,745,169
(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	\$ (1,150,400)	
Less: capital leases payable	(122,306)	
Less: bonds payable	(15,572,811)	
Less: other deferred revenue - premium on debt	(57,478)	
Add: deferred charges - debt issuance costs	266,153	
Add: deferred amount on refunding	157,541	
Less: compensated absences payable	(64,626)	
Less: other postemployment benefits liability	(124,613)	
Less: judgment payable	(526,689)	
Less: accrued interest on notes, capital leases, and bonds	<u>(98,421)</u>	(17,293,650)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>717,261</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (6,551,344)</u>

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

Exhibit C-3

Crockett County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 3,921,230	\$ 374,704	\$ 946,957	\$ 249,411	\$ 5,492,302
Licenses and Permits	9,279	0	0	0	9,279
Fines, Forfeitures, and Penalties	79,713	0	0	5,245	84,958
Charges for Current Services	810,332	5,839	0	17,049	833,220
Other Local Revenues	44,407	6,859	126,545	481	178,292
Fees Received from County Officials	551,042	0	0	0	551,042
State of Tennessee	1,084,005	1,459,075	0	51,897	2,594,977
Federal Government	111,169	333,672	0	0	444,841
Other Governments and Citizens Groups	8,539	2,356	150,000	4,600	165,495
Total Revenues	\$ 6,619,716	\$ 2,182,505	\$ 1,223,502	\$ 328,683	\$ 10,354,406
<u>Expenditures</u>					
Current:					
General Government	\$ 567,483	\$ 0	\$ 0	\$ 0	\$ 567,483
Finance	385,807	0	0	0	385,807
Administration of Justice	493,114	0	0	0	493,114
Public Safety	1,860,253	0	0	14,454	1,874,707
Public Health and Welfare	1,142,490	0	0	301,132	1,443,622
Social, Cultural, and Recreational Services	499,511	0	0	0	499,511
Agriculture and Natural Resources	168,685	0	0	0	168,685
Other Operations	1,223,696	0	0	0	1,223,696
Highways	0	1,801,743	0	0	1,801,743
Capital Outlay	0	0	0	620,131	620,131
Debt Service:					
Principal on Debt	83,585	0	753,692	0	837,277
Interest on Debt	3,712	0	560,395	0	564,107
Other Debt Service	0	0	12,884	0	12,884
Total Expenditures	\$ 6,428,336	\$ 1,801,743	\$ 1,326,971	\$ 935,717	\$ 10,492,767
Excess (Deficiency) of Revenues Over Expenditures	\$ 191,380	\$ 380,762	\$ (103,469)	\$ (607,034)	\$ (138,361)
<u>Other Financing Sources (Uses)</u>					
Capital Leases Issued	\$ 151,435	\$ 0	\$ 0	\$ 0	\$ 151,435
Insurance Recovery	14,486	11,657	0	0	26,143
Transfers In	0	0	15,000	0	15,000
Transfers Out	(15,000)	0	0	0	(15,000)
Total Other Financing Sources (Uses)	\$ 150,921	\$ 11,657	\$ 15,000	\$ 0	\$ 177,578
Net Change in Fund Balances	\$ 342,301	\$ 392,419	\$ (88,469)	\$ (607,034)	\$ 39,217
Fund Balance, July 1, 2010	831,579	1,192,620	1,478,729	737,731	4,240,659
Fund Balance, June 30, 2011	\$ 1,173,880	\$ 1,585,039	\$ 1,390,260	\$ 130,697	\$ 4,279,876

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

Exhibit C-4

Crockett County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2011

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)	\$	39,217
(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	\$	1,030,824
Less: current year depreciation expense		<u>(509,125)</u>
		521,699
(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, 2011	\$	717,261
Less: deferred delinquent property taxes and other deferred June 30, 2010		<u>(836,071)</u>
		(118,810)
(3) The issuance of long-term debt (e.g. notes, capital leases, and bonds) 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, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: capital lease proceeds	\$	(151,435)
Add: principal payments on notes		14,062
Add: principal payments on capital leases		83,585
Add: principal payments on bonds		739,630
Less: change in deferred amount on refunding debt		(13,375)
Add: change in premium on debt issuances		4,165
Less: change in deferred debt issuance costs		<u>(19,286)</u>
		657,346
(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 compensated absences payable	\$	23,811
Change in other postemployment benefits liability		(54,569)
Change in judgment payable		(170,897)
Change in accrued interest payable		<u>1,455</u>
		<u>(200,200)</u>
Change in net assets of governmental activities (Exhibit B)	\$	<u>899,252</u>

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

Exhibit D

Crockett County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,066,531
Equity in Pooled Cash and Investments	10,069
Due from Other Governments	105,251
Property Taxes Receivable	561,696
Allowance for Uncollectible Property Taxes	(47,588)
Notes Receivable - Long-term	<u>7,428</u>
Total Assets	<u>\$ 1,703,387</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 629,428
Due to Litigants, Heirs, and Others	<u>1,073,959</u>
Total Liabilities	<u>\$ 1,703,387</u>

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

CROCKETT COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Crockett 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 Crockett County:

A. Reporting Entity

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

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

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

The Crockett County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the

Crockett County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Crockett County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Crockett County Emergency Communications District
17 South Court Square
Alamo, TN 38001

B. Government-wide and Fund Financial Statements

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

Crockett County issues all debt for the discretely presented Crockett County School Department.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the 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 Crockett County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary; however, Crockett County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category.

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

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

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not

measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

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

Crockett County reports the following major governmental funds:

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

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

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

Additionally, Crockett County reports the following fund types:

Capital Projects Fund – The General Capital Projects Fund accounts for transactions for the acquisition or construction of major capital facilities.

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

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

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

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

School Transportation Fund – This special revenue fund is used to account for transportation operations of the School Department. Local taxes are the foundational revenues of this fund.

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

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

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Crockett County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service and General Purpose School funds. Crockett County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not

registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All ambulance and property taxes receivables 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 4.5 percent of total taxes levied.

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

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

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

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

3. Capital Assets

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

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25 - 50
Other Capital Assets	3 - 20
Infrastructure:	
Roads	8 - 20
Bridges	15 - 30

4. Compensated Absences

The policy of Crockett County (with the exception of the Highway Department) does not provide for employees to receive compensation for unused accumulated vacation or sick leave days. The Highway Department permits its employees to accumulate a limited amount of earned but unused sick leave benefits, which will be paid to employees

upon death or retirement from county service. A liability for sick leave benefits is reported in governmental funds only if amounts have matured, for example, as a result of employee retirements.

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

5. Long-term Obligations

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

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

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

6. Net Assets and Fund Equity

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

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

As of June 30, 2011, Crockett County had \$15,019,800 in outstanding debt for capital purposes for the discretely presented Crockett County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Alamo and City of Bells school systems) based on average daily attendance proration. This debt is a liability of Crockett County, but the capital assets acquired are reported in the financial statements of the School Department and the City of Alamo and the City of Bells school systems. Therefore, Crockett 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 fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority.

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county’s Budget Committee and the Board of Education are authorized bodies to make assignments.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and the General Purpose School funds.

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 Crockett 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 Crockett County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the General Capital Projects Fund, which adopts a project length budget. 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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, County Mayor/Executive, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

At June 30, 2011, the Crockett County School Department reported the following significant encumbrances:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General Purpose School	Roof repairs	\$ 224,128 [▼]

B. Expenditures Exceeded Appropriations

Total expenditures and other uses exceeded total appropriations in the School Federal Projects and School Transportation funds by \$126,630 and \$8,618, respectively.

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the discretely presented School Department's General Purpose School Fund:

<u>Major Category</u>	<u>Amount Overspent</u>
Other Student Support	\$ 3,027
Special Education Program	368
Board of Education	7,226
Director of Schools	396
Maintenance of Plant	2,913
Early Childhood Education	87
Transfers Out	88,000

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with

collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; 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 Comptroller’s Office 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 fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2011, Crockett 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 Crockett County and the discretely presented Crockett County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 3,637

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Crockett County has no investment policy that would further limit its investment choices. As of

June 30, 2011, Crockett County's investment in the State Treasurer's Investment Pool was unrated.

B. Notes Receivable

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

C. Capital Assets

Capital assets activity for the year ended June 30, 2011, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets				
Not Depreciated:				
Land	\$ 895,130	\$ 0	\$ 0	\$ 895,130
Construction in Progress	695,978	0	695,978	0
Total Capital Assets Not Depreciated	\$ 1,591,108	\$ 0	\$ 695,978	\$ 895,130
Capital Assets Depreciated:				
Buildings and Improvements	\$ 3,943,395	\$ 1,300,000	\$ 0	\$ 5,243,395
Infrastructure	1,751,824	0	0	1,751,824
Other Capital Assets	3,223,149	426,802	199,412	3,450,539
Total Capital Assets Depreciated	\$ 8,918,368	\$ 1,726,802	\$ 199,412	\$ 10,445,758
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,576,482	\$ 143,208	\$ 0	\$ 2,719,690
Infrastructure	211,609	58,394	0	270,003
Other Capital Assets	2,497,915	307,523	199,412	2,606,026
Total Accumulated Depreciation	\$ 5,286,006	\$ 509,125	\$ 199,412	\$ 5,595,719
Total Capital Assets Depreciated, Net	\$ 3,632,362	\$ 1,217,677	\$ 0	\$ 4,850,039
Governmental Activities Capital Assets, Net	\$ 5,223,470	\$ 1,217,677	\$ 695,978	\$ 5,745,169

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

Governmental Activities:

General Government	\$	40,548
Finance		1,800
Administration of Justice		880
Public Safety		99,792
Public Health and Welfare		90,801
Social, Cultural, and Recreational Services		19,664
Highway/Public Works		<u>255,640</u>

Total Depreciation Expense - Governmental Activities	\$	<u>509,125</u>
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Discretely Presented Crockett County School Department

Governmental Activities:

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets Not Depreciated:			
Land	\$ 824,805	\$ 0	\$ 824,805
Total Capital Assets Not Depreciated	<u>\$ 824,805</u>	<u>\$ 0</u>	<u>\$ 824,805</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 19,688,486	\$ 115,996	\$ 19,804,482
Infrastructure	497,553	0	497,553
Other Capital Assets	2,810,673	108,741	2,919,414
Total Capital Assets Depreciated	<u>\$ 22,996,712</u>	<u>\$ 224,737</u>	<u>\$ 23,221,449</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 5,999,515	\$ 397,637	\$ 6,397,152
Infrastructure	185,149	24,878	210,027
Other Capital Assets	2,254,990	138,679	2,393,669
Total Accumulated Depreciation	<u>\$ 8,439,654</u>	<u>\$ 561,194</u>	<u>\$ 9,000,848</u>
Total Capital Assets Depreciated, Net	<u>\$ 14,557,058</u>	<u>\$ (336,457)</u>	<u>\$ 14,220,601</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,381,863</u>	<u>\$ (336,457)</u>	<u>\$ 15,045,406</u>

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

Governmental Activities:

Instruction	\$ 366,637
Support Services	151,117
Operation of Non-Instructional Services	<u>43,440</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 561,194</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 5,762
General Debt Service	General	15,000

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2011, consisted of the following amounts:

Primary Government

<u>Transfer Out</u>	<u>Transfer In</u>
	General Debt Service Fund
General Fund	\$ 15,000

Discretely Presented Crockett County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	School Federal Projects Fund
General Purpose School Fund	\$ 0	\$ 88,000
School Transportation Fund	316,274	0
Total	\$ 316,274	\$ 88,000

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

E. Capital Leases

On September 11, 2009, Crockett County entered into a two-year lease-purchase agreement for patrol cars. The terms of the agreement require total lease payments of \$72,674 plus interest payments of 6.9 percent. Title to the patrol cars transfers to Crockett County at the end of the lease period. The lease payments are made from the General Fund.

On August 30, 2010, Crockett County entered into a two-year lease-purchase agreement for patrol cars. The terms of the agreement require total lease payments of \$49,015 plus interest payments of 6.75 percent. Title to the patrol cars transfers to Crockett County at the end of the lease period. The lease payments are made from the General Fund.

On March 29, 2011, Crockett County entered into a two-year lease-purchase agreement for an ambulance. The terms of the agreement require total lease payments of \$102,420 plus interest payments of 5.25 percent. Title to the ambulance transfers to Crockett County at the end of the lease period. The lease payments are made from the General Fund.

The assets acquired through capital leases are as follows:

<u>Assets</u>	<u>Governmental Activities</u>
Machinery and Equipment	\$ 224,109
Less: Accumulated Depreciation	<u>(70,591)</u>
Total Book Value	<u>\$ 153,518</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2012	\$ 79,175
2013	<u>53,317</u>
Total Minimum Lease Payments	\$ 132,492
Less: Amount Representing Interest	<u>(10,186)</u>
Present Value of Minimum Lease Payments	<u>\$ 122,306</u>

F. Long-term Debt

Primary Government

General Obligation Bonds and Notes

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 40 years for bonds and up to ten years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2011, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and capital leases outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds	4.55 to 5%	\$ 5,435,000	\$ 3,917,811
General Obligation Bonds - Refunding	2 to 4.875	13,945,000	11,655,000
Capital Outlay Notes	0	1,184,000	1,150,400
Capital Leases	5.25 to 6.9	224,109	122,306

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2011, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 765,361	\$ 578,957	\$ 1,344,318
2013	826,129	552,314	1,378,443
2014	941,936	517,370	1,459,306
2015	962,783	479,382	1,442,165
2016	1,003,672	437,430	1,441,102
2017-2021	5,677,930	1,537,828	7,215,758
2022-2025	5,395,000	488,224	5,883,224
Total	<u>\$ 15,572,811</u>	<u>\$ 4,591,505</u>	<u>\$ 20,164,316</u>

Year Ending June 30	Notes	
	Principal	Total
2012	\$ 31,317	\$ 31,317
2013	145,900	145,900
2014	145,900	145,900
2015	145,900	145,900
2016	145,900	145,900
2017-2020	535,483	535,483
Total	<u>\$ 1,150,400</u>	<u>\$ 1,150,400</u>

There is \$1,390,260 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,068, based on the 2010 federal census. Debt per capita, including bonds, notes, and capital leases totaled \$1,155, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

Governmental Activities:

	Bonds	Notes	Capital Leases
Balance, July 1, 2010	\$ 16,312,441	\$ 1,164,462	\$ 54,456
Additions	0	0	151,435
Deductions	(739,630)	(14,062)	(83,585)
Balance, June 30, 2011	<u>\$ 15,572,811</u>	<u>\$ 1,150,400</u>	<u>\$ 122,306</u>
Balance Due Within One Year	<u>\$ 765,361</u>	<u>\$ 31,317</u>	<u>\$ 71,881</u>

	Compensated Absences	Other Postemployment Benefits	Claims and Judgments
Balance, July 1, 2010	\$ 88,437	\$ 70,044	\$ 355,792
Additions	35,276	61,166	455,897
Deductions	(59,087)	(6,597)	(285,000)
Balance, June 30, 2011	<u>\$ 64,626</u>	<u>\$ 124,613</u>	<u>\$ 526,689</u>
Balance Due Within One Year	<u>\$ 3,231</u>	<u>\$ 0</u>	<u>\$ 263,344</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 17,561,445
Less: Balance Due Within One Year	(1,135,134)
Add: Unamortized Premium on Debt	57,478
Less: Deferred Amount on Refunding	<u>(157,541)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 16,326,248</u>

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

Claims and judgments reflect a judgment totaling \$526,689 that will be retired from the General Fund. This judgment is the result of a lawsuit filed by a local industry in an appeal of its 1998 through 2008 real and personal

property assessments. The amount of the judgment noted above does not include interest due the local industry on the amount of overpaid taxes.

Discretely Presented Crockett County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Crockett County School Department for the year ended June 30, 2011, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2010	\$ 203,697
Additions	105,484
Deductions	<u>(77,998)</u>
Balance, June 30, 2011	<u>\$ 231,183</u>
Balance Due Within One Year	<u>\$ 0</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Crockett 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, 2011, were \$35,812 and \$8,775, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Employee Health Insurance

Primary Government

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

Discretely Presented Crockett County School Department

The discretely presented Crockett County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *TCA*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

Liability, Property, Casualty, and Workers' Compensation Insurance

Crockett County and the discretely presented School Department participate 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. Crockett County and the School Department pay annual premiums to the TN-RMT for their general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums.

B. Accounting Change

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Crockett County and the Crockett County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

C. Subsequent Event

Director of Schools Eddie Whitby retired June 30, 2011, and was succeeded by Robert Mullins effective July 1, 2011.

D. Contingent Liabilities

The county attorney has advised of two pending lawsuits involving Crockett County. Any potential claims against the county not covered by insurance resulting from such litigation should not materially affect the county's financial statements.

E. Changes in Administration

On August 31, 2010, Larry Griffin left the Office of County Mayor and was succeeded by Gary Reasons.

On August 31, 2010, Gary Reasons left the Office of Assessor of Property. Johnna Slayton was appointed to fill the unexpired term beginning September 20, 2010.

F. Retirement Commitments

Plan Description

Employees of Crockett County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty.

Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Crockett County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Crockett County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 6.57 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2011, the county's annual pension cost of \$312,761 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 2.5 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 ten-year period. The 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, 2009, was 16 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$312,761	100%	\$0
6-30-10	244,436	100	0
6-30-09	224,246	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 92.2 percent funded. The actuarial accrued liability for benefits was \$11 million, and the actuarial value of assets was \$10 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$3 million, and the ratio of the UAAL to the covered payroll was 27.1 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year 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 Crockett County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service.

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salary 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, 2011, was 9.05 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, 2011, 2010, and 2009 were \$582,035, \$403,507, and \$395,564, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits (OPEB)

Plan Description

Crockett County and the Crockett 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 the local government and Section 8-27-302, *TCA*, for teachers and support personnel. In previous fiscal years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed and as a result all members now have the option of

choosing between the standard or partnership preferred provider organization (PPO) 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://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Retirees' contributions vary depending on the insurance options they select. During the year ended June 30, 2011, Crockett County and the Crockett County School Department contributed \$6,597 and \$77,998, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 61,000	\$ 105,000
Interest on the NPO	3,152	9,166
Adjustment to the ARC	(2,986)	(8,682)
Annual OPEB cost	\$ 61,166	\$ 105,484
Less: Amount of contribution	(6,597)	(77,998)
Increase/decrease in NPO	\$ 54,569	\$ 27,486
Net OPEB obligation, 7-1-10	70,044	203,697
Net OPEB obligation, 6-30-11	<u>\$ 124,613</u>	<u>\$ 231,183</u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Education Group	\$ 130,811	35 %	\$ 170,464
6-30-10	"	101,405	67	203,697
6-30-11	"	105,484	74	231,183
6-30-09	Local Government Group	17,228	47	16,417
6-30-10	"	60,039	11	70,044
6-30-11	"	61,166	11	124,613

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-10	7-1-10
Actuarial accrued liability (AAL)	\$ 619,000	\$ 903,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 619,000	\$ 903,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 1,856,148	\$ 5,027,717
UAAL as a % of covered payroll	33%	18%

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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

In the July 1, 2010, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Local Government Plan was ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. 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.

H. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*. This act provides for all purchases exceeding \$10,000 (excluding emergency purchases) to be made based on competitive bids solicited through newspaper advertisement.

Office of Road Supervisor

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

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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Crockett County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,921,230	\$ 3,777,236	\$ 3,829,414	\$ 91,816
Licenses and Permits	9,279	10,050	10,050	(771)
Fines, Forfeitures, and Penalties	79,713	74,000	80,617	(904)
Charges for Current Services	810,332	742,800	755,022	55,310
Other Local Revenues	44,407	75,900	75,900	(31,493)
Fees Received from County Officials	551,042	567,000	567,000	(15,958)
State of Tennessee	1,084,005	1,025,200	1,059,645	24,360
Federal Government	111,169	116,997	155,262	(44,093)
Other Governments and Citizens Groups	8,539	6,000	6,000	2,539
Total Revenues	\$ 6,619,716	\$ 6,395,183	\$ 6,538,910	\$ 80,806
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 14,530	\$ 14,616	\$ 14,616	\$ 86
Board of Equalization	130	420	420	290
Beer Board	100	200	200	100
County Mayor/Executive	138,459	144,705	144,705	6,246
County Attorney	1,616	2,000	2,000	384
Election Commission	109,071	110,866	114,991	5,920
Register of Deeds	88,268	88,565	89,220	952
County Buildings	215,309	231,850	261,567	46,258
<u>Finance</u>				
Accounting and Budgeting	4,928	5,600	5,600	672
Property Assessor's Office	118,646	129,499	129,499	10,853
County Trustee's Office	119,604	126,109	126,109	6,505
County Clerk's Office	142,629	144,304	144,304	1,675
<u>Administration of Justice</u>				
Circuit Court	194,652	194,267	196,267	1,615
General Sessions Judge	94,513	94,540	95,290	777
Drug Court	48,638	51,658	54,658	6,020
Chancery Court	88,032	89,354	91,629	3,597
Juvenile Court	58,281	63,404	63,404	5,123
Other Administration of Justice	8,998	9,000	9,000	2
<u>Public Safety</u>				
Sheriff's Department	868,348	793,441	890,965	22,617
Jail	790,552	771,947	824,862	34,310
Juvenile Services	405	500	500	95
Fire Prevention and Control	52,000	53,000	53,000	1,000
Civil Defense	57,100	51,973	61,888	4,788
Rescue Squad	8,000	8,000	8,000	0
Disaster Relief	20,128	18,500	20,134	6
Other Emergency Management	53,441	20,000	60,215	6,774
County Coroner/Medical Examiner	6,950	5,300	9,800	2,850

(Continued)

Exhibit E-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety (Cont.)</u>				
Other Public Safety	\$ 3,329	\$ 3,329	\$ 3,329	\$ 0
<u>Public Health and Welfare</u>				
Local Health Center	106,442	127,185	129,895	23,453
Rabies and Animal Control	36,243	41,058	41,058	4,815
Ambulance/Emergency Medical Services	924,483	808,850	956,145	31,662
Maternal and Child Health Services	4,000	4,000	4,000	0
Alcohol and Drug Programs	15,165	15,165	15,165	0
Crippled Children Services	1,650	1,650	1,650	0
Other Local Health Services	2,000	2,000	2,000	0
Appropriation to State	51,900	51,900	51,900	0
Other Local Welfare Services	607	1,000	1,000	393
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	397,796	405,755	420,314	22,518
Libraries	92,274	290,548	297,661	205,387
Parks and Fair Boards	9,441	10,075	10,075	634
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	55,553	56,816	56,816	1,263
Soil Conservation	93,589	94,089	94,089	500
Flood Control	10,150	10,150	10,150	0
Other Agriculture and Natural Resources	9,393	12,000	12,000	2,607
<u>Other Operations</u>				
Veterans' Services	17,308	17,342	17,342	34
Other Charges	507,622	488,015	512,196	4,574
Contributions to Other Agencies	42,300	42,300	42,300	0
Employee Benefits	613,298	596,830	619,355	6,057
Miscellaneous	43,168	54,200	67,391	24,223
<u>Principal on Debt</u>				
General Government	83,585	0	83,585	0
<u>Interest on Debt</u>				
General Government	3,712	0	3,712	0
Total Expenditures	<u>\$ 6,428,336</u>	<u>\$ 6,357,875</u>	<u>\$ 6,925,971</u>	<u>\$ 497,635</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 191,380	\$ 37,308	\$ (387,061)	\$ 578,441
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 151,435	\$ 0	\$ 151,435	\$ 0
Insurance Recovery	14,486	0	0	14,486
Transfers Out	(15,000)	0	(15,000)	0
Total Other Financing Sources (Uses)	<u>\$ 150,921</u>	<u>\$ 0</u>	<u>\$ 136,435</u>	<u>\$ 14,486</u>
Net Change in Fund Balance	\$ 342,301	\$ 37,308	\$ (250,626)	\$ 592,927
Fund Balance, July 1, 2010	831,579	767,500	767,500	64,079
Fund Balance, June 30, 2011	<u>\$ 1,173,880</u>	<u>\$ 804,808</u>	<u>\$ 516,874</u>	<u>\$ 657,006</u>

Exhibit E-2

Crockett County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 374,704	\$ 359,646	\$ 359,646	\$ 15,058
Charges for Current Services	5,839	0	0	5,839
Other Local Revenues	6,859	19,500	19,500	(12,641)
State of Tennessee	1,459,075	2,219,126	2,219,126	(760,051)
Federal Government	333,672	0	0	333,672
Other Governments and Citizens Groups	2,356	5,000	5,000	(2,644)
Total Revenues	<u>\$ 2,182,505</u>	<u>\$ 2,603,272</u>	<u>\$ 2,603,272</u>	<u>\$ (420,767)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 172,419	\$ 181,358	\$ 181,358	\$ 8,939
Highway and Bridge Maintenance	794,588	1,048,992	1,048,992	254,404
Operation and Maintenance of Equipment	337,590	437,611	437,611	100,021
Other Charges	89,649	94,027	94,027	4,378
Employee Benefits	232,547	253,376	253,376	20,829
Capital Outlay	174,950	1,364,299	1,364,299	1,189,349
Total Expenditures	<u>\$ 1,801,743</u>	<u>\$ 3,379,663</u>	<u>\$ 3,379,663</u>	<u>\$ 1,577,920</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 380,762</u>	<u>\$ (776,391)</u>	<u>\$ (776,391)</u>	<u>\$ 1,157,153</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 11,657	\$ 0	\$ 0	\$ 11,657
Total Other Financing Sources (Uses)	<u>\$ 11,657</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,657</u>
Net Change in Fund Balance	\$ 392,419	\$ (776,391)	\$ (776,391)	\$ 1,168,810
Fund Balance, July 1, 2010	1,192,620	1,228,598	1,228,598	(35,978)
Fund Balance, June 30, 2011	<u>\$ 1,585,039</u>	<u>\$ 452,207</u>	<u>\$ 452,207</u>	<u>\$ 1,132,832</u>

Exhibit E-3

Crockett County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Crockett County School Department
June 30, 2011

(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)
7-1-07	\$ 9,580	\$ 10,021	\$ 441	95.6 %	\$ 3,111	14.18 %
7-1-09	9,912	10,750	839	92.2	3,094	27.10

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 went into effect during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit E-4

Crockett County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Crockett County School Department
June 30, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-07	\$ 0	\$ 119	\$ 119	0%	\$ 1,681	7%
"	7-1-09	0	592	592	0	1,759	34
"	7-1-10	0	619	619	0	1,856	33
<u>DISCRETELY PRESENTED CROCKETT COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-07	0	1,359	1,359	0	7,372	18
"	7-1-09	0	873	873	0	5,037	17
"	7-1-10	0	903	903	0	5,028	18

CROCKETT COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2011

BUDGETARY INFORMATION

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

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

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

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

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

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

Capital Projects Fund

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

General Capital Projects Fund – The General Capital Projects Fund is used to account for funds to be used for the construction of an adult education technology center.

Exhibit F-1

Crockett County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2011

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total		
\$	0 \$	0 \$	5,762 \$	5,762 \$	0 \$	5,762
	103,324	19,835	0	123,159	1,180	124,339
	1,225	0	0	1,225	0	1,225
	10,292	0	0	10,292	0	10,292
\$	114,841 \$	19,835 \$	5,762 \$	140,438 \$	1,180 \$	141,618

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Due from Other Governments
 Total Assets

LIABILITIES AND FUND BALANCES

\$	0 \$	0 \$	5,762 \$	5,762 \$	0 \$	5,762
	5,159	0	0	5,159	0	5,159
\$	5,159 \$	0 \$	5,762 \$	10,921 \$	0 \$	10,921
\$	0 \$	19,835 \$	0 \$	19,835 \$	0 \$	19,835
	0	0	0	0	1,180	1,180
	109,682	0	0	109,682	0	109,682
\$	109,682 \$	19,835 \$	0 \$	129,517 \$	1,180 \$	130,697
\$	114,841 \$	19,835 \$	5,762 \$	140,438 \$	1,180 \$	141,618

Liabilities

Due to Other Funds
 Other Deferred Revenues
 Total Liabilities

Fund Balances

Restricted:
 Restricted for Public Safety
 Restricted for Capital Projects
 Committed:
 Committed for Public Health and Welfare
 Total Fund Balances

Total Liabilities and Fund Balances

Exhibit F-2

Crockett County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue Funds				Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total		General Capital Projects	Fund	
<u>Revenues</u>								
Local Taxes	\$ 249,411	\$ 0	\$ 0	\$ 249,411	\$ 0	\$ 0	\$ 249,411	
Fines, Forfeitures, and Penalties	71	5,174	0	5,245	0	0	5,245	
Charges for Current Services	17,012	0	37	17,049	0	0	17,049	
Other Local Revenues	0	0	0	0	481	0	481	
State of Tennessee	51,897	0	0	51,897	0	0	51,897	
Other Governments and Citizens Groups	0	0	0	0	4,600	0	4,600	
Total Revenues	\$ 318,391	\$ 5,174	\$ 37	\$ 323,602	\$ 5,081	\$ 0	\$ 328,683	
<u>Expenditures</u>								
Current:								
Public Safety	0	14,417	37	14,454	0	0	14,454	
Public Health and Welfare	301,132	0	0	301,132	0	0	301,132	
Capital Outlay	0	0	0	0	620,131	0	620,131	
Total Expenditures	\$ 301,132	\$ 14,417	\$ 37	\$ 315,586	\$ 620,131	\$ 0	\$ 935,717	
Excess (Deficiency) of Revenues Over Expenditures	\$ 17,259	\$ (9,243)	\$ 0	\$ 8,016	\$ (615,050)	\$ 0	\$ (607,034)	
Net Change in Fund Balances	\$ 17,259	\$ (9,243)	\$ 0	\$ 8,016	\$ (615,050)	\$ 0	\$ (607,034)	
Fund Balance, July 1, 2010	92,423	29,078	0	121,501	616,230	0	737,731	
Fund Balance, June 30, 2011	\$ 109,682	\$ 19,835	\$ 0	\$ 129,517	\$ 1,180	\$ 0	\$ 130,697	

Exhibit F-3

Crockett County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 249,411	\$ 235,500	\$ 235,500	\$ 13,911
Fines, Forfeitures, and Penalties	71	0	0	71
Charges for Current Services	17,012	10,000	10,000	7,012
Other Local Revenues	0	500	500	(500)
State of Tennessee	51,897	49,500	49,500	2,397
Total Revenues	<u>\$ 318,391</u>	<u>\$ 295,500</u>	<u>\$ 295,500</u>	<u>\$ 22,891</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 301,132	\$ 308,997	\$ 312,367	\$ 11,235
Total Expenditures	<u>\$ 301,132</u>	<u>\$ 308,997</u>	<u>\$ 312,367</u>	<u>\$ 11,235</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 17,259</u>	<u>\$ (13,497)</u>	<u>\$ (16,867)</u>	<u>\$ 34,126</u>
Net Change in Fund Balance	\$ 17,259	\$ (13,497)	\$ (16,867)	\$ 34,126
Fund Balance, July 1, 2010	<u>92,423</u>	<u>101,117</u>	<u>101,117</u>	<u>(8,694)</u>
Fund Balance, June 30, 2011	<u>\$ 109,682</u>	<u>\$ 87,620</u>	<u>\$ 84,250</u>	<u>\$ 25,432</u>

Exhibit F-4

Crockett County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 5,174	\$ 6,150	\$ 6,150	\$ (976)
Total Revenues	\$ 5,174	\$ 6,150	\$ 6,150	\$ (976)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 14,417	\$ 6,100	\$ 20,005	\$ 5,588
Total Expenditures	\$ 14,417	\$ 6,100	\$ 20,005	\$ 5,588
Excess (Deficiency) of Revenues Over Expenditures	\$ (9,243)	\$ 50	\$ (13,855)	\$ 4,612
Net Change in Fund Balance	\$ (9,243)	\$ 50	\$ (13,855)	\$ 4,612
Fund Balance, July 1, 2010	29,078	29,178	29,178	(100)
Fund Balance, June 30, 2011	\$ 19,835	\$ 29,228	\$ 15,323	\$ 4,512

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Exhibit G

Crockett County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 946,957	\$ 899,160	\$ 899,160	\$ 47,797
Other Local Revenues	126,545	140,000	140,000	(13,455)
Other Governments and Citizens Groups	150,000	150,000	150,000	0
Total Revenues	<u>\$ 1,223,502</u>	<u>\$ 1,189,160</u>	<u>\$ 1,189,160</u>	<u>\$ 34,342</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 58,692	\$ 283,690	\$ 58,692	\$ 0
Education	695,000	470,000	695,000	0
<u>Interest on Debt</u>				
General Government	7,859	52,389	7,860	1
Education	552,536	507,369	552,536	0
<u>Other Debt Service</u>				
General Government	12,244	27,530	26,890	14,646
Education	640	763	763	123
Total Expenditures	<u>\$ 1,326,971</u>	<u>\$ 1,341,741</u>	<u>\$ 1,341,741</u>	<u>\$ 14,770</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (103,469)</u>	<u>\$ (302,581)</u>	<u>\$ (152,581)</u>	<u>\$ 49,112</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 15,000	\$ 15,000	\$ 15,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (88,469)	\$ (137,581)	\$ (137,581)	\$ 49,112
Fund Balance, July 1, 2010	<u>1,478,729</u>	<u>1,511,092</u>	<u>1,511,092</u>	<u>(32,363)</u>
Fund Balance, June 30, 2011	<u>\$ 1,390,260</u>	<u>\$ 1,373,511</u>	<u>\$ 1,373,511</u>	<u>\$ 16,749</u>

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

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

Crockett County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
For the Year Ended June 30, 2011

	Agency Funds						Total
	Cities - Sales Tax	City School ADA - Alamo	School ADA - Bells	City School ADA - Bells	Constitu- tional Officers - Agency		
\$	0	0	0	0	1,066,531	\$	1,066,531
	0	5,991	4,078	0	0		10,069
	75,729	17,542	11,980	0	0		105,251
	0	334,264	227,432	0	0		561,696
	0	(28,315)	(19,273)	0	0		(47,588)
	0	0	0	7,428	0		7,428
\$	75,729	329,482	224,217	1,073,959	\$	1,703,387	

ASSETS

Cash	
Equity in Pooled Cash and Investments	
Due from Other Governments	
Property Taxes Receivable	
Allowance for Uncollectible Property Taxes	
Notes Receivable - Long-term	
Total Assets	

LIABILITIES

Due to Other Taxing Units						
Due to Litigants, Heirs, and Others						
Total Liabilities						

Exhibit H-2

Crockett County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 283,063	\$ 283,063	\$ 0
Due from Other Governments	62,531	75,729	62,531	75,729
Total Assets	\$ 62,531	\$ 358,792	\$ 345,594	\$ 75,729
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 62,531	\$ 358,792	\$ 345,594	\$ 75,729
Total Liabilities	\$ 62,531	\$ 358,792	\$ 345,594	\$ 75,729
<u>City School ADA - Alamo Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,988	\$ 115,054	\$ 112,051	\$ 5,991
Due from Other Governments	17,923	17,542	17,923	17,542
Taxes Receivable	345,257	334,264	345,257	334,264
Allowance for Uncollectible Taxes	(34,313)	(28,315)	(34,313)	(28,315)
Total Assets	\$ 331,855	\$ 438,545	\$ 440,918	\$ 329,482
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 331,855	\$ 438,545	\$ 440,918	\$ 329,482
Total Liabilities	\$ 331,855	\$ 438,545	\$ 440,918	\$ 329,482
<u>City School ADA - Bells Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,951	\$ 78,389	\$ 76,262	\$ 4,078
Due from Other Governments	11,704	11,980	11,704	11,980
Taxes Receivable	227,320	227,432	227,320	227,432
Allowance for Uncollectible Taxes	(22,401)	(19,273)	(22,401)	(19,273)
Total Assets	\$ 218,574	\$ 298,528	\$ 292,885	\$ 224,217
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 218,574	\$ 298,528	\$ 292,885	\$ 224,217
Total Liabilities	\$ 218,574	\$ 298,528	\$ 292,885	\$ 224,217

(Continued)

Exhibit H-2

Crockett County, Tennessee

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 381,113	\$ 3,450,770	\$ 2,765,352	\$ 1,066,531
Notes Receivable - Long-term	7,428	0	0	7,428
Total Assets	<u>\$ 388,541</u>	<u>\$ 3,450,770</u>	<u>\$ 2,765,352</u>	<u>\$ 1,073,959</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 388,541	\$ 3,450,770	\$ 2,765,352	\$ 1,073,959
Total Liabilities	<u>\$ 388,541</u>	<u>\$ 3,450,770</u>	<u>\$ 2,765,352</u>	<u>\$ 1,073,959</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 381,113	\$ 3,450,770	\$ 2,765,352	\$ 1,066,531
Equity in Pooled Cash and Investments	4,939	476,506	471,376	10,069
Due from Other Governments	92,158	105,251	92,158	105,251
Taxes Receivable	572,577	561,696	572,577	561,696
Allowance for Uncollectible Taxes	(56,714)	(47,588)	(56,714)	(47,588)
Notes Receivable - Long-term	7,428	0	0	7,428
Total Assets	<u>\$ 1,001,501</u>	<u>\$ 4,546,635</u>	<u>\$ 3,844,749</u>	<u>\$ 1,703,387</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 612,960	\$ 1,095,865	\$ 1,079,397	\$ 629,428
Due to Litigants, Heirs, and Others	388,541	3,450,770	2,765,352	1,073,959
Total Liabilities	<u>\$ 1,001,501</u>	<u>\$ 4,546,635</u>	<u>\$ 3,844,749</u>	<u>\$ 1,703,387</u>

Crockett County School Department

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

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.

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

Exhibit I-1

Crockett County, Tennessee
 Statement of Activities
 Discretely Presented Crockett County School Department
 For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 8,515,487	\$ 0	\$ 2,329,195	\$ (6,186,292)
Support Services	4,839,768	62,284	254,756	(4,499,798)
Operation of Non-Instructional Services	1,473,386	212,134	1,163,703	(97,549)
Other Debt Service	150,000	0	0	(150,000)
Total Governmental Activities	\$ 14,978,641	\$ 274,418	\$ 3,747,654	\$ (10,933,639)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,218,851
Local Option Sales Taxes				339,735
Wheel Tax				126,344
Other Local Taxes				842
Grants and Contributions Not Restricted to Specific Programs				8,746,005
Unrestricted Investment Income				23,193
Miscellaneous				19,455
Total General Revenues				\$ 10,474,425
Change in Net Assets				\$ (459,214)
Net Assets, July 1, 2010				17,104,840
Net Assets, June 30, 2011				\$ 16,645,626

Exhibit I-2

Crockett County, Tennessee
 Balance Sheet - Governmental Funds
 Discretely Presented Crockett County School Department
 June 30, 2011

	Major Funds			Nonmajor	Govern- mental Funds
	General Purpose School	School Federal Projects	School Transpor- tation	Fund Central Cafeteria	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 897,621	\$ 92,161	\$ 11,602	\$ 41,771	\$ 1,043,155
Accounts Receivable	4,629	0	82	109	4,820
Due from Other Governments	671,265	61,721	0	54,547	787,533
Property Taxes Receivable	1,087,835	0	248,951	0	1,336,786
Allowance for Uncollectible Property Taxes	(91,739)	0	(20,994)	0	(112,733)
Total Assets	<u>\$ 2,569,611</u>	<u>\$ 153,882</u>	<u>\$ 239,641</u>	<u>\$ 96,427</u>	<u>\$ 3,059,561</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 1,190	\$ 0	\$ 0	\$ 27,334	\$ 28,524
Deferred Revenue - Current Property Taxes	976,225	0	223,409	0	1,199,634
Deferred Revenue - Delinquent Property Taxes	15,271	0	3,448	0	18,719
Other Deferred Revenues	294,594	0	0	0	294,594
Total Liabilities	<u>\$ 1,287,280</u>	<u>\$ 0</u>	<u>\$ 226,857</u>	<u>\$ 27,334</u>	<u>\$ 1,541,471</u>
<u>Fund Balances</u>					
Restricted:					
Restricted for Education	\$ 7,821	\$ 65,882	\$ 0	\$ 0	\$ 73,703
Restricted for Support Services	0	0	12,784	0	12,784
Restricted for Operation of Non-Instructional Services	0	0	0	69,093	69,093
Assigned:					
Assigned for Education	224,128	88,000	0	0	312,128
Unassigned	1,050,382	0	0	0	1,050,382
Total Fund Balances	<u>\$ 1,282,331</u>	<u>\$ 153,882</u>	<u>\$ 12,784</u>	<u>\$ 69,093</u>	<u>\$ 1,518,090</u>
Total Liabilities and Fund Balances	<u>\$ 2,569,611</u>	<u>\$ 153,882</u>	<u>\$ 239,641</u>	<u>\$ 96,427</u>	<u>\$ 3,059,561</u>

Exhibit I-3

Crockett County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Crockett County School Department
June 30, 2011

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 1,518,090
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 824,805	
Add: buildings and improvements net of accumulated depreciation	13,407,330	
Add: infrastructure net of accumulated depreciation	287,526	
Add: other capital assets net of accumulated depreciation	<u>525,745</u>	15,045,406
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits liability		(231,183)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		
		<u>313,313</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 16,645,626</u></u>

Exhibit I-4

Crockett County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Crockett County School Department
For the Year Ended June 30, 2011

	Major Funds			Nonmajor	Total
	General Purpose School	School Federal Projects	School Transportation	Fund Central Cafeteria	
<u>Revenues</u>					
Local Taxes	\$ 1,411,288	\$ 0	\$ 323,893	\$ 0	\$ 1,735,181
Licenses and Permits	894	0	0	0	894
Charges for Current Services	38,945	0	102	235,371	274,418
Other Local Revenues	72,862	250	0	1,582	74,694
State of Tennessee	9,748,220	0	0	10,291	9,758,511
Federal Government	127,277	1,483,108	0	817,614	2,427,999
Other Governments and Citizens Groups	30,888	0	0	0	30,888
Total Revenues	<u>\$ 11,430,374</u>	<u>\$ 1,483,358</u>	<u>\$ 323,995</u>	<u>\$ 1,064,858</u>	<u>\$ 14,302,585</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 6,806,497	\$ 1,295,897	\$ 0	\$ 0	\$ 8,102,394
Support Services	4,518,092	193,158	5,534	0	4,716,784
Operation of Non-Instructional Services	338,356	0	0	1,086,049	1,424,405
Capital Outlay	253,055	0	0	0	253,055
Debt Service:					
Other Debt Service	150,000	0	0	0	150,000
Total Expenditures	<u>\$ 12,066,000</u>	<u>\$ 1,489,055</u>	<u>\$ 5,534</u>	<u>\$ 1,086,049</u>	<u>\$ 14,646,638</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>\$ (635,626)</u>	<u>\$ (5,697)</u>	<u>\$ 318,461</u>	<u>\$ (21,191)</u>	<u>\$ (344,053)</u>
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 31,940	\$ 0	\$ 0	\$ 0	\$ 31,940
Transfers In	316,274	88,000	0	0	404,274
Transfers Out	(88,000)	0	(316,274)	0	(404,274)
Total Other Financing Sources (Uses)	<u>\$ 260,214</u>	<u>\$ 88,000</u>	<u>\$ (316,274)</u>	<u>\$ 0</u>	<u>\$ 31,940</u>
Net Change in Fund Balances	\$ (375,412)	\$ 82,303	\$ 2,187	\$ (21,191)	\$ (312,113)
Fund Balance, July 1, 2010	1,657,743	71,579	10,597	90,284	1,830,203
Fund Balance, June 30, 2011	<u>\$ 1,282,331</u>	<u>\$ 153,882</u>	<u>\$ 12,784</u>	<u>\$ 69,093</u>	<u>\$ 1,518,090</u>

Exhibit I-5

Crockett County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Crockett County School Department
For the Year Ended June 30, 2011

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)		\$ (312,113)
(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	\$ 224,737	
Less: current-year depreciation expense	<u>(561,194)</u>	(336,457)
(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 tax and other deferred June 30, 2011	\$ 313,313	
Less: deferred delinquent property tax and other deferred June 30, 2010	<u>(96,471)</u>	216,842
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other postemployment benefits liability		<u>(27,486)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (459,214)</u>

Crockett County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Crockett County School Department
 General Purpose School Fund
 For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Revenues						
Local Taxes	\$ 1,411,288	\$ 0	\$ 1,411,288	\$ 1,356,275	\$ 1,356,275	\$ 55,013
Licenses and Permits	894	0	894	741	741	153
Charges for Current Services	38,945	0	38,945	54,209	54,209	(15,264)
Other Local Revenues	72,862	0	72,862	189,097	189,097	(116,235)
State of Tennessee	9,748,220	0	9,748,220	9,730,415	9,775,002	(26,782)
Federal Government	127,277	0	127,277	166,898	166,898	(39,621)
Other Governments and Citizens Groups	30,888	0	30,888	76,052	76,052	(45,164)
Total Revenues	\$ 11,430,374	\$ 0	\$ 11,430,374	\$ 11,573,687	\$ 11,618,274	\$ (187,900)
Expenditures						
Instruction						
Regular Instruction Program	\$ 5,428,579	\$ 0	\$ 5,428,579	\$ 5,733,565	\$ 5,713,565	\$ 284,986
Alternative Instruction Program	45,983	0	45,983	51,971	51,971	5,988
Special Education Program	564,141	0	564,141	556,442	589,342	25,201
Vocational Education Program	713,076	0	713,076	695,037	741,337	28,261
Adult Education Program	54,718	0	54,718	74,091	74,091	19,373
Support Services						
Attendance	33,179	0	33,179	32,098	33,598	419
Health Services	155,786	0	155,786	152,439	156,439	653
Other Student Support	471,849	0	471,849	483,822	468,822	(3,027)
Regular Instruction Program	366,951	0	366,951	389,131	384,855	17,904
Special Education Program	5,743	0	5,743	0	5,375	(368)
Vocational Education Program	8,432	0	8,432	7,000	8,450	18
Adult Programs	80,528	0	80,528	89,184	89,184	8,656

(Continued)

Exhibit I-6

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Other Programs	\$ 44,587	\$ 0	\$ 44,587	\$ 0	\$ 44,587	\$ 0
Board of Education	232,116	0	232,116	229,890	224,890	(7,226)
Director of Schools	170,598	0	170,598	170,203	170,202	(396)
Office of the Principal	856,185	0	856,185	869,259	871,259	15,074
Fiscal Services	117,293	0	117,293	119,582	119,582	2,289
Operation of Plant	1,014,737	0	1,014,737	1,088,582	1,048,582	33,845
Maintenance of Plant	346,831	0	346,831	343,919	343,918	(2,913)
Transportation	613,277	0	613,277	681,125	673,875	60,598
<u>Operation of Non-Instructional Services</u>						
Community Services	161,016	0	161,016	163,015	163,015	1,999
Early Childhood Education	177,340	0	177,340	177,253	177,253	(87)
<u>Capital Outlay</u>						
Regular Capital Outlay	253,055	224,128	477,183	570,000	570,000	92,817
<u>Principal on Debt</u>						
Education	0	0	0	150,000	0	0
Other Debt Service						
Education	150,000	0	150,000	0	150,000	0
Total Expenditures	\$ 12,066,000	\$ 224,128	\$ 12,290,128	\$ 12,827,608	\$ 12,874,192	\$ 584,064
Excess (Deficiency) of Revenues Over Expenditures	\$ (635,626)	\$ (224,128)	\$ (859,754)	\$ (1,253,921)	\$ (1,255,918)	\$ 396,164

(Continued)

Exhibit I-6

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 31,940	\$ 0	\$ 31,940	\$ 0	\$ 0	\$ 31,940
Transfers In	316,274	0	316,274	300,000	300,000	16,274
Transfers Out	(88,000)	0	(88,000)	0	0	(88,000)
Total Other Financing Sources (Uses)	\$ 260,214	\$ 0	\$ 260,214	\$ 300,000	\$ 300,000	\$ (39,786)
Net Change in Fund Balance	\$ (375,412)	\$ (224,128)	\$ (599,540)	\$ (953,921)	\$ (955,918)	\$ 356,378
Fund Balance, July 1, 2010	1,657,743	0	1,657,743	1,432,424	1,432,424	225,319
Fund Balance, June 30, 2011	\$ 1,282,331	\$ (224,128)	\$ 1,058,203	\$ 478,503	\$ 476,506	\$ 581,697

Exhibit I-7

Crockett County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Crockett County School Department
School Federal Projects Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 250	\$ 0	\$ 0	\$ 250
Federal Government	1,483,108	1,350,188	1,210,258	272,850
Total Revenues	\$ 1,483,358	\$ 1,350,188	\$ 1,210,258	\$ 273,100
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 841,452	\$ 650,835	\$ 651,573	\$ (189,879)
Special Education Program	423,346	538,535	477,456	54,110
Vocational Education Program	31,099	0	0	(31,099)
<u>Support Services</u>				
Other Student Support	10,718	1,290	1,269	(9,449)
Regular Instruction Program	87,781	112,900	112,900	25,119
Special Education Program	58,824	128,753	76,579	17,755
Vocational Education Program	1,235	0	0	(1,235)
Transportation	34,600	55,041	42,648	8,048
Total Expenditures	\$ 1,489,055	\$ 1,487,354	\$ 1,362,425	\$ (126,630)
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,697)	\$ (137,166)	\$ (152,167)	\$ 146,470
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 88,000	\$ 0	\$ 0	\$ 88,000
Total Other Financing Sources (Uses)	\$ 88,000	\$ 0	\$ 0	\$ 88,000
Net Change in Fund Balance	\$ 82,303	\$ (137,166)	\$ (152,167)	\$ 234,470
Fund Balance, July 1, 2010	71,579	152,167	152,167	(80,588)
Fund Balance, June 30, 2011	\$ 153,882	\$ 15,001	\$ 0	\$ 153,882

Exhibit I-8

Crockett County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Crockett County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 235,371	\$ 309,309	\$ 235,253	\$ 118
Other Local Revenues	1,582	2,400	1,469	113
State of Tennessee	10,291	8,940	10,291	0
Federal Government	817,614	752,100	840,269	(22,655)
Total Revenues	<u>\$ 1,064,858</u>	<u>\$ 1,072,749</u>	<u>\$ 1,087,282</u>	<u>\$ (22,424)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,086,049	\$ 1,059,463	\$ 1,088,863	\$ 2,814
Total Expenditures	<u>\$ 1,086,049</u>	<u>\$ 1,059,463</u>	<u>\$ 1,088,863</u>	<u>\$ 2,814</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (21,191)</u>	<u>\$ 13,286</u>	<u>\$ (1,581)</u>	<u>\$ (19,610)</u>
Net Change in Fund Balance	\$ (21,191)	\$ 13,286	\$ (1,581)	\$ (19,610)
Fund Balance, July 1, 2010	<u>90,284</u>	<u>181,385</u>	<u>181,385</u>	<u>(91,101)</u>
Fund Balance, June 30, 2011	<u>\$ 69,093</u>	<u>\$ 194,671</u>	<u>\$ 179,804</u>	<u>\$ (110,711)</u>

Exhibit I-9

Crockett County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Crockett County School Department
School Transportation Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 323,893	\$ 313,190	\$ 313,190	\$ 10,703
Charges for Current Services	102	0	0	102
Total Revenues	<u>\$ 323,995</u>	<u>\$ 313,190</u>	<u>\$ 313,190</u>	<u>\$ 10,805</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 5,534	\$ 5,500	\$ 5,500	\$ (34)
Total Expenditures	<u>\$ 5,534</u>	<u>\$ 5,500</u>	<u>\$ 5,500</u>	<u>\$ (34)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 318,461</u>	<u>\$ 307,690</u>	<u>\$ 307,690</u>	<u>\$ 10,771</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (316,274)	\$ (307,690)	\$ (307,690)	\$ (8,584)
Total Other Financing Sources (Uses)	<u>\$ (316,274)</u>	<u>\$ (307,690)</u>	<u>\$ (307,690)</u>	<u>\$ (8,584)</u>
Net Change in Fund Balance	\$ 2,187	\$ 0	\$ 0	\$ 2,187
Fund Balance, July 1, 2010	<u>10,597</u>	<u>8,101</u>	<u>8,101</u>	<u>2,496</u>
Fund Balance, June 30, 2011	<u>\$ 12,784</u>	<u>\$ 8,101</u>	<u>\$ 8,101</u>	<u>\$ 4,683</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Crockett County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, and Bonds
For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Trash Compactors and Site Preparation	\$ 60,000	3.974%	Various	4-15-11	\$ 5,662	0 \$	5,662 \$	0
Emergency Management Building	84,000	0	6-30-07	2-17-17	58,800	0	8,400	50,400
Adult Education Technology Center	1,100,000	0	5-27-10	4-1-20	1,100,000	0	0	1,100,000
Total Notes Payable					\$ 1,164,462	0 \$	14,062 \$	1,150,400
CAPITAL LEASES PAYABLE								
<u>Payable through General Fund</u>								
Sheriff's Patrol Car	22,950	6.3	9-5-08	9-5-10	7,640	0 \$	7,640 \$	0
Sheriff's Patrol Cars	72,674	6.9	9-11-09	9-11-11	46,816	0	22,627	24,189
Sheriff's Patrol Cars	49,015	6.75	8-30-10	8-30-12	0	49,015	17,417	31,598
Ambulance	102,420	5.25	3-29-11	3-29-13	0	102,420	35,901	66,519
Total Capital Leases Payable					\$ 54,456	151,435 \$	83,585 \$	122,306
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Nursing Home	300,000	5	10-26-1977	1-1-17	\$ 101,527	0 \$	12,711 \$	88,816
Nursing Home	50,000	5	2-9-1979	1-1-19	20,914	0	1,919	18,995
Nursing Home	500,000	5	8-9-1982	1-1-11	30,000	0	30,000	0
General Obligation School	9,850,000	4.5 to 4.875	8-9-01	4-1-11	200,000	0	200,000	0
General Obligation School Refunding	2,710,000	2.5 to 4.875	4-17-02	4-1-14	690,000	0	165,000	525,000
General Obligation School	5,085,000	4.55 to 5	4-17-02	4-1-17	4,035,000	0	225,000	3,810,000
General Obligation Refunding 2010 Series	11,235,000	2 to 4	5-20-10	4-1-25	11,235,000	0	105,000	11,130,000
Total Bonds Payable					\$ 16,312,441	0 \$	739,630 \$	15,572,811

Exhibit J-2

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

Year Ending June 30	Notes	
	Principal	Total
2012	\$ 31,317	\$ 31,317
2013	145,900	145,900
2014	145,900	145,900
2015	145,900	145,900
2016	145,900	145,900
2017	145,900	145,900
2018	137,500	137,500
2019	137,500	137,500
2020	114,583	114,583
Total	\$ 1,150,400	\$ 1,150,400

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2012	\$ 71,881	\$ 7,294	\$ 79,175
2013	50,425	2,892	53,317
Total	\$ 122,306	\$ 10,186	\$ 132,492

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 765,361	\$ 578,957	\$ 1,344,318
2013	826,129	552,314	1,378,443
2014	941,936	517,370	1,459,306
2015	962,783	479,382	1,442,165
2016	1,003,672	437,430	1,441,102
2017	1,042,642	392,522	1,435,164
2018	1,082,701	345,139	1,427,840
2019	1,132,587	301,804	1,434,391
2020	1,190,000	267,775	1,457,775
2021	1,230,000	230,588	1,460,588
2022	1,275,000	190,613	1,465,613
2023	1,320,000	145,987	1,465,987
2024	1,370,000	99,787	1,469,787
2025	1,430,000	51,837	1,481,837
Total	\$ 15,572,811	\$ 4,591,505	\$ 20,164,316

Exhibit J-3

Crockett County, Tennessee
Schedule of Notes Receivable
June 30, 2011

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

Exhibit J-4

Crockett County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Crockett County School Department
For the Year Ended June 30, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt retirement	\$ 15,000
Total Transfers Primary Government			<u>\$ 15,000</u>
<u>DISCRETELY PRESENTED CROCKETT COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School School Transportation	School Federal Projects General Purpose School	Cash flow School transportation	\$ 88,000 <u>316,274</u>
Total Transfers Discretely Presented Crockett County School Department			<u>\$ 404,274</u>

Exhibit J-5

Crockett County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Crockett County School Department
For the Year Ended June 30, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Larry Griffin (7-1-10 through 8-31-10)	Section 8-24-102, TCA	\$ 11,117	\$ 50,000	Auto Owners Insurance Company
Gary Reasons (9-1-10 through 6-30-11)	Section 8-24-102, TCA	55,585	50,000	"
Road Supervisor	Section 8-24-102, TCA	63,527	100,000	"
Director of Schools	State Board of Education and	106,275 (1)	150,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, TCA	57,751	702,000	Auto Owners Insurance Company
Assessor of Property:				
Gary Reasons (7-1-10 through 8-31-10)	Section 8-24-102, TCA	9,625	10,000	"
Johnna Slayton (9-20-10 through 6-30-11)	Section 8-24-102, TCA	45,428	10,000	"
County Clerk	Section 8-24-102, TCA	57,751	25,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	57,751	25,000	"
Clerk and Master	Section 8-24-102, TCA	57,751	30,000	"
Register	Section 8-24-102, TCA	57,751	15,000	"
Sheriff	Section 8-24-102, TCA	63,527 (2)	25,000	"
Employee Bonds:				
General Fund Employees			150,000	Tennessee Risk Management Trust
Road Department Employees			150,000	"
School Department Employees			150,000	"

(1) Includes a chief executive officer training supplement of \$2,075.

(2) Does not include a law enforcement training supplement of \$600.

Exhibit J-6

Crockett County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2011

	Special Revenue Funds							Total
	Constituti				Debt		Capital	
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 3,518,232	\$ 0	\$ 0	\$ 0	\$ 0	\$ 59,746	\$ 0	\$ 3,577,978
Discount on Property Taxes	(28,549)	0	0	0	0	(484)	0	(29,033)
Trustee's Collections - Prior Year	140,243	0	0	0	0	33,884	0	174,127
Trustee's Collections - Bankruptcy	736	0	0	0	0	272	0	1,008
Circuit/Clerk & Master Collections - Prior Years	75,363	0	0	0	0	29,784	0	105,147
Interest and Penalty	22,356	0	0	0	0	5,310	0	27,666
Payments in-Lieu-of-Taxes - T.V.A.	96	0	0	0	0	7	0	103
Payments in-Lieu-of-Taxes - Other	4,752	0	0	0	0	0	0	4,752
<u>County Local Option Taxes</u>								
Local Option Sales Tax	0	150,865	0	0	0	518,637	0	669,502
Hotel/Motel Tax	7,894	0	0	0	0	0	0	7,894
Wheel Tax	0	0	0	0	374,704	298,592	0	673,296
Litigation Tax - General	44,828	0	0	0	0	0	0	44,828
Litigation Tax - Jail, Workhouse, or Courthouse	15,878	0	0	0	0	1,209	0	17,087
Business Tax	76,718	0	0	0	0	0	0	76,718
<u>Statutory Local Taxes</u>								
Bank Excise Tax	42,683	0	0	0	0	0	0	42,683
Wholesale Beer Tax	0	98,272	0	0	0	0	0	98,272
Interstate Telecommunications Tax	0	274	0	0	0	0	0	274
Total Local Taxes	\$ 3,921,230	\$ 249,411	\$ 0	\$ 0	\$ 374,704	\$ 946,957	\$ 0	\$ 5,492,302
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Cable TV Franchise	\$ 7,026	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,026
<u>Permits</u>								
Beer Permits	1,053	0	0	0	0	0	0	1,053
Building Permits	1,200	0	0	0	0	0	0	1,200
Total Licenses and Permits	\$ 9,279	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,279

(Continued)

Exhibit J-6

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

	Special Revenue Funds							Total
	Constituti -			Highway / Public Works	Debt Service Fund		Capital Projects Fund	
	General	Solid Waste / Sanitation	Drug Control		Constitu - tional Officers - Fees	General Debt Service		
\$								
<u>Circuit Court</u>								
Fines	3,200	0	0	0	0	0	0	3,200
Officers Costs	3,278	0	0	0	0	0	0	3,278
Drug Court Fees	6,685	0	266	0	0	0	0	6,951
Jail Fees	6,509	0	0	0	0	0	0	6,509
DUI Treatment Fines	288	0	0	0	0	0	0	288
Data Entry Fee - Circuit Court	244	0	0	0	0	0	0	244
Courtroom Security Fee	59	0	0	0	0	0	0	59
<u>General Sessions Court</u>								
Fines	18,634	0	0	0	0	0	0	18,634
Fines for Littering	0	71	0	0	0	0	0	71
Officers Costs	20,228	0	0	0	0	0	0	20,228
Game and Fish Fines	536	0	0	0	0	0	0	536
Drug Control Fines	3,700	0	1,908	0	0	0	0	5,608
Drug Court Fees	570	0	0	0	0	0	0	570
Jail Fees	3,905	0	0	0	0	0	0	3,905
DUI Treatment Fines	2,706	0	0	0	0	0	0	2,706
Data Entry Fee - General Sessions Court	3,177	0	0	0	0	0	0	3,177
Courtroom Security Fee	1,003	0	0	0	0	0	0	1,003
<u>Juvenile Court</u>								
Officers Costs	1,177	0	0	0	0	0	0	1,177
Data Entry Fee - Juvenile Court	88	0	0	0	0	0	0	88
<u>Chancery Court</u>								
Officers Costs	798	0	0	0	0	0	0	798
Data Entry Fee - Chancery Court	1,012	0	0	0	0	0	0	1,012
Courtroom Security Fee	1,698	0	0	0	0	0	0	1,698
<u>Judicial District Drug Program</u>								
Courtroom Security Fee	218	0	0	0	0	0	0	218
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	3,000	0	0	0	0	3,000
Total Fines, Forfeitures, and Penalties	79,713	71	5,174	0	0	0	0	84,958

(Continued)

Exhibit J-6

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

	Special Revenue Funds						Total
	Constitutional Officers - Fees			Highway / Public Works	Debt Service Fund		
	General	Solid Waste / Sanitation	Drug Control		General Debt Service	Capital Projects	
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Self-Insurance Premiums/Contributions	\$ 0	\$ 0	\$ 0	\$ 5,839	\$ 0	\$ 0	\$ 5,839
Convenience Waste Centers Collection Charge	0	17,012	0	0	0	0	17,012
Patient Charges	778,992	0	0	0	0	0	778,992
<u>Fees</u>							
Library Fees	1,405	0	0	0	0	0	1,405
Telephone Commissions	22,299	0	0	0	0	0	22,299
Vending Machine Collections	129	0	0	0	0	0	129
Constitutional Officers' Fees and Commissions	0	0	37	0	0	0	37
Data Processing Fee - Register	3,990	0	0	0	0	0	3,990
Data Processing Fee - Sheriff	1,929	0	0	0	0	0	1,929
Sexual Offender Registration Fees - Sheriff	1,400	0	0	0	0	0	1,400
Data Processing Fee - County Clerk	188	0	0	0	0	0	188
Total Charges for Current Services	\$ 810,332	\$ 17,012	\$ 0	\$ 5,839	\$ 0	\$ 0	\$ 833,220
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 1,408	\$ 0	\$ 0	\$ 0	\$ 35,023	\$ 481	\$ 36,912
Lease/Rentals	29,101	0	0	0	91,522	0	120,623
Sale of Materials and Supplies	0	0	0	4,278	0	0	4,278
Commissary Sales	4,924	0	0	0	0	0	4,924
Miscellaneous Refunds	8,499	0	0	2,581	0	0	11,080
<u>Other Local Revenues</u>							
Other Local Revenues	475	0	0	0	0	0	475
Total Other Local Revenues	\$ 44,407	\$ 0	\$ 0	\$ 6,859	\$ 126,545	\$ 481	\$ 178,292
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	\$ 138,783	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 138,783
Circuit Court Clerk	20,405	0	0	0	0	0	20,405
General Sessions Court Clerk	96,614	0	0	0	0	0	96,614

(Continued)

Exhibit J-6

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

	Special Revenue Funds							Total
	Constituti- onal -			Highway / Public Works	Debt Service Fund		Capital Projects Fund	
	General	Solid Waste / Sanitation	Drug Control		Constitu- tional Officers - Fees	General Debt Service		
Fees Received from County Officials (Cont.)								
<u>Fees in-Lieu-of Salary (Cont.)</u>								
Clerk and Master	\$ 49,633	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 49,633
Juvenile Court Clerk	6,882	0	0	0	0	0	0	6,882
Register	43,331	0	0	0	0	0	0	43,331
Sheriff	5,068	0	0	0	0	0	0	5,068
Trustee	190,326	0	0	0	0	0	0	190,326
Total Fees Received from County Officials	\$ 551,042	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 551,042
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,069	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,069
Aging Programs	286,831	0	0	0	0	0	0	286,831
Solid Waste Grants	0	5,296	0	0	0	0	0	5,296
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	6,600	0	0	0	0	0	0	6,600
Other Public Safety Grants	4,938	0	0	0	0	0	0	4,938
<u>Health and Welfare Grants</u>								
Health Department Programs	84,519	0	0	0	0	0	0	84,519
Other Health and Welfare Grants	9,139	0	0	0	0	0	0	9,139
<u>Public Works Grants</u>								
Bridge Program	0	0	0	50,982	0	0	0	50,982
<u>Other State Revenues</u>								
Income Tax	11,968	0	0	0	0	0	0	11,968
Beer Tax	0	18,724	0	0	0	0	0	18,724
Alcoholic Beverage Tax	0	27,877	0	0	0	0	0	27,877
Mixed Drink Tax	716	0	0	0	0	0	0	716
State Revenue Sharing - T.V.A.	296,011	0	0	0	0	0	0	296,011
Contracted Prisoner Boarding	234,290	0	0	0	0	0	0	234,290
Gasoline and Motor Fuel Tax	0	0	0	1,396,423	0	0	0	1,396,423
Petroleum Special Tax	0	0	0	11,670	0	0	0	11,670
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	15,164

(Continued)

Exhibit J-6

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

	Special Revenue Funds					Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Other State Grants	\$ 123,698	\$ 0	\$ 0	\$ 0	\$ 0	\$ 123,698
Other State Revenues	1,062	0	0	0	0	1,062
Total State of Tennessee	\$ 1,084,005	\$ 51,897	\$ 0	\$ 1,459,075	\$ 0	\$ 2,594,977
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA - Other	\$ 18,644	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,644
Civil Defense Reimbursement	9,707	0	0	0	0	9,707
Disaster Relief	40,721	0	0	333,672	0	374,393
Homeland Security Grants	26,498	0	0	0	0	26,498
Other Federal through State	12,999	0	0	0	0	12,999
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	2,600	0	0	0	0	2,600
Total Federal Government	\$ 111,169	\$ 0	\$ 0	\$ 333,672	\$ 0	\$ 444,841
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,000	\$ 150,000
Contracted Services	3,338	0	0	2,356	0	5,694
<u>Citizens Groups</u>						
Donations	5,201	0	0	0	0	9,801
Total Other Governments and Citizens Groups	\$ 8,539	\$ 0	\$ 0	\$ 2,356	\$ 150,000	\$ 165,495
<u>Total</u>	\$ 6,619,716	\$ 318,391	\$ 5,174	\$ 37	\$ 2,182,505	\$ 10,354,406

Exhibit J-7

Crockett County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Crockett County School Department
For the Year Ended June 30, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor- tation	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 955,401	\$ 0	\$ 0	\$ 218,698	\$ 1,174,099
Discount on Property Taxes	(7,752)	0	0	(1,776)	(9,528)
Trustee's Collections - Prior Year	40,025	0	0	9,241	49,266
Trustee's Collections - Bankruptcy	299	0	0	66	365
Circuit/Clerk & Master Collections - Prior Years	35,204	0	0	8,123	43,327
Interest and Penalty	7,422	0	0	1,710	9,132
Payments in-Lieu-of Taxes - T.V.A.	44	0	0	10	54
<u>County Local Option Taxes</u>					
Local Option Sales Tax	341,274	0	0	0	341,274
Wheel Tax	38,523	0	0	87,821	126,344
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	848	0	0	0	848
Total Local Taxes	\$ 1,411,288	\$ 0	\$ 0	\$ 323,893	\$ 1,735,181
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 894	\$ 0	\$ 0	\$ 0	\$ 894
Total Licenses and Permits	\$ 894	\$ 0	\$ 0	\$ 0	\$ 894
<u>Charges for Current Services</u>					
<u>Fees</u>					
Vending Machine Collections	\$ 467	\$ 0	\$ 0	\$ 0	\$ 467
<u>Education Charges</u>					
Lunch Payments - Children	0	0	121,767	0	121,767
Lunch Payments - Adults	0	0	18,337	0	18,337
Income from Breakfast	0	0	3,801	0	3,801
A la carte Sales	0	0	67,762	0	67,762
Transportation - Other State Systems	14,494	0	0	102	14,596
Receipts from Individual Schools	23,984	0	0	0	23,984
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	23,704	0	23,704
Total Charges for Current Services	\$ 38,945	\$ 0	\$ 235,371	\$ 102	\$ 274,418
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 23,103	\$ 0	\$ 787	\$ 0	\$ 23,890
Lease/Rentals	15,077	0	0	0	15,077
Refund of Telecommunication & Internet Fees (E-Rate)	29,461	0	795	0	30,256
Miscellaneous Refunds	2,243	250	0	0	2,493
<u>Nonrecurring Items</u>					
Sale of Equipment	1,885	0	0	0	1,885
Contributions and Gifts	1,000	0	0	0	1,000
<u>Other Local Revenues</u>					
Other Local Revenues	93	0	0	0	93
Total Other Local Revenues	\$ 72,862	\$ 250	\$ 1,582	\$ 0	\$ 74,694

(Continued)

Exhibit J-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor- tation	Total
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 44,587	\$ 0	\$ 0	\$ 0	\$ 44,587
<u>State Education Funds</u>					
Basic Education Program	8,264,072	0	0	0	8,264,072
Basic Education Program - ARRA	980,455	0	0	0	980,455
Early Childhood Education	85,606	0	0	0	85,606
School Food Service	0	0	10,291	0	10,291
Energy Efficient School Initiative	22,930	0	0	0	22,930
Driver Education	11,022	0	0	0	11,022
Other State Education Funds	23,743	0	0	0	23,743
Coordinated School Health - ARRA	90,054	0	0	0	90,054
Internet Connectivity - ARRA	5,415	0	0	0	5,415
Family Resource Centers - ARRA	13,461	0	0	0	13,461
Statewide Student Management System (SSMS) - ARRA	4,567	0	0	0	4,567
Career Ladder Program	65,167	0	0	0	65,167
Career Ladder - Extended Contract - ARRA	1,050	0	0	0	1,050
Other Vocational	6,000	0	0	0	6,000
<u>Other State Revenues</u>					
Mixed Drink Tax	471	0	0	0	471
State Revenue Sharing - T.V.A.	50,000	0	0	0	50,000
Other State Grants	68,520	0	0	0	68,520
Safe Schools - ARRA	11,100	0	0	0	11,100
Total State of Tennessee	\$ 9,748,220	\$ 0	\$ 10,291	\$ 0	\$ 9,758,511
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 475,675	\$ 0	\$ 475,675
USDA - Commodities	0	0	43,642	0	43,642
Breakfast	0	0	285,337	0	285,337
USDA - Other	0	0	12,960	0	12,960
Adult Education State Grant Program	66,831	0	0	0	66,831
Vocational Education - Basic Grants to States	0	34,401	0	0	34,401
Title I Grants to Local Education Agencies	0	429,491	0	0	429,491
Special Education - Grants to States	44,947	487,567	0	0	532,514
Special Education Preschool Grants	0	8,666	0	0	8,666
Rural Education	0	45,444	0	0	45,444
Eisenhower Professional Development State Grants	0	91,944	0	0	91,944
Race to the Top - ARRA	0	101,392	0	0	101,392
Other Federal through State	15,499	284,203	0	0	299,702
Total Federal Government	\$ 127,277	\$ 1,483,108	\$ 817,614	\$ 0	\$ 2,427,999
<u>Other Governments and Citizens Groups</u>					
<u>Other</u>					
Other	\$ 30,888	\$ 0	\$ 0	\$ 0	\$ 30,888
Total Other Governments and Citizens Groups	\$ 30,888	\$ 0	\$ 0	\$ 0	\$ 30,888
Total	\$ 11,430,374	\$ 1,483,358	\$ 1,064,858	\$ 323,995	\$ 14,302,585

Exhibit J-8

Crockett County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 13,230	
Dues and Memberships	1,300	
Total County Commission		\$ 14,530

Board of Equalization

Board and Committee Members Fees	\$ 130	
Total Board of Equalization		130

Beer Board

Board and Committee Members Fees	\$ 100	
Total Beer Board		100

County Mayor/Executive

County Official/Administrative Officer	\$ 66,702	
Accountants/Bookkeepers	29,956	
Secretary(ies)	19,760	
Longevity Pay	550	
Contracts with Private Agencies	6,008	
Dues and Memberships	2,000	
Postal Charges	1,057	
Printing, Stationery, and Forms	1,495	
Travel	4,301	
Office Supplies	2,962	
Other Charges	300	
Office Equipment	3,368	
Total County Mayor/Executive		138,459

County Attorney

County Official/Administrative Officer	\$ 1,616	
Total County Attorney		1,616

Election Commission

County Official/Administrative Officer	\$ 51,976	
Temporary Personnel	9,746	
Other Salaries and Wages	250	
Election Commission	1,950	
Election Workers	19,680	
Contracts with Private Agencies	10,686	
Data Processing Services	5,129	
Dues and Memberships	475	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Legal Notices, Recording, and Court Costs	\$ 2,692	
Postal Charges	1,006	
Printing, Stationery, and Forms	1,486	
Travel	1,401	
Office Supplies	1,248	
Office Equipment	1,346	
Total Election Commission		\$ 109,071

Register of Deeds

County Official/Administrative Officer	\$ 57,751	
Deputy(ies)	23,190	
Longevity Pay	300	
Data Processing Services	4,553	
Dues and Memberships	383	
Operating Lease Payments	808	
Postal Charges	176	
Printing, Stationery, and Forms	196	
Other Contracted Services	276	
Office Supplies	635	
Total Register of Deeds		88,268

County Buildings

Custodial Personnel	\$ 14,777	
Other Salaries and Wages	160	
Communication	34,471	
Maintenance and Repair Services - Buildings	68,571	
Maintenance and Repair Services - Equipment	5,278	
Pest Control	2,805	
Custodial Supplies	12,560	
Electricity	30,662	
Natural Gas	7,908	
Water and Sewer	6,916	
Building and Contents Insurance	18,202	
Other Equipment	12,999	
Total County Buildings		215,309

Finance

Accounting and Budgeting

Accounting Services	\$ 568	
Audit Services	4,360	
Total Accounting and Budgeting		4,928

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office

County Official/Administrative Officer	\$ 55,053	
Deputy(ies)	41,382	
Longevity Pay	550	
Contracts with Private Agencies	8,727	
Data Processing Services	6,850	
Dues and Memberships	1,014	
Postal Charges	88	
Printing, Stationery, and Forms	54	
Travel	1,332	
Office Supplies	407	
Premiums on Corporate Surety Bonds	62	
Office Equipment	1,332	
Other Equipment	1,795	
Total Property Assessor's Office		\$ 118,646

County Trustee's Office

County Official/Administrative Officer	\$ 57,751	
Deputy(ies)	46,918	
Longevity Pay	1,650	
Data Processing Services	4,200	
Dues and Memberships	483	
Maintenance Agreements	2,532	
Postal Charges	2,445	
Printing, Stationery, and Forms	249	
Travel	1,027	
Other Contracted Services	1,209	
Office Supplies	812	
Office Equipment	328	
Total County Trustee's Office		119,604

County Clerk's Office

County Official/Administrative Officer	\$ 57,751	
Deputy(ies)	64,827	
Longevity Pay	750	
Dues and Memberships	645	
Postal Charges	3,182	
Printing, Stationery, and Forms	772	
Travel	1,290	
Other Contracted Services	10,141	
Office Supplies	2,201	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Office Equipment	\$ 1,070	
Total County Clerk's Office		\$ 142,629

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 57,751	
Deputy(ies)	108,160	
Longevity Pay	1,350	
Jury and Witness Expense	6,772	
Data Processing Services	7,908	
Dues and Memberships	568	
Postal Charges	2,000	
Printing, Stationery, and Forms	1,536	
Office Supplies	7,245	
Other Charges	220	
Other Equipment	1,142	
Total Circuit Court		194,652

General Sessions Judge

Judge(s)	\$ 82,320	
Dues and Memberships	365	
Travel	738	
Other Contracted Services	11,059	
Office Supplies	31	
Total General Sessions Judge		94,513

Drug Court

Assistant(s)	\$ 15,058	
Supervisor/Director	23,418	
Communication	2,243	
Travel	2,171	
Drug Treatment	2,911	
Office Supplies	1,230	
Office Equipment	1,607	
Total Drug Court		48,638

Chancery Court

County Official/Administrative Officer	\$ 57,751	
Deputy(ies)	24,147	
Longevity Pay	150	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Dues and Memberships	\$	748	
Postal Charges		906	
Printing, Stationery, and Forms		169	
Other Contracted Services		1,306	
Office Supplies		580	
Other Equipment		2,275	
Total Chancery Court			\$ 88,032

Juvenile Court

Supervisor/Director	\$	28,458	
Probation Officer(s)		16,616	
Longevity Pay		1,200	
In-Service Training		601	
Communication		1,761	
Maintenance and Repair Services - Vehicles		566	
Travel		428	
Other Contracted Services		490	
Gasoline		2,153	
Other Charges		4,636	
Office Equipment		1,372	
Total Juvenile Court			58,281

Other Administration of Justice

Other Salaries and Wages	\$	7,748	
In-Service Training		450	
Other Charges		800	
Total Other Administration of Justice			8,998

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	63,527	
Assistant(s)		38,140	
Deputy(ies)		380,989	
Data Processing Personnel		24,293	
Guards		16,625	
Secretary(ies)		20,918	
Longevity Pay		5,350	
Other Salaries and Wages		59,266	
In-Service Training		9,490	
Communication		21,517	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Contracts with Private Agencies	\$ 5,920	
Data Processing Services	5,063	
Dues and Memberships	2,087	
Legal Notices, Recording, and Court Costs	596	
Maintenance and Repair Services - Vehicles	29,256	
Postal Charges	5,974	
Travel	4,342	
Other Contracted Services	916	
Data Processing Supplies	392	
Gasoline	65,836	
Instructional Supplies and Materials	446	
Law Enforcement Supplies	3,508	
Office Supplies	8,006	
Tires and Tubes	5,426	
Uniforms	11,206	
Other Supplies and Materials	4,137	
Other Charges	2,365	
Data Processing Equipment	402	
Law Enforcement Equipment	9,756	
Motor Vehicles	52,113	
Office Equipment	6,878	
Other Equipment	3,608	
Total Sheriff's Department		\$ 868,348

Jail

Dispatchers/Radio Operators	\$ 117,216
Guards	289,472
Cafeteria Personnel	17,880
Part-time Personnel	8,687
Longevity Pay	4,350
Other Salaries and Wages	55,801
In-Service Training	90
Contracts with Public Carriers	731
Medical and Dental Services	91,145
Postal Charges	11
Travel	1,143
Custodial Supplies	15,248
Drugs and Medical Supplies	25,141
Electricity	32,263
Food Supplies	98,693

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Law Enforcement Supplies	\$ 243	
Natural Gas	8,351	
Uniforms	7,396	
Water and Sewer	7,928	
Other Supplies and Materials	2,919	
Other Charges	1,258	
Data Processing Equipment	3,530	
Office Equipment	1,003	
Other Equipment	53	
Total Jail	<u>53</u>	\$ 790,552

Juvenile Services

Other Charges	\$ 405	
Total Juvenile Services	<u>405</u>	405

Fire Prevention and Control

Contributions	\$ 52,000	
Total Fire Prevention and Control	<u>52,000</u>	52,000

Civil Defense

Assistant(s)	\$ 12,477	
Supervisor/Director	16,312	
Communication	4,824	
Dues and Memberships	345	
Operating Lease Payments	765	
Maintenance and Repair Services - Equipment	2,024	
Maintenance and Repair Services - Vehicles	1,095	
Postal Charges	88	
Travel	841	
Electricity	3,448	
Gasoline	4,503	
Office Supplies	1,958	
Uniforms	1,145	
Utilities	3,139	
Other Supplies and Materials	408	
Other Charges	363	
Office Equipment	3,365	
Total Civil Defense	<u>3,365</u>	57,100

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

Contributions	\$ 8,000	
Total Rescue Squad		\$ 8,000

Disaster Relief

Data Processing Personnel	\$ 18,720	
Part-time Personnel	1,408	
Total Disaster Relief		20,128

Other Emergency Management

Communication	\$ 149	
Other Supplies and Materials	22,851	
Other Equipment	30,441	
Total Other Emergency Management		53,441

County Coroner/Medical Examiner

Other Per Diem and Fees	\$ 2,000	
Contracts with Government Agencies	4,200	
Transportation - Other than Students	750	
Total County Coroner/Medical Examiner		6,950

Other Public Safety

Other Salaries and Wages	\$ 3,329	
Total Other Public Safety		3,329

Public Health and Welfare

Local Health Center

Custodial Personnel	\$ 7,740	
Longevity Pay	350	
Communication	3,974	
Contracts with Other Public Agencies	77,171	
Travel	1,450	
Custodial Supplies	2,064	
Drugs and Medical Supplies	1,071	
Office Supplies	695	
Utilities	10,857	
Other Charges	1,070	
Total Local Health Center		106,442

Rabies and Animal Control

Supervisor/Director	\$ 25,727	
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(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Longevity Pay	\$ 1,100	
Communication	617	
Travel	4,548	
Other Contracted Services	370	
Other Supplies and Materials	3,881	
Total Rabies and Animal Control		\$ 36,243

Ambulance/Emergency Medical Services

Supervisor/Director	\$ 48,713	
Medical Personnel	332,405	
Secretary(ies)	23,035	
Part-time Personnel	88,089	
Longevity Pay	9,303	
Other Salaries and Wages	79,393	
In-Service Training	2,712	
Communication	7,050	
Contracts with Private Agencies	6,758	
Dues and Memberships	340	
Evaluation and Testing	60	
Licenses	1,900	
Maintenance and Repair Services - Vehicles	22,711	
Postal Charges	836	
Travel	1,317	
Custodial Supplies	18	
Diesel Fuel	43,439	
Drugs and Medical Supplies	44,626	
Office Supplies	3,273	
Uniforms	2,071	
Other Supplies and Materials	3,359	
Other Charges	600	
Motor Vehicles	200,450	
Office Equipment	2,025	
Total Ambulance/Emergency Medical Services		924,483

Maternal and Child Health Services

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

Alcohol and Drug Programs

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

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Crippled Children Services

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

Other Local Health Services

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

Appropriation to State

Contracts with Government Agencies	\$ 43,900	
Contracts with Other Public Agencies	6,000	
Contributions	2,000	
Total Appropriation to State		51,900

Other Local Welfare Services

Other Charges	\$ 607	
Total Other Local Welfare Services		607

Social, Cultural, and Recreational Services

Adult Activities

Assistant(s)	\$ 18,859
Supervisor/Director	33,807
Social Workers	19,886
Medical Personnel	148,381
Bus Drivers	26,545
Clerical Personnel	7,983
Educational Assistants	16,226
Cafeteria Personnel	15,255
Maintenance Personnel	7,368
Part-time Personnel	8,536
Longevity Pay	2,900
In-Service Training	321
Audit Services	1,000
Communication	4,505
Data Processing Services	1,690
Dues and Memberships	170
Licenses	2,220
Maintenance Agreements	12,642
Maintenance and Repair Services - Buildings	1,527
Maintenance and Repair Services - Vehicles	2,730
Postal Charges	551

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Adult Activities (Cont.)

Travel	\$ 22,965	
Other Contracted Services	7,600	
Custodial Supplies	2,285	
Food Supplies	10,250	
Gasoline	6,317	
Instructional Supplies and Materials	892	
Office Supplies	1,733	
Utilities	8,797	
Other Supplies and Materials	513	
Criminal Investigation of Applicants - TBI	240	
Other Charges	429	
Office Equipment	2,673	
Total Adult Activities		\$ 397,796

Libraries

Librarians	\$ 26,000	
Custodial Personnel	1,200	
Longevity Pay	300	
Other Salaries and Wages	41,117	
Communication	1,935	
Postal Charges	220	
Travel	595	
Custodial Supplies	130	
Library Books/Media	8,285	
Office Supplies	343	
Utilities	8,146	
Other Supplies and Materials	255	
Other Charges	827	
Data Processing Equipment	2,005	
Office Equipment	916	
Total Libraries		92,274

Parks and Fair Boards

Contributions	\$ 3,000	
Other Contracted Services	2,400	
Electricity	2,371	
Other Charges	1,670	
Total Parks and Fair Boards		9,441

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources

Agriculture Extension Service

County Official/Administrative Officer	\$	16,013	
Assistant(s)		14,189	
Supervisor/Director		12,098	
Clerical Personnel		4,866	
Communication		3,848	
Dues and Memberships		325	
Travel		666	
Office Supplies		664	
Maintenance Equipment		2,884	
Total Agriculture Extension Service			\$ 55,553

Soil Conservation

Supervisor/Director	\$	32,790	
Secretary(ies)		24,718	
Longevity Pay		3,500	
Other Salaries and Wages		27,581	
Other Charges		5,000	
Total Soil Conservation			93,589

Flood Control

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

Other Agriculture and Natural Resources

Part-time Personnel	\$	3,820	
Travel		688	
Other Supplies and Materials		4,885	
Total Other Agriculture and Natural Resources			9,393

Other Operations

Veterans' Services

Supervisor/Director	\$	11,277	
Postal Charges		615	
Travel		282	
Office Supplies		234	
Other Charges		4,900	
Total Veterans' Services			17,308

Other Charges

Legal Services	\$	149	
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(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Liability Insurance	\$ 46,532	
Trustee's Commission	91,927	
Vehicle and Equipment Insurance	25,928	
Workers' Compensation Insurance	58,086	
Liability Claims	285,000	
Total Other Charges		\$ 507,622

Contributions to Other Agencies

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

Employee Benefits

Social Security	\$ 242,726	
State Retirement	175,714	
Medical Insurance	185,131	
Unemployment Compensation	9,727	
Total Employee Benefits		613,298

Miscellaneous

Contracts with Government Agencies	\$ 9,250	
Evaluation and Testing	600	
Legal Notices, Recording, and Court Costs	1,778	
Pauper Burials	700	
Postal Charges	1,213	
Other Contracted Services	3,052	
Instructional Supplies and Materials	4,829	
Office Supplies	2,433	
Other Supplies and Materials	1,996	
Premiums on Corporate Surety Bonds	7,911	
Other Charges	9,038	
Office Equipment	133	
Other Equipment	235	
Total Miscellaneous		43,168

Principal on Debt

General Government

Principal on Capital Leases	\$ 83,585	
Total General Government		83,585

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Interest on Debt

General Government

Interest on Capital Leases	\$ 3,712	
Total General Government		<u>\$ 3,712</u>

Total General Fund \$ 6,428,336

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Supervisor/Director	\$ 6,743	
Attendants	40,265	
Maintenance Personnel	10,292	
Part-time Personnel	760	
Social Security	3,926	
Communication	2,079	
Contracts with Private Agencies	217,713	
Maintenance and Repair Services - Equipment	1,563	
Maintenance and Repair Services - Vehicles	784	
Other Contracted Services	7,093	
Gasoline	3,271	
Utilities	3,426	
Trustee's Commission	3,200	
Other Charges	<u>17</u>	
Total Convenience Centers		<u>\$ 301,132</u>

Total Solid Waste/Sanitation Fund 301,132

Drug Control Fund

Public Safety

Drug Enforcement

In-Service Training	\$ 803	
Instructional Supplies and Materials	2,732	
Law Enforcement Supplies	10,739	
Trustee's Commission	43	
Other Charges	<u>100</u>	
Total Drug Enforcement		<u>\$ 14,417</u>

Total Drug Control Fund 14,417

(Continued)

Exhibit J-8

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

Constitutional Officers - Fees Fund

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$ 37	
Total Sheriff's Department		<u>\$ 37</u>

Total Constitutional Officers - Fees Fund \$ 37

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 63,527	
Accountants/Bookkeepers	63,291	
Board and Committee Members Fees	14,220	
Communication	3,084	
Data Processing Services	5,835	
Dues and Memberships	3,602	
Legal Notices, Recording, and Court Costs	240	
Maintenance and Repair Services - Buildings	2,808	
Maintenance and Repair Services - Office Equipment	505	
Postal Charges	402	
Printing, Stationery, and Forms	747	
Travel	1,624	
Custodial Supplies	637	
Data Processing Supplies	342	
Drugs and Medical Supplies	197	
Electricity	5,431	
Natural Gas	1,017	
Office Supplies	555	
Water and Sewer	1,375	
Other Charges	<u>2,980</u>	
Total Administration		\$ 172,419

Highway and Bridge Maintenance

Foremen	\$ 100,143
Equipment Operators	56,146
Truck Drivers	42,131
Laborers	180,664
Engineering Services	11,221
Other Contracted Services	11,319
Asphalt - Cold Mix	4,482
Asphalt - Hot Mix	21,368
Asphalt - Liquid	53,791

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Concrete	\$	37	
Crushed Stone		168,456	
Fertilizer, Lime, and Seed		234	
Pipe		87,243	
Road Signs		6,893	
Wood Products		49,429	
Other Supplies and Materials		1,031	
Total Highway and Bridge Maintenance			\$ 794,588

Operation and Maintenance of Equipment

Mechanic(s)	\$	61,083	
Laborers		58,984	
Laundry Service		2,619	
Maintenance and Repair Services - Equipment		9,979	
Diesel Fuel		124,008	
Equipment and Machinery Parts		31,739	
Garage Supplies		1,044	
Gasoline		22,724	
Lubricants		5,880	
Propane Gas		174	
Small Tools		1,983	
Tires and Tubes		17,361	
Other Supplies and Materials		12	
Total Operation and Maintenance of Equipment			337,590

Other Charges

Premiums on Corporate Surety Bonds	\$	375	
Trustee's Commission		17,992	
Vehicle and Equipment Insurance		37,136	
Workers' Compensation Insurance		34,146	
Total Other Charges			89,649

Employee Benefits

Social Security	\$	39,693	
State Retirement		38,631	
Employee and Dependent Insurance		138,256	
Unemployment Compensation		6,684	
Employer Medicare		9,283	
Total Employee Benefits			232,547

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Bridge Construction	\$ 50,659	
Communication Equipment	5,393	
Highway Equipment	105,656	
Maintenance Equipment	8,500	
Office Equipment	4,742	
Total Capital Outlay	<u>174,950</u>	\$ 174,950

Total Highway/Public Works Fund \$ 1,801,743

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 44,630	
Principal on Notes	14,062	
Total General Government	<u>58,692</u>	\$ 58,692

Education

Principal on Bonds	\$ 695,000	
Total Education	<u>695,000</u>	695,000

Interest on Debt

General Government

Interest on Bonds	\$ 7,622	
Interest on Notes	237	
Total General Government	<u>7,859</u>	7,859

Education

Interest on Bonds	\$ 552,536	
Total Education	<u>552,536</u>	552,536

Other Debt Service

General Government

Fiscal Agent Charges	\$ 530	
Trustee's Commission	11,714	
Total General Government	<u>12,244</u>	12,244

Education

Fiscal Agent Charges	\$ 640	
Total Education	<u>640</u>	640

Total General Debt Service Fund 1,326,971

(Continued)

Exhibit J-8

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

<u>General Capital Projects Fund</u>		
<u>Capital Outlay</u>		
<u>Regular Capital Outlay</u>		
Architects	\$ 13,405	
Other Supplies and Materials	4,500	
Building Construction	<u>602,226</u>	
Total Regular Capital Outlay		<u>\$ 620,131</u>
Total General Capital Projects Fund		<u>\$ 620,131</u>
Total Governmental Funds - Primary Government		<u>\$ 10,492,767</u>

Exhibit J-9

Crockett County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Crockett County School Department
For the Year Ended June 30, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 3,668,150	
Career Ladder Program	28,650	
Career Ladder Extended Contracts	29,136	
Homebound Teachers	15,975	
Educational Assistants	137,608	
Other Salaries and Wages	47,052	
Certified Substitute Teachers	59,892	
Non-certified Substitute Teachers	60,828	
Social Security	235,851	
State Retirement	338,218	
Medical Insurance	348,944	
Unemployment Compensation	6,500	
Employer Medicare	54,592	
Maintenance and Repair Services - Equipment	127,965	
Other Contracted Services	1,695	
Instructional Supplies and Materials	69,576	
Textbooks	114,652	
Other Charges	1,031	
Regular Instruction Equipment	82,264	
Total Regular Instruction Program		\$ 5,428,579

Alternative Instruction Program

Teachers	\$ 37,003	
Career Ladder Program	1,000	
Social Security	2,246	
State Retirement	3,439	
Medical Insurance	1,710	
Unemployment Compensation	60	
Employer Medicare	525	
Total Alternative Instruction Program		45,983

Special Education Program

Teachers	\$ 322,530	
Career Ladder Program	2,600	
Homebound Teachers	625	
Educational Assistants	62,723	
Certified Substitute Teachers	300	
Non-certified Substitute Teachers	3,570	
Social Security	21,079	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

State Retirement	\$ 32,945	
Medical Insurance	97,974	
Unemployment Compensation	3,200	
Employer Medicare	4,948	
Other Contracted Services	10,000	
Other Charges	1,647	
Total Special Education Program		\$ 564,141

Vocational Education Program

Teachers	\$ 506,193	
Career Ladder Program	2,000	
Clerical Personnel	11,627	
Certified Substitute Teachers	6,111	
Non-certified Substitute Teachers	6,390	
Social Security	29,495	
State Retirement	46,755	
Medical Insurance	66,175	
Unemployment Compensation	700	
Employer Medicare	6,898	
Maintenance and Repair Services - Equipment	396	
Instructional Supplies and Materials	22,886	
Other Supplies and Materials	2,271	
Other Charges	603	
Vocational Instruction Equipment	4,576	
Total Vocational Education Program		713,076

Adult Education Program

Teachers	\$ 47,381	
Social Security	2,864	
State Retirement	2,054	
Medical Insurance	1,629	
Unemployment Compensation	120	
Employer Medicare	670	
Total Adult Education Program		54,718

Support Services

Attendance

Supervisor/Director	\$ 28,420	
Social Security	1,485	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

State Retirement	\$	1,867	
Unemployment Compensation		60	
Employer Medicare		347	
Travel		1,000	
Total Attendance			\$ 33,179

Health Services

Medical Personnel	\$	42,500	
Other Salaries and Wages		61,520	
Social Security		6,004	
State Retirement		9,031	
Medical Insurance		8,721	
Unemployment Compensation		180	
Employer Medicare		1,404	
Travel		4,989	
Other Contracted Services		2,256	
Instructional Supplies and Materials		150	
Other Supplies and Materials		2,870	
Other Charges		16,161	
Total Health Services			155,786

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		173,000	
Career Ladder Extended Contracts		1,440	
Guards		2,300	
Secretary(ies)		42,710	
Other Salaries and Wages		63,446	
Social Security		16,293	
State Retirement		22,852	
Medical Insurance		23,907	
Unemployment Compensation		600	
Employer Medicare		3,844	
Evaluation and Testing		19,669	
Travel		758	
Other Contracted Services		12,390	
Other Supplies and Materials		1,197	
Other Charges		86,443	
Total Other Student Support			471,849

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	73,772	
Career Ladder Program		3,000	
Librarians		91,750	
Other Salaries and Wages		61,100	
Social Security		12,866	
State Retirement		19,265	
Medical Insurance		30,965	
Unemployment Compensation		403	
Employer Medicare		3,009	
Travel		10,093	
Library Books/Media		41,220	
In Service/Staff Development		19,508	
Total Regular Instruction Program			\$ 366,951

Special Education Program

Supervisor/Director	\$	3,628	
Social Security		204	
State Retirement		328	
Medical Insurance		512	
Employer Medicare		48	
Travel		1,023	
Total Special Education Program			5,743

Vocational Education Program

Travel	\$	7,432	
Other Charges		1,000	
Total Vocational Education Program			8,432

Adult Programs

Supervisor/Director	\$	55,560	
Career Ladder Program		1,000	
Other Salaries and Wages		6,900	
Social Security		3,913	
State Retirement		5,119	
Unemployment Compensation		250	
Employer Medicare		915	
Travel		2,196	
Other Supplies and Materials		1,729	
Other Charges		2,946	
Total Adult Programs			80,528

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

On-Behalf Payments to OPEB	\$ 44,587	
Total Other Programs		\$ 44,587

Board of Education

Board and Committee Members Fees	\$ 4,800	
Social Security	298	
Unemployment Compensation	40	
Employer Medicare	70	
Audit Services	4,510	
Contributions	10,000	
Dues and Memberships	10,567	
Legal Services	1,704	
Travel	2,359	
Other Contracted Services	2,146	
Liability Insurance	14,979	
Trustee's Commission	43,777	
Workers' Compensation Insurance	79,773	
Refund to Applicant for Criminal Investigation	1,920	
Other Charges	55,173	
Total Board of Education		232,116

Director of Schools

County Official/Administrative Officer	\$ 104,200	
Career Ladder Program	2,075	
Secretary(ies)	32,800	
Other Salaries and Wages	1,000	
Social Security	1,730	
State Retirement	2,245	
Medical Insurance	8,407	
Unemployment Compensation	120	
Employer Medicare	1,934	
Communication	7,254	
Postal Charges	1,712	
Travel	2,324	
Other Contracted Services	2,619	
In Service/Staff Development	500	
Other Charges	811	
Administration Equipment	867	
Total Director of Schools		170,598

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Principals	\$ 325,240	
Career Ladder Program	13,000	
Accountants/Bookkeepers	11,627	
Career Ladder Extended Contracts	14,000	
Assistant Principals	156,420	
Secretary(ies)	93,890	
Social Security	35,197	
State Retirement	52,966	
Medical Insurance	57,642	
Unemployment Compensation	600	
Employer Medicare	8,232	
Communication	35,211	
Dues and Memberships	1,095	
Postal Charges	3,577	
Travel	7,069	
Other Contracted Services	33,370	
Office Supplies	7,049	
Total Office of the Principal		\$ 856,185

Fiscal Services

Supervisor/Director	\$ 47,800	
Clerical Personnel	32,469	
Social Security	4,577	
State Retirement	5,274	
Medical Insurance	6,291	
Unemployment Compensation	120	
Employer Medicare	1,070	
Data Processing Services	13,802	
Office Supplies	5,390	
Administration Equipment	500	
Total Fiscal Services		117,293

Operation of Plant

Custodial Personnel	\$ 199,328	
Social Security	11,280	
State Retirement	11,124	
Medical Insurance	21,657	
Unemployment Compensation	562	
Employer Medicare	2,638	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Other Contracted Services	\$ 36,129	
Electricity	468,350	
Natural Gas	92,006	
Water and Sewer	27,932	
Other Supplies and Materials	42,023	
Boiler Insurance	4,215	
Building and Contents Insurance	74,150	
Other Charges	10,077	
Plant Operation Equipment	13,266	
Total Operation of Plant		\$ 1,014,737

Maintenance of Plant

Maintenance Personnel	\$ 121,423	
Social Security	6,455	
State Retirement	7,977	
Medical Insurance	22,662	
Unemployment Compensation	232	
Employer Medicare	1,510	
Communication	2,154	
Maintenance and Repair Services - Buildings	64,073	
Maintenance and Repair Services - Equipment	51,893	
Maintenance and Repair Services - Vehicles	4,756	
Travel	1,132	
Other Supplies and Materials	32,962	
Other Charges	23,652	
Maintenance Equipment	5,950	
Total Maintenance of Plant		346,831

Transportation

Supervisor/Director	\$ 69,737	
Mechanic(s)	38,170	
Bus Drivers	152,301	
Other Salaries and Wages	23,375	
Social Security	16,777	
State Retirement	11,185	
Medical Insurance	16,851	
Unemployment Compensation	1,200	
Employer Medicare	3,948	
Communication	1,129	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Maintenance and Repair Services - Vehicles	\$	3,803	
Medical and Dental Services		4,150	
Travel		803	
Diesel Fuel		101,432	
Equipment and Machinery Parts		1,426	
Gasoline		21,709	
Lubricants		2,204	
Tires and Tubes		8,171	
Vehicle Parts		13,641	
Other Supplies and Materials		1,184	
Vehicle and Equipment Insurance		23,707	
Other Charges		9,439	
Transportation Equipment		86,935	
Total Transportation			\$ 613,277

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	3,500	
Teachers		70,769	
Clerical Personnel		2,610	
Educational Assistants		27,475	
Other Salaries and Wages		26,721	
Social Security		7,923	
State Retirement		8,438	
Medical Insurance		263	
Unemployment Compensation		240	
Employer Medicare		1,853	
Communication		825	
Travel		675	
Instructional Supplies and Materials		4,665	
Other Supplies and Materials		2,026	
Other Charges		3,033	
Total Community Services			161,016

Early Childhood Education

Teachers	\$	77,900	
Career Ladder Program		1,000	
Educational Assistants		30,480	
Social Security		6,236	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

State Retirement	\$	9,143	
Medical Insurance		11,472	
Unemployment Compensation		240	
Employer Medicare		1,458	
Travel		854	
Instructional Supplies and Materials		7,017	
Other Supplies and Materials		2,130	
Other Equipment		29,410	
Total Early Childhood Education			\$ 177,340

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	211,589	
Furniture and Fixtures		21,259	
Heating and Air Conditioning Equipment		20,207	
Total Regular Capital Outlay			253,055

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	150,000	
Total Education			150,000

Total General Purpose School Fund

\$ 12,066,000

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	372,091	
Educational Assistants		87,500	
Other Salaries and Wages		112,455	
Social Security		25,351	
State Retirement		44,961	
Medical Insurance		58,307	
Employer Medicare		7,663	
Instructional Supplies and Materials		34,279	
Regular Instruction Equipment		98,845	
Total Regular Instruction Program			\$ 841,452

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	139,055	
Educational Assistants		199,111	
Social Security		16,887	
State Retirement		18,436	
Medical Insurance		7,227	
Employer Medicare		4,347	
Other Contracted Services		9,489	
Instructional Supplies and Materials		10,376	
Other Supplies and Materials		5,138	
Other Charges		10,068	
Special Education Equipment		3,212	
Total Special Education Program			\$ 423,346

Vocational Education Program

Instructional Supplies and Materials	\$	4,264	
Vocational Instruction Equipment		26,835	
Total Vocational Education Program			31,099

Support Services

Other Student Support

Travel	\$	9,453	
In Service/Staff Development		1,265	
Total Other Student Support			10,718

Regular Instruction Program

Supervisor/Director	\$	49,760	
Clerical Personnel		16,823	
Social Security		3,850	
State Retirement		5,609	
Medical Insurance		4,096	
Employer Medicare		900	
Travel		2,878	
In Service/Staff Development		3,865	
Total Regular Instruction Program			87,781

Special Education Program

Psychological Personnel	\$	41,207	
Social Security		4,078	
State Retirement		4,690	

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Medical Insurance	\$	3,372	
Employer Medicare		954	
Postal Charges		44	
Travel		4,100	
In Service/Staff Development		379	
Total Special Education Program			\$ 58,824

Vocational Education Program

Travel	\$	1,235	
Total Vocational Education Program			1,235

Transportation

Bus Drivers	\$	22,993	
Social Security		1,410	
Employer Medicare		330	
Diesel Fuel		9,367	
Transportation Equipment		500	
Total Transportation			34,600

Total School Federal Projects Fund \$ 1,489,055

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	44,000	
Accountants/Bookkeepers		19,193	
Cafeteria Personnel		344,691	
Other Salaries and Wages		864	
Social Security		23,600	
State Retirement		20,777	
Medical Insurance		32,751	
Employer Medicare		5,519	
Communication		3,486	
Maintenance and Repair Services - Equipment		9,669	
Payments to Schools - Lunch		6	
Postal Charges		924	
Travel		10,056	
Other Contracted Services		7,378	
Food Supplies		434,674	

(Continued)

Exhibit J-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Office Supplies	\$	4,308	
Uniforms		3,172	
USDA - Commodities		43,642	
Other Supplies and Materials		33,863	
Trustee's Commission		8	
In Service/Staff Development		4,881	
Other Charges		28,010	
Food Service Equipment		<u>10,577</u>	
Total Food Service			<u>\$ 1,086,049</u>

Total Central Cafeteria Fund \$ 1,086,049

School Transportation Fund

Support Services

Board of Education

Trustee's Commission	\$	<u>5,534</u>	
Total Board of Education			<u>\$ 5,534</u>

Total School Transportation Fund 5,534

Total Governmental Funds - Crockett County School Department \$ 14,646,638

Exhibit J-10

Crockett County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2011

	Cities - Sales Tax Fund	City School ADA - Alamo Fund	City School ADA - Bells Fund	Total
<u>Cash Receipts</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 0	\$ 293,468	\$ 199,744	\$ 493,212
Discount on Property Taxes	0	(2,393)	(1,628)	(4,021)
Trustee's Collections - Prior Years	0	13,738	9,351	23,089
Trustee's Collections - Bankruptcy Circuit/Clerk and Master Collections - Prior Years	0	89	62	151
Interest and Penalty	0	10,867	7,404	18,271
Payments in-Lieu-of Taxes - T.V.A.	0	2,282	1,553	3,835
Local Option Sales Tax	0	14	9	23
Wheel Tax	358,792	105,323	71,686	535,801
Interstate Telecommunications Tax	0	11,897	8,128	20,025
Marriage Licenses	0	303	206	509
Mixed Drink Tax	0	276	188	464
State Revenue Sharing - T.V.A.	0	141	96	237
Total Cash Receipts	\$ 358,792	\$ 438,545	\$ 298,528	\$ 1,095,865
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 355,204	\$ 428,079	\$ 291,322	\$ 1,074,605
Trustee's Commission	3,588	7,463	5,079	16,130
Total Cash Disbursements	\$ 358,792	\$ 435,542	\$ 296,401	\$ 1,090,735
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 3,003	\$ 2,127	\$ 5,130
Cash Balance, July 1, 2010	0	2,988	1,951	4,939
Cash Balance, June 30, 2011	\$ 0	\$ 5,991	\$ 4,078	\$ 10,069

SINGLE AUDIT SECTION



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

October 21, 2011

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Crockett County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Crockett County's basic financial statements and have issued our report thereon dated October 21, 2011. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Crockett County Emergency Communications District, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Crockett 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 Crockett County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Crockett 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 11.01 and 11.14.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 11.02, 11.07, 11.09, 11.10, and 11.15.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crockett 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: 11.03, 11.04, 11.05, 11.06, 11.08, 11.11, 11.12, and 11.13.

We also noted certain matters that we reported to management of Crockett County in separate communications.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



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
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

October 21, 2011

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Crockett County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Crockett 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 Crockett County's management. Our responsibility is to express an opinion on Crockett County's compliance based on our audit.

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

In our opinion, Crockett County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements in the Career and Technical Education – Basic Grants to States (CFDA No. 84.048) and the State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395), nonmajor federal programs, which are described in the accompanying Schedule of Findings and Questioned Costs as items 11.06 and 11.16.

Internal Control Over Compliance

The management of Crockett County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Crockett County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Crockett County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

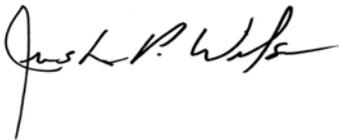
Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Crockett County as of and for the year ended June 30, 2011, and have issued our report thereon dated October 21, 2011. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Crockett County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was

performed for the purpose of forming our opinions on the financial statements as a whole. The 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Crockett County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2011

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 285,337
National School Lunch Program	10.555	N/A	488,635 (5)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	43,642 (5)
Supplemental Nutrition Assistance Program - Outreach/Participation Program	10.580	N/A	15,499
Soil and Water Conservation	10.902	(2)	18,644
Total U.S. Department of Agriculture			<u>\$ 851,757</u>
U.S. Department of Justice:			
Passed-through State Administrative Office of the Courts:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG)			
Program/Grants to States and Territories	16.803	(2)	\$ 12,999
Total U.S. Department of Justice			<u>\$ 12,999</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	DG1131220	\$ 66,831
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	326,831
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	91,645
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	424,160
Special Education - Preschool Grants	84.173	N/A	8,851
Special Education - Grants to States, Recovery Act	84.391	N/A	128,421
Special Education - Preschool Grants, Recovery Act	84.392	N/A	284
Career and Technical Education - Basic Grants to States	84.048	N/A	88,214
Education Technology State Grants	84.318	N/A	1,265
Improving Teacher Quality State Grants	84.367	N/A	103,949
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	980,455
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	125,647
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	84,628
Education Jobs Fund	84.410	N/A	275,754
Total U.S. Department of Education			<u>\$ 2,706,935</u>
U.S. Department of Health and Human Services:			
Passed-through Northwest Tennessee Development District:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 286,831
Passed-through State Department of Health:			
Grants to States for Operation of Offices of Rural Health	93.913	GG132143	23,107
Total U.S. Department of Health and Human Services			<u>\$ 309,938</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1909-DR-TN	\$ 374,393
Emergency Management Performance Grants	97.042	34101-0000003815	9,707
Homeland Security Grant Program	97.067	(3)	26,498
Total U.S. Department of Homeland Security			\$ 410,598
Total Federal Awards			\$ 4,292,227

<u>State Grants</u>		Contract Number	
State Supplement Juvenile Court Improvement Funds - State Commission on Children and Youth	N/A	11978	\$ 9,069
High Visibility Law Enforcement Campaign - Governor's Highway Safety Office	N/A	K8-11-54	4,938
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	Z-08-212991-02	5,296
Preventive Health and Human Services - State Department of Health	N/A	(4)	61,412
Drug Court Grant - State Office of Criminal Justice Program Services	N/A	4,152	49,664
Rural Library Computer Grant - State Library and Archives	N/A	(2)	14,034
Renovation and Expansion of Library - State Library and Archives	N/A	GG1134520	60,000
Benchmarking Papers Project - State Department of Education	N/A	(2)	1,000
High Schools That Work - State Department of Education	N/A	(2)	6,000
ACT/EXP - Internet Connectivity - State Department of Education	N/A	(2)	993
Energy Efficient Schools Initiative - State Department of Education	N/A	(2)	22,930
Early Childhood Education - State Department of Education	N/A	(2)	85,606
Adult Education - State Department of Labor and Workforce	N/A	(2)	21,750
Crockett Academy - State Department of Children's Services	N/A	GG-10-28857-00	68,520
Total State Grants			\$ 411,212

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) DHS-2009-HSGP-Z-2528: \$25,050; DHS-2008-HSGP-Z-486: \$1,448.
- (4) Z10219784: \$16,556; GG1132143: \$44,856.
- (5) Total for CFDA No. 10.555 is \$532,277.

Crockett County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2011

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Crockett County, Tennessee, for the year ended June 30, 2010, which have not been corrected.

CROCKETT COUNTY AND CROCKETT COUNTY SCHOOL DEPARTMENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.02	143	Material audit adjustments were required for proper financial statement presentation

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.03	144	A formal purchase order system had not been established

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.05	145-146	Expenditures exceeded appropriations

OFFICE OF ASSESSOR OF PROPERTY

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.09	149	Assessment records were improperly changed during the year as property transfers were made

OTHER FINDINGS

Finding Number	Page Number	Subject
10.10	149-150	Crockett County has material recurring audit findings
10.11	151	Duties were not segregated adequately in the Offices of Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff

CROCKETT COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Crockett County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Crockett County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act and State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397); and Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Crockett County 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; however, management did not provide responses for inclusion in this report.

CROCKETT COUNTY AND CROCKETT COUNTY SCHOOL DEPARTMENT

FINDING 11.01 **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2011, various general ledger account balances of the General, Highway/Public Works, General Debt Service, and General Purpose School funds were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Crockett County and the School Department to have adequate internal controls over the maintenance of their accounting records. Material audit adjustments were required because the county's and School Department's financial reporting systems did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county and the School Department have ineffective controls over the maintenance of their accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Crockett County and the School Department should have appropriate processes in place to ensure that their general ledgers are materially correct.

OFFICE OF COUNTY MAYOR

FINDING 11.02 **A FORMAL PURCHASE ORDER SYSTEM HAD NOT BEEN ESTABLISHED**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The office had not established a formal purchase order system. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. This deficiency exists because management failed to correct the finding noted in the prior-year audit report. The absence of a formal purchase order system increases the risks of unauthorized purchases.

RECOMMENDATION

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

FINDING 11.03 **THE AMBULANCE SERVICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES** (Noncompliance Under *Government Auditing Standards*)

System backups were not stored off-site. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper system backup procedures were implemented in July 2011.

RECOMMENDATION

Management should ensure backups are rotated off-site on a routine basis.

OFFICE OF ROAD SUPERVISOR

FINDING 11.04 **BID SPECIFICATIONS FOR EQUIPMENT PURCHASES APPLIED ONLY TO ONE BRAND** (Noncompliance Under *Government Auditing Standards*)

Competitive bids were solicited through public advertisement for two boom mowers that were purchased for \$59,366. However, the bid advertisement and specifications listed a particular brand and/or make/model. Using bid specifications that apply only to a particular brand violates the intent of Section 54-7-113 et seq., *Tennessee Code Annotated*. This deficiency occurred because management decided, after receiving vendor quotes on another brand of mowers, that they wanted to purchase only the advertised brand.

RECOMMENDATION

The office should develop bid specifications that are not brand specific. Bids should then be evaluated on the basis of several criteria, including price, quality, availability, warranty, maintenance costs, experience, etc.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 11.05 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS
(Noncompliance Under *Government Auditing Standards*)**

We noted the following deficiencies in the budget operations of the office:

- A. Total expenditures and other uses of the School Federal Projects and School Transportation funds exceeded total appropriations approved by the County Commission by \$126,630 and \$8,618, respectively.
- B. Expenditures exceeded appropriations in the following major appropriation categories (the legal level of control) of the General Purpose School Fund:

Major Category	Amount Overspent
Support Services:	
Other Student Support	\$ 3,027
Special Education Program	368
Board of Education	7,226
Director of Schools	396
Maintenance of Plant	2,913
Operation of Non-Instructional Services:	
Early Childhood Education	87
Transfers Out	88,000

The amount overspent in the Transfers Out category noted above was due to a transfer of \$88,000 from the General Purpose School Fund to the School Federal Projects Fund to provide operating funds until federal reimbursements of grant expenditures were received. This transfer was not budgeted by the Board of Education and the County Commission.

- C. Salaries exceeded line-item appropriations in the General Purpose School, School Federal Projects, and Central Cafeteria funds by amounts ranging from \$210 to \$99,516. These deficiencies were mainly attributable to the Board of Education not budgeting the Education Jobs Fund grant, which was used to pay additional salaries.

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will not exceed expenditures

that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission. Transfers should be budgeted by the Board of Education and the County Commission.

FINDING 11.06 **COMPETITIVE BIDS WERE NOT SOLICITED FOR PURCHASES MADE WITH FEDERAL GRANT FUNDS** (Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)

Competitive bids were not solicited for the purchase of 22 interactive whiteboards (\$27,148) and 40 netbooks (\$15,960). These purchases were made using federal grant funds under the State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) and the Career and Technical Education – Basis Grants to States (CFDA No. 84.048), nonmajor federal programs, and were allowable program expenditures. U.S. Office of Management and Budget OMB Circular A-133 requires local governments to follow applicable state and local laws and regulations for procurements made with grant funds. Section 49-2-203, *Tennessee Code Annotated*, requires all purchases exceeding \$10,000 to be based on competitive bids solicited through public advertisement. This deficiency can be attributed to a lack of management oversight. The failure to solicit competitive bids could result in the department paying more than the competitive price.

RECOMMENDATION

Competitive bids should be solicited for all purchases exceeding \$10,000 as required by state statute and OMB Circular A-133.

FINDING 11.07 **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our examination of purchasing procedures revealed the following deficiencies:

- A. In some instances, purchase orders were issued after the purchases were made. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than approval of the purchase.

- B. In some instances, invoices were paid without documentation that goods had been received and/or services had been rendered. This practice weakens controls over the purchasing process and increases the risks of paying for something that was never received.

These deficiencies can be attributed to a lack of management oversight.

RECOMMENDATION

To strengthen internal controls over the purchasing process and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before purchases are made. The office should maintain documentation that goods have been received or services have been rendered before invoices are paid.

FINDING 11.08 **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**

(Noncompliance Under *Government Auditing Standards*)

System backups were not stored off-site. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper system backup procedures were implemented in April 2011.

RECOMMENDATION

Management should ensure backups are rotated off-site on a routine basis.

OFFICE OF TRUSTEE

FINDING 11.09 **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. After this deficiency was brought to the attention of the official, it was resolved.

RECOMMENDATION

The office should ensure that adequate controls over information systems and the resources associated with those systems are followed.

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

FINDING 11.10 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Multiple employees operated from the same cash drawer in the Offices of Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; and Register. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but the beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the officials resulting in a loss of control over assets.

RECOMMENDATION

Officials should assign each employee their own cash drawer.

OFFICES OF REGISTER AND SHERIFF

FINDING 11.11 **SOME FUNDS WERE NOT DEPOSITED WITHIN THREE DAYS OF COLLECTION**

(Noncompliance Under *Government Auditing Standards*)

In some instances, the register and sheriff did not deposit funds within three days of collection. Section 5-8-207, *Tennessee Code Annotated*, requires county officials to deposit public funds to the office bank account within three days of collection. This deficiency is the result of management's failure to make a concerted effort to deposit funds in a timely manner. The delay in depositing funds increases the risks of fraud and misappropriation.

RECOMMENDATION

Officials should ensure that all funds are deposited to the office bank account within three days of collection as required by state statute.

OFFICE OF SHERIFF

FINDING 11.12 FEES WERE NOT REPORTED AND PAID TO THE COUNTY IN COMPLIANCE WITH STATE STATUTE
(Noncompliance Under *Government Auditing Standards*)

The sheriff did not report and pay fees to the county in compliance with Section 8-24-103, *Tennessee Code Annotated*. This statute requires fees to be reported and paid to the county monthly. During the year, the office neither reported nor paid fees to the county. Unreported fees on hand at June 30, 2011, were \$5,103. This deficiency can be attributed to the failure of management to properly oversee the reporting of fees to the county.

RECOMMENDATION

The sheriff should report and pay all fees to the county monthly in compliance with state statute.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 11.13 THE STATE DIVISION OF PROPERTY ASSESSMENTS NOTED DEFICIENCIES IN THE MAINTENANCE OF RECORDS BY THE ASSESSOR OF PROPERTY
(Noncompliance Under *Government Auditing Standards*)

The monitoring reports prepared by the state Division of Property Assessments disclosed the following deficiencies in the maintenance of records by the assessor of property.

- A. The assessor updated the assessment records as property transfers were made during the year to reflect the current property owners. Section 67-5-502, *Tennessee Code Annotated (TCA)*, requires all property to be assessed “to the person or persons owning or claiming to own the same on January 1 for the year for which the assessment is made.” This deficiency exists because management failed to correct the finding reported in prior audit reports.
- B. The assessor prorated flood damage improvements without the required application. Section 67-5-603(d), *TCA*, required that during the period of January 1 through December 31, 2010, “the owner must apply for this relief to the assessor by September 1 using a form approved by the director of the state Division of Property Assessments.”

RECOMMENDATION

As of January 1, property should be assessed to the person or persons owning the property in compliance with state statute. State statutes should be followed for the maintenance of all records by the office.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 11.14 **CROCKETT COUNTY HAS A MATERIAL RECURRING AUDIT FINDING**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

Crockett County has a material audit finding that has been reported in its Annual Financial Reports for three or more consecutive years. This recurring material finding is listed below:

<u>Finding Numbers</u>	<u>Description</u>
11.01, 10.02, 09.02	Crockett County has several funds that required material audit adjustments for proper financial statement presentation

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. The Local Government Modernization Act of 2005 in Section 9-3-405, *Tennessee Code Annotated (TCA)*, encourages local governments to consider establishing an Audit Committee and further provides that the Comptroller may require that an Audit Committee be established in any local government that (1) is in noncompliance with the accounting and financial reporting standards required by the Governmental Accounting Standards Board, or (2) has recurring findings from the annual audit for three or more consecutive years as determined by the Comptroller to be a material weakness in internal control or material noncompliance under *Government Auditing Standards*. The responsibilities and duties of an Audit Committee are to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

Crockett County should establish an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics. This Audit Committee should provide management with guidance to correct all reported material weaknesses in internal control and material noncompliance. If these findings continue to recur, Crockett County may be required to establish an Audit Committee under the provisions of Section 9-3-405, *TCA*.

FINDING 11.15

DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY MAYOR; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among officials and employees in the Offices of County Mayor; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff. Officials and employees responsible for maintaining the accounting records in these offices were also involved in issuing receipts, preparing bank deposits, taking deposits to the bank, posting receipts to the cash journal, and/or reconciling bank statements. These same employees also performed the daily reconciliation of receipts with cash. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability in 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. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

BEST PRACTICE

CROCKETT COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Crockett County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. The Division of County Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Crockett County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

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

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Education: Passed-through State Department of Education: Career and Technical Education - Basic Grants to States State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	11.16	84.048	Circular A-133, Part 3 (f)	Noncompliance, see Finding 11.06 - The Crockett County School Department did not solicit competitive bids for purchases made with federal grant funds	\$ 0

CROCKETT COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2011

There were audit findings relative to federal awards presented in the prior- and current-years' Schedules of Findings and Questioned Costs.

Director of Schools – Corrective Action Plan for Current-Year's Findings

FINDINGS 11.06 and 11.16

Contact person: Robert Mullins, Director of Schools

Corrective action planned: In the future, the School Department will follow all bid processes as required by OMB Circular A-133, as well as Section 49-2-203, *Tennessee Code Annotated*.

Anticipated completion date: 2011-12 fiscal year

Director of Schools – Summary Schedule of Prior-Year's Findings

FINDINGS 10.06 and 10.12

Cost centers were added to ARRA grants for the 2010-11 school year.