

ANNUAL FINANCIAL REPORT
TIPTON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2005

**Comptroller of the Treasury
Department of Audit
Division of County Audit
Nashville, Tennessee**

ANNUAL FINANCIAL REPORT
TIPTON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2005

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

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Audit Highlights

Annual Financial Report
Tipton County, Tennessee
For the Year Ended June 30, 2005

Scope

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tipton County as of and for the year ended June 30, 2005.

Results

Our audit of Tipton County's financial statements was qualified because the financial statements did not include one component unit whose financial statements were not available at the date of this report.

Our audit resulted in ten findings and recommendations, which we have reviewed with Tipton County management. Detailed findings, recommendations, and management's response are included in the Single Audit Section of this report.

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY EXECUTIVE

- ◆ General Fund expenditures exceeded appropriations approved by the County Commission in the Other Economic and Community Development major appropriation category by \$5,277. Also, the Public Library Fund, a special revenue fund, was not budgeted.
- ◆ Amounts withheld from contractor payments were not deposited to an escrow account as required by state statute.
- ◆ The office did not document compliance with the Davis-Bacon Act for an infrastructure capital project expending a Highway Planning and Construction Grant.

OFFICES OF COUNTY EXECUTIVE AND DIRECTOR OF PUBLIC WORKS

- ◆ The animal control operations were improperly accounted for in the Highway/Public Works Fund.
-

OFFICE OF DIRECTOR OF PUBLIC WORKS

- ◆ Highway/Public Works Fund expenditures exceeded appropriations approved by the County Commission in the Employee Benefits major appropriations category by \$12,124.
 - ◆ The Director of Public Works received compensation in excess of appropriations approved by the County Commission.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ General Purpose School Fund expenditures and encumbrances exceeded appropriations approved by the County Commission in the Regular Instruction Program major appropriations category by \$45,308.
 - ◆ Amounts withheld from contractor payments were not deposited to an escrow account as required by state statute.
 - ◆ Revenues and expenditures were improperly classified in the General Purpose School Fund.
-

OTHER FINDING

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

INTRODUCTORY SECTION

Tipton County Officials

June 30, 2005

Officials:

Jeff Huffman, County Executive
Leon Davenport, Director of Public Works
Tim Fite, Director of Schools
Laura Max Racine, Trustee
Bill Stimpson, Assessor of Property
Pam S. Deen, County Clerk
Mike Forbess, Circuit, General Sessions, and Juvenile Courts Clerk
Judy Barkelew Billings, Clerk and Master
Peggy Spain, Register
Clyde Devon Lewis, Jr., Sheriff
Bruce L. Petty, Director of Accounts and Budget

Board of County Commissioners:

Jeff Huffman, Chairman	Dale W. Smith
William E. Bibb, Jr., Chairman Pro-Tem	James Lamont Sneed
Quincy S. Barlow	Michael V. Taylor
Steve Bringle	Harold Twisdale
Patsy K. Fee	Charles L. Walker
David W. Gordon	Clifford Wilson
Joseph Johnson	Robert W. Wilson
Jeff Mason	Rusty Wooten
John A. McIntyre	Billy Yancy
Jeff Scott	

Board of Education:

Rodney Eubank, Chairman
Don Clark, Vice-Chairman
Wayne Boulter
Susan Griffin
Marty Haywood
Patricia Jackson
Inez Mills
Jack Strong
Thomas Taylor

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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INDEPENDENT AUDITOR'S REPORT

September 16, 2005

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

To the County Executive and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tipton County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Tipton County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Tipton County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tipton County Public Library (a nonmajor special revenue fund), which represent nine percent and 8.4 percent, respectively, of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Tipton County Public Library, is based on the report of the other auditors.

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

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

In our opinion, based on our audit and the report of other auditors, and except for the effects of not including the financial statements of the Tipton County Emergency Communications District, a discretely presented component unit, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tipton County, Tennessee, as of June 30, 2005, 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 September 16, 2005, on our consideration of Tipton County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

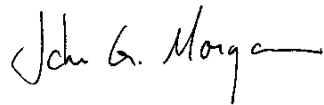
Also, as described in Note V.B., Tipton County has implemented GASB Statement No. 40, Deposit and Investment Risk Disclosures, which modifies the county's disclosures for custodial credit risk and adds disclosures about other types of risk.

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

The budgetary comparison information on pages 51 through 57 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Tipton County, Tennessee
Statement of Net Assets
June 30, 2005

	Primary Government Governmental Activities	Component Unit Tipton County School Department
<u>ASSETS</u>		
Cash	\$ 189,920	\$ 0
Equity in Pooled Cash and Investments	17,110,525	7,987,873
Accounts Receivable	17,951	0
Due from Other Governments	545,665	1,207,859
Property Taxes Receivable	10,604,768	9,544,289
Allowance for Uncollectible Property Taxes	(380,369)	(342,332)
Deferred Charges - Debt Issuance Costs	28,650	0
Capital Assets Not Depreciated:		
Land	2,329,516	3,547,240
Construction in Progress	544,703	2,666,283
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	3,830,835	20,083,398
Infrastructure	1,246,580	0
Other Capital Assets	788,473	2,795,395
Total Assets	<u>\$ 36,857,217</u>	<u>\$ 47,490,005</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 115,065	\$ 30,489
Payroll Deductions Payable	18,157	1,786,911
Contracts Payable	191,738	0
Retainage Payable	166,041	256,997
Accrued Interest Payable	244,313	0
Deferred Revenue - Current Property Taxes	9,936,440	8,942,795
Noncurrent Liabilities:		
Due Within One Year	4,185,907	18,245
Due in More Than One Year	41,818,469	346,647
Total Liabilities	<u>\$ 56,676,130</u>	<u>\$ 11,382,084</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	\$ 5,485,910	\$ 0
Invested in Capital Assets	0	29,092,316
Restricted for:		
Capital Projects	294,015	711,274
Debt Service	9,157,859	0
Other Purposes	1,668,947	1,316,526
Unrestricted	(36,425,644)	4,987,805
Total Net Assets	<u>\$ (19,818,913)</u>	<u>\$ 36,107,921</u>

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

Exhibit B

Tipton County, Tennessee
Statement of Activities
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Total Activities	Unit Tipton County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,064,279	\$ 508,198	\$ 36,380	\$ 300,000	\$ (219,701)	\$ 0
Finance	1,383,433	1,015,252	17,501	0	(350,680)	0
Administration of Justice	1,601,963	1,001,508	313,134	0	(287,321)	0
Public Safety	4,833,203	726,256	20,723	214,050	(3,872,174)	0
Public Health and Welfare	1,571,414	165,831	281,246	0	(1,124,337)	0
Social, Cultural, and Recreational Services	239,395	9,057	97,058	0	(133,280)	0
Agriculture & Natural Resources	154,741	9,873	0	0	(144,868)	0
Other Operations	1,176,110	6,965	0	781,987	(387,158)	0
Highways/Public Works	5,274,848	1,618	2,131,777	1,219,395	(1,922,058)	0
Education	5,070,000	0	0	0	(5,070,000)	0
Interest on Long-term Debt	1,478,847	0	0	0	(1,478,847)	0
Other Debt Service	161,141	0	475,000	0	313,859	0
Total Primary Government	\$ 24,009,374	\$ 3,444,558	\$ 3,372,819	\$ 2,515,432	\$ (14,676,565)	\$ 0
Component Unit:						
Tipton County School Department	\$ 71,356,949	\$ 2,390,846	\$ 8,385,702	\$ 5,070,000	\$ 0	\$ (55,510,401)
Total Component Unit	\$ 71,356,949	\$ 2,390,846	\$ 8,385,702	\$ 5,070,000	\$ 0	\$ (55,510,401)

(Continued)

Exhibit B

Tipton County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Total	Unit Tipton County School Department
General Revenues:						
Taxes:						
Property taxes levied for general purposes				\$ 5,081,254	\$ 8,794,215	
Property taxes levied for debt service				4,690,017	0	
Local option sales tax				363,455	2,891,793	
Other local taxes				3,566,500	125,889	
Grants & Contributions not restricted for specific programs				1,246,955	46,337,547	
Unrestricted investment earnings				585,181	0	
Miscellaneous				73,239	199,046	
Total General Revenues				<u>\$ 15,606,601</u>	<u>\$ 58,348,490</u>	
Change in net assets				\$ 930,036	\$ 2,838,089	
Net assets, July 1, 2004				<u>(20,748,949)</u>	<u>33,269,832</u>	
Net assets, June 30, 2005				<u><u>\$ (19,818,913)</u></u>	<u><u>\$ 36,107,921</u></u>	

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

Exhibit C-1

Tipton County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2005

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Funds Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 189,920	\$ 189,920
Equity in Pooled Cash and Investments	5,898,142	784,833	8,759,853	548,267	619,430	16,610,525
Accounts Receivable	16,415	1,536	0	0	0	17,951
Due from Other Governments	205,660	331,180	4,099	0	4,726	545,665
Due from Other Funds	4,795	0	500,000	0	0	504,795
Property Taxes Receivable	4,948,892	282,795	5,090,288	0	282,793	10,604,768
Allowance for Uncollectible Property Taxes	(177,506)	(10,143)	(182,577)	0	(10,143)	(380,369)
Total Assets	\$ 10,896,398	\$ 1,390,201	\$ 14,171,663	\$ 548,267	\$ 1,086,726	\$ 28,093,255
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 98,188	\$ 13,201	\$ 0	\$ 2,070	\$ 1,606	\$ 115,065
Payroll Deductions Payable	18,157	0	0	0	0	18,157
Contracts Payable	65,892	0	0	125,846	0	191,738
Retainage Payable	39,705	0	0	126,336	0	166,041
Due to Other Funds	0	814	0	0	3,981	4,795
Deferred Revenue - Current Property Taxes	4,637,005	264,972	4,769,491	0	264,972	9,936,440
Deferred Revenue - Delinquent Property Taxes	111,353	6,363	114,534	0	6,363	238,613
Other Deferred Revenues	55,954	161,120	0	0	0	217,074
Total Liabilities	\$ 5,026,254	\$ 446,470	\$ 4,884,025	\$ 254,252	\$ 276,922	\$ 10,887,923
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 156,500	\$ 65	\$ 0	\$ 514,641	\$ 0	\$ 671,206
Reserved for Sexual Offender Registration	3,321	0	0	0	0	3,321
Reserved for Computer System - Register	48,322	0	0	0	0	48,322
Reserved for Automation Purposes - General Sessions Court	3,354	0	0	0	0	3,354
Reserved for Other General Purposes	279,743	0	0	0	0	279,743
Unreserved, Reported In:						
General Fund	5,378,904	0	0	0	0	5,378,904
Special Revenue Funds	0	943,666	0	0	809,804	1,753,470

(Continued)

Tipton County, Tennessee
Balance Sheet
Governmental Funds (Cont.)

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)

Unreserved, Reported In (Cont.):

Debt Service Fund
 Capital Projects Funds (Deficit)

Total Fund Balances

Total Liabilities and Fund Balances

Major Funds				Nonmajor Funds	Total Governmental Funds
General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
\$ 0	\$ 0	\$ 9,287,638	\$ 0	\$ 0	\$ 9,287,638
0	0	0	(220,626)	0	(220,626)
<u>\$ 5,870,144</u>	<u>\$ 943,731</u>	<u>\$ 9,287,638</u>	<u>\$ 294,015</u>	<u>\$ 809,804</u>	<u>\$ 17,205,332</u>
<u>\$ 10,896,398</u>	<u>\$ 1,390,201</u>	<u>\$ 14,171,663</u>	<u>\$ 548,267</u>	<u>\$ 1,086,726</u>	<u>\$ 28,093,255</u>

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

Exhibit C-2

Tipton County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2005

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)		\$ 17,205,332
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		8,740,107
(2) Long-term liabilities are not due in the current period and therefore are not reported in the funds.		
General Bonded Debt Payable	\$ (24,695,000)	
Notes Payable	(1,775,000)	
Other Loans Payable	(18,594,290)	
Capitalized Lease Payable	(36,996)	
Compensated Absences	(482,579)	
Landfill Closure/Postclosure Care Costs	(420,511)	
Accrued Interest Payable on General Bonded Debt	(233,371)	
Accrued Interest Payable on Notes	(10,942)	
Deferred Charges - Debt Issuance Costs	<u>28,650</u>	(46,220,039)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		<u>455,687</u>
Net assets of governmental activities (Exhibit A)		<u>\$ (19,818,913)</u>

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

Exhibit D-1

Tipton County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 7,216,582	\$ 1,753,428	\$ 5,194,215	\$ 0	\$ 267,559	\$ 14,431,784
Licenses and Permits	74,479	43,873	0	0	0	118,352
Fines, Forfeitures and Penalties	281,468	0	0	0	37,027	318,495
Charges for Current Services	169,453	1,765	0	0	313,421	484,639
Other Local Revenues	124,847	8,733	585,336	0	40,105	759,021
Fees Received from County Officials	1,795,812	0	0	0	0	1,795,812
State of Tennessee	1,112,543	2,207,543	0	0	510,206	3,830,292
Federal Government	601,448	250,771	0	875,175	0	1,727,394
Other Governments and Citizens Groups	412,141	212,099	475,000	300,000	95,000	1,494,240
Total Revenues	\$ 11,788,773	\$ 4,478,212	\$ 6,254,551	\$ 1,175,175	\$ 1,263,318	\$ 24,960,029
<u>Expenditures</u>						
Current:						
General Government	\$ 1,602,963	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,602,963
Finance	1,133,609	0	0	0	195,388	1,328,997
Administration of Justice	1,544,866	0	0	0	141	1,545,007
Public Safety	5,175,332	0	0	0	41,439	5,216,771
Public Health and Welfare	551,674	0	0	0	6,716	558,390
Social, Cultural, and Recreational Services	73,326	0	0	0	169,260	242,586
Agricultural and Natural Resources	154,323	0	0	0	0	154,323
Other Operations	1,173,474	0	0	0	0	1,173,474
Highways	0	4,955,091	0	0	736,842	5,691,933
Debt Service:						
Principal	4,145	0	4,135,000	0	0	4,139,145
Interest	1,486	0	1,501,890	0	0	1,503,376
Other Debt Service	0	0	159,791	30,000	0	189,791
Capital Projects	0	0	0	6,421,616	0	6,421,616
Total Expenditures	\$ 11,415,198	\$ 4,955,091	\$ 5,796,681	\$ 6,451,616	\$ 1,149,786	\$ 29,768,372
Excess (Deficiency) of Revenues Over Expenditures	\$ 373,575	\$ (476,879)	\$ 457,870	\$ (5,276,441)	\$ 113,532	\$ (4,808,343)
<u>Other Financing Sources (Uses)</u>						
Capital Leases Issued	\$ 41,141	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,141
Other Loans Issued	495,503	0	0	5,100,000	0	5,595,503

(Continued)

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 265,000	\$ 68,000	\$ 333,000
Transfers Out	(333,000)	0	0	0	0	(333,000)
Total Other Financing Sources (Uses)	\$ 203,644	\$ 0	\$ 0	\$ 5,365,000	\$ 68,000	\$ 5,636,644
Net Change in Fund Balances	\$ 577,219	\$ (476,879)	\$ 457,870	\$ 88,559	\$ 181,532	\$ 828,301
Fund Balance, July 1, 2004	5,292,925	1,420,610	8,829,768	205,456	628,272	16,377,031
Fund Balance, June 30, 2005	\$ 5,870,144	\$ 943,731	\$ 9,287,638	\$ 294,015	\$ 809,804	\$ 17,205,332

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

Exhibit D-2

Tipton County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2005

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

Net change in fund balances - total governmental funds (Exhibit D-1)		\$ 828,301
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period is itemized as follows:		
Capital Outlay	\$ 2,087,509	
Depreciation Expense	<u>(501,911)</u>	1,585,598
(2) The net effect of various miscellaneous transactions involving the sale of capital assets is to decrease net assets.		(4,790)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(15,829)
(4) The issuance of long-term debt (e.g. other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal Payment on General Bonded Debt	\$ 2,905,000	
Principal Payment on Notes	810,000	
Other Loan Proceeds	(5,595,503)	
Principal Payment on Other Loans	420,000	
Capitalized Lease Proceeds	(41,141)	
Principal Payment on Capitalized Lease	4,145	
Deferred Charges - Debt Issuance Costs	<u>28,650</u>	(1,468,849)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in Accrued Interest Payable on General Bonded Debt	\$ 19,536	
Change in Accrued Interest Payable on Notes	4,993	
Change in Compensated Absences	(23,150)	
Change in Landfill Closure/Postclosure Care Costs	<u>4,226</u>	5,605
Change in net assets of governmental activities (Exhibit B)		<u>\$ 930,036</u>

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

Exhibit E

Tipton County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,283,962
Accounts Receivable	1,785
Due from Other Governments	<u>416,290</u>
Total Assets	<u>\$ 1,702,037</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 416,290
Due to Litigants, Heirs, and Others	<u>1,285,747</u>
Total Liabilities	<u>\$ 1,702,037</u>

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

TIPTON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Tipton County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Tipton County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

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

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

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

Administrative Office:

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Tipton County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Tipton County School Department component unit only reports governmental activities in the government-wide financial statements.

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

Tipton County issues all debt for the discretely presented Tipton County School Department. Net debt issues (\$5,070,000) were contributed by the county to the School Department during the year ended June 30, 2005.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide

financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary funds financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Tipton County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary; however, Tipton County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category. Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Tipton County considers grant 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 and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Tipton County reports the following major governmental funds:

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

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

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

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

Additionally, Tipton County reports the following fund type:

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

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

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

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.92 percent of total taxes levied.

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

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

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

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

Additional costs attach to delinquent taxes after a court suit has been filed.

Retainage payable represents amounts withheld from amounts due to contractors to ensure contract performance.

3. Capital Assets

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

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

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

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

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

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

Tipton County has recognized infrastructure assets acquired after July 1, 2002, in the financial statements of this report, and plans to retroactively report infrastructure assets acquired between July 1, 1980, and June 30, 2002, by the fiscal year ending June 30, 2007.

4. Compensated Absences

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

5. Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

In 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, special termination benefits, and landfill closure/postclosure care costs 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 and the proprietary fund in the fund financial statements, equity is classified as net assets and displayed in three components:

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

As of June 30, 2005, Tipton County had \$41,847,089 in outstanding debt for capital purposes for the discretely presented Tipton County School Department. The debt is a liability of Tipton County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Tipton County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county’s capital assets.

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

Exhibit C-2 in the basic financial statements includes explanations of the nature of individual elements of items required to reconcile fund balances reported on the governmental funds balance sheet (Exhibit C-1) to net assets reported in the primary government – governmental activities column of the statement of net assets (Exhibit A).

Discretely Presented Tipton County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile fund balances reported on the governmental funds balance sheet (Exhibit J-2) to net assets reported in the discretely presented component unit – Tipton County School Department column of the statement of net assets (Exhibit A).

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 D-2 in the basic financial statements includes explanation of the nature of individual elements of items required to reconcile net changes in fund balances – governmental funds (Exhibit D-1) to changes in net assets reported in the primary government – governmental activities column on the statement of activities (Exhibit B).

Discretely Presented Tipton County School Department

Exhibit J-5 includes explanations of the nature of individual elements of items required to reconcile net changes in fund balances – governmental funds (Exhibit J-4) to changes in net assets reported in the discretely presented component unit – Tipton County School Department column of the statement of activities (Exhibit B).

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Fund Deficit

The General Capital Projects Fund had a fund deficit of \$220,626 at June 30, 2005. This fund deficit resulted from the unperformed portions of construction contracts of \$514,641 being reserved as encumbrances. Funding for these future expenditures is expected to be received from Highway Construction and Planning grant proceeds.

B. Expenditures and Encumbrances Exceeded Appropriations

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the following funds:

<u>Fund</u>	<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
General	Other Economic and Community Development	\$ 5,277
Highway/Public Works	Employee Benefits	12,124
General Purpose School	Regular Instruction Program	45,308

Such overexpenditures are a violation of state statutes. These overexpenditures were funded from the respective funds' available fund balance.

C. The Public Library Fund Was Not Budgeted

A budget for the county's Public Library Fund (special revenue fund) was not presented to the County Commission for their approval. This is a violation of state statutes.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Tipton County (except for the Public Library Fund) and the Tipton County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash and investments reflected on the balance sheets or statements of net assets represent 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. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

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

Investments

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

executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2005, Tipton County had the following investments carried at fair value or cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Tipton County and the discretely presented Tipton County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	Daily	<u>\$ 18,481,250</u>
Total		<u>\$ 18,481,250</u>

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

Credit Risk. Credit risk is the risk that an issuer of other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Tipton County has no investment policy that would further limit its investment choices. As of June 30, 2005, Tipton County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Capital asset activity for the year ended June 30, 2005, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 2,209,218	\$ 125,088	\$ (4,790)	\$ 2,329,516
Construction in Progress	0	544,703	0	544,703
Total Capital Assets Not Depreciated	<u>\$ 2,209,218</u>	<u>\$ 669,791</u>	<u>\$ (4,790)</u>	<u>\$ 2,874,219</u>

Governmental Activities (Cont.):

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Depreciated:				
Buildings and Improvements	\$ 5,297,736	\$ 394,432	\$ 0	\$ 5,692,168
Infrastructure	630,168	701,361	0	1,331,529
Other Capital Assets	5,308,644	321,925	(16,983)	5,613,586
Total Capital Assets Depreciated	\$ 11,236,548	\$ 1,417,718	\$ (16,983)	\$ 12,637,283
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,679,065	\$ 182,268	\$ 0	\$ 1,861,333
Infrastructure	43,411	41,538	0	84,949
Other Capital Assets	4,563,991	278,105	(16,983)	4,825,113
Total Accumulated Depreciation	\$ 6,286,467	\$ 501,911	\$ (16,983)	\$ 6,771,395
Total Capital Assets Depreciated, Net	\$ 4,950,081	\$ 915,807	\$ 0	\$ 5,865,888
Governmental Activities Capital Assets, Net	\$ 7,159,299	\$ 1,585,598	\$ (4,790)	\$ 8,740,107

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

Governmental Activities:

General Government	\$ 68,781
Finance	4,300
Administration of Justice	52,586
Public Safety	175,404
Public Health and Welfare	5,929
Social, Cultural, and Recreational Services	27,112
Other Operations	4,750
Highways/Public Works	163,049
Total Depreciation Expense - Governmental Activities	\$ 501,911

Discretely Presented Tipton County School Department

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 3,510,483	\$ 36,757	\$ 0	\$ 3,547,240
Construction in Progress	126,589	2,539,694	0	2,666,283
Total Capital Assets Not Depreciated	\$ 3,637,072	\$ 2,576,451	\$ 0	\$ 6,213,523
Capital Assets Depreciated:				
Buildings and Improvements	\$ 76,586,921	\$ 2,348,340	\$ 0	\$ 78,935,261
Other Capital Assets	6,232,901	800,037	(351,400)	6,681,538
Total Capital Assets Depreciated	\$ 82,819,822	\$ 3,148,377	\$ (351,400)	\$ 85,616,799
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 56,126,751	\$ 2,725,112	\$ 0	\$ 58,851,863
Other Capital Assets	3,751,570	485,973	(351,400)	3,886,143
Total Accumulated Depreciation	\$ 59,878,321	\$ 3,211,085	\$ (351,400)	\$ 62,738,006
Total Capital Assets Depreciated, Net	\$ 22,941,501	\$ (62,708)	\$ 0	\$ 22,878,793
Governmental Activities Capital Assets, Net	\$ 26,578,573	\$ 2,513,743	\$ 0	\$ 29,092,316

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

Governmental Activities:

Instruction	\$ 2,319,836
Support Services	620,560
Operation of Non-Instructional Services	<u>270,689</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 3,211,085</u>

C. Construction Commitments

At June 30, 2005, the General Fund had uncompleted construction contracts of approximately \$26,792 for the construction of a water tank. Funding for this future expenditure is expected to be received from federal grants and public utility district contributions. At June 30, 2005, the General Capital Projects Fund had uncompleted construction contracts of approximately \$514,641 for various renovation projects. Funding of these future expenditures is expected to be provided by federal grant proceeds.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2005, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Highway/Public Works	\$ 814
General	Nonmajor governmental	3,981
General Debt Service	Highway/Public Works	<u>500,000</u>
Total		<u>\$ 504,795</u>

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.

The Due from Other Funds in the General Debt Service Fund (\$500,000) was in transit from the Highway/Public Works Fund at June 30, 2005.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2005, consisted of the following amounts:

Primary Government

	<u>Transfers In</u>	
	General Capital Projects Fund	Nonmajor Governmental Funds
<u>Transfers Out</u>		
General Fund	\$ 265,000	\$ 68,000
Total	<u>\$ 265,000</u>	<u>\$ 68,000</u>

Discretely Presented Tipton County School Department

	<u>Transfers In</u>
	General Purpose School Fund
<u>Transfers Out</u>	
Nonmajor governmental fund	<u>\$ 60,733</u>
Total	<u>\$ 60,733</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them 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 Lease

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

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2005, were as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2006	\$ 9,653
2007	9,653
2008	9,653
2009	9,653
2010	<u>4,022</u>
Total Minimum Lease Payments	\$ 42,634
Amounts Representing Interest	<u>(5,638)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 36,996</u></u>

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 20 years for bonds, up to five years for notes, and up to 20 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2005, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, capital outlay notes, and capital leases outstanding as of June 30, 2005, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
General Obligation Bond	2.5 to 4.625 %	\$ 9,000,000	\$ 8,750,000
General Obligation Bonds - Refunding	2.5 to 5.35	25,685,000	15,945,000
Other Loans	variable	19,814,290	18,594,290
Capital Outlay Note - Refunding	2.5	3,730,000	1,775,000
Capital Lease	6.47	41,141	36,996

During the 1998-99 year, Tipton County entered into two loan agreements with the Public Building Authority of Montgomery County, Tennessee. Under these loan agreements, the authority loaned Tipton County \$10,897,089. These loans are repayable at a variable interest rate based on the weekly Bank of America Thursday National Non-AMT Index (BOA). In addition, the county pays various other fees (administration fees, debt remarketing fees, etc.) in connection with these loans. At June 30, 2005, the variable interest rate was 2.24 percent based on the BOA rate and other fees amounted to approximately .35 percent of the outstanding loan principal.

During the 2002-03 year, Tipton County entered into a second loan agreement with the Montgomery County Public Building Authority. This loan agreement provided for the authority to make \$5,100,000 available for loan to Tipton County on an as-needed basis for various capital projects. As of June 30, 2005, Tipton County had borrowed \$3,817,201. This loan is repayable at a variable interest rate based on the daily London Interbank Offer Rate (LIBOR). In addition, the county pays various other fees (administration fees, debt remarketing fees, etc.) in connection with this loan. At June 30, 2005, the variable interest rate was 2.03 percent based on the LIBOR rate and other fees amounted to approximately .3 percent of the outstanding loan principal.

During the 2004-05 year, Tipton County entered into a loan agreement with the Montgomery County Public Building Authority. This loan agreement provided for the authority to make \$6,000,000 available for loan to Tipton County on an as-needed basis for various capital projects. As of June 30, 2005, Tipton County had borrowed \$5,100,000. This loan is repayable at a variable interest rate based on the daily London Interbank Offer Rate (LIBOR). In addition, the county pays various other fees (administration fees, debt remarketing fees, etc.) in connection with this loan. At June 30, 2005, the variable interest rate was 2.03 percent based on the LIBOR rate and other fees amounted to approximately .3 percent of the outstanding loan principal.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2005, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		Note	
	Principal	Interest	Principal	Interest
2006	\$ 2,730,000	\$ 1,007,288	\$ 840,000	\$ 44,375
2007	2,610,000	908,785	935,000	23,375
2008	2,785,000	812,468	0	0
2009	2,445,000	708,260	0	0
2010	2,075,000	613,110	0	0
2011-2015	7,800,000	1,894,478	0	0
2016-2020	2,900,000	692,875	0	0
2021-2022	1,350,000	94,000	0	0
Total	<u>\$ 24,695,000</u>	<u>\$ 6,731,264</u>	<u>\$ 1,775,000</u>	<u>\$ 67,750</u>

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2006	\$ 580,000	\$ 288,693	\$ 45,502	\$ 914,195
2007	787,000	276,184	43,587	1,106,771
2008	1,344,000	259,053	40,951	1,644,004
2009	1,851,000	230,510	36,619	2,118,129
2010	1,959,000	191,675	30,766	2,181,441
2011-2015	5,934,201	539,542	88,428	6,562,171
2016-2020	5,539,089	501,042	81,308	6,121,439
2021-2024	600,000	17,072	3,494	620,566
Total	<u>\$ 18,594,290</u>	<u>\$ 2,303,771</u>	<u>\$ 370,655</u>	<u>\$ 21,268,716</u>

There is \$9,287,638 available in the General Debt Service Fund to service long-term debt. General bonded debt per capita amounted to \$482, based on the 2000 federal census. Total debt per capita, including bonds, notes, other loans, and capital leases, amounted to \$880, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2005, was as follows:

Governmental Activities:	Bonds	Note	Other Loans
Balance, July 1, 2004	\$ 27,600,000	\$ 2,585,000	\$ 13,418,787
Additions	0	0	5,595,503
Deductions	(2,905,000)	(810,000)	(420,000)
Balance, June 30, 2005	<u>\$ 24,695,000</u>	<u>\$ 1,775,000</u>	<u>\$ 18,594,290</u>
Balance Due Within One Year	<u>\$ 2,730,000</u>	<u>\$ 840,000</u>	<u>\$ 580,000</u>

	Capital Lease	Compensated Absences	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2004	\$ 0	\$ 459,429	\$ 424,737
Additions	41,141	228,216	0
Deductions	(4,145)	(205,066)	(4,226)
Balance, June 30, 2005	<u>\$ 36,996</u>	<u>\$ 482,579</u>	<u>\$ 420,511</u>
Balance Due Within One Year	<u>\$ 7,479</u>	<u>\$ 24,128</u>	<u>\$ 4,300</u>

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

Discretely Presented Tipton County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Tipton County School Department for the year ended June 30, 2005, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>
Balance, July 1, 2004	\$ 292,816
Additions	203,001
Deductions	<u>(130,925)</u>
Balance, June 30, 2005	<u>\$ 364,892</u>
Balance Due Within One Year	<u>\$ 18,245</u>

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

G. Short-term Debt

Tipton County issued a tax anticipation note in advance of property tax collections and deposited the proceeds in the Highway/Public Works Fund. This note was necessary because funds were not available to meet operating expenses coming due before current tax collections. Short-term debt activity for the year ended June 30, 2005, was as follows:

	<u>Balance 7-1-04</u>	Issued	Redeemed	<u>Balance 6-30-05</u>
Tax Anticipation Note	\$ 0	\$ 500,000	\$ (500,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Primary Government

Liability, Property, and Casualty

Tipton County is exposed to various risks related to general liability and property and casualty losses. Tipton County carries commercial insurance for risks to property. Settled claims have not exceeded this commercial insurance coverage in any of the past three years.

The county participates in the Local Government Property and Casualty Fund (LGPCF) which is a public entity risk pool established by the Tennessee

County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims in excess of \$100,000 for each insured event.

Workers' Compensation Insurance

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

Employee Health Insurance

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

Discretely Presented Tipton County School Department

Liability, Property, and Casualty

Tipton County School Department is exposed to various risks related to general liability and property and casualty losses. Tipton County School Department carries commercial insurance for risks to property. Settled claims have not exceeded this commercial insurance coverage in any of the past three years.

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

The LGPCF reinsures through commercial insurance companies for claims in excess of \$100,000 for each insured event.

Workers' Compensation Insurance

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

Employee Health Insurance

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-302, Tennessee Code Annotated (TCA), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

B. Accounting Changes

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

During the year, Tipton County adopted the provisions of Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. These provisions modified the county's previous custodial risk disclosures for deposits and investments and related collateral. These provisions also added disclosures about other types of risk, including credit risk, interest rate risk, foreign currency risk, and concentrations of credit risk. Governments are also required to provide brief disclosures about their deposit and investment policies that are related to any of the risks required to be disclosed.

C. Contingent Liabilities

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

D. Landfill Closure/Postclosure Care Costs

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain

maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Solid Waste Disposal Fund reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The county stopped accepting household waste at the landfill during the 1996-97 year and began transporting the household waste to a private landfill in an adjoining county. As a result, the Solid Waste Fund was closed at June 30, 1997, and effective July 1, 1997, the Solid Waste/Sanitation Fund (Special Revenue Fund) began reporting all activities of Tipton County's solid waste activities.

An accrued liability of \$420,511 for landfill postclosure care costs at June 30, 2005, representing the remaining estimated costs for future postclosure care functions, is reported as a liability in the government-wide financial statements. Actual postclosure care cost may be higher due to inflation, changes in technology, or changes in regulations.

E. Retirement Commitments

Plan Description

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

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

Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/PS/>.

Funding Policy

Tipton County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 9.51 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Tipton County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, Tipton County’s annual pension cost of \$1,401,428 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Tipton County’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 19 years.

Trend Information

Fiscal Year Ended	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$1,401,428	100%	\$0
6-30-04	1,234,960	100	0
6-30-03	1,165,372	100	0

Required Supplementary Information
Schedule of Funding Progress for Tipton County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-03	\$16,588	\$21,186	\$4,598	78.30%	\$12,469	36.88%
6-30-01	12,401	17,184	4,783	72.17	11,146	42.91
6-30-99	8,496	10,269	1,773	82.73	9,821	18.05

SCHOOL TEACHERS

Plan Description

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

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

www.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/Schools/>.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Tipton County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2005, was 5.5 percent of annual covered payroll. The employer contribution requirement for the Tipton County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2005, 2004, and 2003, were, \$1,810,772, \$1,019,560, and \$906,659, respectively, equal to the required contributions for each year.

F. Purchasing Laws

Office of County Executive

Purchasing procedures for the County Executive's Office are governed by provisions of Chapter 518, Private Acts of 1941, as amended. This act provides for the Purchasing Committee to make all purchases estimated to exceed \$5,000, and purchases estimated to be \$5,000 or less may be made by the county executive or other county officials. This act also requires that competitive bids be solicited by the Purchasing Committee through advertisement in a local newspaper on all purchases estimated to exceed \$5,000.

Office of Director of Public Works

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

Office of Director of Schools

Purchasing procedures for the discretely presented Tipton County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, Tennessee Code Annotated, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$5,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Tipton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 7,216,582	\$ 0	\$ 0	\$ 7,216,582	\$ 7,112,880	\$ 7,112,880	\$ 103,702
Licenses and Permits	74,479	0	0	74,479	100,005	100,005	(25,526)
Fines, Forfeitures and Penalties	281,468	0	0	281,468	274,150	274,150	7,318
Charges for Current Services	169,453	0	0	169,453	128,500	128,500	40,953
Other Local Revenues	124,847	0	0	124,847	75,576	75,576	49,271
Fees Received from County Officials	1,795,812	0	0	1,795,812	1,887,764	1,727,264	68,548
State of Tennessee	1,112,543	0	0	1,112,543	1,194,925	1,199,925	(87,382)
Federal Government	601,448	0	0	601,448	20,100	629,196	(27,748)
Other Governments and Citizens Groups	412,141	0	0	412,141	5,000	417,141	(5,000)
Total Revenues	\$ 11,788,773	\$ 0	\$ 0	\$ 11,788,773	\$ 10,798,900	\$ 11,664,637	\$ 124,136
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 131,131	\$ (365)	\$ 125	\$ 130,891	\$ 135,975	\$ 161,520	\$ 30,629
Beer Board	3,982	0	0	3,982	3,541	4,570	588
County Mayor	173,486	0	0	173,486	188,719	188,779	15,293
Election Commission (Including Voter Registration)	301,002	(809)	0	300,193	298,646	308,996	8,803
Register of Deeds	263,727	(390)	1,580	264,917	252,280	276,184	11,267
Planning	214,237	(402)	0	213,835	257,509	258,619	44,784
Building	261,856	(6,328)	1,922	257,450	283,809	282,699	25,249
Codes Compliance	9,520	0	0	9,520	13,840	13,890	4,370
Geographical Information Systems	85,589	(25)	200	85,764	67,992	97,502	11,738
County Buildings	158,433	(109,141)	82,500	131,792	533,520	273,850	142,058
<u>Finance</u>							
Accounting and Budgeting	188,901	0	0	188,901	187,439	194,616	5,715
Property Assessor's Office	388,013	(3,628)	102	384,487	395,720	403,685	19,198
Reappraisal Program	45,005	(30)	0	44,975	52,654	53,549	8,574

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Trustee's Office	\$ 60,298	\$ 0	\$ 0	\$ 60,298	\$ 251,907	\$ 91,967	\$ 31,669
County Clerk's Office	451,392	(127)	36	451,301	446,972	468,243	16,942
<u>Administration of Justice</u>							
Circuit Court	458,407	(1,170)	8,139	465,376	440,805	469,779	4,403
General Sessions Court	199,015	(268)	0	198,747	200,431	201,621	2,874
Chancery Court	277,258	(630)	355	276,983	281,781	296,823	19,840
Juvenile Court	486,939	(812)	463	486,590	655,510	660,757	174,167
Probate Court	63,746	0	0	63,746	68,256	68,256	4,510
Other Administration of Justice	59,501	(3,040)	0	56,461	94,140	94,140	37,679
<u>Public Safety</u>							
Sheriff's Department	2,475,110	(5,543)	16,206	2,485,773	2,530,068	2,573,271	87,498
Jail	1,627,727	(4,929)	577	1,623,375	1,533,335	1,748,286	124,911
Workhouse	108,475	(103)	0	108,372	130,503	128,983	20,611
Fire Prevention and Control	595,202	(340)	0	594,862	600,495	600,495	5,633
Civil Defense	228,609	0	10,503	239,112	221,060	241,060	1,948
Other Emergency Management	140,209	0	0	140,209	152,900	152,900	12,691
<u>Public Health and Welfare</u>							
Local Health Center	73,040	(185)	1,488	74,343	85,819	93,676	19,333
Ambulance/Emergency Medical Services	100,000	0	0	100,000	100,000	100,000	0
Dental Health Program	225,857	(664)	0	225,193	264,295	264,295	39,102
General Welfare Assistance	34,028	0	0	34,028	37,641	37,641	3,613
Sanitation Management	118,749	(1,964)	2,512	119,297	129,568	131,788	12,491
<u>Social, Cultural and Recreational Services</u>							
Senior Citizens Assistance	48,626	0	0	48,626	48,626	48,626	0
Libraries	13,600	0	0	13,600	81,600	13,600	0
Parks and Fair Boards	8,100	0	0	8,100	8,100	8,100	0

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural and Recreational Services (Cont.)</u>							
Other Social, Cultural and Recreational	\$ 3,000	\$ 0	\$ 0	\$ 3,000	\$ 3,000	\$ 3,000	\$ 0
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	75,156	0	3,000	78,156	100,092	100,852	22,696
Soil Conservation	79,167	(25)	0	79,142	81,777	81,808	2,666
<u>Other Operations</u>							
Tourism	50,000	0	0	50,000	50,000	50,000	0
Industrial Development	47,125	0	0	47,125	594,234	594,234	547,109
Other Economic and Community Development	821,692	(42,207)	26,792	806,277	0	801,000	(5,277)
Veterans' Services	11,889	0	0	11,889	12,067	12,067	178
Other Charges	0	0	0	0	24,215	24,215	24,215
Miscellaneous	242,768	0	0	242,768	303,797	272,286	29,518
<u>Principal</u>							
General Government	4,145	0	0	4,145	0	4,145	0
<u>Interest</u>							
General Government	1,486	0	0	1,486	0	1,500	14
Total Expenditures	\$ 11,415,198	\$ (183,125)	\$ 156,500	\$ 11,388,573	\$ 12,204,638	\$ 12,957,873	\$ 1,569,300
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 373,575	\$ 183,125	\$ (156,500)	\$ 400,200	\$ (1,405,738)	\$ (1,293,236)	\$ 1,693,436
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 41,141	\$ 0	\$ 0	\$ 41,141	\$ 0	\$ 41,141	\$ 0
Other Loans Issued	495,503	0	0	495,503	1,419,903	1,419,903	(924,400)
Transfers Out	(333,000)	0	0	(333,000)	0	(333,000)	0
Total Other Financing Sources (Uses)	\$ 203,644	\$ 0	\$ 0	\$ 203,644	\$ 1,419,903	\$ 1,128,044	\$ (924,400)

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 577,219	\$ 183,125	\$ (156,500)	\$ 603,844	\$ 14,165	\$ (165,192)	\$ 769,036
Fund Balance, July 1, 2004	5,292,925	(183,125)	0	5,109,800	5,067,178	5,067,178	42,622
Fund Balance, June 30, 2005	\$ 5,870,144	\$ 0	\$ (156,500)	\$ 5,713,644	\$ 5,081,343	\$ 4,901,986	\$ 811,658

Exhibit F-2

Tipton County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Highway/Public Works Fund
 For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,753,428	\$ 0	\$ 0	\$ 1,753,428	\$ 1,863,256	\$ 1,863,256	\$ (109,828)
Licenses and Permits	43,873	0	0	43,873	45,010	45,010	(1,137)
Charges for Current Services	1,765	0	0	1,765	3,000	3,000	(1,235)
Other Local Revenues	8,733	0	0	8,733	400	400	8,333
State of Tennessee	2,207,543	0	0	2,207,543	2,587,548	2,587,548	(380,005)
Federal Government	250,771	0	0	250,771	0	85,795	164,976
Other Governments and Citizens Groups	212,099	0	0	212,099	200	55,200	156,899
Total Revenues	\$ 4,478,212	\$ 0	\$ 0	\$ 4,478,212	\$ 4,499,414	\$ 4,640,209	\$ (161,997)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 308,177	\$ 0	\$ 0	\$ 308,177	\$ 311,962	\$ 311,962	\$ 3,785
Highway and Bridge Maintenance	2,461,957	(10,102)	0	2,451,855	2,498,145	2,553,145	101,290
Operation and Maintenance of Equipment	362,935	(1,421)	65	361,579	399,433	399,433	37,854
Other Charges	323,260	(230)	0	323,030	342,608	342,608	19,578
Employee Benefits	569,374	0	0	569,374	557,250	557,250	(12,124)
Capital Outlay	929,388	(27,370)	0	902,018	847,250	1,193,270	291,252
Total Expenditures	\$ 4,955,091	\$ (39,123)	\$ 65	\$ 4,916,033	\$ 4,956,648	\$ 5,357,668	\$ 441,635
Excess (Deficiency) of Revenues Over Expenditures	\$ (476,879)	\$ 39,123	\$ (65)	\$ (437,821)	\$ (457,234)	\$ (717,459)	\$ 279,638
Net Change in Fund Balance	\$ (476,879)	\$ 39,123	\$ (65)	\$ (437,821)	\$ (457,234)	\$ (717,459)	\$ 279,638
Fund Balance, July 1, 2004	1,420,610	(39,123)	0	1,381,487	1,222,371	1,222,371	159,116
Fund Balance, June 30, 2005	\$ 943,731	\$ 0	\$ (65)	\$ 943,666	\$ 765,137	\$ 504,912	\$ 438,754

TIPTON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2005

A. BUDGETARY INFORMATION

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

The budgetary level of control is at the major category level established by the State Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Beer Board, County Executive, Election Commission, etc.). Management may make revisions within major categories, but only the governing body 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 statement.

B. EXPENDITURES AND ENCUMBRANCES EXCEEDED APPROPRIATIONS

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the Other Economic and Community Development (\$5,277) major appropriation category (the legal level of control) of the General Fund. Also, expenditures exceeded appropriations approved by the County Commission in the Employee Benefits (\$12,124) major appropriation category (the legal level of control) of the Highway/Public Works Fund. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Public Library Fund – The Public Library Fund is used to account for transactions of the Tipton County Public Library, which is jointly funded by Tipton County and the City of Covington.

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

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

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

Exhibit G-1

Tipton County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Public Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>ASSETS</u>					
Cash	\$ 98,065	\$ 0	\$ 0	\$ 91,855	\$ 189,920
Equity in Pooled Cash and Investments	0	546,644	72,786	0	619,430
Due from Other Governments	0	4,726	0	0	4,726
Property Taxes Receivable	0	282,793	0	0	282,793
Allowance for Uncollectible Property Taxes	0	(10,143)	0	0	(10,143)
Total Assets	<u>\$ 98,065</u>	<u>\$ 824,020</u>	<u>\$ 72,786</u>	<u>\$ 91,855</u>	<u>\$ 1,086,726</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 1,216	\$ 390	\$ 0	\$ 0	\$ 1,606
Due to Other Funds	0	0	0	3,981	3,981
Deferred Revenue - Current Property Taxes	0	264,972	0	0	264,972
Deferred Revenue - Delinquent Property Taxes	0	6,363	0	0	6,363
Total Liabilities	<u>\$ 1,216</u>	<u>\$ 271,725</u>	<u>\$ 0</u>	<u>\$ 3,981</u>	<u>\$ 276,922</u>
<u>Fund Balances</u>					
Unreserved	\$ 96,849	\$ 552,295	\$ 72,786	\$ 87,874	\$ 809,804
Total Fund Balances	<u>\$ 96,849</u>	<u>\$ 552,295</u>	<u>\$ 72,786</u>	<u>\$ 87,874</u>	<u>\$ 809,804</u>
Total Liabilities and Fund Balances	<u>\$ 98,065</u>	<u>\$ 824,020</u>	<u>\$ 72,786</u>	<u>\$ 91,855</u>	<u>\$ 1,086,726</u>

Exhibit G-2

Tipton County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Public Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 267,559	\$ 0	\$ 0	\$ 267,559
Fines, Forfeitures and Penalties	0	0	37,027	0	37,027
Charges for Current Services	0	92,968	0	220,453	313,421
Other Local Revenues	11,115	28,990	0	0	40,105
State of Tennessee	0	510,206	0	0	510,206
Other Governments and Citizens Groups	95,000	0	0	0	95,000
Total Revenues	<u>\$ 106,115</u>	<u>\$ 899,723</u>	<u>\$ 37,027</u>	<u>\$ 220,453</u>	<u>\$ 1,263,318</u>
<u>Expenditures</u>					
Current:					
Finance	\$ 0	\$ 0	\$ 0	\$ 195,388	\$ 195,388
Administration of Justice	0	0	0	141	141
Public Safety	0	0	41,439	0	41,439
Public Health and Welfare	0	6,716	0	0	6,716
Social, Cultural, and Recreational Services	169,260	0	0	0	169,260
Highways	0	736,842	0	0	736,842
Total Expenditures	<u>\$ 169,260</u>	<u>\$ 743,558</u>	<u>\$ 41,439</u>	<u>\$ 195,529</u>	<u>\$ 1,149,786</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (63,145)</u>	<u>\$ 156,165</u>	<u>\$ (4,412)</u>	<u>\$ 24,924</u>	<u>\$ 113,532</u>
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 68,000	\$ 0	\$ 0	\$ 0	\$ 68,000
Total Other Financing Sources (Uses)	<u>\$ 68,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 68,000</u>
Net Change in Fund Balances	\$ 4,855	\$ 156,165	\$ (4,412)	\$ 24,924	\$ 181,532
Fund Balance, July 1, 2004	91,994	396,130	77,198	62,950	628,272
Fund Balance, June 30, 2005	<u>\$ 96,849</u>	<u>\$ 552,295</u>	<u>\$ 72,786</u>	<u>\$ 87,874</u>	<u>\$ 809,804</u>

Exhibit G-3

Tipton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 267,559	\$ 0	\$ 267,559	\$ 242,256	\$ 242,256	\$ 25,303
Charges for Current Services	92,968	0	92,968	62,500	62,500	30,468
Other Local Revenues	28,990	0	28,990	10,220	10,220	18,770
State of Tennessee	510,206	0	510,206	474,000	474,000	36,206
Total Revenues	<u>\$ 899,723</u>	<u>\$ 0</u>	<u>\$ 899,723</u>	<u>\$ 788,976</u>	<u>\$ 788,976</u>	<u>\$ 110,747</u>
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Postclosure Care Costs	\$ 6,716	\$ 0	\$ 6,716	\$ 7,000	\$ 7,000	\$ 284
<u>Highways</u>						
Litter and Trash Collection	736,842	(30,366)	706,476	750,501	750,501	44,025
Total Expenditures	<u>\$ 743,558</u>	<u>\$ (30,366)</u>	<u>\$ 713,192</u>	<u>\$ 757,501</u>	<u>\$ 757,501</u>	<u>\$ 44,309</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 156,165</u>	<u>\$ 30,366</u>	<u>\$ 186,531</u>	<u>\$ 31,475</u>	<u>\$ 31,475</u>	<u>\$ 155,056</u>
Net Change in Fund Balance	\$ 156,165	\$ 30,366	\$ 186,531	\$ 31,475	\$ 31,475	\$ 155,056
Fund Balance, July 1, 2004	396,130	(30,366)	365,764	359,234	359,234	6,530
Fund Balance, June 30, 2005	<u>\$ 552,295</u>	<u>\$ 0</u>	<u>\$ 552,295</u>	<u>\$ 390,709</u>	<u>\$ 390,709</u>	<u>\$ 161,586</u>

Exhibit G-4

Tipton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures and Penalties	\$ 37,027	\$ 25,250	\$ 25,250	\$ 11,777
Other Local Revenues	0	200	200	(200)
Total Revenues	<u>\$ 37,027</u>	<u>\$ 25,450</u>	<u>\$ 25,450</u>	<u>\$ 11,577</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 41,439	\$ 98,900	\$ 98,900	\$ 57,461
Total Expenditures	<u>\$ 41,439</u>	<u>\$ 98,900</u>	<u>\$ 98,900</u>	<u>\$ 57,461</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (4,412)</u>	<u>\$ (73,450)</u>	<u>\$ (73,450)</u>	<u>\$ 69,038</u>
Net Change in Fund Balance	\$ (4,412)	\$ (73,450)	\$ (73,450)	\$ 69,038
Fund Balance, July 1, 2004	<u>77,198</u>	<u>77,199</u>	<u>77,199</u>	<u>(1)</u>
Fund Balance, June 30, 2005	<u>\$ 72,786</u>	<u>\$ 3,749</u>	<u>\$ 3,749</u>	<u>\$ 69,037</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Tipton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,194,215	\$ 4,974,094	\$ 4,974,094	\$ 220,121
Other Local Revenues	585,336	600,000	600,000	(14,664)
Other Governments and Citizens Groups	475,000	0	475,000	0
Total Revenues	<u>\$ 6,254,551</u>	<u>\$ 5,574,094</u>	<u>\$ 6,049,094</u>	<u>\$ 205,457</u>
<u>Expenditures</u>				
<u>Principal</u>				
Education	\$ 4,135,000	\$ 4,135,000	\$ 4,135,000	\$ 0
<u>Interest</u>				
General Government	61,207	225,000	215,559	154,352
Education	1,440,683	1,891,440	1,891,440	450,757
<u>Other Debt Service</u>				
General Government	113,013	104,517	113,958	945
Education	46,778	60,000	60,000	13,222
Total Expenditures	<u>\$ 5,796,681</u>	<u>\$ 6,415,957</u>	<u>\$ 6,415,957</u>	<u>\$ 619,276</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 457,870</u>	<u>\$ (841,863)</u>	<u>\$ (366,863)</u>	<u>\$ 824,733</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 475,000	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 475,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 457,870	\$ (366,863)	\$ (366,863)	\$ 824,733
Fund Balance, July 1, 2004	<u>8,829,768</u>	<u>8,850,100</u>	<u>8,850,100</u>	<u>(20,332)</u>
Fund Balance, June 30, 2005	<u>\$ 9,287,638</u>	<u>\$ 8,483,237</u>	<u>\$ 8,483,237</u>	<u>\$ 804,401</u>

Agency Funds

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

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

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

Tipton County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,283,962	\$ 1,283,962
Accounts Receivable	0	1,785	1,785
Due from Other Governments	416,290	0	416,290
Total Assets	<u>\$ 416,290</u>	<u>\$ 1,285,747</u>	<u>\$ 1,702,037</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 416,290	\$ 0	\$ 416,290
Due to Litigants, Heirs, and Others	0	1,285,747	1,285,747
Total Liabilities	<u>\$ 416,290</u>	<u>\$ 1,285,747</u>	<u>\$ 1,702,037</u>

Exhibit I-2

Tipton County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2005

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,493,668	\$ 2,493,668	\$ 0
Due from Other Governments	402,500	416,290	402,500	416,290
Total Assets	\$ 402,500	\$ 2,909,958	\$ 2,896,168	\$ 416,290
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 402,500	\$ 2,909,958	\$ 2,896,168	\$ 416,290
Total Liabilities	\$ 402,500	\$ 2,909,958	\$ 2,896,168	\$ 416,290
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,138,095	\$ 11,483,601	\$ 12,337,734	\$ 1,283,962
Accounts Receivable	315	1,785	315	1,785
Total Assets	\$ 2,138,410	\$ 11,485,386	\$ 12,338,049	\$ 1,285,747
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,138,410	\$ 11,485,386	\$ 12,338,049	\$ 1,285,747
Total Liabilities	\$ 2,138,410	\$ 11,485,386	\$ 12,338,049	\$ 1,285,747
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,493,668	\$ 2,493,668	\$ 0
Cash	2,138,095	11,483,601	12,337,734	1,283,962
Accounts Receivable	315	1,785	315	1,785
Due from Other Governments	402,500	416,290	402,500	416,290
Total Assets	\$ 2,540,910	\$ 14,395,344	\$ 15,234,217	\$ 1,702,037
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 402,500	\$ 2,909,958	\$ 2,896,168	\$ 416,290
Due to Litigants, Heirs, and Others	2,138,410	11,485,386	12,338,049	1,285,747
Total Liabilities	\$ 2,540,910	\$ 14,395,344	\$ 15,234,217	\$ 1,702,037

Tipton County School Department

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

General Fund

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

Special Revenue Funds

School Federal Projects Fund – The School Federal Projects Fund is used to account for restricted federal revenues that 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.

Capital Projects Fund

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

Exhibit J-1

Tipton County, Tennessee
Statement of Activities
Discretely Presented Tipton County School Department
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Component Unit:					
Governmental Activities:					
Instruction	\$ 45,163,420	\$ 522,536	\$ 4,977,346	\$ 5,070,000	\$ (34,593,538)
Support Services	20,219,021	135,313	445,337	0	(19,638,371)
Operation of Noninstructional Services	5,499,508	1,732,997	2,963,019	0	(803,492)
Other Debt Service	475,000	0	0	0	(475,000)
Total Governmental Activities	\$ 71,356,949	\$ 2,390,846	\$ 8,385,702	\$ 5,070,000	\$ (55,510,401)
General Revenues:					
Taxes:					
Property taxes levied for general purposes					\$ 8,794,215
Local option sales tax					2,891,793
Other local taxes					125,889
Grants & Contributions not restricted for specific programs					46,337,547
Miscellaneous					199,046
Total General Revenues					\$ 58,348,490
Change in net assets					\$ 2,838,089
Net assets, July 1, 2004					33,269,832
Net assets, June 30, 2005					\$ 36,107,921

Exhibit J-2

Tipton County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Tipton County School Department
June 30, 2005

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 6,209,010	\$ 1,778,863	\$ 7,987,873
Due from Other Governments	731,555	476,304	1,207,859
Property Taxes Receivable	9,544,289	0	9,544,289
Allowance for Uncollectible Property Taxes	(342,332)	0	(342,332)
Total Assets	<u>\$ 16,142,522</u>	<u>\$ 2,255,167</u>	<u>\$ 18,397,689</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 25,614	\$ 4,875	\$ 30,489
Payroll Deductions Payable	1,786,911	0	1,786,911
Retainage Payable	0	256,997	256,997
Deferred Revenue - Current Property Taxes	8,942,795	0	8,942,795
Deferred Revenue - Delinquent Property Taxes	214,752	0	214,752
Other Deferred Revenues	240,399	0	240,399
Total Liabilities	<u>\$ 11,210,471</u>	<u>\$ 261,872</u>	<u>\$ 11,472,343</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 461,091	\$ 0	\$ 461,091
Reserved for Career Ladder - Extended Contract	21,595	0	21,595
Reserved for Career Ladder Program	12,910	0	12,910
Reserved for Title I Grants to Local Education Agencies	0	23,982	23,982
Reserved for Innovative Education Program Strategies	0	154,116	154,116
Reserved for Special Education - Grants to States	0	79,864	79,864
Other Federal Reserves	0	19,217	19,217
Unreserved, Reported In:			
General Fund	4,436,455	0	4,436,455
Special Revenue Funds	0	1,004,842	1,004,842
Capital Projects Funds	0	711,274	711,274
Total Fund Balances	<u>\$ 4,932,051</u>	<u>\$ 1,993,295</u>	<u>\$ 6,925,346</u>
Total Liabilities and Fund Balances	<u>\$ 16,142,522</u>	<u>\$ 2,255,167</u>	<u>\$ 18,397,689</u>

Exhibit J-3

Tipton County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
Discretely Presented Tipton County School Department
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)	\$ 6,925,346
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	29,092,316
(2) Compensated absences are not due during the current period and therefore are not reported in the funds.	(364,892)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	<u>455,151</u>
Net assets of governmental activities (Exhibit A)	<u>\$ 36,107,921</u>

Exhibit J-4

Tipton County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Tipton County School Department
For the Year Ended June 30, 2005

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 12,405,983	\$ 0	\$ 12,405,983
Licenses and Permits	5,358	0	5,358
Fines, Forfeitures and Penalties	10,671	0	10,671
Charges for Current Services	635,846	1,732,997	2,368,843
Other Local Revenues	202,505	16,414	218,919
State of Tennessee	45,257,874	0	45,257,874
Federal Government	587,500	7,990,972	8,578,472
Other Governments and Citizens Groups	0	5,070,000	5,070,000
Total Revenues	\$ 59,105,737	\$ 14,810,383	\$ 73,916,120
<u>Expenditures</u>			
Current:			
Instruction	\$ 38,684,923	\$ 4,734,140	\$ 43,419,063
Support Services	17,860,257	456,046	18,316,303
Operation of Non-Instructional Services	707,496	4,076,739	4,784,235
Capital Outlay	100,117	0	100,117
Debt Service:			
Other Debt Service	475,000	0	475,000
Capital Projects	0	6,390,943	6,390,943
Total Expenditures	\$ 57,827,793	\$ 15,657,868	\$ 73,485,661
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,277,944	\$ (847,485)	\$ 430,459
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 60,733	\$ 0	\$ 60,733
Transfers Out	0	(60,733)	(60,733)
Total Other Financing Sources (Uses)	\$ 60,733	\$ (60,733)	\$ 0
Net Change in Fund Balances	\$ 1,338,677	\$ (908,218)	\$ 430,459
Fund Balance, July 1, 2004	3,593,374	2,901,513	6,494,887
Fund Balance, June 30, 2005	\$ 4,932,051	\$ 1,993,295	\$ 6,925,346

Exhibit J-5

Tipton County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Tipton County School Department
For the Year Ended June 30, 2005

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$	430,459
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period is itemized as follows:			
Capital Outlay	\$	5,724,829	
Depreciation Expense		<u>(3,211,085)</u>	2,513,744
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			(34,038)
(3) Net changes in compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			<u>(72,076)</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u><u>2,838,089</u></u>

Exhibit J-6

Tipton County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Tipton County School Department
June 30, 2005

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Capital</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Projects</u>	<u>Governmental</u>
					<u>Funds</u>
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 17,179	\$ 788,538	\$ 805,717	\$ 973,146	\$ 1,778,863
Due from Other Governments	260,000	216,304	476,304	0	476,304
Total Assets	<u>\$ 277,179</u>	<u>\$ 1,004,842</u>	<u>\$ 1,282,021</u>	<u>\$ 973,146</u>	<u>\$ 2,255,167</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 4,875	\$ 4,875
Retainage Payable	0	0	0	256,997	256,997
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 261,872</u>	<u>\$ 261,872</u>
<u>Fund Balances</u>					
Reserved for Title I Grants to Local Education Agencies	\$ 23,982	\$ 0	\$ 23,982	\$ 0	\$ 23,982
Reserved for Innovative Education Program Strategies	154,116	0	154,116	0	154,116
Reserved for Special Education - Grants to States	79,864	0	79,864	0	79,864
Other Federal Reserves	19,217	0	19,217	0	19,217
Unreserved	0	1,004,842	1,004,842	711,274	1,716,116
Total Fund Balances	<u>\$ 277,179</u>	<u>\$ 1,004,842</u>	<u>\$ 1,282,021</u>	<u>\$ 711,274</u>	<u>\$ 1,993,295</u>
Total Liabilities and Fund Balances	<u>\$ 277,179</u>	<u>\$ 1,004,842</u>	<u>\$ 1,282,021</u>	<u>\$ 973,146</u>	<u>\$ 2,255,167</u>

Exhibit J-7

Tipton County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Tipton County School Department
For the Year Ended June 30, 2005

	Special Revenue Funds			Capital Projects Fund	Total
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Nonmajor Governmental Funds
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 1,732,997	\$ 1,732,997	\$ 0	\$ 1,732,997
Other Local Revenues	0	16,414	16,414	0	16,414
Federal Government	5,411,006	2,579,966	7,990,972	0	7,990,972
Other Governments and Citizens Groups	0	0	0	5,070,000	5,070,000
Total Revenues	<u>\$ 5,411,006</u>	<u>\$ 4,329,377</u>	<u>\$ 9,740,383</u>	<u>\$ 5,070,000</u>	<u>\$ 14,810,383</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 4,734,140	\$ 0	\$ 4,734,140	\$ 0	\$ 4,734,140
Support Services	456,046	0	456,046	0	456,046
Operation of Non-Instructional Services	0	4,076,739	4,076,739	0	4,076,739
Capital Projects	0	0	0	6,390,943	6,390,943
Total Expenditures	<u>\$ 5,190,186</u>	<u>\$ 4,076,739</u>	<u>\$ 9,266,925</u>	<u>\$ 6,390,943</u>	<u>\$ 15,657,868</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 220,820</u>	<u>\$ 252,638</u>	<u>\$ 473,458</u>	<u>\$ (1,320,943)</u>	<u>\$ (847,485)</u>
<u>Other Financing Sources (Uses)</u>					
Transfers Out	<u>\$ (60,733)</u>	<u>\$ 0</u>	<u>\$ (60,733)</u>	<u>\$ 0</u>	<u>\$ (60,733)</u>
Total Other Financing Sources (Uses)	<u>\$ (60,733)</u>	<u>\$ 0</u>	<u>\$ (60,733)</u>	<u>\$ 0</u>	<u>\$ (60,733)</u>
Net Change in Fund Balances	\$ 160,087	\$ 252,638	\$ 412,725	\$ (1,320,943)	\$ (908,218)
Fund Balance, July 1, 2004	117,092	752,204	869,296	2,032,217	2,901,513
Fund Balance, June 30, 2005	<u>\$ 277,179</u>	<u>\$ 1,004,842</u>	<u>\$ 1,282,021</u>	<u>\$ 711,274</u>	<u>\$ 1,993,295</u>

Exhibit J-8

Tipton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Tipton County School Department
General Purpose School Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 12,405,983	\$ 0	\$ 0	\$ 12,405,983	\$ 11,905,000	\$ 11,929,000	\$ 476,983
Licenses and Permits	5,358	0	0	5,358	14,000	14,000	(8,642)
Fines, Forfeitures and Penalties	10,671	0	0	10,671	0	0	10,671
Charges for Current Services	635,846	0	0	635,846	740,000	715,000	(79,154)
Other Local Revenues	202,505	0	0	202,505	89,000	132,000	70,505
State of Tennessee	45,257,874	0	0	45,257,874	44,771,999	45,139,999	117,875
Federal Government	587,500	0	0	587,500	630,000	620,000	(32,500)
Total Revenues	\$ 59,105,737	\$ 0	\$ 0	\$ 59,105,737	\$ 58,149,999	\$ 58,549,999	\$ 555,738
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 30,018,141	\$ (34,653)	\$ 70,820	\$ 30,054,308	\$ 29,632,999	\$ 30,009,000	\$ (45,308)
Alternative Instruction Program	396,999	0	0	396,999	331,000	401,000	4,001
Special Education Program	6,219,416	0	0	6,219,416	6,224,000	6,224,000	4,584
Vocational Education Program	1,966,583	(3,993)	5,035	1,967,625	1,937,000	1,972,000	4,375
Adult Education Program	83,784	0	0	83,784	125,000	125,000	41,216
<u>Support Services</u>							
Health Services	454,451	0	0	454,451	486,000	486,000	31,549
Other Student Support	724,723	(245)	245	724,723	794,000	733,000	8,277
Regular Instruction Program	1,625,648	0	0	1,625,648	1,585,000	1,642,000	16,352
Special Education Program	218,421	0	0	218,421	219,000	219,000	579
Vocational Education Program	99,177	0	0	99,177	95,000	104,000	4,823
Adult Programs	85,065	0	0	85,065	90,000	90,000	4,935
Board of Education	559,622	0	0	559,622	560,000	560,000	378
Director of Schools	238,665	0	0	238,665	239,000	239,000	335
Office of the Principal	4,318,456	0	0	4,318,456	4,376,000	4,376,000	57,544

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 423,342	\$ (1,550)	\$ 150	\$ 421,942	\$ 427,000	\$ 427,000	\$ 5,058
Operation of Plant	3,997,453	(10,784)	998	3,987,667	4,252,000	4,081,000	93,333
Maintenance of Plant	969,673	(28,741)	51,867	992,799	1,038,000	1,038,000	45,201
Transportation	4,145,561	(1,540)	2,814	4,146,835	4,089,000	4,184,000	37,165
<u>Operation of Non-Instructional Services</u>							
Food Service	160,310	0	0	160,310	175,000	165,000	4,690
Community Services	547,186	(769)	0	546,417	625,000	625,000	78,583
<u>Capital Outlay</u>							
Regular Capital Outlay	100,117	(12,035)	329,162	417,244	425,000	425,000	7,756
<u>Other Debt Service</u>							
Education	475,000	0	0	475,000	475,000	475,000	0
Total Expenditures	\$ 57,827,793	\$ (94,310)	\$ 461,091	\$ 58,194,574	\$ 58,199,999	\$ 58,600,000	\$ 405,426
Excess (Deficiency) of Revenues Over Expenditures							
	\$ 1,277,944	\$ 94,310	\$ (461,091)	\$ 911,163	\$ (50,000)	\$ (50,001)	\$ 961,164
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 60,733	\$ 0	\$ 0	\$ 60,733	\$ 50,000	\$ 50,000	\$ 10,733
Total Other Financing Sources (Uses)	\$ 60,733	\$ 0	\$ 0	\$ 60,733	\$ 50,000	\$ 50,000	\$ 10,733
Net Change in Fund Balance							
	\$ 1,338,677	\$ 94,310	\$ (461,091)	\$ 971,896	\$ 0	\$ (1)	\$ 971,897
Fund Balance, July 1, 2004	3,593,374	(94,310)	0	3,499,064	2,526,933	2,526,933	972,131
Fund Balance, June 30, 2005	\$ 4,932,051	\$ 0	\$ (461,091)	\$ 4,470,960	\$ 2,526,933	\$ 2,526,932	\$ 1,944,028

Exhibit J-9

Tipton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Tipton County School Department
School Federal Projects Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 5,411,006	\$ 5,957,677	\$ 6,202,670	\$ (791,664)
Total Revenues	\$ 5,411,006	\$ 5,957,677	\$ 6,202,670	\$ (791,664)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,251,594	\$ 2,346,352	\$ 2,563,968	\$ 312,374
Special Education Program	2,333,216	2,480,319	2,437,239	104,023
Vocational Education Program	149,330	148,756	149,328	(2)
<u>Support Services</u>				
Other Student Support	38,633	39,475	38,633	0
Regular Instruction Program	290,286	863,930	862,277	571,991
Special Education Program	29,689	72,337	34,178	4,489
Vocational Education Program	7,238	7,000	7,238	0
Transportation	90,200	46,000	154,800	64,600
Total Expenditures	\$ 5,190,186	\$ 6,004,169	\$ 6,247,661	\$ 1,057,475
Excess (Deficiency) of Revenues Over Expenditures	\$ 220,820	\$ (46,492)	\$ (44,991)	\$ 265,811
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (60,733)	\$ (70,600)	\$ (72,101)	\$ 11,368
Total Other Financing Sources (Uses)	\$ (60,733)	\$ (70,600)	\$ (72,101)	\$ 11,368
Net Change in Fund Balance	\$ 160,087	\$ (117,092)	\$ (117,092)	\$ 277,179
Fund Balance, July 1, 2004	117,092	117,092	117,092	0
Fund Balance, June 30, 2005	\$ 277,179	\$ 0	\$ 0	\$ 277,179

Exhibit J-10

Tipton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Tipton County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 1,732,997	\$ 0	\$ 1,732,997	\$ 2,120,000	\$ 2,120,000	\$ (387,003)
Other Local Revenues	16,414	0	16,414	10,000	10,000	6,414
Federal Government	2,579,966	0	2,579,966	2,270,000	2,270,000	309,966
Total Revenues	\$ 4,329,377	\$ 0	\$ 4,329,377	\$ 4,400,000	\$ 4,400,000	\$ (70,623)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 4,076,739	\$ (15,099)	\$ 4,061,640	\$ 4,400,000	\$ 4,400,000	\$ 338,360
Total Expenditures	\$ 4,076,739	\$ (15,099)	\$ 4,061,640	\$ 4,400,000	\$ 4,400,000	\$ 338,360
Excess (Deficiency) of Revenues Over Expenditures	\$ 252,638	\$ 15,099	\$ 267,737	\$ 0	\$ 0	\$ 267,737
Net Change in Fund Balance	\$ 252,638	\$ 15,099	\$ 267,737	\$ 0	\$ 0	\$ 267,737
Fund Balance, July 1, 2004	752,204	(15,099)	737,105	0	628,800	108,305
Fund Balance, June 30, 2005	\$ 1,004,842	\$ 0	\$ 1,004,842	\$ 0	\$ 628,800	\$ 376,042

Exhibit J-11

Tipton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Tipton County School Department
Education Capital Projects Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Other Governments and Citizens Groups	\$ 5,070,000	\$ 0	\$ 5,070,000	\$ 5,100,000	\$ 5,180,000	\$ (110,000)
Total Revenues	\$ 5,070,000	\$ 0	\$ 5,070,000	\$ 5,100,000	\$ 5,180,000	\$ (110,000)
<u>Expenditures</u>						
<u>Capital Projects</u>						
Education Capital Projects	\$ 6,390,943	\$ (1,225,709)	\$ 5,165,234	\$ 5,100,000	\$ 5,600,000	\$ 434,766
Total Expenditures	\$ 6,390,943	\$ (1,225,709)	\$ 5,165,234	\$ 5,100,000	\$ 5,600,000	\$ 434,766
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,320,943)	\$ 1,225,709	\$ (95,234)	\$ 0	\$ (420,000)	\$ 324,766
Net Change in Fund Balance	\$ (1,320,943)	\$ 1,225,709	\$ (95,234)	\$ 0	\$ (420,000)	\$ 324,766
Fund Balance, July 1, 2004	2,032,217	(1,225,709)	806,508	0	925,894	(119,386)
Fund Balance, June 30, 2005	\$ 711,274	\$ 0	\$ 711,274	\$ 0	\$ 505,894	\$ 205,380

MISCELLANEOUS SCHEDULES

Exhibit K-1

Tipton County, Tennessee
Schedule of Changes in Long-term Notes, Capitalized Lease,
Other Loans, and Bonds
For the Year Ended June 30, 2005

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-05
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Refunding Capital Outlay Notes	\$ 3,730,000	2.5%	9-1-02	4-1-07	\$ 2,585,000	\$ 0	\$ 810,000	\$ 1,775,000
<u>CAPITALIZED LEASE</u>								
<u>Payable through General Fund</u>								
Copy Machines	41,141	6.47	12-14-04	11-14-09	\$ 0	\$ 41,141	\$ 4,145	\$ 36,996
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Construction	5,000,000	Variable	9-8-1998	5-25-14	\$ 4,800,000	\$ 0	\$ 200,000	\$ 4,600,000
School Construction	5,897,089	Variable	5-17-1999	5-25-19	5,897,089	0	0	5,897,089
Various Purposes	(1)	Variable	8-30-02	5-25-12	2,721,698	495,503	0	3,217,201
School Construction	(2)	Variable	7-21-04	5-25-24	0	5,100,000	220,000	4,880,000
Total Other Loans Payable					\$ 13,418,787	\$ 5,595,503	\$ 420,000	\$ 18,594,290
<u>GENERAL BONDED DEBT</u>								
<u>Payable through General Debt Service Fund</u>								
School Refunding Bonds	5,005,000	5 to 5.35	3-1-1997	4-1-14	\$ 4,830,000	\$ 0	\$ 35,000	\$ 4,795,000
School Refunding Bonds	8,295,000	4 to 4.7	8-1-1998	4-1-15	3,760,000	0	500,000	3,260,000
School Refunding Bonds	3,425,000	4.65 to 5.25	6-1-00	6-1-09	2,065,000	0	330,000	1,735,000
School Refunding Bonds	8,960,000	2.5 to 3.35	9-1-02	4-1-11	7,945,000	0	1,790,000	6,155,000
Elementary School Bonds	9,000,000	2.5 to 4.625	9-1-02	4-1-22	9,000,000	0	250,000	8,750,000
Total General Bonded Debt					\$ 27,600,000	\$ 0	\$ 2,905,000	\$ 24,695,000

- (1) - Total amount available under this Public Authority of Montgomery County Loan Agreement is \$5,100,000, of which \$3,817,201 has been drawn as of June 30, 2005.
- (2) - Total amount available under this Public Authority of Montgomery County Loan Agreement is \$6,000,000, of which \$5,100,000 has been drawn as of June 30, 2005.

Exhibit K-2

Tipton County, Tennessee
Schedule of Bond and Interest Requirements By Year

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2006	\$ 2,730,000	\$ 1,007,288	\$ 3,737,288
2007	2,610,000	908,785	3,518,785
2008	2,785,000	812,468	3,597,468
2009	2,445,000	708,260	3,153,260
2010	2,075,000	613,110	2,688,110
2011	1,780,000	532,260	2,312,260
2012	1,695,000	458,663	2,153,663
2013	1,720,000	381,875	2,101,875
2014	1,755,000	302,255	2,057,255
2015	850,000	219,425	1,069,425
2016	525,000	183,725	708,725
2017	550,000	162,725	712,725
2018	575,000	140,175	715,175
2019	600,000	116,025	716,025
2020	650,000	90,225	740,225
2021	650,000	61,625	711,625
2022	700,000	32,375	732,375
Total	\$ 24,695,000	\$ 6,731,264	\$ 31,426,264

Exhibit K-3

Tipton County, Tennessee
Schedule of Transfers - All Funds and Discretely Presented
Tipton County School Department
For the Year Ended June 30, 2005

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	General Capital Projects	To provide funds for operations.	\$ 265,000
General	Public Library	To provide funds for operations.	68,000
School Federal Projects	General Purpose School	Indirect Costs.	<u>60,733</u>
Total Transfers			<u><u>\$ 393,733</u></u>

Exhibit K-4

Tipton County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
For the Year Ended June 30, 2005

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, <u>TCA</u>	\$ 81,314	\$ 50,000	Hartford Fire Insurance Company
Director of Public Works	Section 8-24-102, <u>TCA</u>	79,878	100,000	"
Director of Schools	and Public Works Committee State Board of Education and Tipton County Board of Education	105,507 (1)	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	63,841	1,424,800	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	63,841	10,000	Ohio Casualty Insurance Company
Budget and Accounts Director	County Commission	50,752 (2)	10,000	Hartford Fire Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u>	63,841	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	63,841	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> and Chancery Court Judge	64,639 (3)	75,000	United States Fidelity and Guaranty Company
Register	Section 8-24-102, <u>TCA</u>	63,841	25,000	Hartford Fire Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u>	70,225	50,000	"
Employees Bonds:				
General Fund Employees and Deputies			50,000	"
Public Works Administration			50,000	"
Sanitation			50,000	"
Animal Control			50,000	"
Education Central Office Bookkeeping Staff			5,000	"
Education Administrative Staff in each School			5,000	"

- (1) Includes chief executive officer training supplement of \$1,000.
(2) Includes \$75 paid as TOSHA committee member, \$4,690 paid as compensation for fire department accountant, and \$1,250 paid as longevity pay.
(3) Includes special commissioner/special masters fees of \$798.

Exhibit K-5

Tipton County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2005

	Special Revenue Funds						Debt	Capital	Total
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service Fund	General Capital Projects Fund	
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 4,306,489	\$ 0	\$ 246,086	\$ 0	\$ 0	\$ 246,086	\$ 4,429,538	\$ 0	\$ 9,228,199
Trustee's Collections - Prior Year	138,104	0	9	0	0	17,276	141,992	0	297,381
Trustee's Collections - Bankruptcy	1,536	0	62	0	0	303	1,580	0	3,481
Circuit/Clerk & Master Collections - Prior Years	91,816	0	1,174	0	0	9,320	94,440	0	196,750
Interest and Penalty	33,534	0	802	0	0	3,189	34,500	0	72,025
Payments in Lieu of Taxes - T.V.A.	0	0	0	0	0	0	1,486	0	1,486
Payments in Lieu of Taxes - Other	290,395	0	16,358	0	0	16,830	298,693	0	622,276
<u>County Local Option Taxes</u>									
Local Option Sales Tax	370,635	0	0	0	0	0	0	0	370,635
Hotel/Motel Tax	53,178	0	0	0	0	0	0	0	53,178
Wheel Tax	1,456,532	0	0	0	0	1,456,532	0	0	2,913,064
Litigation Tax - General	186,527	0	0	0	0	0	0	0	186,527
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	56,337	0	56,337
Business Tax	60,899	0	3,068	0	0	3,892	62,639	0	130,498
<u>Statutory Local Taxes</u>									
Bank Excise Tax	0	0	0	0	0	0	73,010	0	73,010
Wholesale Beer Tax	222,072	0	0	0	0	0	0	0	222,072
Interstate Telecommunications Tax	4,865	0	0	0	0	0	0	0	4,865
Total Local Taxes	\$ 7,216,582	\$ 0	\$ 267,559	\$ 0	\$ 0	\$ 1,753,428	\$ 5,194,215	\$ 0	\$ 14,431,784
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 43,873	\$ 0	\$ 0	\$ 43,873
Cable TV Franchise	29,161	0	0	0	0	0	0	0	29,161
<u>Permits</u>									
Building Permits	45,318	0	0	0	0	0	0	0	45,318
Total Licenses and Permits	\$ 74,479	\$ 0	\$ 0	\$ 0	\$ 0	\$ 43,873	\$ 0	\$ 0	\$ 118,352
<u>Fines, Forfeitures and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 9,038	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,038
Officers Costs	12,060	0	0	0	0	0	0	0	12,060

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Debt Service Fund	Capital Projects Fund	Total
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Fines, Forfeitures and Penalties (Cont.)</u>									
<u>Circuit Court (Cont.)</u>									
Drug Control Fines	\$ 1,253	\$ 0	\$ 0	\$ 1,015	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,268
Drug Court Fees	468	0	0	0	0	0	0	0	468
Jail Fees	627	0	0	0	0	0	0	0	627
DUI Treatment Fines	1,615	0	0	0	0	0	0	0	1,615
Data Entry Fee - Circuit Court	225	0	0	0	0	0	0	0	225
<u>General Sessions Court</u>									
Fines	54,301	0	0	0	0	0	0	0	54,301
Officers Costs	76,350	0	0	0	0	0	0	0	76,350
Game and Fish Fines	1,112	0	0	0	0	0	0	0	1,112
Drug Control Fines	19,288	0	0	21,835	0	0	0	0	41,123
Drug Court Fees	10,605	0	0	0	0	0	0	0	10,605
Jail Fees	56,137	0	0	0	0	0	0	0	56,137
DUI Treatment Fines	10,868	0	0	0	0	0	0	0	10,868
Data Entry Fee - General Sessions Court	17,848	0	0	0	0	0	0	0	17,848
<u>Juvenile Court</u>									
Fines	607	0	0	0	0	0	0	0	607
Officers Costs	2,698	0	0	0	0	0	0	0	2,698
Drug Court Fees	105	0	0	0	0	0	0	0	105
Data Entry Fee - Juvenile Court	217	0	0	0	0	0	0	0	217
<u>Chancery Court</u>									
Officers Costs	3,790	0	0	0	0	0	0	0	3,790
Data Entry Fee - Chancery Court	2,256	0	0	0	0	0	0	0	2,256
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	0	0	14,177	0	0	0	0	14,177
Total Fines, Forfeitures and Penalties	\$ 281,468	\$ 0	\$ 0	\$ 37,027	\$ 0	\$ 0	\$ 0	\$ 0	\$ 318,495
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Other Employee Benefit Charges/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 160	\$ 0	\$ 0	\$ 160
Tipping Fees	0	0	55,170	0	0	0	0	0	55,170
Solid Waste Disposal Fee	0	0	639	0	0	0	0	0	639
Other General Service Charges	101,137	0	0	0	0	0	0	0	101,137

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Debt Service Fund	Capital Projects Fund	Total
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Charges for Current Services (Cont.)</u>									
<u>Fees</u>									
Copy Fees	\$ 445	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 445
Telephone Commissions	33,505	0	0	0	0	0	0	0	33,505
Vending Machine Collections	254	0	0	0	0	1,605	0	0	1,859
Constitutional Officers' Fees and Commissions	0	0	0	0	220,453	0	0	0	220,453
Data Processing Fee - Register	28,290	0	0	0	0	0	0	0	28,290
Data Processing Fee - Sheriff	2,042	0	0	0	0	0	0	0	2,042
Sexual Offender Registration Fee	3,780	0	0	0	0	0	0	0	3,780
<u>Other Charges for Services</u>									
Other Charges for Services	0	0	37,159	0	0	0	0	0	37,159
Total Charges for Current Services	\$ 169,453	\$ 0	\$ 92,968	\$ 0	\$ 220,453	\$ 1,765	\$ 0	\$ 0	\$ 484,639
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 0	\$ 211	\$ 0	\$ 0	\$ 0	\$ 0	\$ 585,181	\$ 0	\$ 585,392
Lease/Rentals	26,348	0	0	0	0	0	0	0	26,348
Sale of Materials and Supplies	1,097	9,057	0	0	0	13	0	0	10,167
Sale of Gasoline	6,805	0	0	0	0	0	0	0	6,805
Sale of Maps	1,443	0	0	0	0	0	0	0	1,443
Sale of Recycled Materials	0	0	28,990	0	0	0	0	0	28,990
Miscellaneous Refunds	22,790	0	0	0	0	8,720	155	0	31,665
<u>Nonrecurring Items</u>									
Revenue from Joint Ventures	20,000	0	0	0	0	0	0	0	20,000
Insurance Recovery	3,075	0	0	0	0	0	0	0	3,075
Sale of Property	42,300	0	0	0	0	0	0	0	42,300
Damages Recovered from Individuals	989	0	0	0	0	0	0	0	989
Contributions & Gifts	0	1,847	0	0	0	0	0	0	1,847
Total Other Local Revenues	\$ 124,847	\$ 11,115	\$ 28,990	\$ 0	\$ 0	\$ 8,733	\$ 585,336	\$ 0	\$ 759,021
<u>Fees Received from County Officials</u>									
<u>Excess Fees</u>									
Trustee	\$ 390,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 390,000

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Debt Service Fund	Capital Projects Fund	Total
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Fees Received from County Officials (Cont.)</u>									
<u>Fees In Lieu of Salary</u>									
County Clerk	\$ 404,495	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 404,495
Circuit Court Clerk	79,599	0	0	0	0	0	0	0	79,599
General Sessions Court Clerk	218,652	0	0	0	0	0	0	0	218,652
Clerk and Master	217,377	0	0	0	0	0	0	0	217,377
Juvenile Court Clerk	63,809	0	0	0	0	0	0	0	63,809
Register	402,889	0	0	0	0	0	0	0	402,889
Sheriff	18,991	0	0	0	0	0	0	0	18,991
Total Fees Received from County Officials	\$ 1,795,812	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,795,812
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 9,604	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,604
State Reappraisal Grant	17,501	0	0	0	0	0	0	0	17,501
Solid Waste Grants	0	0	47,577	0	0	0	0	0	47,577
<u>Health and Welfare Grants</u>									
Health Department Programs	197,083	0	0	0	0	0	0	0	197,083
<u>Public Works Grants</u>									
State Aid Program	0	0	0	0	0	344,220	0	0	344,220
Litter Program	36,586	0	0	0	0	0	0	0	36,586
<u>Other State Revenues</u>									
Income Tax	17,921	0	0	0	0	0	0	0	17,921
Beer Tax	16,778	0	0	0	0	0	0	0	16,778
Alcoholic Beverage Tax	52,581	0	0	0	0	0	0	0	52,581
State Revenue Sharing - T.V.A.	0	0	462,629	0	0	0	0	0	462,629
Board of Jurors	3,171	0	0	0	0	0	0	0	3,171
Contracted Prisoner Boarding	441,408	0	0	0	0	0	0	0	441,408
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,822,079	0	0	1,822,079
Petroleum Special Tax	0	0	0	0	0	41,244	0	0	41,244
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	16,380
Other State Grants	303,530	0	0	0	0	0	0	0	303,530
Total State of Tennessee	\$ 1,112,543	\$ 0	\$ 510,206	\$ 0	\$ 0	\$ 2,207,543	\$ 0	\$ 0	\$ 3,830,292

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Debt	Capital	Total
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Service Fund	General Capital Projects Fund	
<u>Federal Government</u>									
<u>Federal Through State</u>									
Community Development	\$ 369,846	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 369,846
Civil Defense Reimbursement	17,552	0	0	0	0	0	0	0	17,552
Disaster Relief	0	0	0	0	0	250,771	0	0	250,771
Homeland Security Grants	193,813	0	0	0	0	0	0	0	193,813
Other Federal through State	0	0	0	0	0	0	0	875,175	875,175
<u>Direct Federal Revenue</u>									
Other Direct Federal Revenue	20,237	0	0	0	0	0	0	0	20,237
Total Federal Government	\$ 601,448	\$ 0	\$ 0	\$ 0	\$ 0	\$ 250,771	\$ 0	\$ 875,175	\$ 1,727,394
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 212,099	\$ 0	\$ 0	\$ 212,099
Contributions	0	95,000	0	0	0	0	475,000	300,000	870,000
Contracted Services	412,141	0	0	0	0	0	0	0	412,141
Total Other Governments and Citizens Groups	\$ 412,141	\$ 95,000	\$ 0	\$ 0	\$ 0	\$ 212,099	\$ 475,000	\$ 300,000	\$ 1,494,240
Total	\$ 11,788,773	\$ 106,115	\$ 899,723	\$ 37,027	\$ 220,453	\$ 4,478,212	\$ 6,254,551	\$ 1,175,175	\$ 24,960,029

Exhibit K-6

Tipton County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Tipton County School Department
For the Year Ended June 30, 2005

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 8,305,375	\$ 0	\$ 0	\$ 0	\$ 8,305,375
Trustee's Collections - Prior Year	279,451	0	0	0	279,451
Trustee's Collections - Bankruptcy	2,334	0	0	0	2,334
Circuit/Clerk & Master Collections - Prior Years	177,074	0	0	0	177,074
Interest and Penalty	64,019	0	0	0	64,019
Payments in Lieu of Taxes - Other	560,048	0	0	0	560,048
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,891,793	0	0	0	2,891,793
Business Tax	117,448	0	0	0	117,448
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	8,441	0	0	0	8,441
Total Local Taxes	\$ 12,405,983	\$ 0	\$ 0	\$ 0	\$ 12,405,983
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 4,180	\$ 0	\$ 0	\$ 0	\$ 4,180
<u>Permits</u>					
Other Permits	1,178	0	0	0	1,178
Total Licenses and Permits	\$ 5,358	\$ 0	\$ 0	\$ 0	\$ 5,358
<u>Fines, Forfeitures and Penalties</u>					
<u>Juvenile Court</u>					
Fines	\$ 10,671	\$ 0	\$ 0	\$ 0	\$ 10,671
Total Fines, Forfeitures and Penalties	\$ 10,671	\$ 0	\$ 0	\$ 0	\$ 10,671
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 14,580	\$ 0	\$ 0	\$ 0	\$ 14,580
Tuition - Other	485,953	0	0	0	485,953
Lunch Payments - Children	0	0	1,200,618	0	1,200,618
Lunch Payments - Adults	0	0	146,696	0	146,696
Income from Breakfast	0	0	97,042	0	97,042
A la carte Sales	0	0	283,158	0	283,158
Transportation from Individuals	24,975	0	0	0	24,975
Receipts from Individual Schools	110,338	0	0	0	110,338
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	5,483	0	5,483
Total Charges for Current Services	\$ 635,846	\$ 0	\$ 1,732,997	\$ 0	\$ 2,368,843
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 5,936	\$ 0	\$ 5,936
Miscellaneous Refunds	165,832	0	10,478	0	176,310
<u>Nonrecurring Items</u>					
Insurance Recovery	3,783	0	0	0	3,783
Sale of Equipment	22,736	0	0	0	22,736
Damages Recovered from Individuals	10,154	0	0	0	10,154
Total Other Local Revenues	\$ 202,505	\$ 0	\$ 16,414	\$ 0	\$ 218,919

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 43,761,618	\$ 0	\$ 0	\$ 0	\$ 43,761,618
School Food Service	64,161	0	0	0	64,161
Driver Education	6,045	0	0	0	6,045
Other State Education Funds	633,380	0	0	0	633,380
Career Ladder Program	535,446	0	0	0	535,446
Career Ladder - Extended Contract	205,296	0	0	0	205,296
Other Vocational	150	0	0	0	150
<u>Other State Revenues</u>					
Mixed Drink Tax	2,403	0	0	0	2,403
Other State Grants	49,375	0	0	0	49,375
Total State of Tennessee	\$ 45,257,874	\$ 0	\$ 0	\$ 0	\$ 45,257,874
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,797,308	\$ 0	\$ 1,797,308
Breakfast	0	0	573,931	0	573,931
USDA - Other	0	0	208,727	0	208,727
Adult Education State Grant Program	159,140	0	0	0	159,140
Vocational Education - Basic Grants to States	0	197,376	0	0	197,376
Title I Grants to Local Education Agencies	0	1,922,117	0	0	1,922,117
Innovative Education Program Strategies	0	83,398	0	0	83,398
Special Education - Grants to States	64,345	2,437,877	0	0	2,502,222
Special Education Preschool Grants	0	115,819	0	0	115,819
Eisenhower Professional Development State Grants	0	609,108	0	0	609,108
Other Federal through State	364,015	45,311	0	0	409,326
Total Federal Government	\$ 587,500	\$ 5,411,006	\$ 2,579,966	\$ 0	\$ 8,578,472
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 5,070,000	\$ 5,070,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 5,070,000	\$ 5,070,000
Total	\$ 59,105,737	\$ 5,411,006	\$ 4,329,377	\$ 5,070,000	\$ 73,916,120

Exhibit K-7

Tipton County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2005

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	57,380	
Social Security		5,403	
State Retirement		1,443	
Unemployment Compensation		58	
Audit Services		13,010	
Consultants		15,828	
Dues and Memberships		7,015	
Legal Services		16,693	
Legal Notices, Recording and Court Costs		5,178	
Travel		5,655	
Liability Insurance		2,402	
Premiums on Corporate Surety Bonds		1,066	
Total County Commission			\$ 131,131

Beer Board

Board and Committee Members Fees	\$	3,600	
Social Security		313	
State Retirement		64	
Unemployment Compensation		5	
Total Beer Board			3,982

County Executive

County Official/Administrative Officer	\$	81,314	
Secretary(s)		27,710	
Part-time Personnel		4,704	
Longevity Pay		1,250	
Social Security		8,892	
State Retirement		10,826	
Employee and Dependent Insurance		13,875	
Unemployment Compensation		58	
Communication		2,597	
Maintenance & Repair Services- Office Equipment		300	
Printing, Stationery and Forms		1,606	
Travel		2,703	
Other Contracted Services		1,621	
Office Supplies		2,501	
Utilities		3,193	
Other Supplies and Materials		335	
Building and Contents Insurance		598	
Liability Insurance		2,268	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Executive (Cont.)

Vehicle and Equipment Insurance	\$	1,111	
Workers' Compensation Insurance		420	
Other Charges		3,836	
Office Equipment		1,768	
Total County Executive			\$ 173,486

Election Commission

County Official/Administrative Officer	\$	55,922	
Secretary(s)		27,710	
Clerical Personnel		23,170	
Part-time Personnel		10,218	
Longevity Pay		2,950	
Overtime Pay		4,587	
Election Commission		12,150	
Election Workers		51,372	
Social Security		11,131	
State Retirement		10,622	
Employee and Dependent Insurance		18,873	
Unemployment Compensation		266	
Audit Services		7,450	
Communication		1,814	
Dues and Memberships		225	
Janitorial Services		5,775	
Legal Notices, Recording and Court Costs		5,380	
Maintenance & Repair Services- Buildings		802	
Maintenance & Repair Services- Equipment		4,895	
Postal Charges		8,000	
Printing, Stationery and Forms		4,228	
Rentals		1,100	
Travel		4,679	
Duplicating Supplies		591	
Office Supplies		4,220	
Utilities		6,836	
Building and Contents Insurance		616	
Liability Insurance		3,306	
Workers' Compensation Insurance		400	
Other Charges		839	
Data Processing Equipment		4,493	
Office Equipment		6,382	
Total Election Commission			301,002

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	63,841	
Clerical Personnel		82,560	
Longevity Pay		1,900	
Social Security		10,981	
State Retirement		13,923	
Employee and Dependent Insurance		18,191	
Unemployment Compensation		173	
Communication		1,573	
Dues and Memberships		125	
Travel		1,276	
Duplicating Supplies		2,549	
Office Supplies		7,334	
Utilities		4,660	
Building and Contents Insurance		872	
Liability Insurance		2,957	
Workers' Compensation Insurance		524	
Data Processing Equipment		49,816	
Furniture and Fixtures		25	
Office Equipment		447	
Total Register of Deeds			\$ 263,727

Planning

Supervisor/Director	\$	47,894
Secretary(s)		3,906
Clerical Personnel		24,668
Longevity Pay		1,450
Other Salaries & Wages		70,078
Board and Committee Members Fees		5,100
Social Security		11,454
State Retirement		12,637
Employee and Dependent Insurance		13,642
Unemployment Compensation		275
Communication		1,709
Maintenance & Repair Services- Buildings		75
Maintenance & Repair Services- Vehicles		1,761
Travel		2,012
Tuition		935
Gasoline		3,000
Office Supplies		1,680
Utilities		2,684

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Building and Contents Insurance	\$	830	
Liability Insurance		3,298	
Vehicle and Equipment Insurance		1,507	
Workers' Compensation Insurance		496	
Other Charges		2,796	
Data Processing Equipment		350	
Total Planning			\$ 214,237

Building

Custodial Personnel	\$	46,340	
Maintenance Personnel		60,243	
Longevity Pay		1,450	
Social Security		7,833	
State Retirement		10,205	
Employee and Dependent Insurance		32,119	
Unemployment Compensation		227	
Communication		2,412	
Contracts with Private Agencies		9,839	
Maintenance & Repair Services- Buildings		7,532	
Maintenance & Repair Services- Vehicles		7,866	
Custodial Supplies		6,760	
Gasoline		10,658	
Small Tools		3,150	
Utilities		10,700	
Building and Contents Insurance		2,100	
Liability Insurance		1,917	
Vehicle and Equipment Insurance		2,694	
Workers' Compensation Insurance		7,796	
Building Improvements		4,843	
Maintenance Equipment		6,034	
Motor Vehicles		19,138	
Total Building			261,856

Codes Compliance

Secretary(s)	\$	4,131	
Other Salaries & Wages		4,096	
Board and Committee Members Fees		75	
Social Security		606	
State Retirement		567	
Unemployment Compensation		45	
Total Codes Compliance			9,520

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Geographical Information Systems

Supervisor/Director	\$	34,165	
Social Security		2,488	
State Retirement		1,087	
Employee and Dependent Insurance		8,433	
Unemployment Compensation		148	
Communication		358	
Maintenance & Repair Services- Office Equipment		6,826	
Travel		1,611	
Other Contracted Services		25,000	
Office Supplies		2,707	
Workers' Compensation Insurance		208	
Data Processing Equipment		2,558	
Total Geographical Information Systems			\$ 85,589

County Buildings

Communication	\$	1,164	
Contracts with Private Agencies		2,585	
Janitorial Services		18,697	
Maintenance & Repair Services- Buildings		16,618	
Custodial Supplies		3,918	
Utilities		381	
Liability Insurance		5,995	
Building Improvements		108,831	
Furniture and Fixtures		244	
Total County Buildings			158,433

Finance

Accounting and Budgeting

Supervisor/Director	\$	44,737	
Secretary(s)		27,710	
Clerical Personnel		27,710	
Longevity Pay		2,700	
Social Security		7,698	
State Retirement		9,603	
Employee and Dependent Insurance		12,814	
Unemployment Compensation		156	
Communication		1,813	
Maintenance & Repair Services- Office Equipment		6,448	
Postal Charges		19,957	
Travel		2,475	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Duplicating Supplies	\$	2,858	
Office Supplies		2,975	
Utilities		2,795	
Building and Contents Insurance		564	
Liability Insurance		2,447	
Workers' Compensation Insurance		342	
Data Processing Equipment		5,249	
Office Equipment		7,850	
Total Accounting and Budgeting			\$ 188,901

Property Assessor's Office

County Official/Administrative Officer	\$	63,841	
Secretary(s)		114,792	
Clerical Personnel		30,062	
Longevity Pay		3,300	
Other Salaries & Wages		520	
Social Security		15,803	
State Retirement		20,246	
Employee and Dependent Insurance		41,709	
Unemployment Compensation		288	
Communication		2,933	
Contracts with Private Agencies		45,780	
Data Processing Services		15,144	
Dues and Memberships		1,636	
Maintenance & Repair Services- Office Equipment		1,702	
Transportation - Other than Students		4,200	
Travel		2,253	
Duplicating Supplies		801	
Office Supplies		1,371	
Utilities		6,230	
Building and Contents Insurance		1,125	
Liability Insurance		4,759	
Premiums on Corporate Surety Bonds		375	
Workers' Compensation Insurance		3,780	
Data Processing Equipment		5,128	
Office Equipment		235	
Total Property Assessor's Office			388,013

Reappraisal Program

Longevity Pay	\$	850	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Other Salaries & Wages	\$	31,256	
Social Security		2,456	
Unemployment Compensation		110	
Data Processing Services		4,856	
Maintenance & Repair Services- Vehicles		1,156	
Postal Charges		1,062	
Travel		83	
Gasoline		1,497	
Liability Insurance		371	
Vehicle and Equipment Insurance		1,110	
Workers' Compensation Insurance		109	
Other Charges		89	
Total Reappraisal Program			\$ 45,005

County Trustee's Office

Longevity Pay	\$	850	
Social Security		2,199	
State Retirement		16,203	
Employee and Dependent Insurance		17,778	
Unemployment Compensation		296	
Advertising		273	
Communication		1,700	
Maintenance & Repair Services- Office Equipment		4,604	
Duplicating Supplies		503	
Office Supplies		4,981	
Utilities		4,881	
Building and Contents Insurance		912	
Liability Insurance		3,242	
Workers' Compensation Insurance		620	
Data Processing Equipment		953	
Furniture and Fixtures		49	
Office Equipment		254	
Total County Trustee's Office			60,298

County Clerk's Office

County Official/Administrative Officer	\$	63,841	
Clerical Personnel		206,323	
Longevity Pay		3,850	
Social Security		19,902	
State Retirement		25,274	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Employee and Dependent Insurance	\$	54,440	
Unemployment Compensation		441	
Communication		2,411	
Dues and Memberships		75	
Maintenance & Repair Services- Office Equipment		8,134	
Postal Charges		13,700	
Printing, Stationery and Forms		2,205	
Travel		2,461	
Duplicating Supplies		776	
Office Supplies		5,976	
Utilities		2,673	
Building and Contents Insurance		910	
Liability Insurance		4,870	
Workers' Compensation Insurance		944	
Data Processing Equipment		32,186	
Total County Clerk's Office			\$ 451,392

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,841	
Clerical Personnel		194,538	
Longevity Pay		4,200	
Other Salaries & Wages		443	
Jury and Witness Fees		35,472	
Social Security		18,985	
State Retirement		24,571	
Employee and Dependent Insurance		45,163	
Unemployment Compensation		403	
Communication		3,735	
Dues and Memberships		95	
Maintenance & Repair Services- Office Equipment		10,891	
Postal Charges		12,854	
Travel		1,765	
Duplicating Supplies		5,536	
Office Supplies		12,574	
Utilities		1,194	
Building and Contents Insurance		1,477	
Liability Insurance		5,408	
Workers' Compensation Insurance		908	
Office Equipment		14,354	
Total Circuit Court			458,407

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Judge(s)	\$	115,428	
Assistant(s)		33,809	
Longevity Pay		600	
Social Security		9,758	
State Retirement		14,193	
Employee and Dependent Insurance		13,545	
Unemployment Compensation		57	
Communication		3,648	
Dues and Memberships		905	
Travel		477	
Office Supplies		768	
Utilities		1,293	
Building and Contents Insurance		1,523	
Liability Insurance		2,479	
Workers' Compensation Insurance		532	
Total General Sessions Court			\$ 199,015

Chancery Court

County Official/Administrative Officer	\$	63,841	
Clerical Personnel		113,307	
Longevity Pay		1,950	
Social Security		12,706	
State Retirement		16,847	
Employee and Dependent Insurance		31,109	
Unemployment Compensation		285	
Communication		2,197	
Dues and Memberships		95	
Legal Notices, Recording and Court Costs		1,204	
Maintenance & Repair Services- Office Equipment		6,879	
Travel		1,548	
Duplicating Supplies		2,565	
Office Supplies		8,663	
Utilities		1,234	
Building and Contents Insurance		1,606	
Liability Insurance		3,337	
Workers' Compensation Insurance		468	
Office Equipment		7,417	
Total Chancery Court			277,258

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Youth Service Officer(s)	\$	30,941	
Clerical Personnel		60,641	
Longevity Pay		2,250	
Social Security		6,784	
State Retirement		8,213	
Employee and Dependent Insurance		13,064	
Unemployment Compensation		224	
Communication		1,881	
Contracts with Private Agencies		300,882	
Matching Share		3,090	
Printing, Stationery and Forms		3,021	
Travel		863	
Other Contracted Services		42,000	
Office Supplies		1,890	
Utilities		241	
Building and Contents Insurance		302	
Liability Insurance		10,140	
Workers' Compensation Insurance		512	
Total Juvenile Court			\$ 486,939

Probate Court

Probation Officer(s)	\$	32,810	
Clerical Personnel		13,678	
Longevity Pay		1,150	
Overtime Pay		2,170	
Social Security		3,684	
State Retirement		1,537	
Unemployment Compensation		114	
Communication		350	
Contracts with Other Public Agencies		4,225	
Maintenance & Repair Services- Office Equipment		246	
Travel		108	
Office Supplies		1,512	
Utilities		241	
Building and Contents Insurance		302	
Liability Insurance		455	
Workers' Compensation Insurance		164	
Data Processing Equipment		1,000	
Total Probate Court			63,746

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice

Communication	\$	1,589	
Janitorial Services		19,222	
Maintenance & Repair Services- Buildings		8,144	
Maintenance & Repair Services- Equipment		132	
Remittance of Revenue Collected		19,876	
Custodial Supplies		483	
Utilities		2,705	
Building and Contents Insurance		905	
Liability Insurance		1,545	
Building Improvements		4,900	
Total Other Administration of Justice			\$ 59,501

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,225	
Deputy(ies)		718,121	
Investigator(s)		141,551	
Captain(s)		122,270	
Sergeant(s)		174,510	
Accountants/Bookkeepers		29,936	
Medical Personnel		22,935	
Secretary(s)		26,846	
Clerical Personnel		49,123	
Part-time Personnel		10,400	
Longevity Pay		16,450	
Overtime Pay		37,605	
In-Service Training		26,319	
Social Security		102,267	
State Retirement		124,887	
Employee and Dependent Insurance		256,181	
Unemployment Compensation		2,596	
Communication		16,073	
Dues and Memberships		1,750	
Legal Notices, Recording and Court Costs		65	
Maintenance & Repair Services- Equipment		1,432	
Maintenance & Repair Services- Office Equipment		2,037	
Maintenance & Repair Services- Vehicles		49,795	
Transportation - Other than Students		3,324	
Travel		1,194	
Duplicating Supplies		2,252	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Gasoline	\$	94,680	
Office Supplies		9,725	
Uniforms		26,125	
Utilities		2,698	
Other Supplies and Materials		4,001	
Building and Contents Insurance		1,946	
Liability Insurance		21,331	
Vehicle and Equipment Insurance		33,494	
Workers' Compensation Insurance		38,072	
Law Enforcement Equipment		60,411	
Motor Vehicles		149,531	
Office Equipment		22,952	
Total Sheriff's Department			\$ 2,475,110

Jail

Captain(s)	\$	38,000
Sergeant(s)		96,299
Guards		499,350
Cafeteria Personnel		62,292
Longevity Pay		3,250
Overtime Pay		12,361
Other Salaries & Wages		37,069
In-Service Training		9,797
Social Security		55,902
State Retirement		62,846
Employee and Dependent Insurance		158,289
Unemployment Compensation		1,796
Communication		2,724
Maintenance & Repair Services- Equipment		7,470
Maintenance & Repair Services- Office Equipment		1,814
Transportation - Other than Students		669
Travel		768
Custodial Supplies		16,982
Drugs and Medical Supplies		224,257
Duplicating Supplies		1,476
Food Supplies		98,392
Office Supplies		3,950
Prisoners Clothing		16,629
Uniforms		11,350
Utilities		121,436

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Building and Contents Insurance	\$	3,424	
Liability Insurance		31,451	
Vehicle and Equipment Insurance		8,373	
Workers' Compensation Insurance		21,625	
Food Service Equipment		2,236	
Office Equipment		15,450	
Total Jail			\$ 1,627,727

Workhouse

Guards	\$	16,840	
Social Security		679	
State Retirement		420	
Unemployment Compensation		36	
Communication		809	
Janitorial Services		25,430	
Maintenance & Repair Services- Buildings		30,018	
Maintenance & Repair Services- Equipment		10,116	
Custodial Supplies		3,126	
Liability Insurance		1,114	
Building Construction		19,887	
Total Workhouse			108,475

Fire Prevention and Control

Accountants/Bookkeepers	\$	4,691	
Social Security		320	
State Retirement		414	
Unemployment Compensation		5	
Contributions		195,000	
Building Construction		394,772	
Total Fire Prevention and Control			595,202

Civil Defense

Communication	\$	800	
Contracts with Government Agencies		19,765	
Other Equipment		208,044	
Total Civil Defense			228,609

Other Emergency Management

Communication	\$	120,000	
Utilities		18,424	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Building and Contents Insurance	\$ 1,785	
Total Other Emergency Management		\$ 140,209

Public Health and Welfare

Local Health Center

Custodial Personnel	\$ 11,630	
Longevity Pay	350	
Social Security	916	
State Retirement	1,106	
Unemployment Compensation	51	
Communication	2,179	
Contracts with Government Agencies	14,225	
Maintenance & Repair Services- Buildings	3,358	
Postal Charges	4,248	
Custodial Supplies	3,920	
Drugs and Medical Supplies	4,058	
Duplicating Supplies	330	
Office Supplies	5,147	
Utilities	11,951	
Building and Contents Insurance	1,153	
Liability Insurance	685	
Workers' Compensation Insurance	556	
Office Equipment	7,177	
Total Local Health Center		73,040

Ambulance/Emergency Medical Services

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

Dental Health Program

Medical Personnel	\$ 96,815	
Paraprofessionals	26,687	
Clerical Personnel	46,722	
Longevity Pay	2,050	
Social Security	12,553	
State Retirement	13,850	
Employee and Dependent Insurance	11,803	
Unemployment Compensation	418	
Travel	287	
Drugs and Medical Supplies	10,714	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program (Cont.)

Liability Insurance	\$	3,410	
Workers' Compensation Insurance		548	
Total Dental Health Program			\$ 225,857

General Welfare Assistance

Bus Drivers	\$	14,000	
Contracts with Government Agencies		10,950	
Dues and Memberships		7,690	
Other Contracted Services		1,388	
Total General Welfare Assistance			34,028

Sanitation Management

Supervisor/Director	\$	17,927	
Guards		26,918	
Part-time Personnel		23,472	
Longevity Pay		1,300	
Social Security		5,174	
State Retirement		6,254	
Employee and Dependent Insurance		8,782	
Unemployment Compensation		236	
Advertising		3,791	
Communication		1,258	
Contributions		2,670	
Maintenance & Repair Services- Vehicles		3,363	
Postal Charges		44	
Transportation - Other than Students		2,847	
Travel		477	
Gasoline		6,165	
Office Supplies		766	
Uniforms		800	
Utilities		299	
Other Supplies and Materials		973	
Liability Insurance		827	
Vehicle and Equipment Insurance		2,222	
Workers' Compensation Insurance		2,184	
Total Sanitation Management			118,749

Social, Cultural and Recreational Services

Senior Citizens Assistance

Contributions	\$	45,126	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Dues and Memberships	\$ 3,500	
Total Senior Citizens Assistance		\$ 48,626

Libraries

Contributions	\$ 13,600	
Total Libraries		13,600

Parks and Fair Boards

Contributions	\$ 6,100	
Maintenance Agreements	2,000	
Total Parks and Fair Boards		8,100

Other Social, Cultural and Recreational

Contributions	\$ 3,000	
Total Other Social, Cultural and Recreational		3,000

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 50,569	
Other Fringe Benefits	10,523	
Communication	2,488	
Janitorial Services	4,300	
Maintenance & Repair Services- Buildings	1,151	
Maintenance & Repair Services- Equipment	340	
Duplicating Supplies	695	
Utilities	4,070	
Building and Contents Insurance	276	
Liability Insurance	744	
Total Agriculture Extension Service		75,156

Soil Conservation

Secretary(s)	\$ 27,712	
Longevity Pay	1,400	
Other Salaries & Wages	29,542	
Social Security	4,337	
State Retirement	5,320	
Employee and Dependent Insurance	8,534	
Unemployment Compensation	116	
Dues and Memberships	600	
Travel	172	

(Continued)

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Soil Conservation (Cont.)

Office Supplies	\$	644	
Liability Insurance		497	
Workers' Compensation Insurance		204	
Office Equipment		89	
Total Soil Conservation			\$ 79,167

Other Operations

Tourism

Contributions	\$	50,000	
Total Tourism			50,000

Industrial Development

Contributions	\$	3,748	
Other Contracted Services		43,377	
Total Industrial Development			47,125

Other Economic and Community Development

Other Contracted Services	\$	821,692	
Total Other Economic and Community Development			821,692

Veterans' Services

Clerical Personnel	\$	11,567	
Travel		322	
Total Veterans' Services			11,889

Miscellaneous

Communication	\$	3,030	
Contracts with Private Agencies		11,122	
Contributions		44,500	
Dues and Memberships		44,984	
Gasoline		8,713	
Testing		3,428	
Refunds		1,517	
Trustee's Commission		125,474	
Total Miscellaneous			242,768

Principal

General Government

Principal on Capitalized Leases	\$	4,145	
Total General Government			4,145

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Interest

General Government

Interest on Capitalized Leases	\$ 1,486	
Total General Government	<u>1,486</u>	\$ 1,486

Total General Fund		\$ 11,415,198
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Public Library Fund

Social, Cultural and Recreational Services

Libraries

Other Salaries & Wages	\$ 79,863	
Social Security	9,012	
Consultants	3,500	
Maintenance & Repair Services- Equipment	2,484	
Rentals	24,000	
Library Books/Media	25,087	
Utilities	6,491	
Other Supplies and Materials	5,314	
Liability Insurance	5,598	
Other Charges	2,695	
Furniture and Fixtures	<u>5,216</u>	
Total Libraries		<u>\$ 169,260</u>

Total Public Library Fund		169,260
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Solid Waste/Sanitation Fund

Public Health and Welfare

Postclosure Care Costs

Evaluation and Testing	\$ 6,716	
Total Postclosure Care Costs	<u>6,716</u>	\$ 6,716

Highways

Litter and Trash Collection

Foremen	\$ 29,532	
Equipment Operators	82,062	
Laborers	30,182	
Part-time Personnel	9,867	
Longevity Pay	3,500	
Overtime Pay	13,550	
Social Security	12,303	
State Retirement	14,894	
Employee and Dependent Insurance	31,723	

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Unemployment Compensation	\$	139	
Communication		1,704	
Dues and Memberships		800	
Licenses		2,000	
Maintenance & Repair Services- Equipment		6,911	
Maintenance & Repair Services- Office Equipment		146	
Postal Charges		400	
Printing, Stationery and Forms		824	
Tow-in Services		250	
Travel		179	
Disposal Fees		223,603	
Other Contracted Services		43,570	
Crushed Stone		2,996	
Diesel Fuel		29,870	
Electricity		1,420	
Equipment and Machinery Parts		8,074	
Fuel Oil		146	
Lubricants		1,444	
Office Supplies		1,996	
Road Signs		171	
Small Tools		378	
Tires and Tubes		5,996	
Uniforms		1,765	
Water and Sewer		361	
Fencing		3,364	
Trustee's Commission		10,371	
Other Charges		1,426	
Other Equipment		121,940	
Other Capital Outlay		36,985	
Total Litter and Trash Collection			\$ 736,842
Total Solid Waste/Sanitation Fund			\$ 743,558

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	9,000
Other Contracted Services		5,731
Other Supplies and Materials		19,994
Trustee's Commission		209

(Continued)

Exhibit K-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Other Capital Outlay	\$ 6,505	
Total Drug Enforcement	<u>6,505</u>	\$ 41,439

Total Drug Control Fund		\$ 41,439
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Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 190,901	
Total County Trustee's Office	<u>190,901</u>	\$ 190,901

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 4,487	
Total County Clerk's Office	<u>4,487</u>	4,487

Administration of Justice

Circuit Court Clerk

Constitutional Officers' Operating Expenses	\$ 141	
Total Circuit Court Clerk	<u>141</u>	141

Total Constitutional Officers - Fees Fund		195,529
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 79,878
Assistant(s)	54,809
Accountants/Bookkeepers	28,451
Secretary(s)	27,502
Clerical Personnel	23,754
Overtime Pay	361
Other Salaries & Wages	22,318
Board and Committee Members Fees	7,875
Advertising	1,625
Communication	11,931
Dues and Memberships	5,237
Freight Expenses	96
Maintenance & Repair Services- Buildings	1,511
Maintenance & Repair Services- Equipment	1,064
Maintenance & Repair Services- Office Equipment	6,499

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Postal Charges	\$	701	
Printing, Stationery and Forms		1,042	
Rentals		471	
Travel		1,745	
Other Contracted Services		3,339	
Custodial Supplies		1,488	
Electricity		9,606	
Natural Gas		11,229	
Office Supplies		3,499	
Water and Sewer		650	
Other Charges		1,496	
Total Administration			\$ 308,177

Highway and Bridge Maintenance

Foremen	\$	147,296	
Equipment Operators		127,861	
Equipment Operators - Light		232,715	
Truck Drivers		126,721	
Laborers		137,947	
Overtime Pay		16,956	
Engineering Services		17,272	
Rentals		15	
Other Contracted Services		88,632	
Asphalt - Cold Mix		24,733	
Asphalt - Hot Mix		1,250,371	
Concrete		1,656	
Crushed Stone		148,592	
Fertilizer, Lime and Seed		29,728	
General Construction Materials		4,409	
Other Road Supplies		22,909	
Pipe - Metal		55,747	
Road Signs		16,216	
Salt		332	
Small Tools		1,402	
Wood Products		109	
Gravel and Chert		7,999	
Geotextile Materials		845	
Other Supplies and Materials		1,494	
Total Highway and Bridge Maintenance			2,461,957

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Mechanic(s)	\$	79,897	
Equipment Operators		29,345	
Laborers		23,068	
Overtime Pay		1,063	
Licenses		100	
Maintenance & Repair Services- Buildings		343	
Maintenance & Repair Services- Equipment		32,793	
Tow-in Services		532	
Diesel Fuel		72,121	
Equipment and Machinery Parts		61,234	
Garage Supplies		4,778	
Gasoline		10,006	
Lubricants		6,484	
Small Tools		3,150	
Tires and Tubes		36,937	
Other Charges		1,084	
Total Operation and Maintenance of Equipment			\$ 362,935

Other Charges

Overtime Pay	\$	3,856	
Other Salaries & Wages		116,314	
Travel		111	
Veterinary Services		452	
Animal Food and Supplies		750	
Custodial Supplies		2,491	
Office Supplies		1,339	
Other Supplies and Materials		8,196	
Building and Contents Insurance		3,372	
Liability Insurance		27,728	
Refunds		2,250	
Trustee's Commission		47,428	
Vehicle and Equipment Insurance		24,718	
Workers' Compensation Insurance		83,665	
Office Equipment		590	
Total Other Charges			\$ 323,260

Employee Benefits

Longevity Pay	\$	23,450	
Social Security		94,908	
State Retirement		121,151	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits (Cont.)

Employee and Dependent Insurance	\$	309,206	
Unemployment Compensation		990	
Other Fringe Benefits		5,416	
Uniforms		14,253	
Total Employee Benefits			\$ 569,374

Capital Outlay

Bridge Construction	\$	709,235	
Building Improvements		1,251	
Communication Equipment		1,427	
Furniture and Fixtures		1,859	
Highway Construction		85,793	
Highway Equipment		104,303	
Maintenance Equipment		385	
Office Equipment		3,508	
State Aid Projects		21,627	
Total Capital Outlay			\$ 929,388

Total Highway/Public Works Fund \$ 4,955,091

General Debt Service Fund

Principal

Education

Principal on Bonds	\$	2,905,000	
Principal on Notes		810,000	
Principal on Other Loans Payable		420,000	
Total Education			\$ 4,135,000

Interest

General Government

Interest on Other Loans Payable	\$	61,207	
Total General Government			61,207

Education

Interest on Bonds	\$	1,097,988	
Interest on Notes		64,626	
Interest on Other Loans Payable		278,069	
Total Education			1,440,683

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Trustee's Commission	\$ 103,572	
Other Debt Issuance Charges	9,441	
Total General Government	<u>113,013</u>	\$ 113,013

Education

Other Debt Service	\$ 46,778	
Total Education	<u>46,778</u>	46,778

Total General Debt Service Fund \$ 5,796,681

General Capital Projects Fund

Other Debt Service

Education

Other Debt Issuance Charges	\$ 30,000	
Total Education	<u>30,000</u>	\$ 30,000

Capital Projects

Highway & Street Capital Projects

Architects	\$ 79,398	
Other Contracted Services	8,496	
Highway Construction	<u>1,263,722</u>	
Total Highway & Street Capital Projects		1,351,616

Education Capital Projects

Contributions	\$ 5,070,000	
Total Education Capital Projects	<u>5,070,000</u>	5,070,000

Total General Capital Projects Fund 6,451,616

Total Governmental Funds - Primary Government \$ 29,768,372

Exhibit K-8

Tipton County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Tipton County School Department
For the Year Ended June 30, 2005

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 21,151,968	
Career Ladder Program	290,985	
Career Ladder Extended Contracts	149,023	
Educational Assistants	610,601	
Other Salaries & Wages	49,943	
Certified Substitute Teachers	273,965	
Social Security	1,346,093	
State Retirement	1,234,278	
Medical Insurance	2,662,731	
Unemployment Compensation	14,022	
Employer Medicare	314,813	
Travel	12,686	
Other Contracted Services	175,638	
Instructional Supplies and Materials	312,598	
Textbooks	646,816	
Other Supplies and Materials	42,928	
In Service/Staff Development	5,397	
Fee Waivers	90,223	
Other Charges	47,631	
Regular Instruction Equipment	585,802	
Total Regular Instruction Program		\$ 30,018,141

Alternative Instruction Program

Teachers	\$ 252,758	
Career Ladder Program	6,065	
Clerical Personnel	22,550	
Other Salaries & Wages	41,110	
Social Security	19,624	
State Retirement	20,201	
Medical Insurance	21,027	
Unemployment Compensation	146	
Employer Medicare	4,589	
Communication	57	
Travel	1,229	
Other Contracted Services	6,882	
Other Supplies and Materials	579	
Other Charges	182	
Total Alternative Instruction Program		396,999

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	3,495,175	
Career Ladder Program		39,330	
Homebound Teachers		158,919	
Clerical Personnel		62,682	
Educational Assistants		777,153	
Other Salaries & Wages		62,909	
Certified Substitute Teachers		29,300	
Social Security		277,234	
State Retirement		277,976	
Medical Insurance		537,084	
Unemployment Compensation		3,408	
Employer Medicare		64,837	
Contracts with Private Agencies		75,487	
Matching Share		15,965	
Travel		11,463	
Other Contracted Services		160,591	
Instructional Supplies and Materials		103,093	
In Service/Staff Development		125	
Other Charges		33,732	
Special Education Equipment		32,953	
Total Special Education Program			\$ 6,219,416

Vocational Education Program

Teachers	\$	1,400,672	
Career Ladder Program		21,000	
Other Salaries & Wages		11,499	
Certified Substitute Teachers		23,700	
Social Security		87,335	
State Retirement		78,252	
Medical Insurance		139,780	
Unemployment Compensation		799	
Employer Medicare		20,425	
Travel		28,418	
Other Contracted Services		29,028	
Instructional Supplies and Materials		70,633	
Textbooks		19,527	
Other Supplies and Materials		5,810	
Other Charges		2,530	
Vocational Instruction Equipment		27,175	
Total Vocational Education Program			1,966,583

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program

Teachers	\$	63,822	
Social Security		3,953	
State Retirement		2,747	
Medical Insurance		4,000	
Unemployment Compensation		125	
Employer Medicare		926	
Instructional Supplies and Materials		3,850	
Other Supplies and Materials		4,316	
Other Charges		45	
Total Adult Education Program			\$ 83,784

Support Services

Health Services

Other Salaries & Wages	\$	67,320	
Social Security		4,121	
State Retirement		6,402	
Medical Insurance		7,166	
Unemployment Compensation		46	
Employer Medicare		964	
Travel		1,167	
Other Contracted Services		357,013	
Other Supplies and Materials		5,869	
Other Charges		4,383	
Total Health Services			454,451

Other Student Support

Career Ladder Program	\$	6,995	
Guidance Personnel		332,580	
Psychological Personnel		49,177	
School Resource Officer		7,008	
Other Salaries & Wages		80,698	
Social Security		28,673	
State Retirement		28,184	
Medical Insurance		40,182	
Unemployment Compensation		223	
Employer Medicare		6,706	
Communication		1,021	
Contracts with Government Agencies		86,400	
Evaluation and Testing		53,781	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Travel	\$	1,668	
Other Supplies and Materials		141	
In Service/Staff Development		1,286	
Total Other Student Support			\$ 724,723

Regular Instruction Program

Supervisor/Director	\$	393,569	
Career Ladder Program		42,000	
Career Ladder Extended Contracts		20,000	
Librarians		551,457	
Materials Supervisor		62,807	
Instructional Computer Personnel		64,032	
Clerical Personnel		30,816	
Other Salaries & Wages		39,072	
Social Security		72,238	
State Retirement		71,577	
Medical Insurance		108,835	
Unemployment Compensation		495	
Employer Medicare		16,894	
Communication		3,655	
Travel		35,863	
Library Books/Media		100,356	
Other Supplies and Materials		7,711	
In Service/Staff Development		4,184	
Other Charges		87	
Total Regular Instruction Program			1,625,648

Special Education Program

Supervisor/Director	\$	134,858	
Career Ladder Program		2,000	
Social Security		8,086	
State Retirement		7,527	
Medical Insurance		15,606	
Unemployment Compensation		46	
Employer Medicare		1,891	
Travel		29,159	
Other Contracted Services		951	
In Service/Staff Development		16,441	
Other Charges		1,856	
Total Special Education Program			218,421

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program

Supervisor/Director	\$	62,807	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		4,000	
Social Security		4,186	
State Retirement		3,839	
Medical Insurance		8,963	
Unemployment Compensation		23	
Employer Medicare		979	
Travel		3,930	
In Service/Staff Development		7,070	
Other Charges		380	
Total Vocational Education Program			\$ 99,177

Adult Programs

Supervisor/Director	\$	48,295	
Other Salaries & Wages		18,552	
Social Security		4,042	
State Retirement		4,355	
Medical Insurance		3,905	
Unemployment Compensation		45	
Employer Medicare		945	
Travel		3,838	
In Service/Staff Development		1,088	
Total Adult Programs			85,065

Board of Education

Board and Committee Members Fees	\$	11,400	
Life Insurance		20,000	
Audit Services		21,900	
Dues and Memberships		16,364	
Legal Services		110,901	
Travel		6,569	
Liability Insurance		76,485	
Trustee's Commission		295,519	
Other Charges		484	
Total Board of Education			559,622

Director of Schools

County Official/Administrative Officer	\$	104,507	
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(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Career Ladder Program	\$	1,000	
Secretary(s)		30,816	
Social Security		7,397	
State Retirement		8,734	
Medical Insurance		3,652	
Unemployment Compensation		46	
Employer Medicare		1,980	
Communication		62,440	
Dues and Memberships		50	
Postal Charges		3,227	
Travel		8,401	
Office Supplies		5,783	
Other Charges		632	
Total Director of Schools			\$ 238,665

Office of the Principal

Principals	\$	837,406	
Career Ladder Program		66,985	
Career Ladder Extended Contracts		30,000	
Assistant Principals		1,663,832	
Secretary(s)		823,132	
Social Security		205,332	
State Retirement		217,408	
Medical Insurance		356,789	
Unemployment Compensation		1,878	
Employer Medicare		48,021	
Communication		4,582	
Contributions		10,000	
Travel		30,027	
Other Contracted Services		17,506	
Office Supplies		4,415	
Other Supplies and Materials		854	
In Service/Staff Development		289	
Total Office of the Principal			4,318,456

Fiscal Services

Supervisor/Director	\$	45,055	
Accountants/Bookkeepers		99,621	
Secretary(s)		167,382	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Social Security	\$	18,956	
State Retirement		27,616	
Medical Insurance		26,473	
Unemployment Compensation		218	
Employer Medicare		4,433	
Travel		4,594	
Other Contracted Services		11,106	
Office Supplies		10,571	
Other Supplies and Materials		365	
Other Charges		1,804	
Administration Equipment		5,148	
Total Fiscal Services			\$ 423,342

Operation of Plant

Custodial Personnel	\$	1,389,713	
Social Security		82,706	
State Retirement		112,842	
Medical Insurance		277,024	
Unemployment Compensation		2,134	
Employer Medicare		19,342	
Laundry Service		912	
Other Contracted Services		107,896	
Electricity		1,298,933	
Natural Gas		276,515	
Water and Sewer		123,600	
Other Supplies and Materials		136,292	
Building and Contents Insurance		169,122	
Other Charges		422	
Total Operation of Plant			3,997,453

Maintenance of Plant

Supervisor/Director	\$	55,272	
Secretary(s)		26,952	
Other Salaries & Wages		515,731	
Social Security		35,549	
State Retirement		52,424	
Medical Insurance		81,266	
Unemployment Compensation		535	
Employer Medicare		8,314	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Communication	\$	6,061	
Maintenance & Repair Services- Equipment		23,204	
Other Contracted Services		1,298	
Other Supplies and Materials		127,366	
Other Charges		600	
Maintenance Equipment		35,101	
Total Maintenance of Plant			\$ 969,673

Transportation

Supervisor/Director	\$	117,754	
Mechanic(s)		240,546	
Bus Drivers		1,387,610	
Clerical Personnel		21,350	
Social Security		101,301	
State Retirement		145,334	
Medical Insurance		520,326	
Unemployment Compensation		3,153	
Employer Medicare		23,691	
Communication		5,307	
Laundry Service		5,078	
Travel		3,448	
Other Contracted Services		38,845	
Gasoline		404,369	
Instructional Supplies and Materials		3	
Lubricants		4,962	
Tires and Tubes		51,711	
Vehicle Parts		213,321	
Other Supplies and Materials		9,343	
Vehicle and Equipment Insurance		72,579	
Other Charges		9,164	
Transportation Equipment		766,366	
Total Transportation			4,145,561

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	35,267	
Accountants/Bookkeepers		30,816	
Other Salaries & Wages		33,600	
Social Security		5,899	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

State Retirement	\$	8,066	
Medical Insurance		17,968	
Unemployment Compensation		61	
Employer Medicare		1,380	
Transportation - Other than Students		20,825	
Travel		1,267	
Other Contracted Services		700	
In Service/Staff Development		4,394	
Other Charges		67	
Total Food Service			\$ 160,310

Community Services

Supervisor/Director	\$	16,956	
Other Salaries & Wages		442,282	
Social Security		28,122	
State Retirement		1,704	
Medical Insurance		17,551	
Unemployment Compensation		967	
Employer Medicare		6,577	
Travel		6,881	
Other Contracted Services		360	
Food Supplies		19,995	
Instructional Supplies and Materials		213	
Other Supplies and Materials		4,449	
Other Charges		360	
Other Equipment		769	
Total Community Services			547,186

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	100,117	
Total Regular Capital Outlay			100,117

Other Debt Service

Education

Other Debt Service	\$	475,000	
Total Education			475,000

Total General Purpose School Fund \$ 57,827,793

(Continued)

Exhibit K-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,399,511	
Educational Assistants		304,692	
Certified Substitute Teachers		10,700	
Social Security		102,211	
State Retirement		105,730	
Medical Insurance		203,126	
Unemployment Compensation		1,841	
Employer Medicare		23,904	
Other Contracted Services		19,939	
Instructional Supplies and Materials		50,738	
Other Charges		104	
Regular Instruction Equipment		29,098	
Total Regular Instruction Program			\$ 2,251,594

Special Education Program

Teachers	\$	16,481	
Educational Assistants		1,199,383	
Other Salaries & Wages		72,776	
Social Security		75,871	
State Retirement		110,632	
Medical Insurance		222,388	
Unemployment Compensation		1,886	
Employer Medicare		17,744	
Contracts with Private Agencies		83,609	
Other Contracted Services		288,081	
Instructional Supplies and Materials		212,622	
Textbooks		3,178	
Special Education Equipment		28,565	
Total Special Education Program			2,333,216

Vocational Education Program

Clerical Personnel	\$	6,600	
Other Salaries & Wages		47,762	
Social Security		3,306	
State Retirement		5,170	
Medical Insurance		4,654	
Unemployment Compensation		72	
Employer Medicare		773	
Instructional Supplies and Materials		68,639	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Vocational Instruction Equipment	\$ 12,354	
Total Vocational Education Program		\$ 149,330

Support Services

Other Student Support

Travel	\$ 38,633	
Total Other Student Support		38,633

Regular Instruction Program

Supervisor/Director	\$ 31,637	
Secretary(s)	20,214	
In-Service Training	31,600	
Social Security	5,067	
State Retirement	5,400	
Medical Insurance	4,688	
Unemployment Compensation	2	
Employer Medicare	1,185	
Communication	2,301	
Travel	1,858	
Other Contracted Services	9,869	
Instructional Supplies and Materials	2,798	
Other Supplies and Materials	156	
In Service/Staff Development	173,511	
Total Regular Instruction Program		290,286

Special Education Program

Travel	\$ 6,051	
In Service/Staff Development	2,233	
Other Charges	21,405	
Total Special Education Program		29,689

Vocational Education Program

In Service/Staff Development	\$ 7,238	
Total Vocational Education Program		7,238

Transportation

Transportation Equipment	\$ 90,200	
Total Transportation		90,200

Total School Federal Projects Fund \$ 5,190,186

(Continued)

Exhibit K-8

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$ 1,552,123	
Social Security	88,769	
State Retirement	125,916	
Medical Insurance	373,814	
Unemployment Compensation	3,133	
Employer Medicare	20,761	
Travel	1,995	
Other Contracted Services	56,207	
Food Supplies	1,619,398	
Uniforms	13,923	
Other Supplies and Materials	156,142	
Trustee's Commission	59	
In Service/Staff Development	1,950	
Food Service Equipment	62,549	
Total Food Service		\$ 4,076,739

Total Central Cafeteria Fund \$ 4,076,739

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Other Salaries & Wages	\$ 39,729	
Social Security	2,463	
Unemployment Compensation	95	
Employer Medicare	576	
Architects	23,805	
Engineering Services	4,130	
Building Construction	6,320,145	
Total Education Capital Projects		\$ 6,390,943

Total Education Capital Projects Fund 6,390,943

Total Governmental Funds - Tipton County School Department \$ 73,485,661

Exhibit K-9

Tipton County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Fund
For the Year Ended June 30, 2005

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,493,668
Total Cash Receipts	<u>\$ 2,493,668</u>
<u>Cash Disbursements</u>	
Remittance of Revenue Collected	\$ 2,470,311
Trustee's Commission	23,357
Total Cash Disbursements	<u>\$ 2,493,668</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2004	<u>0</u>
Cash Balance, June 30, 2005	<u><u>\$ 0</u></u>

STATISTICAL SECTION

Table 1

Tipton County, Tennessee
Uncollected Taxes Filed in Chancery Court
June 30, 2005

<u>Year</u>	<u>Amount</u>
1994	\$ 12,597
1995	18,705
1996	20,015
1997	22,310
1998	21,064
1999	22,110
2000	43,669
2001	48,067
2002	104,261
2003	<u>241,977</u>
Total	<u>\$ 554,775</u>

Table 2

Tipton County, Tennessee
Tax Rates and Assessments
Last Ten Years

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General	\$ 0.61	\$ 0.56	\$ 0.60	\$ 0.63	\$ 0.70	\$ 0.70	\$ 0.75	\$ 0.70	\$ 0.70	\$ 0.70
Solid Waste/Sanitation	0.11	0.14	0.14	0.14	0.06	0.06	0.06	0.05	0.00	0.04
Highway/Public Works	0.30	0.25	0.25	0.25	0.21	0.21	0.21	0.18	0.08	0.04
General Debt Service	0.70	0.77	1.11	1.08	0.85	0.85	0.80	0.72	0.72	0.72
General Purpose School	1.85	1.57	1.19	1.19	1.10	1.10	1.10	0.99	1.35	1.35
Total Tax Rates	\$ 3.57	\$ 3.29	\$ 3.29	\$ 3.29	\$ 2.92	\$ 2.92	\$ 2.92	\$ 2.64	\$ 2.85	\$ 2.85
<u>Assessed Valuation</u>										
Real and Personal	\$ 281,295,755	\$ 327,113,450	\$ 343,620,261	\$ 364,446,689	\$ 438,049,451	\$ 465,399,756	\$ 483,932,549	\$ 556,896,064	\$ 582,696,496	\$ 602,893,709
Public Utilities	29,423,962	32,344,431	31,070,749	30,004,803	33,417,422	33,959,507	33,648,119	41,729,580	41,385,792	39,792,268
Total Assessed Valuation	\$ 310,719,717	\$ 359,457,881	\$ 374,691,010	\$ 394,451,492	\$ 471,466,873	\$ 499,359,263	\$ 517,580,668	\$ 598,625,644	\$ 624,082,288	\$ 642,685,977

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 37243-0269
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

September 16, 2005

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

To the County Executive and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tipton County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Tipton County's basic financial statements and have issued our report thereon dated September 16, 2005. Our report was qualified due to not including the financial statements of the Tipton County Emergency Communications District which were not available from other auditors as of the date of this report. 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 Tipton County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable

conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Tipton County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05.03, 05.09, and 05.10.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 05.03 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tipton County's 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 which are described in the accompanying Schedule of Findings and Questioned Costs as item 05.01, 05.02, 05.04, 05.05, 05.06, 05.07, and 05.08.

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

This report is intended solely for the information and use of the Board of County Commissioners, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/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 37243-0269
PHONE (615) 401-7841

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

September 16, 2005

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

To the County Executive and Board of County Commissioners:

Compliance

We have audited the compliance of Tipton County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Tipton County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Tipton County's management. Our responsibility is to express an opinion on Tipton County's compliance based on our audit.

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

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

As described in items 05.03 and 05.11 in the accompanying Schedule of Findings and Questioned Costs, Tipton County did not comply with requirements regarding the Davis-Bacon Act that are applicable to its Highway Planning and Construction grant. Compliance with such requirements is necessary, in our opinion, for Tipton County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Tipton County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Tipton County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Tipton County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Tipton County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as items 05.03 and 05.11.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above (items 05.03 and 05.11) to be a material weakness.

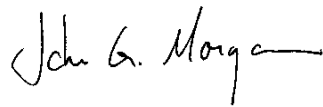
Schedule of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tipton County, Tennessee, as of and for the year ended June 30, 2005, and have issued our report thereon dated September 16, 2005. Our report was qualified due to not including the financial statements of the Tipton County

Emergency Communications District which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/yu

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
For the Tipton County Library

The Board of Directors
Tipton County Library
Covington, Tennessee

We have audited the financial statements of the governmental activities and the general fund of the Tipton County Library, Tipton County, Tennessee as of and for the year ended June 30, 2005, and have issued our report thereon. The report on the financial statements of the governmental activities was qualified because we were unable to obtain documentation supporting additions to the library collection for the years ended June 30, 2002, 2001, 2000. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tipton County Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Other Matters as item 2003-01.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable condition described in the Schedule of Findings and Other Matters (item 2003-01) is considered to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tipton County Library'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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We also noted another matter that is reported in the Schedule of Findings and Other Matters as item 2003-3.

This report is intended solely for the information of management, Board of Directors, 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.

**TIPTON COUNTY LIBRARY
SCHEDULE OF FINDINGS AND OTHER MATTERS
YEAR ENDED JUNE 30, 2005**

REPORTABLE CONDITIONS

Item No. 2003-01: Segregation of Duties

Condition: Due to the small size of the entity, there is inadequate segregation of duties between the accounting, treasury and custody functions.

Criteria: In order to adequately protect assets, the same individual should not have custody of particular assets, along with being responsible for recording transactions related to those assets.

Effect: An individual who performs both of the above-described duties has the opportunity to conceal any theft or misappropriation of assets.

Recommendation: None. Due to the size of the entity, it is not practical to correct this condition.

Management response: None.

OTHER MATTERS

Item No. 2003-3: Fidelity Bond Coverage

Condition: There is no fidelity bond coverage of persons having custody of assets.

Criteria: In order to insure the Library against possible losses, all individuals having custody of assets should be covered by fidelity bond insurance.

Effect: The Library is not currently protected against all insurable risks.

Recommendation: Insurance coverage should be considered for all individuals having custody of assets.

Management response: Under the present circumstances, we do not consider the level of risk justifies the cost of the coverage. However, we will present this matter to the Board of Directors for their consideration.

Tipton County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2005

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 312,956
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	573,931
National School Lunch Program	10.555	N/A	1,797,308
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	(2)	15,514
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	(2)	193,213
Total U.S. Department of Agriculture			<u>\$ 2,892,922</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-04-10939-00	\$ 369,846
Total U.S. Department of Housing and Urban Development			<u>\$ 369,846</u>
U.S. Department of Interior:			
Direct Program:			
Payments in Lieu of Taxes	15.226	N/A	\$ 154
Total U.S. Department of Interior			<u>\$ 154</u>
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 20,237
Passed-through State Commission on Children and Youth:			
Juvenile Accountability Incentive Block Grants	16.523	GG-05-11481-00	604
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-05-020433-00	9,000
Total U.S. Department of Justice			<u>\$ 29,841</u>
U. S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	STP-EN-8400(53)	\$ 875,175
Total U. S. Department of Transportation			<u>\$ 875,175</u>
U. S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-04-016714-00	\$ 3,972 (3)
Adult Education - State Grant Program	84.002	Z-04-025664-00	4,235 (3)
Adult Education - State Grant Program	84.002	Z-05-022268-00	104,489 (3)
Passed-through the State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	1,944,027
Special Education Cluster:			
Special Education - Grants to State	84.027	N/A	2,416,191
Special Education - Preschool Grants	84.173	N/A	106,876
Vocational Education - Basic Grants to States	84.048	N/A	197,376
Safe and Drug-Free Schools and Communities - National Programs	84.184	(2)	87,096
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	41,489
Safe and Drug-Free Schools and Communities - State Grants	84.186B	(2)	58,158
Twenty-First Century Community Learning Centers	84.287C	Z-05-021741-00	287,589
State Grants for Innovative Programs	84.298	N/A	79,946

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
Passed-through the State Department of Education (Cont.):			
Education Technology State Grants	84.318	(2)	\$ 780
Education Technology State Grants	84.318X	Z-04-020719-00	16,000
Improving Teacher Quality State Grants	84.367	N/A	506,188
Total Department of Education			\$ 5,854,412
U. S. Department of Health and Human Services:			
Passed-through State Department of Labor and Workforce Development:			
Promoting Safe and Stable Families	93.556	Z-05-21423-00	\$ 66,600
Temporary Assistance for Needy Families	93.558	Z-05-022355-00	46,444
Passed-through the State Department of Education:			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	GG-05-11133-00	83,100
Total U.S. Department of Health and Human Services			\$ 196,144
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z-03-017805-00	\$ 40,000 (4)
State Domestic Preparedness Equipment Support Program	97.004	Z-04-020150-00	153,813 (4)
Public Assistance Grants	97.036	Z-03-017983-00	250,771
State and Local All Hazards Emergency Operations Planning	97.051	Z-03-015218-00	16,732
Citizen Corps	97.053	Z-03-015517-00	820
Total U.S. Department of Homeland Security			\$ 462,136
Total Expenditures of Federal Awards			\$ 10,680,630
State Grants:			
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 17,501
Solid Waste Program - State Department of Environment and Conservation	N/A	Z-03-011373-01	47,577
Dental Program - State Department of Health	N/A	Z-04-015380-00	13,779
Dental Program - State Department of Health	N/A	Z-05-020540-00	183,304
Litter Program - State Department of Transportation	N/A	GG-04-10805-00	3,722
Litter Program - State Department of Transportation	N/A	Z-05-021553-00	32,864
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	GG-05-11196-00	303,530
School to Work - State Department of Education	N/A	(2)	49,375
Integrated Systematic Reform - State Department of Education	N/A	(2)	22,391
Governor's Funds - State Department of Education	N/A	(2)	2,269
Total State Grants			\$ 676,312

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total Adult Education - State Grant Program (CFDA Number 84.002) from the U. S. Department of Education was \$112,696.
- (4) Total State Domestic Preparedness Equipment Support Program (CFDA Number 97.004) from the U. S. Department of Homeland Security was \$193,813.

Tipton County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2005

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report of Tipton County, Tennessee, and the Tipton County School Department for the year ended June 30, 2004, which have not been corrected.

OFFICE OF COUNTY EXECUTIVE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.02	13	Expenditures exceeded appropriations in the General Fund

OFFICE OF COUNTY EXECUTIVE AND OFFICE OF DIRECTOR OF PUBLIC WORKS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.03	14	Animal control operations were budgeted improperly

OTHER FINDING AND RECOMMENDATION

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.04	15	A central system of accounting, budgeting, and purchasing had not been adopted

TIPTON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2005

PART I, SUMMARY OF AUDITOR'S RESULTS

1. A qualified opinion was issued on the financial statements of Tipton County.
2. The audit of the financial statements of Tipton County disclosed reportable conditions in internal control. One of these conditions was considered to be a material weakness.
3. The audit disclosed one instance of noncompliance which was material to the financial statements of Tipton County.
4. The audit disclosed one reportable condition in internal control over major programs. This condition was also considered to be a material weakness.
5. A qualified opinion was issued on compliance for major programs.
6. The audit of Tipton County revealed one audit finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), Community Development Block Grants/State's Program (CFDA No. 14.228), Highway Planning and Construction (CFDA No. 20.205), and the Title I Grants to Local Educational Agencies (CFDA No. 84.010) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Tipton County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY EXECUTIVE

FINDING 05.01 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**
(A. Noncompliance Under Government Auditing Standards; B. Material Noncompliance Under Government Auditing Standards)

Our examination of budget operations revealed the following deficiencies:

- A. Expenditures exceeded appropriations approved by the County Commission in the Other Economic and Community Development (\$5,277) major appropriation category (legal level of control) of the General Fund.
- B. The Public Library Fund (special revenue fund) was not budgeted. Expenditures for the year totaled \$169,260.

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

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission, and the Public Library Fund budget should be budgeted as required by state statute.

FINDING 05.02 **AMOUNTS WITHHELD FROM CONTRACTOR PAYMENTS WERE NOT DEPOSITED TO AN ESCROW ACCOUNT**
(Noncompliance Under Government Auditing Standards)

The office did not deposit retainage of \$126,336 withheld from contractor payments into an escrow account; instead, the county trustee held these funds on deposit. Section 66-11-144, Tennessee Code Annotated, requires that funds withheld from contractors be deposited into an escrow account for contracts of \$500,000 or more.

RECOMMENDATION

Amounts withheld from contractor payments on contracts of \$500,000 or more should be deposited into an escrow account in compliance with state statute.

FINDING 05.03 **THE OFFICE DID NOT DOCUMENT COMPLIANCE WITH THE DAVIS-BACON ACT**

(Internal Control – Material Weakness Under Government Auditing Standards and Material Noncompliance Under OMB Circular A-133)

The office did not document its compliance with the Davis-Bacon Act for an infrastructure capital project totaling \$1,764,229 that was funded by a federal Highway Planning and Construction Grant. Additionally, the county's contract with a vendor for the infrastructure project, which involved labor and materials to renovate streets and sidewalks, did not contain a clause indicating that the contractor would be required to comply with the provisions of the Davis-Bacon Act. Federal regulations require contractors and subcontractors to pay prevailing wages on any construction contract that exceeds \$2,000 and is financed either wholly or partially by federal funds. As a result of the failure to document its compliance with the Davis-Bacon Act and failure to include the provisions of the Davis-Bacon Act as a part of the capital improvement contract, we were unable to determine whether contractors and subcontractors paid their employees prevailing wage rates on this construction project.

RECOMMENDATION

The County Executive's Office should implement procedures to comply with provisions of the Davis-Bacon Act by including prevailing wage rate clauses in all future federally funded construction contracts and by monitoring and reviewing contractors' and subcontractors' payrolls for compliance with prevailing wage rate requirements.

OFFICE OF COUNTY EXECUTIVE AND OFFICE OF DIRECTOR OF PUBLIC WORKS

FINDING 05.04 **ANIMAL CONTROL OPERATIONS WERE BUDGETED IMPROPERLY**

(Noncompliance Under Government Auditing Standards)

For the 2004-05 year, animal control operations were budgeted and operated in the Highway/Public Works Fund, a fund that is intended to be used solely to account for highway and public works operations. Animal control operations are part of the general operating activities of the county and therefore should be accounted for in the county's General Fund. We noted that revenues from animal registrations were insufficient to cover the costs of the animal control operation, resulting in the Highway/Public Works Fund

supplementing these costs. The state attorney general has opined that state statutes authorize a county to levy a tax for county purposes and has defined “county general purposes levy” as a levy for all county purposes except roads, bridges, schools, etc. These expenditures represent the use of highway funds for general county purposes.

RECOMMENDATION

Animal control operations should be budgeted and disbursed from the county’s General Fund, and the Highway/Public Works Fund should be used only for highway purposes.

OFFICE OF DIRECTOR OF PUBLIC WORKS

FINDING 05.05 HIGHWAY/PUBLIC WORKS FUND EXPENDITURES EXCEEDED APPROPRIATIONS AT THE MAJOR CATEGORY LEVEL OF CONTROL
(Noncompliance Under Government Auditing Standards)

Expenditures exceeded appropriations approved by the County Commission in the Employee Benefits major appropriation category (legal level of control) of the Highway/Public Works Fund by \$12,124.

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

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

FINDING 05.06 DIRECTOR OF PUBLIC WORK’S COMPENSATION EXCEEDED AMOUNTS APPROPRIATED BY THE COUNTY COMMISSION
(Noncompliance Under Government Auditing Standards)

During the year under examination, the Director of Public Works received compensation in excess of the appropriation approved by the County Commission. This overpayment (\$1,536) resulted from a miscalculation of the number of payroll periods. This overpayment has been reflected as a receivable in the financial statements of the Highway/Public Works Fund and should be eliminated through payroll adjustments in the 2005-06 year.

RECOMMENDATION

Compensation should be held within appropriations approved by the County Commission.

MANAGEMENT'S RESPONSE – DIRECTOR OF PUBLIC WORKS

We changed our weekly payroll date from Friday to Thursday which created an extra payroll period for the fiscal year. This overpayment should be resolved in the 2005-06 fiscal year with the reduction of one payroll for that year.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 05.07 **GENERAL PURPOSE SCHOOL FUND EXPENDITURES AND ENCUMBRANCES EXCEEDED APPROPRIATIONS AT THE MAJOR CATEGORY LEVEL OF CONTROL**
(Noncompliance Under Government Auditing Standards)

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the Regular Instruction Program major appropriation category (legal level of control) of the General Purpose School Fund by \$45,308.

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

RECOMMENDATION

Expenditures and encumbrances should be held within appropriations approved by the County Commission.

FINDING 05.08 **AMOUNTS WITHHELD FROM CONTRACTOR PAYMENTS WERE NOT DEPOSITED TO AN ESCROW ACCOUNT**
(Noncompliance Under Government Auditing Standards)

The office did not deposit retainage of \$256,997 withheld from contractor payments into an escrow account; instead, the county trustee held these funds on deposit. Section 66-11-144, Tennessee Code Annotated, requires that funds withheld from contractors be deposited into an escrow account for contracts of \$500,000 or more.

RECOMMENDATION

Amounts withheld from contractor payments on contracts of \$500,000 or more should be deposited into an escrow account in compliance with state statute.

FINDING 05.09 **REVENUES AND EXPENDITURES WERE MISCLASSIFIED IN THE ACCOUNTING RECORDS OF THE GENERAL PURPOSE SCHOOL FUND**
(Internal Control – Reportable Condition Under Government Auditing Standards)

Several revenues and expenditures were coded to accounts that did not reflect the true nature of the transactions. For example, revenues for E-Rate payments (\$44,273) and grant proceeds (\$9,517) had been posted as reductions in expenditures to the Regular Instruction Program, and the expenditure for the payment of grant matching funds (\$15,965) had been posted to the grant proceeds revenue account. It appears these postings were made in an attempt to keep expenditures within appropriations to avoid the necessity of budget amendments. Audit adjustments have been provided to the School Department to properly classify these revenues and expenditures in the financial statements of this report.

RECOMMENDATION

Revenues and expenditures should be coded to accounts that most appropriately reflect the true nature of the transactions. When necessary, budget amendments should be submitted to the County Commission for consideration and approval.

OTHER FINDING AND RECOMMENDATION

FINDING 05.10 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**
(Internal Control – Reportable Condition Under Government Auditing Standards)

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

RECOMMENDATION

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

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

Federal/Pass-through Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U. S. Department of Transportation: Passed-through State Department of Transportation: Highway Planning and Construction	05.11	20.205	Circular A-133 Section 300(b), Part 3 (D)	Material Weakness in Internal Control and Material Noncompliance, see Finding No. 05.03: The County Executive Did Not Document Compliance with Davis-Bacon Act	\$ 0

TIPTON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2005

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

County Executive – Corrective Action Plan for Current-year Finding

FINDINGS 05.03 and 05.11

We will implement procedures to comply with the provisions of the Davis-Bacon Act, including adding prevailing wage rate clauses in all future federally funded construction contracts and monitoring contractor's and subcontractor's payrolls for compliance with prevailing wage rate requirements.