

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

*DEPARTMENT OF AUDIT*  
*JOHN G. MORGAN*  
*Comptroller of the Treasury*

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

*ARTHUR L. ALEXANDER*  
*Director*

*NORM R. NORMENT, CGFM*  
*Audit Manager*

*HORACE B. WISEMAN, CGFM*  
*Auditor 4*

*VICKY BARBER, CFE*  
*ELISHA CROWELL*  
*State Auditors*

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

---

---

# TABLE OF CONTENTS

---

---

	Exhibit/Table	Page
Audit Highlights		i
<u>INTRODUCTORY SECTION</u>		
Decatur County Officials		1
<u>FINANCIAL SECTION</u>		
Independent Auditor's Report		5
BASIC FINANCIAL STATEMENTS:		
Government-wide Financial Statements:		
Statement of Net Assets	A	11
Statement of Activities	B	13
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	16
Statement of Revenues, Expenditures, and Changes in Fund Balances	D-1	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	D-2	18
Proprietary Fund:		
Statement of Revenues, Expenses, and Changes in Net Assets	E-1	19
Statement of Cash Flows	E-2	20
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	F	21
Notes to the Financial Statements		23
REQUIRED SUPPLEMENTARY INFORMATION:		
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	G-1	63
Highway/Public Works Fund	G-2	65
Notes to the Required Supplementary Information		67

	Exhibit/Table	Page
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	H-1	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	H-2	74
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Solid Waste/Sanitation Fund	H-3	75
Drug Control Fund	H-4	76
Major Governmental Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	I	79
Fiduciary Funds:		
Combining Statement of Fiduciary Assets and Liabilities	J-1	83
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	J-2	84
Component Unit:		
Discretely Presented Decatur County School Department:		
Statement of Activities	K-1	89
Balance Sheet – Governmental Funds	K-2	90
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	K-3	91
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	K-4	92
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	K-5	93
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	K-6	94
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	K-7	95
School Federal Projects Fund	K-8	97
Miscellaneous Schedules:		
Schedule of Changes in Other Loans and Bonds	L-1	101
Schedule of Bond and Interest Requirements by Year	L-2	102
Schedule of Transfers – All Funds	L-3	103

	Exhibit/Table	Page
Schedule of Salaries and Official Bonds of Principal Officials	L-4	104
Schedule of Detailed Revenues – All Governmental Fund Types	L-5	105
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Decatur County School Department	L-6	110
Schedule of Detailed Expenditures – All Governmental Fund Types	L-7	112
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Decatur County School Department	L-8	130
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	L-9	140

**STATISTICAL SECTION**

Uncollected Taxes Filed in Circuit Court	1	143
Tax Rates and Assessments – Last Ten Years	2	144

**SINGLE AUDIT SECTION**

Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		147
Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		149
Other Auditor’s Report on Decatur County General Hospital: Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		151
Other Auditor’s Report on Decatur County Emergency Communications District: Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		154

	Exhibit/Table	Page
Schedule of Expenditures of Federal Awards and State Grants		157
Schedule of Audit Findings Not Corrected		159
Schedule of Findings and Questioned Costs		161
Auditee Reporting Responsibilities		165

# ***Audit Highlights***

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

## ***Scope***

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

## ***Results***

Our report on Decatur County's financial statements was unqualified.

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

## ***Findings***

The following are summaries of the audit findings:

- ◆ All financial activity of the Decatur County Library was not audited or subject to budgetary control of the County Commission as required by state statutes.
- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately among officials and employees in the Offices of Trustee, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.

*State of Tennessee*  
*Comptroller of the Treasury*  
*Department of Audit*  
*Division of County Audit*

---

---

# INTRODUCTORY SECTION

---

---

Decatur County Officials  
June 30, 2005

---

Officials:

Kenneth Broadway, County Mayor  
David Keeton, Road Supervisor  
Michael J. Price, Ed. D, Director of Schools  
Janis Wright Boyd, Trustee  
Randy Smith, Assessor of Property  
Randy H. Pope, County Clerk  
Danny Tanner, Circuit and General Sessions Courts Clerk  
Elizabeth J. Carpenter, Clerk and Master  
Don Davis, Register  
Ronald Kenner, Sheriff

Board of County Commissioners:

Kenneth Broadway, Chairman	Jean Kindle
Jerry Jones, Chairman Pro Tem	James King
Larry Bartholomew	Danny Lomax
Dan Brigance	Danny Pope
David Boroughs	Danny B. Roberts
Mike Box	Douglas Sanders
Randa Brasher	Bobby J. Swindle
Carolyn Giles	Mary Ella Teague
Billy Wayne Goodman	Carl White
Joe Keeton	

Budget Committee:

Jerry Jones, Chairman  
Dan Brigance  
Carolyn Giles  
Billy Wayne Goodman  
James King

Board of Education:

Robert Bibbs, Chairman	Dwight Lancaster
Ralph Aaron	JoNell Montgomery
Bradley Dodd	Rebecca Stanfill
Jimmy Gilbert	Joey Tucsnak
Paul Ivy	

---

---

## **FINANCIAL SECTION**

---

---



**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0269  
PHONE (615) 401-7841**

**INDEPENDENT AUDITOR'S REPORT**

September 27, 2005

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying 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 Decatur County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Decatur County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Decatur 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 discretely presented Decatur County General Hospital, which represent 34.2 percent and 48.5 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Also, we did not audit the financial statements of the discretely presented Decatur County Emergency Communications District, which represent 1.4 percent and .8 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. These financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Decatur County General Hospital and the Decatur County Emergency Communications District, is based on the reports of the other auditors.

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

evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Decatur County, Tennessee, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2005, on our consideration of Decatur 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., Decatur County has implemented Governmental Accounting Standards Board 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 Decatur 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 63 through 67 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 Decatur 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 Decatur 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 Decatur County School Department (a discretely presented component unit), and the

miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Very truly yours,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in black ink and includes a horizontal flourish at the end.

John G. Morgan  
Comptroller of the Treasury

JGM/yu

---

---

# **BASIC FINANCIAL STATEMENTS**

---

---

Exhibit A

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

	Primary Government	Component Units		
	Governmental Activities	Decatur County School Department	Decatur County General Hospital	Emergency Communications District
<u>ASSETS</u>				
Cash	\$ 4,813	\$ 0	\$ 20,795	\$ 75,452
Equity in Pooled Cash and Investments	3,374,341	1,772,912	0	0
Inventories	0	0	268,962	0
Investments	0	0	1,091,574	26,663
Accounts Receivable	42,567	161,413	2,308,762	3,280
Due from Other Governments	473,249	306,634	0	0
Due from Component Unit	132,206	0	0	0
Property Taxes Receivable	1,196,122	1,107,521	0	0
Allowance for Uncollectible Property Taxes	(10,222)	(9,466)	0	0
Prepaid Items	0	0	159,708	0
Other Current Assets	0	0	171,963	40,000
Restricted Assets:				
Utility Deposits	0	0	0	140
Deferred Charges - Debt Issuance Costs	23,487	0	7,549	0
Capital Assets:				
Assets Not Depreciated:				
Land	1,037,812	239,448	81,696	0
Construction in Progress	393,737	0	0	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	1,267,956	8,891,330	1,569,683	0
Infrastructure	2,371,616	0	0	0
Other Capital Assets	1,259,280	955,161	1,463,248	147,368
Total Assets	\$ 11,566,964	\$ 13,424,953	\$ 7,143,940	\$ 292,903

(Continued)

Exhibit A

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

	Primary	Component Units		
	Government	Decatur County School Department	Decatur County General Hospital	Emergency Communications District
	Governmental Activities			
<u>LIABILITIES</u>				
Accounts Payable	\$ 113,998	\$ 0	\$ 353,331	\$ 0
Other Accrued Expenses	0	0	298,991	0
Payroll Deductions Payable	8,472	157,860	0	0
Contracts Payable	378,903	0	0	0
Retainage Payable	19,039	0	0	0
Accrued Interest Payable	64,681	0	0	0
Due to Primary Government	0	40,650	71,588	0
Due to State of Tennessee	0	398	0	0
Due to Intermediaries	0	0	12,128	0
Matured Bonds Payable	4,000	0	0	0
Matured Interest Payable	687	0	0	0
Deferred Revenue - Current Property Taxes	1,125,584	1,042,207	0	0
Noncurrent Liabilities:				
Due Within One Year	1,086,579	0	817,286	0
Due in More Than One Year (net of deferred amount on refunding)	10,843,593	0	2,879,056	0
Total Liabilities	<u>\$ 13,645,536</u>	<u>\$ 1,241,115</u>	<u>\$ 4,432,380</u>	<u>\$ 0</u>
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 4,323,682	\$ 10,085,939	\$ 1,495,442	\$ 147,368
Restricted for:				
Capital Projects	305,881	0	0	0
Debt Service	1,239,205	0	0	0
Other Purposes	1,174,421	82,833	0	0
Unrestricted	(9,121,761)	2,015,066	1,216,118	145,535
Total Net Assets	<u>\$ (2,078,572)</u>	<u>\$ 12,183,838</u>	<u>\$ 2,711,560</u>	<u>\$ 292,903</u>

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

Exhibit B

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets										
	Program Revenues				Primary Government			Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Business- type Activities	Total	Decatur County School Department	Decatur County General Hospital	Emergency Communications District	
Primary Government:											
Governmental Activities:											
General Government	\$ 269,561	\$ 88,206	\$ 30,116	\$ 0	\$ (151,239)	\$ 0	\$ (151,239)	\$ 0	\$ 0	\$ 0	
Finance	376,232	244,008	7,511	0	(124,713)	0	(124,713)	0	0	0	
Administration of Justice	325,613	177,753	314,960	0	167,100	0	167,100	0	0	0	
Public Safety	1,591,838	60,703	125,022	117,067	(1,289,046)	0	(1,289,046)	0	0	0	
Public Health and Welfare	441,404	210,761	307,430	0	76,787	0	76,787	0	0	0	
Social, Cultural and Recreational Services	395,474	152,391	18,160	0	(224,923)	0	(224,923)	0	0	0	
Agriculture & Natural Resources	30,433	0	0	0	(30,433)	0	(30,433)	0	0	0	
Other Operations	352,932	0	0	0	(352,932)	0	(352,932)	0	0	0	
Highways/Public Works	1,538,679	11,060	1,460,528	332,618	265,527	0	265,527	0	0	0	
Interest on Long-term Debt	445,222	0	524,049	0	78,827	0	78,827	0	0	0	
Other Debt Service	8,585	0	0	0	(8,585)	0	(8,585)	0	0	0	
<b>Total Governmental Activities</b>	<b>\$ 5,775,973</b>	<b>\$ 944,882</b>	<b>\$ 2,787,776</b>	<b>\$ 449,685</b>	<b>\$ (1,593,630)</b>	<b>\$ 0</b>	<b>\$ (1,593,630)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	
Business-type Activities:											
Solid Waste Disposal Fund	\$ 4,040	\$ 0	\$ 0	\$ 0	\$ 0	\$ (4,040)	\$ (4,040)	\$ 0	\$ 0	\$ 0	
<b>Total Primary Government</b>	<b>\$ 5,780,013</b>	<b>\$ 944,882</b>	<b>\$ 2,787,776</b>	<b>\$ 449,685</b>	<b>\$ (1,593,630)</b>	<b>\$ (4,040)</b>	<b>\$ (1,597,670)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	
Component Units:											
Decatur County School Department	\$ 11,405,827	\$ 342,154	\$ 1,603,911	\$ 0	\$ 0	\$ 0	\$ 0	\$ (9,459,762)	\$ 0	\$ 0	
Decatur County General Hospital	10,216,961	10,385,721	0	0	0	0	0	0	168,760	0	
Emergency Communications District	152,756	81,221	89,576	0	0	0	0	0	0	18,041	
<b>Total Component Units</b>	<b>\$ 21,775,544</b>	<b>\$ 10,809,096</b>	<b>\$ 1,693,487</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (9,459,762)</b>	<b>\$ 168,760</b>	<b>\$ 18,041</b>	

Exhibit B

Decatur County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets								
	Program Revenues			Primary Government			Component Units		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Business- type Activities	Total	Decatur County School Department	Decatur County General Hospital	Emergency Communications District
General Revenues:									
Property taxes levied for general purposes				\$ 845,518	\$ 0	\$ 845,518	\$ 1,195,888	\$ 0	\$ 0
Property taxes levied for debt service				169,950	0	169,950	0	0	0
Local option sales tax				270,721	0	270,721	1,060,026	0	0
Other local taxes				873,466	0	873,466	83,605	0	0
Grants & Contributions not restricted for specific programs				523,434	0	523,434	6,680,039	96,613	0
Unrestricted Investment Earnings				69,566	0	69,566	11,582	20,123	1,135
Miscellaneous				49,560	23,128	72,688	22,429	70	148
Transfers				614,115	(614,115)	0	0	0	0
Total General Revenues and Transfers				\$ 3,416,330	\$ (590,987)	\$ 2,825,343	\$ 9,053,569	\$ 116,806	\$ 1,283
Change in net assets				\$ 1,822,700	\$ (595,027)	\$ 1,227,673	\$ (406,193)	\$ 285,566	\$ 19,324
Prior Period Adjustment				0	0	0	0	52,754	0
Net assets, July 1, 2004				(3,901,272)	595,027	(3,306,245)	12,590,031	2,373,240	273,579
Net assets, June 30, 2005				\$ (2,078,572)	\$ 0	\$ (2,078,572)	\$ 12,183,838	\$ 2,711,560	\$ 292,903

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

Exhibit C-1

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

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 4,387	\$ 426	\$ 4,813
Equity in Pooled Cash and Investments	727,074	591,734	1,112,399	943,134	3,374,341
Accounts Receivable	10,329	4,026	8,944	19,268	42,567
Due from Other Governments	168,887	245,576	58,701	85	473,249
Due from Other Funds	511	0	0	17,000	17,511
Due from Component Units	0	0	132,206	0	132,206
Property Taxes Receivable	1,018,919	0	177,203	0	1,196,122
Allowance for Uncollectible Property Taxes	(8,708)	0	(1,514)	0	(10,222)
<b>Total Assets</b>	<b>\$ 1,917,012</b>	<b>\$ 841,336</b>	<b>\$ 1,492,326</b>	<b>\$ 979,913</b>	<b>\$ 5,230,587</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 87,773	\$ 0	\$ 0	\$ 26,225	\$ 113,998
Payroll Deductions Payable	7,967	0	0	505	8,472
Contracts Payable	0	207,549	0	171,354	378,903
Retainage Payable	0	0	0	19,039	19,039
Due to Other Funds	0	0	17,000	511	17,511
Matured Bonds Payable	0	0	4,000	0	4,000
Matured Interest on Bonds	0	0	687	0	687
Deferred Revenue - Current Property Taxes	958,831	0	166,753	0	1,125,584
Deferred Revenue - Delinquent Property Taxes	47,275	0	8,222	0	55,497
Other Deferred Revenues	16,035	123,790	96,611	0	236,436
<b>Total Liabilities</b>	<b>\$ 1,117,881</b>	<b>\$ 331,339</b>	<b>\$ 293,273</b>	<b>\$ 217,634</b>	<b>\$ 1,960,127</b>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 1,047,264	\$ 1,047,264
Reserved for Alcohol and Drug Treatment	23,690	0	0	0	23,690
Reserved for Litigation Tax - Jail, Workhouse, or Courtthouse	54,242	0	0	0	54,242
Reserved for Computer System - Register	5,974	0	0	0	5,974
Reserved for Automation Purposes - Chancery Court	330	0	0	0	330
Unreserved, Reported In:					
General Fund	714,895	0	0	0	714,895
Special Revenue Funds	0	509,997	0	456,398	966,395
Debt Service Funds	0	0	1,199,053	0	1,199,053
Capital Projects Funds (Deficit)	0	0	0	(741,383)	(741,383)
<b>Total Fund Balances</b>	<b>\$ 799,131</b>	<b>\$ 509,997</b>	<b>\$ 1,199,053</b>	<b>\$ 762,279</b>	<b>\$ 3,270,460</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,917,012</b>	<b>\$ 841,336</b>	<b>\$ 1,492,326</b>	<b>\$ 979,913</b>	<b>\$ 5,230,587</b>

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

Exhibit C-2

Decatur 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  
are different because (Exhibit A):

Total fund balances - balance sheet - governmental funds (Exhibit C-1)	\$ 3,270,460
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,330,401
(2) Long-term liabilities are not due in the current period and therefore are not reported in the funds.	(11,971,366)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	<u>291,933</u>
Net assets of governmental activities (Exhibit A)	<u>\$ (2,078,572)</u>

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

Exhibit D-1

Decatur 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	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 1,782,606	\$ 41,735	\$ 372,400	\$ 0	\$ 2,196,741
Licenses and Permits	11,092	0	0	0	11,092
Fines, Forfeitures and Penalties	49,178	0	0	14,940	64,118
Charges for Current Services	196,767	0	0	201,777	398,544
Other Local Revenues	111,201	22,127	0	15,054	148,382
Fees Received from County Officials	413,297	0	0	0	413,297
State of Tennessee	716,847	1,782,259	29,488	236,626	2,765,220
Federal Government	160,884	10,097	0	0	170,981
Other Governments and Citizens Groups	74,117	0	618,530	0	692,647
Total Revenues	\$ 3,515,989	\$ 1,856,218	\$ 1,020,418	\$ 468,397	\$ 6,861,022
<u>Expenditures</u>					
Current:					
General Government	\$ 459,137	\$ 0	\$ 0	\$ 0	\$ 459,137
Finance	310,825	0	0	0	310,825
Administration of Justice	274,152	0	0	0	274,152
Public Safety	1,483,733	0	0	30,905	1,514,638
Public Health and Welfare	87,792	0	0	447,676	535,468
Social, Cultural, and Recreational Services	325,726	0	0	0	325,726
Agricultural and Natural Resources	43,428	0	0	0	43,428
Other Operations	750,242	0	0	69,042	819,284
Highways	0	3,377,709	0	0	3,377,709
Debt Service:					
Principal	0	263,000	720,000	0	983,000
Interest	0	19,534	429,621	0	449,155
Other Debt Service	0	20,077	11,995	0	32,072
Capital Projects	0	0	0	393,737	393,737
Total Expenditures	\$ 3,735,035	\$ 3,680,320	\$ 1,161,616	\$ 941,360	\$ 9,518,331
Excess (Deficiency) of Revenues Over Expenditures					
	\$ (219,046)	\$ (1,824,102)	\$ (141,198)	\$ (472,963)	\$ (2,657,309)
<u>Other Financing Sources (Uses)</u>					
Other Loans Issued	\$ 137,362	\$ 1,660,747	\$ 0	\$ 220,087	\$ 2,018,196
Transfers In	0	0	280,610	446,331	726,941
Total Other Financing Sources (Uses)	\$ 137,362	\$ 1,660,747	\$ 280,610	\$ 666,418	\$ 2,745,137
Net Change in Fund Balances					
Fund Balance, July 1, 2004	\$ (81,684)	\$ (163,355)	\$ 139,412	\$ 193,455	\$ 87,828
Fund Balance, June 30, 2005	\$ 799,131	\$ 509,997	\$ 1,199,053	\$ 762,279	\$ 3,270,460

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

Exhibit D-2

Decatur 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)	\$ 87,828
(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. This is the amount by which capital outlays exceeded depreciation in the current period.	2,556,052
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and transfers) is to increase net assets.	81,408
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(113,113)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(1,046,709)
(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.	<u>257,234</u>
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ 1,822,700</u></u>

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

Exhibit E-1

Decatur County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2005

	Business-type Activities
	Solid Waste Disposal
<u>Operating Revenues</u>	
Miscellaneous refunds	\$ 23,128
Total Operating Revenues	<u>\$ 23,128</u>
<u>Operating Expenses</u>	
Other charges	\$ 500
Depreciation	3,540
Total Operating Expenses	<u>\$ 4,040</u>
Operating Income	<u>\$ 19,088</u>
<u>Transfers Out</u>	
Transfer of funds	\$ 446,331
Transfer of capital assets	167,784
Total Transfers Out	<u>\$ 614,115</u>
Change in Net Assets	\$ (595,027)
Net Assets, July 1, 2004	<u>595,027</u>
Net Assets, June 30, 2005	<u><u>\$ 0</u></u>

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

Exhibit E-2

Decatur County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2005

	Business-type Activities
	Solid Waste Disposal
<u>Cash Flows from Operating Activities</u>	
Other receipts (payments)	\$ 22,628
Net Cash Provided by (Used in) Operating Activities	<u>\$ 22,628</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfer to other funds	\$ (446,331)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>\$ (446,331)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (423,703)
Cash and Cash Equivalents, July 1, 2004	<u>423,703</u>
Cash and Cash Equivalents, June 30, 2005	<u>\$ 0</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>	
Operating Income	\$ 19,088
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:	
Depreciation	<u>3,540</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 22,628</u>

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

Exhibit F

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 449,180
Equity in Pooled Cash and Investments	32
Due from Other Governments	<u>58,046</u>
Total Assets	<u>\$ 507,258</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 58,046
Due to Litigants, Heirs, and Others	449,180
Other Current Liabilities	<u>32</u>
Total Liabilities	<u>\$ 507,258</u>

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Decatur 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 Decatur County:

**A. Reporting Entity**

Decatur County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Decatur 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 Decatur 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 Decatur County School Department operates the public school system in the county, and the voters of Decatur 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 Decatur County General Hospital provides health care and emergency medical services to the citizens of Decatur County, and the Decatur County Commission appoints its governing body. Patient charges provide the majority of the revenues for the entity. Decatur County is financially obligated to retire any debt issued by the Decatur County General Hospital in the event of default by the hospital.

The Decatur County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Decatur County, and the Decatur

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 Decatur County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Decatur County School Department are included in this report as listed in the table of contents. Complete financial statements of the Decatur County General Hospital and the Decatur County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Decatur County General Hospital  
1200 Tennessee Avenue  
Parsons, TN 38363

Decatur County Emergency Communications District  
P. O. Box 628  
Decaturville, TN 38329

**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 inter-governmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Decatur 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.

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

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

Proprietary fund and 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.

Decatur 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.

Additionally, Decatur County reports the following fund types:

**Capital Project Funds** – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Enterprise Fund** – The Solid Waste Disposal Fund has been inactive in recent years, but previously it accounted for the operations of the county’s landfill. During the year, this fund was closed into the Community Development/Industrial Park Fund.

**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 Decatur 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 Decatur 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 Decatur County School Department reports the following fund types:

**Special Revenue Fund** – The School Federal Projects Fund accounts for restricted federal revenues which must be expended on specific education programs.

**Capital Projects Fund** – The Education Capital Projects Fund accounts for constructing and equipping a new school building for the School Department.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund (enterprise fund) that had been used to account for landfill operations but was closed during the year.

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

#### **D. Assets, Liabilities, and Net Assets or Equity**

##### **1. Deposits and Investments**

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

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Decatur County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General and General Purpose School Funds. Decatur County and the Decatur 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 outstanding at the end of the fiscal year is referred to as due to/from other funds.

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to .45 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 Circuit Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

### **3. Capital Assets**

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

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

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

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

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are

depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25 - 40
Other Capital Assets	5 - 30
Infrastructure:	
Roads	10 - 20
Bridges	15 - 30

**4. Compensated Absences**

It is the county’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Decatur 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 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, 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, Decatur County has \$9,844,990 outstanding debt for capital purposes for the discretely presented Decatur County School Department. The debt is a liability of Decatur County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Decatur County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

## **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 presents a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including debt payable, are not due and payable in the current period and therefore are not reported in the funds. The details of the \$11,971,366 difference are as follows:

Bonds payable	\$ (10,120,000)
Accrued interest payable	(64,681)
Other loans payable	(1,755,196)
Deferred charges - issuance costs (to be amortized over life of debt)	23,487
Compensated absences	<u>(54,976)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (11,971,366)</u>

**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 presents reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that 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 details of this \$2,556,052 difference are as follows:

Capital outlay	\$ 2,873,916
Depreciation expense	<u>(317,864)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 2,556,052</u>

Another element of that reconciliation states that the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and transfers) is to increase net assets. The details of this \$81,408 difference are as follows:

Capital asset disposals	\$ (86,376)
Capital asset transfers	<u>167,784</u>

Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 81,408</u>
--	------------------

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, 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. The details of this \$1,046,709 difference are as follows:

Debt issued or incurred:	
Other loan proceeds	\$ (2,018,196)
Principal repayments:	
Bonds	685,000
Other loans	263,000
Related Items:	
Current debt issuance costs to defer	<u>23,487</u>

Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (1,046,709)</u>
--	-----------------------

Another element of that reconciliation states that 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. The details of this \$257,234 difference are as follows:

Net change in compensated absences	\$ 3,301
Net change in judgments payable	250,000
Net change in accrued interest on bonds	<u>3,933</u>

Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 257,234</u>
--	-------------------

Discretely Presented Decatur County School Department

The discretely presented Decatur County School Department's Exhibit K-5 presents a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that 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 details of this \$71,779 difference are as follows:

Capital outlay	\$ 499,654
Depreciation expense	<u>(571,433)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (71,779)</u>

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Fund Deficit**

The General Capital Projects Fund had a fund deficit of \$1,187,714 at June 30, 2005. This deficit primarily resulted from the unperformed portions of construction contracts of \$1,047,264 being reserved as encumbrances and the recognition of current contract liabilities. Funding for these expenditures is expected to be received from the issuance of debt.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

**Deposits**

**Legal Provisions.** All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that

participate in the bank collateral pool administered by the state treasurer. 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, Decatur County had the following investments carried at cost. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Decatur County and the discretely presented Decatur County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	<u>\$ 607,505</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. Decatur County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Decatur County has no investment policy that would further limit its investment choices. As of June 30, 2005, Decatur'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	\$ 881,467	\$ 156,345	\$ 0	\$ 1,037,812
Construction in Progress	0	393,737	0	393,737
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 881,467</b>	<b>\$ 550,082</b>	<b>\$ 0</b>	<b>\$ 1,431,549</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 2,129,259	\$ 14,784	\$ 0	\$ 2,144,043
Roads and Bridges	552,599	1,946,500	0	2,499,099
Other Capital Assets	1,711,414	863,657	(206,722)	2,368,349
<b>Total Capital Assets Depreciated</b>	<b>\$ 4,393,272</b>	<b>\$ 2,824,941</b>	<b>\$ (206,722)</b>	<b>\$ 7,011,491</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 817,428	\$ 58,659	\$ 0	\$ 876,087
Roads and Bridges	22,202	105,281	0	127,483
Other Capital Assets	742,168	487,247	(120,346)	1,109,069
<b>Total Accumulated Depreciation</b>	<b>\$ 1,581,798</b>	<b>\$ 651,187</b>	<b>\$ (120,346)</b>	<b>\$ 2,112,639</b>

**Governmental Activities (Cont.):**

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Total Capital Assets Depreciated, Net	\$ 2,811,474	\$ 2,173,754	\$ (86,376)	\$ 4,898,852
Governmental Activities Capital Assets, Net	\$ 3,692,941	\$ 2,723,836	\$ (86,376)	\$ 6,330,401

The above increases include the transfer of capital assets during the year from the Solid Waste Disposal Fund (Proprietary Fund). Depreciation expense was charged to functions of the primary government (excluding the Solid Waste Disposal Fund) as follows:

Governmental Activities:

General Administration	\$ 1,145
Finance	2,146
Administration of Justice	3,997
Public Safety	31,845
Public Health and Welfare	29,708
Social, Cultural, and Recreational Services	38,197
Agriculture and Natural Resources	984
Other Operations	157
Highways/Public Works	<u>209,685</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 317,864</u>

**Business-type Activities:**

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 136,060	\$ 0	\$ (136,060)	\$ 0
Total Capital Assets Not Depreciated	\$ 136,060	\$ 0	\$ (136,060)	\$ 0

**Business-type Activities (Cont.):**

	Balance		Balance	
	7-1-04	Increases	Decreases	6-30-05
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 14,784	\$ 0	\$ (14,784)	\$ 0
Waterline	22,000	0	(22,000)	0
Other Capital Assets	<u>328,263</u>	<u>0</u>	<u>(328,263)</u>	<u>0</u>
Total Capital Assets				
Depreciated	<u>\$ 365,047</u>	<u>\$ 0</u>	<u>\$ (365,047)</u>	<u>\$ 0</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 7,770	\$ 740	\$ (8,510)	\$ 0
Waterline	9,900	1,100	(11,000)	0
Other Capital Assets	<u>312,113</u>	<u>1,700</u>	<u>(313,813)</u>	<u>0</u>
Total Accumulated				
Depreciation	<u>\$ 329,783</u>	<u>\$ 3,540</u>	<u>\$ (333,323)</u>	<u>\$ 0</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 35,264</u>	<u>\$ (3,540)</u>	<u>\$ (31,724)</u>	<u>\$ 0</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 171,324</u>	<u>\$ (3,540)</u>	<u>\$ (167,784)</u>	<u>\$ 0</u>

The above decreases reflect the transfer of capital assets from business-type activities to governmental activities when the Solid Waste Disposal Fund was closed on June 30, 2005. Depreciation expense of \$3,540 in the Solid Waste Disposal Fund for the year was all charged to Public Health and Welfare.

Discretely Presented Decatur County School Department

**Governmental Activities:**

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 239,448	\$ 0	\$ 0	\$ 239,448
Total Capital Assets Not Depreciated	<u>\$ 239,448</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 239,448</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 13,355,634	\$ 257,561	\$ 0	\$ 13,613,195
Other Capital Assets	1,563,507	242,093	(120,699)	1,684,901
Total Capital Assets Depreciated	<u>\$ 14,919,141</u>	<u>\$ 499,654</u>	<u>\$ (120,699)</u>	<u>\$ 15,298,096</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,263,322	\$ 458,543	\$ 0	\$ 4,721,865
Other Capital Assets	723,249	112,890	(106,399)	729,740
Total Accumulated Depreciation	<u>\$ 4,986,571</u>	<u>\$ 571,433</u>	<u>\$ (106,399)</u>	<u>\$ 5,451,605</u>
Total Capital Assets Depreciated, Net	<u>\$ 9,932,570</u>	<u>\$ (71,779)</u>	<u>\$ (14,300)</u>	<u>\$ 9,846,491</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 10,172,018</u></u>	<u><u>\$ (71,779)</u></u>	<u><u>\$ (14,300)</u></u>	<u><u>\$ 10,085,939</u></u>

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

Governmental Activities:

Instruction	\$ 402,779
Support Services	114,944
Operation of Non-Instructional Services	<u>53,710</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 571,433</u></u>

**C. Construction Commitments**

At June 30, 2005, the county had uncompleted construction contracts of approximately \$1,047,264 for an addition to the Decatur County Courthouse. Funding for these future expenditures is expected to be received from loan 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:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 511
Nonmajor governmental	General Debt Service	17,000

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

**Due to/from primary government and component units:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General Debt Service	Component Unit: Discretely Presented Decatur County School Department	\$ 40,650
General Debt Service	Decatur County General Hospital	91,556

The above receivable of \$91,556 in the General Debt Service Fund includes \$19,968 in transit from the Decatur County General Hospital at June 30, 2005.

**Interfund Transfers:**

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

Primary Government:

Transfers Out	Transfers In	
	General Debt Service Fund	Nonmajor Governmental Funds
Agency Funds	\$ 280,610	\$ 0
Enterprise Fund - Solid Waste Disposal Fund	0	446,331
Total	<u>\$ 280,610</u>	<u>\$ 446,331</u>

**E. Long-term Debt**

Primary Government

General Obligation Bonds 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.

General obligation bonds and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds and other loans outstanding were issued for original terms of up to 15 years for bonds and up to 22 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 and other loans included in long-term debt as of June 30, 2005, will be retired from the Highway/Public Works and General Debt Service Funds.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
General Obligation Bonds - Refunding	1.45 to 3.2%	\$ 720,000	\$ 515,000
School Bonds - Refunding	1.45 to 4.25	10,720,000	9,605,000
Other Loans	Variable	2,018,196	1,755,196

During the 2004-05 year, Decatur County entered into two loan agreements with the Montgomery County Public Building Authority. These loan agreements provided for the authority to make available for loan to Decatur County on as needed basis \$3,000,000 for highway public works projects and \$2,000,000 for various county capital projects. As of June 30, 2005, Decatur County has borrowed \$1,660,747 and \$357,449 from respective loans. These loans are repayable at tax-exempt variable interest rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit fees, and debt remarketing fees) in connection with this loan. At June 30, 2005, the variable interest rate on these loan agreements was 2.28 percent and other fees amounted to approximately .5 percent of the outstanding loan principals.

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

Year Ending June 30	Bonds	
	Principal	Interest
2006	\$ 705,000	\$ 345,821
2007	730,000	324,183
2008	755,000	301,777
2009	770,000	277,458
2010	795,000	251,943
2011-2015	3,795,000	870,865
2016-2018	2,570,000	185,727
Total	<u>\$ 10,120,000</u>	<u>\$ 2,557,774</u>

Year Ending June 30	Other Loans (\$3,000,000)			
	Principal	Interest	Other Fees	Total
2006	\$ 271,000	\$ 31,869	\$ 6,989	\$ 309,858
2007	278,000	25,690	5,634	309,324
2008	287,000	19,351	4,244	310,595
2009	295,000	12,808	2,809	310,617
2010	266,747	6,082	1,333	274,162
Total	<u>\$ 1,397,747</u>	<u>\$ 95,800</u>	<u>\$ 21,009</u>	<u>\$ 1,514,556</u>

Year Ending June 30	Other Loans (\$2,000,000)			Total
	Principal	Interest	Other Fees	
2006	\$ 66,000	\$ 8,150	\$ 1,787	\$ 75,937
2007	67,000	6,645	1,457	75,102
2008	70,000	5,117	1,122	76,239
2009	72,000	3,521	772	76,293
2010	74,000	1,880	412	76,292
2011	8,449	193	43	8,685
Total	<u>\$ 357,449</u>	<u>\$ 25,506</u>	<u>\$ 5,593</u>	<u>\$ 388,548</u>

There is \$1,199,053 available in the General Debt Service Fund to service long-term debt. General bonded debt per capita amounted to \$863, based on the 2000 federal census. Total debt per capita, including bonds and other loans, amounted to \$1,012, 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	Other Loans
Balance, July 1, 2004	\$ 10,805,000	\$ 0
Additions	0	2,018,196
Deductions	(685,000)	(263,000)
Balance, June 30, 2005	<u>\$ 10,120,000</u>	<u>\$ 1,755,196</u>
Balance Due Within One Year	<u>\$ 705,000</u>	<u>\$ 337,000</u>

	Compensated Absences	Claims and Judgments Payable
Balance, July 1, 2004	\$ 58,277	\$ 250,000
Additions	38,552	0
Deductions	(41,853)	(250,000)
Balance, June 30, 2005	<u>\$ 54,976</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 44,579</u>	

The reduction to Claims and Judgments Payable represents the removal of an estimated settlement to comply with a lawsuit regarding compliance with requirements of the Americans with Disabilities Act. The county entered into loan agreements to renovate the county courthouse in compliance with provisions of this act and this liability has therefore been removed from long-term debt this year. Further information regarding this lawsuit can be found in Note V.C.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2005	\$ 11,930,172
Less: Balance Due Within One Year	<u>(1,086,579)</u>
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	<u>\$ 10,843,593</u>

**V. OTHER INFORMATION**

**A. Risk Management**

Primary Government

Liability, Property, and Casualty

The county is exposed to various risks related to general liability, property, and casualty losses. 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 exceeding \$100,000 for each insured event.

The county continues to carry commercial insurance for all other risks of loss, including employee health and accident. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

Workers' Compensation Insurance

During the year, the county joined the Local Government Workers' Compensation Fund (LWCF), which is a public entity risk pool established under the provisions of Section 29-20-401, Tennessee Code Annotated, 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 LWCF for its workers' compensation insurance coverage. The LWCF is to be self-sustaining through member premiums.

The LGWCF reinsures through commercial insurance companies for claims exceeding \$300,000.

#### Discretely Presented Decatur County School Department

##### Liability, Property, Casualty, and Workers' Compensation Insurance

The discretely presented Decatur County School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. The School Department pays an annual premium to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TSB-RMT provides for it to be self-sustaining through member premiums. The TSB-RMT reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

##### Employee Health Insurance

The discretely presented Decatur County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-302, 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 Change**

During the year, Decatur 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**

Decatur County is contingently liable for certain Hospital Revenue and Tax Refunding Bonds, Series 1999, of the Decatur County General Hospital. Decatur County would become liable for these bonds and the interest thereon in the event of default by the hospital. The principal of these revenue bonds is reflected on the financial statements of the Decatur County Hospital. As of

June 30, 2005, future principal and interest requirements were \$1,305,000 and \$575,493, respectively.

Decatur County and several other Tennessee counties have been named as defendants in a lawsuit demanding compliance with the requirements of the Americans with Disabilities Act (ADA). This lawsuit applies to all Decatur County facilities. Decatur County has entered into loan agreements to finance the cost of the renovations of the existing county facilities. Construction on the courthouse was begun during the current fiscal year for these renovations. Construction should be completed during the 2005-06 year which will bring the county into compliance with requirements of the ADA.

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

**D. Joint Ventures**

The Benton-Decatur Special Sewer District was created through a joint agreement between Benton and Decatur Counties. The agreement established the Benton-Decatur Special Sewer District Management Board, which is to plan, construct, and manage a public sewer system for residents of Benton and Decatur Counties. The management board comprises six members, three of whom are appointed by the Benton County Mayor and three are appointed by the Decatur County Mayor. Two of the three members of the management board from each governmental entity shall be members of the respective county's Board of County Commissioners. Benton County and Decatur County share equally in providing the annual operating budget of the Special Sewer District. Benton County has control over budgeting and financing the joint venture only to the extent of representation by the three board members appointed.

The Beech River Regional Airport was established through a joint operations agreement between Decatur County, Henderson County, the City of Parsons, and the City of Lexington, Tennessee. The agreement created the Beech River Regional Airport Board to plan, develop, and maintain a regional airport that will economically benefit all residents of the two-county area. The board comprises nine members, two from each governmental unit and one appointed by the governmental entities on a one-year rotation basis. Each participant retains a 25 percent ownership in the airport. During the year ended June 30, 2005, the county appropriated an operating subsidy of \$150,000 to the airport.

The Twenty-Fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-Fourth Judicial District, Henry, Benton, Carroll, Hardin, and Decatur Counties, and various cities within these counties. The

purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district.

Decatur County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Benton-Decatur Special Sewer District, the Beech River Regional Airport, and the Twenty-Fourth Judicial District Drug Task Force can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Benton-Decatur Special Sewer District  
P. O. Box 370  
Parsons, Tennessee 38363

Beech River Regional Airport  
790 Hidden Hill Circle  
Lexington, Tennessee 38351

Twenty-Fourth Judicial District Drug Task Force  
P.O. Box 301  
McKenzie, Tennessee 38201

**E. Retirement Commitments**

**Plan Description**

Employees of Decatur 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

Greene County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Decatur 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 3.9 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Decatur County is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2005, Decatur County's annual pension cost of \$91,590 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. 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. Decatur 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 15 years.

### Trend Information

Fiscal Year Ended	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$91,590	100%	\$0
6-30-04	68,329	100	0
6-30-03	64,167	100	0

### Required Supplementary Information

#### Schedule of Funding Progress for Decatur County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a/b)	(c)	((b-a)/c)
6-30-03	\$1,416	\$1,526	\$110	92.79%	\$ 2,077	5.30%
6-30-01	1,030	1,159	129	88.87	1,876	6.88
6-30-99	636	636	0	100.00	1,504	0.00

#### SCHOOL TEACHERS

##### Plan Description

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

to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.treasury.state.tn.us](http://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 Decatur 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 Decatur 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 \$323,975, \$176,618, and \$175,073, respectively, equal to the required contributions for each year.

## **F. Purchasing Laws**

### Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated, which provide for all purchases exceeding \$5,000 to be made after public advertisement and solicitation of competitive bids.

### Office of Road Supervisor

Purchasing procedures for the Highway Department are governed by the Uniform Road Law, Section 54-7-113, Tennessee Code Annotated. This statute requires that competitive bids be solicited through public advertisement on all purchases exceeding \$10,000.

### Office of Director of Schools

Purchasing procedures for the discretely presented Decatur 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.

**VI. OTHER NOTES – DISCRETELY PRESENTED DECATUR COUNTY GENERAL HOSPITAL**

**1. General**

Decatur County General Hospital is a 40-bed community hospital located in Parsons, Tennessee, and serves patients primarily in the Decatur County, Tennessee area.

**2. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The hospital is a component unit of Decatur County, Tennessee. The Board of County Commissioners is responsible for appointing each member of the hospital's board of trustees. In addition, hospital revenues are the source of repayment for revenue bonds discussed later. In the event that the hospital should be unable to retire the bonds, the county would then be responsible. The financial statements include the Decatur County Emergency Medical Service, which is considered a department of the hospital.

**B. GASB Conformity**

The financial statements included herein are prepared in conformity with generally accepted accounting principles (GAAP) as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). The hospital applies Financial Accounting Standards Board (FASB) pronouncements, Accounting Principles Board (APB) Opinions, and Accounting and Research (ARB) Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

**C. Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The hospital uses the accrual basis of accounting. Its revenues are recognized when they are earned, and expenses are recognized when incurred.

D. Cash and Cash Equivalents

The hospital considers all highly liquid investments which are demand in nature or with a maturity of three months or less when purchased to be cash equivalents.

E. Supplies

Supplies are carried at cost using the first-in, first-out method.

F. Compensated Absences

Hospital employees earn vacation and sick leave. Accumulated vacation and sick pay is paid upon termination. At June 30, 2005, the hospital had accrued vacation and sick leave amounting to \$990,944.

G. Property, Plant, and Equipment

Property, plant, and equipment acquired before June 30, 1970, is valued at appraised value less the provision for depreciation. All subsequent additions are valued at cost less accumulated depreciation. Interest cost of \$65,953 incurred during construction in a prior year was capitalized. Depreciation is computed on the straight-line method using the estimated useful lives of the respective assets and includes amortization of assets acquired with capital leases. Fully depreciated items at June 30, 2005, amounted to \$2,138,488. The estimated useful lives by general classification are as follows:

Land improvements	5 to 15 years
Buildings	15 to 42 years
Capital equipment	5 to 38 years
Major movable equipment	3 to 20 years

3. Net Patient Service Revenue

The hospital has agreements with third-party payers that provide for payments to the hospital at amounts different from its established rates. Net patient service revenue is net of contractual adjustments and policy discounts of \$7,608,662. The hospital is subject to the general economic conditions of the region in which it is located as well as the economic stability of the third party providers of patient insurance. A summary of the payment arrangements with major third-party payers follows:

A. Medicare – Hospital and Home Health Agency

Inpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on

clinical, diagnostic, and other factors. Effective August 1, 2001, outpatient services began to be paid for based on a methodology similar to inpatient services and, effective October 1, 2001, Medicare began paying for Home Health services prospectively. The hospital's Medicare cost reports have been audited through June 30, 2004. The Home Health Agency was discontinued in December 2002.

B. Blue Cross

Inpatient services rendered to Blue Cross subscribers are reimbursed on a per diem basis. Outpatient services are reimbursed prospectively for some charges, while others are based on a fee schedule or a percent of the hospital's normal charges.

C. TennCare

Inpatient services rendered to TennCare beneficiaries are paid primarily based on a per diem rate while outpatient services are paid under a variety of methodologies.

D. Other

The hospital has also entered into payment agreements with other commercial insurance carriers. The basis for payment to the hospital under these agreements is essentially the same as the methodology for Blue Cross subscribers.

4. Charity Care

The hospital has adopted a formal charity write-off policy so that accounts are written off after specific criteria are met. Accordingly, \$12,151 was written off under those provisions.

5. Pension Plan

The hospital established a defined contribution, noncontributory employee retirement plan effective January 1, 1988. The plan is maintained on a calendar year basis. All contributions to the plan are made by the hospital to a trust fund. Employees are eligible to participate if they are at least 21 years of age and have one year of credited service. The plan document requires that the hospital contribute from two percent to six percent of an employee's eligible wages annually depending on the years of credited service. The hospital's contributions for each employee are fully vested after ten years of continuous service. Pension expense for the fiscal year 2005 was \$104,127, which was 2.48 percent of the covered payroll of \$4,204,395 for that period. Benefits of \$269,589, established when the plan was adopted, are being amortized over 43 years, based on the expected future service periods of the original eligible employees.

**6. Deposits And Investments**

The hospital maintains checking accounts and certificates of deposit with local banks. The hospital's investment policies are governed by state statute. Included in permissible investments are direct obligations of the U. S. Government and agency securities, certificates of deposit and savings accounts. Collateral is required for demand deposits and certificates of deposit at 105 percent of all amounts not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State of Tennessee and its subdivisions. At June 30, 2005, investments consisted entirely of certificates of deposit held by local banks. All deposits at June 30, 2005, were covered by federal depository insurance or collateralized with securities held by the financial institution's agent in the hospital's name.

**7. Donated Property**

In 1994, a building valued at \$25,100 was donated to the hospital.

**8. Operating Leases**

The hospital incurred \$25,277 in expense for equipment rental.

**9. Related Party Transactions**

In 2003, Decatur County issued general obligation refunding bonds, a portion of which was used to refinance Series 1995 bonds. The hospital portion of these bonds is included in the accompanying statement of net assets and is being retired over an eight-year period. The county pays a portion of the annual principal and interest with the hospital funding the remainder. Payments made by the county during the year ended June 30, 2005, totaled \$35,000. The hospital is also required to remit funds to the county sufficient to retire the 1999 bonds.

**10. Risk Management**

The hospital is subject to the normal areas of exposure of a hospital, such as general and professional liability; workmans' compensation; errors and omissions; theft, damage to, and destruction of assets; and natural disasters. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The hospital purchases general and professional liability insurance from a commercial insurance carrier for per occurrence losses with policy limits of \$250,000 per occurrence and \$650,000 in the aggregate, on a claims-made basis.

**11. Due From/To Intermediaries**

The hospital participates in both the Medicare and TennCare programs as well as providing health care services to patients whose coverage is paid for by other commercial insurance carriers. Reimbursements for certain services under the Medicare and TennCare programs are made on the basis of audited cost reports filed on a fiscal year basis. Periodically, the commercial insurance carriers may conduct their own audits of hospital records. The amounts presented herein for the current year are subject to final audit by the intermediaries. The amounts due to intermediaries represent amounts determined to be payable as a result of reviews of hospital records.

Due to Medicare 6-30-05	\$ 37,779
Due to Medicare 6-30-04	<u>25,651</u>
Net Liability	<u><u>\$ 12,128</u></u>

**12. Compliance With Finance-Related Legal and Contractual Provisions**

Decatur County had an understanding with the hospital that the county would pay the first \$35,000 each year to service the 2003 bonds and the hospital would pay the balance required to service the debt. In addition, the hospital was to pay all amounts required to service the 1999 bonds. At June 30, the hospital lacked \$71,588 in being current with its required payments. Hospital management has conferred with the county mayor regarding the past due balance and expects to remedy it as soon as financially feasible.

**13. Commitments and Contingencies**

The hospital has received favorable judgment in a workmen's compensation suit. However, the ruling has been appealed. Any judgment against the hospital would normally be covered by insurance. However, the insurance carrier is in receivership. Accordingly, no determination can be made as to the outcome.

**14. Capital Assets**

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

	Balance Beginning	Increases	Decreases	Balance Ending
Capital Assets Not Depreciated				
Land	\$ 81,696	\$ 0	\$ 0	\$ 81,696

	Balance Beginning	Increases	Decreases	Balance Ending
Capital Assets Depreciated:				
Land Improvements	\$ 153,221	\$ 0	\$ 0	\$ 153,221
Buildings	2,691,759	22,525	0	2,714,284
Capital Equipment	1,364,563	0	0	1,364,563
Major moveable equipment	3,376,256	487,508	400,362	3,463,402
Total Capital Assets Depreciated	<u>\$ 7,585,799</u>	<u>\$ 510,033</u>	<u>\$ 400,362</u>	<u>\$ 7,695,470</u>
Less Accumulated Depreciation				
For:				
Land Improvements	\$ 133,050	\$ 6,395	\$ 0	\$ 139,445
Buildings	1,049,369	95,232	0	1,144,601
Capital Equipment	861,150	77,827	0	938,977
Major moveable equipment	2,561,149	278,629	400,262	2,439,516
Total Accumulated Depreciation	<u>\$ 4,604,718</u>	<u>\$ 458,083</u>	<u>\$ 400,262</u>	<u>\$ 4,662,539</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 2,981,081</u>	<u>\$ 51,950</u>	<u>\$ 100</u>	<u>\$ 3,032,931</u>
Total Capital Assets, Net	<u>\$ 3,062,777</u>	<u>\$ 51,950</u>	<u>\$ 100</u>	<u>\$ 3,114,627</u>

Depreciation expense of \$458,083 was recorded by the hospital.

**15. Economic Dependency**

Approximately 57 percent of all charges for the year were for those made to the Medicare program and 19 percent were to the TennCare program. In addition, of the net accounts receivable balance as of June 30, 2005, 42 percent was due from the Medicare program and 13 percent was due from TennCare.

**16. Long-term Debt**

Long-term debt at June 30, 2005, consisted of the following:

Hospital Revenue and Tax Refunding and Improvement Bonds Series 1999, dated April 1, 1999, were issued for the purpose of (a) advance refunding of Series 1994 bonds, and (b) financing the construction of additions to and equipping of the hospital. They are due in annual principal installments and semiannual installments of interest from 4.4 percent to 5.4 percent. Hospital revenues are the source of payment. The hospital is responsible to remit funds to the county in amounts that are sufficient to cover the scheduled debt service payments.

General Obligation Refunding Bonds, Series 2003, dated January 24, 2003, were issued for the purpose of advance refunding Series 1995 bonds. They are due in annual principal installments and semiannual installments of

interest from 1.45 percent to 3.2 percent. Ad valorem taxes are the source of repayment. The county pays the first \$35,000 annually. The hospital remits funds to the county for the requirements above that amount.

Borrowings from local banks consisted of the following at June 30, 2005. Each of the notes is secured by certificates of deposit and the proceeds were used for operations..

First Bank (3.2%) payable in August 2005	\$ 100,120
First Bank (3.2%) payable in October 2005	80,000
First Bank (3.2%) payable in monthly payments of \$2,781 through February 2009	109,849
First Bank (6.5%) payable in monthly payments of \$3,690 through February 2008 with remaining principle due at maturity	367,712
First Bank (7.5%) payable in October 2005	<u>500,120</u>
	\$ 1,157,801
Less Current Portion	<u>731,556</u>
Long-term Portion	<u><u>\$ 426,245</u></u>

The annual requirements to amortize all long-term debt follow:

Year Ending June 30	Principal		Interest	Total
	Bonds	Notes		
2006	\$ 85,730	\$ 731,556	\$ 106,721	\$ 924,007
2007	91,070	53,706	89,846	234,622
2008	96,070	356,644	77,845	530,559
2009	96,070	15,895	60,003	171,968
2010	101,070	0	59,924	160,994
2011-2015	560,000	0	214,628	774,628
2016-2020	550,000	0	71,667	621,667
Total	<u>\$ 1,580,010</u>	<u>\$ 1,157,801</u>	<u>\$ 680,634</u>	<u>\$ 3,418,445</u>

**17. Prior Period Adjustment**

The hospital directly contracts with surgeons and bills third parties for their services. A separate billing system is used to process these claims and receivables. In prior years the income for these services was booked as payments were received instead of when earned. GAAP requires that revenues be recognized when earned instead of when received. Accordingly, a prior period adjustment was made to increase retained earnings by \$52,754.

**18. Forgiveness of Debt**

As explained in Note 12, the hospital is not current with its required payments to Decatur County. There was a discrepancy between the amount owed per the hospital's books and per the county. Accordingly, the hospital's liability was adjusted as of June 30, 2005, to agree with the liability per the county.

**VII. OTHER NOTES - DISCRETELY PRESENTED DECATUR COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**1. General Information**

**A. GASB Conformity**

The financial statements included herein are prepared in conformity with generally accepted accounting principles as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement 20 - "Election of a Reporting Method" - required the Decatur County Emergency Communication District to elect either (1) all provisions of the Financial Accounting Standards Board (FASB) issued prior to 1989 for proprietary type funds, or (2) all of the provisions of the FASB regardless of the issue date for proprietary type funds. The district elected to adopt only the provisions of the FASB prior to 1989.

**B. Component unit**

The district provides 911 emergency assistance to persons living in Decatur County. The district is a component unit of Decatur County. Accordingly, this financial data is incorporated into the county's financial statements. The district is governed by nine members who serve staggered four-year terms. Board members are appointed by the county mayor and ratified by the Decatur County Commission. The Decatur County Commission pays for dispatcher salaries and benefits and furnishes the district's operating headquarters. The district pays the Decatur County Commission \$1.52/hour per each district employee and pays all of the salary of one employee, which is shown as contracts with governmental agencies expense.

**2. Summary of Significant Accounting Policies**

**A. Basis of Accounting**

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

Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Revenues and expenses are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

B. Capital Assets

All capital assets of the district are recorded at original cost, except for donated equipment which is recorded at fair market value. Expenses which materially increase values or capacities, or extend useful lives of these assets are capitalized while expenses for maintenance and repairs are charged to operations as incurred.

Gains and losses from the sale of capital assets are reflected in operations and the asset accounts and related allowances for depreciation are reduced. Also, depreciation expense on all depreciable items is systematically charged against operations using the straight-line method over their estimated useful lives. Any related interest cost is also added to the cost of the asset as appropriate.

3. Revenues

Revenues are derived from telephone customers in the area served by the district. The telephone company collects the fees on the monthly telephone bills (\$.65 per residence line and \$2 per business line) and remits them to the district.

4. Risk Management

All of the district's fixed assets are located in or on facilities owned by Decatur County. The district owns all office and communications equipment.

The district is exposed to loss of personal property by fire, accident or an act of God, as well as tort liabilities and errors and omissions. The district insures against these risks through commercial insurance coverage taken by the Decatur County Mayor. It is also named as a component unit of Decatur County for basic general liability coverage of up to \$1,000,000 per liability.

The district has had no insurance settlements in excess of insurance coverage during the past three years.

5. Cash and Cash Equivalents

Cash and cash equivalents, includes demand deposit accounts and certificates of deposit with original maturities of three months or less when purchased, in accordance with GASB Statement No. 9.

**6. Deposits and Investments**

The district's investment policies are governed by state statute. Included in permissible investments are direct obligations of the U. S. government and agency securities, certificates of deposit and savings accounts. Collateral is required for demand deposits and certificates of deposit at 105 percent of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, and obligations of the state and its subdivisions. At June 30, 2005, investments consisted of a certificate of deposit held by a local bank. All deposits at June 30, 2005, were covered by federal depository insurance or collateralized with securities held by the financial institution's agent in the district's name.

---

---

**REQUIRED SUPPLEMENTARY  
INFORMATION**

---

---

Exhibit G-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,782,606	\$ 1,850,287	\$ 1,850,287	\$ (67,681)
Licenses and Permits	11,092	13,450	13,450	(2,358)
Fines, Forfeitures and Penalties	49,178	54,347	54,347	(5,169)
Charges for Current Services	196,767	199,103	199,103	(2,336)
Other Local Revenues	111,201	88,850	121,123	(9,922)
Fees Received from County Officials	413,297	394,400	394,400	18,897
State of Tennessee	716,847	888,878	791,515	(74,668)
Federal Government	160,884	32,914	149,981	10,903
Other Governments and Citizens Groups	74,117	0	0	74,117
Total Revenues	\$ 3,515,989	\$ 3,522,229	\$ 3,574,206	\$ (58,217)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 40,828	\$ 38,500	\$ 41,600	\$ 772
Board of Equalization	657	1,000	1,000	343
Beer Board	1,650	1,500	1,900	250
Other Boards and Committees	2,900	5,000	5,000	2,100
County Mayor	99,704	104,728	104,728	5,024
Personnel Office	5,860	7,150	7,150	1,290
County Attorney	15,000	15,000	15,000	0
Election Commission	107,012	114,707	114,707	7,695
Register of Deeds	72,979	76,163	76,163	3,184
Codes Compliance	2,274	3,500	3,500	1,226
County Buildings	110,273	99,253	129,253	18,980
<u>Finance</u>				
Property Assessor's Office	102,833	103,139	103,140	307
Reappraisal Program	15,691	17,363	17,363	1,672
County Trustee's Office	99,460	99,619	99,719	259
County Clerk's Office	92,841	95,499	95,499	2,658
<u>Administration of Justice</u>				
Circuit Court Clerk	104,606	106,007	106,007	1,401
General Sessions Court	136	0	136	0
General Sessions Judge	76,093	77,137	77,137	1,044
Chancery Court	62,363	64,606	64,606	2,243
Juvenile Court	30,954	30,955	30,955	1
<u>Public Safety</u>				
Sheriff's Department	588,981	595,775	629,708	40,727
Jail	105,344	105,383	105,383	39
Juvenile Services	76,197	80,985	80,985	4,788
Work Release Program	267,304	297,578	297,578	30,274
Fire Prevention and Control	129,363	134,597	134,597	5,234
Civil Defense	94,776	132,964	132,964	38,188
Rescue Squad	10,000	10,000	10,000	0

(Continued)

Exhibit G-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety (Cont.)</u>				
Other Emergency Management	\$ 195,423	\$ 184,154	\$ 214,154	\$ 18,731
County Coroner/Medical Examiner	14,565	24,000	24,000	9,435
Other Public Safety	1,780	2,136	2,136	356
<u>Public Health and Welfare</u>				
Local Health Center	36,571	39,030	43,530	6,959
Crippled Children Services	796	796	796	0
General Welfare Assistance	5,000	5,000	5,000	0
Aid to Dependent Children	2,298	2,500	2,500	202
Sanitation Education/Information	32,345	33,127	33,127	782
Other Public Health and Welfare	10,782	5,580	18,384	7,602
<u>Social, Cultural and Recreational Services</u>				
Senior Citizens Assistance	49,125	49,808	49,808	683
Libraries	55,113	52,965	55,365	252
Parks and Fair Boards	221,488	268,580	268,580	47,092
<u>Agriculture &amp; Natural Resources</u>				
Agriculture Extension Service	38,128	40,345	40,345	2,217
Forest Service	2,000	2,000	2,000	0
Soil Conservation	3,300	3,300	3,300	0
<u>Other Operations</u>				
Tourism	2,050	4,400	4,400	2,350
Industrial Development	25,044	23,600	25,182	138
Other Economic and Community Development	108,186	0	108,186	0
Airport	150,000	150,000	150,000	0
Veterans' Services	8,927	9,682	9,682	755
Other Charges	128,303	150,197	150,197	21,894
Employee Benefits	309,365	338,233	338,233	28,868
Miscellaneous	18,367	38,173	34,673	16,306
Total Expenditures	\$ 3,735,035	\$ 3,845,714	\$ 4,069,356	\$ 334,321
Excess (Deficiency) of Revenues Over Expenditures	\$ (219,046)	\$ (323,485)	\$ (495,150)	\$ 276,104
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 137,362	\$ 0	\$ 138,186	\$ (824)
Transfers In	0	84,267	84,267	(84,267)
Total Other Financing Sources (Uses)	\$ 137,362	\$ 84,267	\$ 222,453	\$ (85,091)
Net Change in Fund Balance	\$ (81,684)	\$ (239,218)	\$ (272,697)	\$ 191,013
Fund Balance, July 1, 2004	880,815	910,443	910,443	(29,628)
Fund Balance, June 30, 2005	\$ 799,131	\$ 671,225	\$ 637,746	\$ 161,385

Exhibit G-2

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 41,735	\$ 70,506	\$ 70,506	\$ (28,771)
Other Local Revenues	22,127	59,500	59,500	(37,373)
State of Tennessee	1,782,259	1,810,293	1,810,293	(28,034)
Federal Government	10,097	0	0	10,097
Total Revenues	<u>\$ 1,856,218</u>	<u>\$ 1,940,299</u>	<u>\$ 1,940,299</u>	<u>\$ (84,081)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 119,908	\$ 121,285	\$ 121,284	\$ 1,376
Highway and Bridge Maintenance	529,706	632,200	630,200	100,494
Operation and Maintenance of Equipment	187,463	269,850	266,060	78,597
Other Charges	79,142	75,001	80,791	1,649
Employee Benefits	125,010	150,000	150,000	24,990
Capital Outlay	2,336,480	3,793,152	3,793,152	1,456,672
<u>Principal</u>				
Highways and Streets	263,000	293,000	263,000	0
<u>Interest</u>				
Highways and Streets	19,534	0	24,000	4,466
<u>Other Debt Service</u>				
Highways and Streets	20,077	0	21,000	923
Total Expenditures	<u>\$ 3,680,320</u>	<u>\$ 5,334,488</u>	<u>\$ 5,349,487</u>	<u>\$ 1,669,167</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,824,102)</u>	<u>\$ (3,394,189)</u>	<u>\$ (3,409,188)</u>	<u>\$ 1,585,086</u>
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 1,660,747	\$ 3,000,000	\$ 3,015,000	\$ (1,354,253)
Total Other Financing Sources (Uses)	<u>\$ 1,660,747</u>	<u>\$ 3,000,000</u>	<u>\$ 3,015,000</u>	<u>\$ (1,354,253)</u>
Net Change in Fund Balance	\$ (163,355)	\$ (394,189)	\$ (394,188)	\$ 230,833
Fund Balance, July 1, 2004	<u>673,352</u>	<u>784,654</u>	<u>784,654</u>	<u>(111,302)</u>
Fund Balance, June 30, 2005	<u>\$ 509,997</u>	<u>\$ 390,465</u>	<u>\$ 390,466</u>	<u>\$ 119,531</u>

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

**BUDGETARY INFORMATION**

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

The budgetary level of control is at the major category level established by the State Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, County Mayor, 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.

---

---

**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 expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

---

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for the county’s garbage collection and convenience center operations.

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

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

## Capital Projects Funds

---

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

---

General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for the purchase of land for an industrial park.

Exhibit H-1

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

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park	Total	
<u>ASSETS</u>								
Cash	\$ 0	\$ 0	\$ 426	\$ 426	\$ 0	\$ 0	\$ 0	426
Equity in Pooled Cash and Investments	407,260	56,600	0	463,860	32,943	446,331	479,274	943,134
Accounts Receivable	4,268	15,000	0	19,268	0	0	0	19,268
Due from Other Governments	0	0	85	85	0	0	0	85
Due from Other Funds	0	0	0	0	17,000	0	17,000	17,000
Total Assets	\$ 411,528	\$ 71,600	\$ 511	\$ 483,639	\$ 49,943	\$ 446,331	\$ 496,274	\$ 979,913
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities</u>								
Accounts Payable	\$ 1,260	\$ 24,965	\$ 0	\$ 26,225	\$ 0	\$ 0	\$ 0	26,225
Payroll Deductions Payable	505	0	0	505	0	0	0	505
Contracts Payable	0	0	0	0	171,354	0	171,354	171,354
Retainage Payable	0	0	0	0	19,039	0	19,039	19,039
Due to Other Funds	0	0	511	511	0	0	0	511
Total Liabilities	\$ 1,765	\$ 24,965	\$ 511	\$ 27,241	\$ 190,393	\$ 0	\$ 190,393	\$ 217,634
<u>Fund Balances</u>								
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,047,264	\$ 0	\$ 1,047,264	1,047,264
Unreserved (Deficit)	409,763	46,635	0	456,398	#####	446,331	(741,383)	(284,985)
Total Fund Balances	\$ 409,763	\$ 46,635	\$ 0	\$ 456,398	\$ (140,450)	\$ 446,331	\$ 305,881	\$ 762,279
Total Liabilities and Fund Balances	\$ 411,528	\$ 71,600	\$ 511	\$ 483,639	\$ 49,943	\$ 446,331	\$ 496,274	\$ 979,913

Exhibit H-2

Decatur 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			Capital Projects Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Total	General Capital Projects	Community Development/ Industrial Park	Total	
<u>Revenues</u>							
Fines, Forfeitures and Penalties	\$ 0	\$ 14,940	\$ 14,940	\$ 0	\$ 0	\$ 0	14,940
Charges for Current Services	201,777	0	201,777	0	0	0	201,777
Other Local Revenues	13,054	2,000	15,054	0	0	0	15,054
State of Tennessee	221,626	15,000	236,626	0	0	0	236,626
Total Revenues	\$ 436,457	\$ 31,940	\$ 468,397	\$ 0	\$ 0	\$ 0	468,397
<u>Expenditures</u>							
Current:							
Public Safety	\$ 0	\$ 30,905	\$ 30,905	\$ 0	\$ 0	\$ 0	30,905
Public Health and Welfare	447,676	0	447,676	0	0	0	447,676
Other Operations	69,042	0	69,042	0	0	0	69,042
Capital Projects	0	0	0	393,737	0	393,737	393,737
Total Expenditures	\$ 516,718	\$ 30,905	\$ 547,623	\$ 393,737	\$ 0	\$ 393,737	\$ 941,360
Excess (Deficiency) of Revenues Over Expenditures	\$ (80,261)	\$ 1,035	\$ (79,226)	\$ (393,737)	\$ 0	\$ (393,737)	\$ (472,963)
<u>Other Financing Sources (Uses)</u>							
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 220,087	\$ 0	\$ 220,087	\$ 220,087
Transfers In	0	0	0	0	446,331	446,331	446,331
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 220,087	\$ 446,331	\$ 666,418	\$ 666,418
Net Change in Fund Balances	\$ (80,261)	\$ 1,035	\$ (79,226)	\$ (173,650)	\$ 446,331	\$ 272,681	\$ 193,455
Fund Balance, July 1, 2004	490,024	45,600	535,624	33,200	0	33,200	568,824
Fund Balance, June 30, 2005	\$ 409,763	\$ 46,635	\$ 456,398	\$ (140,450)	\$ 446,331	\$ 305,881	\$ 762,279

Exhibit H-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 201,777	\$ 190,000	\$ 190,000	\$ 11,777
Other Local Revenues	13,054	8,000	12,018	1,036
State of Tennessee	221,626	205,000	205,000	16,626
Total Revenues	<u>\$ 436,457</u>	<u>\$ 403,000</u>	<u>\$ 407,018</u>	<u>\$ 29,439</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 269,542	\$ 280,416	\$ 280,416	\$ 10,874
Convenience Centers	178,134	182,650	186,667	8,533
<u>Other Operations</u>				
Other Charges	30,639	43,050	43,050	12,411
Employee Benefits	38,403	42,100	42,100	3,697
Total Expenditures	<u>\$ 516,718</u>	<u>\$ 548,216</u>	<u>\$ 552,233</u>	<u>\$ 35,515</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (80,261)</u>	<u>\$ (145,216)</u>	<u>\$ (145,215)</u>	<u>\$ 64,954</u>
Net Change in Fund Balance	\$ (80,261)	\$ (145,216)	\$ (145,215)	\$ 64,954
Fund Balance, July 1, 2004	<u>490,024</u>	<u>483,441</u>	<u>483,441</u>	<u>6,583</u>
Fund Balance, June 30, 2005	<u>\$ 409,763</u>	<u>\$ 338,225</u>	<u>\$ 338,226</u>	<u>\$ 71,537</u>

Exhibit H-4

Decatur 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	\$ 14,940	\$ 11,300	\$ 11,300	\$ 3,640
Other Local Revenues	2,000	2,500	5,500	(3,500)
State of Tennessee	15,000	0	0	15,000
Federal Government	0	15,000	15,000	(15,000)
Total Revenues	<u>\$ 31,940</u>	<u>\$ 28,800</u>	<u>\$ 31,800</u>	<u>\$ 140</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 30,905	\$ 41,107	\$ 44,107	\$ 13,202
Total Expenditures	<u>\$ 30,905</u>	<u>\$ 41,107</u>	<u>\$ 44,107</u>	<u>\$ 13,202</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,035</u>	<u>\$ (12,307)</u>	<u>\$ (12,307)</u>	<u>\$ 13,342</u>
Net Change in Fund Balance	\$ 1,035	\$ (12,307)	\$ (12,307)	\$ 13,342
Fund Balance, July 1, 2004	<u>45,600</u>	<u>46,065</u>	<u>46,065</u>	<u>(465)</u>
Fund Balance, June 30, 2005	<u>\$ 46,635</u>	<u>\$ 33,758</u>	<u>\$ 33,758</u>	<u>\$ 12,877</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, long-term debt principal, interest, and related costs.

---

Exhibit I

Decatur 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	\$ 372,400	\$ 411,696	\$ 411,696	\$ (39,296)
Other Local Revenues	0	0	17,000	(17,000)
State of Tennessee	29,488	28,098	28,098	1,390
Other Governments and Citizens Groups	618,530	535,000	535,000	83,530
Total Revenues	<u>\$ 1,020,418</u>	<u>\$ 974,794</u>	<u>\$ 991,794</u>	<u>\$ 28,624</u>
<u>Expenditures</u>				
<u>Principal</u>				
General Government	\$ 85,730	\$ 85,730	\$ 85,730	\$ 0
Education	634,270	634,270	634,270	0
<u>Interest</u>				
General Government	73,283	70,806	82,006	8,723
Education	356,338	356,338	356,338	0
<u>Other Debt Service</u>				
General Government	8,400	5,300	11,100	2,700
Education	3,595	6,000	6,000	2,405
Total Expenditures	<u>\$ 1,161,616</u>	<u>\$ 1,158,444</u>	<u>\$ 1,175,444</u>	<u>\$ 13,828</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (141,198)</u>	<u>\$ (183,650)</u>	<u>\$ (183,650)</u>	<u>\$ 42,452</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 280,610	\$ 285,000	\$ 285,000	\$ (4,390)
Total Other Financing Sources (Uses)	<u>\$ 280,610</u>	<u>\$ 285,000</u>	<u>\$ 285,000</u>	<u>\$ (4,390)</u>
Net Change in Fund Balance	\$ 139,412	\$ 101,350	\$ 101,350	\$ 38,062
Fund Balance, July 1, 2004	<u>1,059,641</u>	<u>1,172,502</u>	<u>1,172,502</u>	<u>(112,861)</u>
Fund Balance, June 30, 2005	<u>\$ 1,199,053</u>	<u>\$ 1,273,852</u>	<u>\$ 1,273,852</u>	<u>\$ (74,799)</u>

# Fiduciary Funds

---

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

---

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis. Also, the cities have pledged their share of a one-cent local option sales tax increase to retire school bonds.

Community Development - Agency Fund – The Community Development - Agency Fund is used to account for a water line project for the Perryville Utility District and a water line extension for the City of Parsons and Kolpak.

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 and general sessions courts clerk, clerk and master, register, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit J-1

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

	Agency Funds			Total
	Cities-Sales Tax	Community Development - Agency	Constitutional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 449,180	\$ 449,180
Equity in Pooled Cash and Investments	0	32	0	32
Due from Other Governments	58,046	0	0	58,046
Total Assets	<u>\$ 58,046</u>	<u>\$ 32</u>	<u>\$ 449,180</u>	<u>\$ 507,258</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 58,046	\$ 0	\$ 0	\$ 58,046
Due to Litigants, Heirs, and Others	0	0	449,180	449,180
Other Current Liabilities	0	32	0	32
Total Liabilities	<u>\$ 58,046</u>	<u>\$ 32</u>	<u>\$ 449,180</u>	<u>\$ 507,258</u>

Exhibit J-2

Decatur 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	\$ 726,302	\$ 726,302	\$ 0
Due From Other Governments	61,101	58,046	61,101	58,046
Total Assets	<u>\$ 61,101</u>	<u>\$ 784,348</u>	<u>\$ 787,403</u>	<u>\$ 58,046</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 61,101	\$ 784,348	\$ 787,403	\$ 58,046
Total Liabilities	<u>\$ 61,101</u>	<u>\$ 784,348</u>	<u>\$ 787,403</u>	<u>\$ 58,046</u>
<u>Community Development - Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,004,962	\$ 1,004,930	\$ 32
Total Assets	<u>\$ 0</u>	<u>\$ 1,004,962</u>	<u>\$ 1,004,930</u>	<u>\$ 32</u>
<u>Liabilities</u>				
Other Current Liabilities	\$ 0	\$ 1,004,962	\$ 1,004,930	\$ 32
Total Liabilities	<u>\$ 0</u>	<u>\$ 1,004,962</u>	<u>\$ 1,004,930</u>	<u>\$ 32</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 567,650	\$ 2,378,605	\$ 2,497,075	\$ 449,180
Total Assets	<u>\$ 567,650</u>	<u>\$ 2,378,605</u>	<u>\$ 2,497,075</u>	<u>\$ 449,180</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 567,650	2,378,605	2,497,075	449,180
Total Liabilities	<u>\$ 567,650</u>	<u>\$ 2,378,605</u>	<u>\$ 2,497,075</u>	<u>\$ 449,180</u>

(Continued)

Exhibit J-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 567,650	\$ 2,378,605	\$ 2,497,075	\$ 449,180
Equity in Pooled Cash and Investments	0	1,731,264	1,731,232	32
Due From Other Governments	61,101	58,046	61,101	58,046
Total Assets	<u>\$ 628,751</u>	<u>\$ 4,167,915</u>	<u>\$ 4,289,408</u>	<u>\$ 507,258</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 61,101	\$ 784,348	\$ 787,403	\$ 58,046
Due to Litigants, Heirs, and Others	567,650	2,378,605	2,497,075	449,180
Other Current Liabilities	0	1,004,962	1,004,930	32
Total Liabilities	<u>\$ 628,751</u>	<u>\$ 4,167,915</u>	<u>\$ 4,289,408</u>	<u>\$ 507,258</u>

# Decatur County School Department

---

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

---

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

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for constructing and equipping a new school building for the School Department.

Exhibit K-1

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

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets Total Governmental Activities
Component Unit:				
Governmental Activities:				
Instruction	\$ 7,190,495	\$ 0	\$ 961,975	\$ (6,228,520)
Support Services	3,044,301	8,842	115,266	(2,920,193)
Operation of Noninstructional Services	770,401	333,312	526,670	89,581
Other Debt Service	400,630	0	0	(400,630)
<b>Total Governmental Activities</b>	<b>\$ 11,405,827</b>	<b>\$ 342,154</b>	<b>\$ 1,603,911</b>	<b>\$ (9,459,762)</b>
General Revenues:				
Taxes:				
Property taxes levied for general purposes				\$ 1,195,888
Local option sales tax				1,060,026
Other local taxes				83,605
Grants & Contributions not restricted for specific programs				6,680,039
Investment Income				11,582
Miscellaneous				22,429
<b>Total General Revenues</b>				<b>\$ 9,053,569</b>
Change in net assets				\$ (406,193)
Net assets, July 1, 2004				12,590,031
Net assets, June 30, 2005				<b>\$ 12,183,838</b>

Exhibit K-2

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

	<u>Major Fund</u>	<u>Nonmajor Fund</u>	<u>Total Govern- mental Funds</u>
	General Purpose School	School Federal Projects	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 1,727,369	\$ 45,543	\$ 1,772,912
Accounts Receivable	161,413	0	161,413
Due from Other Governments	292,090	14,544	306,634
Property Taxes Receivable	1,107,521	0	1,107,521
Allowance for Uncollectible Property Taxes	(9,466)	0	(9,466)
Total Assets	<u>\$ 3,278,927</u>	<u>\$ 60,087</u>	<u>\$ 3,339,014</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Payroll Deductions Payable	\$ 153,676	\$ 4,184	\$ 157,860
Due to Primary Government	40,650	0	40,650
Due to State of Tennessee	350	48	398
Deferred Revenue - Current Property Taxes	1,042,207	0	1,042,207
Deferred Revenue - Delinquent Property Taxes	51,384	0	51,384
Other Deferred Revenues	90,200	0	90,200
Total Liabilities	<u>\$ 1,378,467</u>	<u>\$ 4,232</u>	<u>\$ 1,382,699</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 184,053	\$ 3,299	\$ 187,352
Other Local Education Reserves	392	0	392
Reserved for Career Ladder - Extended Contract	26,586	0	26,586
Reserved for Title I Grants to Local Education Agencies	0	22,887	22,887
Other Federal Reserves	0	29,669	29,669
Unreserved, Reported In:			
General Fund	1,689,429	0	1,689,429
Total Fund Balances	<u>\$ 1,900,460</u>	<u>\$ 55,855</u>	<u>\$ 1,956,315</u>
Total Liabilities and Fund Balances	<u>\$ 3,278,927</u>	<u>\$ 60,087</u>	<u>\$ 3,339,014</u>

Exhibit K-3

Decatur County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Decatur 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 K-2)	\$ 1,956,315
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	10,085,939
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	<u>141,584</u>
Net assets of governmental activities (Exhibit A)	<u><u>\$ 12,183,838</u></u>

Exhibit K-4

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

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 2,335,048	\$ 0	\$ 2,335,048
Licenses and Permits	2,052	0	2,052
Charges for Current Services	342,154	0	342,154
Other Local Revenues	47,837	149	47,986
State of Tennessee	6,622,279	0	6,622,279
Federal Government	616,813	960,885	1,577,698
Total Revenues	<u>\$ 9,966,183</u>	<u>\$ 961,034</u>	<u>\$ 10,927,217</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 5,840,350	\$ 850,299	\$ 6,690,649
Support Services	3,125,648	98,781	3,224,429
Operation of Non-Instructional Services	615,455	0	615,455
Capital Outlay	327,346	0	327,346
Debt Service:			
Other Debt Service	400,630	0	400,630
Capital Projects	0	27,115	27,115
Total Expenditures	<u>\$ 10,309,429</u>	<u>\$ 976,195</u>	<u>\$ 11,285,624</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (343,246)</u>	<u>\$ (15,161)</u>	<u>\$ (358,407)</u>
Net Change in Fund Balances	\$ (343,246)	\$ (15,161)	\$ (358,407)
Fund Balance, July 1, 2004	2,243,706	71,016	2,314,722
Fund Balance, June 30, 2005	<u>\$ 1,900,460</u>	<u>\$ 55,855</u>	<u>\$ 1,956,315</u>

Exhibit K-5

Decatur County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Decatur 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 K-4)	\$ (358,407)
(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. This is the amount by which capital outlays were less than depreciation in the current period.	(71,779)
(2) The net effect of various miscellaneous transactions involving the sale of capital assets is to decrease net assets.	(14,300)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>38,293</u>
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ (406,193)</u></u>

Exhibit K-6

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

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Other Local Revenues	\$ 0	\$ 149	\$ 149
Federal Government	960,885	0	960,885
Total Revenues	<u>\$ 960,885</u>	<u>\$ 149</u>	<u>\$ 961,034</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 850,299	\$ 0	\$ 850,299
Support Services	98,781	0	98,781
Capital Projects	0	27,115	27,115
Total Expenditures	<u>\$ 949,080</u>	<u>\$ 27,115</u>	<u>\$ 976,195</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 11,805</u>	<u>\$ (26,966)</u>	<u>\$ (15,161)</u>
Net Change in Fund Balances	\$ 11,805	\$ (26,966)	\$ (15,161)
Fund Balance, July 1, 2004	44,050	26,966	71,016
Fund Balance, June 30, 2005	<u>\$ 55,855</u>	<u>\$ 0</u>	<u>\$ 55,855</u>

Exhibit K-7

Decatur County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Decatur 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	\$ 2,335,048	\$ 0	\$ 0	\$ 2,335,048	\$ 2,341,090	\$ 2,341,090	\$ (6,042)
Licenses and Permits	2,052	0	0	2,052	1,000	1,000	1,052
Charges for Current Services	342,154	0	0	342,154	269,000	321,446	20,708
Other Local Revenues	47,837	0	0	47,837	40,000	40,000	7,837
State of Tennessee	6,622,279	0	0	6,622,279	6,326,860	6,601,208	21,071
Federal Government	616,813	0	0	616,813	427,323	733,259	(116,446)
Total Revenues	\$ 9,966,183	\$ 0	\$ 0	\$ 9,966,183	\$ 9,405,273	\$ 10,038,003	\$ (71,820)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 4,431,124	\$ (6,859)	\$ 17,407	\$ 4,441,672	\$ 4,561,054	\$ 4,750,337	\$ 308,665
Alternative Instruction Program	41,093	0	0	41,093	48,360	49,294	8,201
Special Education Program	696,266	(2,350)	0	693,916	750,550	750,650	56,734
Vocational Education Program	584,714	(199)	1,082	585,597	578,500	602,010	16,413
Adult Education Program	87,153	(69)	3,724	90,808	105,840	117,276	26,468
<u>Support Services</u>							
Attendance	12,537	0	2,000	14,537	15,760	15,770	1,233
Health Services	10,779	0	0	10,779	11,000	11,000	221
Other Student Support	322,592	0	0	322,592	283,550	338,516	15,924
Regular Instruction Program	441,335	0	34	441,369	466,400	467,500	26,131
Special Education Program	75,529	0	0	75,529	77,300	78,400	2,871
Vocational Education Program	29,583	(400)	185	29,368	32,160	32,190	2,822
Adult Programs	92,353	(240)	348	92,461	101,750	103,916	11,455
Board of Education	262,395	(7,400)	0	254,995	281,200	281,200	26,205
Director of Schools	142,575	(430)	61	142,206	151,750	155,005	12,799
Office of the Principal	254,107	0	0	254,107	259,450	259,450	5,343

(Continued)

Exhibit K-7

Decatur County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Decatur 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	\$ 41,481	\$ 0	\$ 1,425	\$ 42,906	\$ 45,100	\$ 46,150	\$ 3,244
Operation of Plant	679,539	(3,365)	0	676,174	647,800	697,800	21,626
Maintenance of Plant	190,391	(7,871)	1,310	183,830	152,250	190,648	6,818
Transportation	570,452	(61,327)	69,440	578,565	608,900	606,384	27,819
<u>Operation of Non-Instructional Services</u>							
Food Service	363,455	0	0	363,455	283,250	404,830	41,375
Community Services	252,000	(966)	15,258	266,292	164,900	315,500	49,208
<u>Capital Outlay</u>							
Regular Capital Outlay	327,346	(3,498)	71,779	395,627	400,000	403,716	8,089
<u>Other Debt Service</u>							
Education	400,630	0	0	400,630	0	400,000	(630)
Total Expenditures	\$ 10,309,429	\$ (94,974)	\$ 184,053	\$ 10,398,508	\$ 10,026,824	\$ 11,077,542	\$ 679,034
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (343,246)	\$ 94,974	\$ (184,053)	\$ (432,325)	\$ (621,551)	\$ (1,039,539)	\$ 607,214
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0	\$ (400,000)	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (400,000)	\$ 0	\$ 0
Net Change in Fund Balance							
Fund Balance, July 1, 2004	\$ (343,246)	\$ 94,974	\$ (184,053)	\$ (432,325)	\$ (1,021,551)	\$ (1,039,539)	\$ 607,214
	2,243,706	(94,974)	0	2,148,732	2,112,329	2,112,329	36,403
Fund Balance, June 30, 2005							
	\$ 1,900,460	\$ 0	\$ (184,053)	\$ 1,716,407	\$ 1,090,778	\$ 1,072,790	\$ 643,617

Exhibit K-8

Decatur County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Decatur County School Department  
School Federal Projects 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>							
Federal Government	\$ 960,885	\$ 0	\$ 0	\$ 960,885	\$ 1,082,535	\$ 1,089,126	\$ (128,241)
Total Revenues	\$ 960,885	\$ 0	\$ 0	\$ 960,885	\$ 1,082,535	\$ 1,089,126	\$ (128,241)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 463,747	\$ (1,816)	\$ 897	\$ 462,828	\$ 502,679	\$ 543,903	\$ 81,075
Special Education Program	386,552	(3,884)	1,497	384,165	485,636	491,255	107,090
<u>Support Services</u>							
Other Student Support	23,861	0	806	24,667	26,133	26,891	2,224
Regular Instruction Program	56,506	(1,658)	99	54,947	85,264	89,232	34,285
Transportation	18,414	0	0	18,414	19,513	19,513	1,099
Total Expenditures	\$ 949,080	\$ (7,358)	\$ 3,299	\$ 945,021	\$ 1,119,225	\$ 1,170,794	\$ 225,773
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,805	\$ 7,358	\$ (3,299)	\$ 15,864	\$ (36,690)	\$ (81,668)	\$ 97,532
Net Change in Fund Balance	\$ 11,805	\$ 7,358	\$ (3,299)	\$ 15,864	\$ (36,690)	\$ (81,668)	\$ 97,532
Fund Balance, July 1, 2004	44,050	(7,358)	0	36,692	36,690	81,668	(44,976)
Fund Balance, June 30, 2005	\$ 55,855	\$ 0	\$ (3,299)	\$ 52,556	\$ 0	\$ 0	\$ 52,556

---

---

## MISCELLANEOUS SCHEDULES

---

---

Exhibit L-1

Decatur County, Tennessee  
Schedule of Changes in 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
<b><u>OTHER LOANS PAYABLE</u></b>								
<b><u>Payable through Highway/Public Works Fund</u></b>								
Public Works Projects	(1)	Variable	7-29-04	5-25-14	\$ 0	\$ 1,660,747	\$ 263,000	\$ 1,397,747
<b><u>Payable through General Debt Service Fund</u></b>								
Various Capital Projects	(2)	Variable	3-10-05	5-27-27	0	357,449	0	357,449
Total Other Loans Payable					\$ 0	\$ 2,018,196	\$ 263,000	\$ 1,755,196
<b><u>GENERAL BONDED DEBT</u></b>								
<b><u>Payable through General Debt Service Fund</u></b>								
School Refunding Bonds, Series 2003	\$ 2,210,000	1.45 to 4.25 %	1-1-03	6-1-18	\$ 2,170,000	\$ 0	\$ 130,000	\$ 2,040,000
General Obligation Refunding Bonds	720,000	1.45 to 3.2	1-1-03	6-1-10	610,000	0	95,000	515,000
School Refunding Bonds, Series 2003	8,510,000	3.42	3-1-03	3-1-18	8,025,000	0	460,000	7,565,000
Total General Bonded Debt					\$ 10,805,000	\$ 0	\$ 685,000	\$ 10,120,000

(1) Total amount available under a loan agreement with the Montgomery County Public Building Authority is \$3,000,000 of which \$1,660,747 has been received as of June 30, 2005.

(2) Total amount available under a loan agreement with the Montgomery County Public Building Authority is \$2,000,000 of which \$357,449 has been received as of June 30, 2005.

Exhibit L-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2006	\$ 705,000	\$ 345,821	\$ 1,050,821
2007	730,000	324,183	1,054,183
2008	755,000	301,777	1,056,777
2009	770,000	277,458	1,047,458
2010	795,000	251,943	1,046,943
2011	710,000	225,014	935,014
2012	735,000	200,762	935,762
2013	760,000	175,191	935,191
2014	780,000	148,751	928,751
2015	810,000	121,147	931,147
2016	840,000	92,459	932,459
2017	870,000	62,279	932,279
2018	860,000	30,989	890,989
Total	<u>\$ 10,120,000</u>	<u>\$ 2,557,774</u>	<u>\$ 12,677,774</u>

Exhibit L-3

Decatur County, Tennessee  
Schedule of Transfers - All Funds  
For the Year Ended June 30, 2005

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Solid Waste Disposal	Community Development/Industrial Park	To purchase land for an industrial park	\$ 446,331
Cities - Sales Tax	General Debt Service	To provide funds for retirement of school debt	<u>280,610</u>
Total Transfers			<u>\$ 726,941</u>

Exhibit L-4

Decatur 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 Mayor	Section 8-24-102, <u>TCA</u>	\$ 49,051	\$ 25,000	The Ohio Casualty Insurance Company
Road Supervisor	Section 8-24-102, <u>TCA</u>	47,303	100,000	"
Director of Schools	State Board of Education and County Board of Education	82,500	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	42,469	390,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	42,469	10,000	Western Surety Company
County Clerk	Section 8-24-102, <u>TCA</u>	42,469	25,000	The Ohio Casualty Insurance Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	42,469	30,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	42,469	35,000	United States Fidelity and Guaranty Company
Register	Section 8-24-102, <u>TCA</u>	42,469	15,000	The Ohio Casualty Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u>	47,234 (1)	25,000	"
Employee Blanket Bonds:				
Office:				
	County Mayor - All Employees		150,000	The Local Government Property and Casualty Fund
	Road Supervisor - All Employees		150,000	"
	Director of Schools - All Employees		150,000	Tennessee School Boards Risk Management Trust

(1) Includes law enforcement training supplement of \$519.

Exhibit L-5

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

	Special Revenue Funds				Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 779,695	\$ 0	\$ 0	\$ 0	\$ 158,458	\$ 938,153
Trustee's Collections - Prior Year	46,964	0	0	0	8,168	55,132
Circuit/Clerk & Master Collections - Prior Years	9,927	0	0	0	1,726	11,653
Interest and Penalty	7,006	0	0	0	1,263	8,269
Payments in Lieu of Taxes - T.V.A.	4,138	0	0	0	720	4,858
Payments in Lieu of Taxes - Local Utilities	15,924	0	0	0	2,769	18,693
Payments in Lieu of Taxes - Other	3,775	0	0	0	71	3,846
<u>County Local Option Taxes</u>						
Local Option Sales Tax	164,056	0	0	0	106,725	270,781
Hotel/Motel Tax	40,719	0	0	0	0	40,719
Wheel Tax	243,247	0	0	0	90,230	333,477
Litigation Tax - General	52,604	0	0	0	0	52,604
Litigation Tax - Jail, Workhouse, or Courthouse	13,176	0	0	0	0	13,176
Business Tax	73,735	0	0	0	0	73,735
Mineral Severance Tax	100,957	0	0	41,735	0	142,692
<u>Statutory Local Taxes</u>						
Bank Excise Tax	9,917	0	0	0	1,983	11,900
Wholesale Beer Tax	216,365	0	0	0	0	216,365
Interstate Telecommunications Tax	401	0	0	0	287	688
Total Local Taxes	\$ 1,782,606	\$ 0	\$ 0	\$ 41,735	\$ 372,400	\$ 2,196,741
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 2,336	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,336
<u>Permits</u>						
Beer Permits	2,000	0	0	0	0	2,000
Building Permits	5,936	0	0	0	0	5,936
Other Permits	820	0	0	0	0	820
Total Licenses and Permits	\$ 11,092	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,092

(Continued)

Exhibit L-5

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

	Special Revenue Funds				Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	
<u>Fines, Forfeitures and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 2,497	\$ 0	\$ 0	\$ 0	\$ 0	2,497
Officers Costs	736	0	0	0	0	736
Drug Control Fines	0	0	2,762	0	0	2,762
Data Entry Fee - Circuit Court	103	0	0	0	0	103
<u>General Sessions Court</u>						
Fines	19,457	0	0	0	0	19,457
Officers Costs	8,281	0	0	0	0	8,281
Game and Fish Fines	357	0	0	0	0	357
Drug Control Fines	0	0	3,331	0	0	3,331
Drug Court Fees	1,729	0	0	0	0	1,729
Jail Fees	2,439	0	0	0	0	2,439
DUI Treatment Fines	4,296	0	0	0	0	4,296
Data Entry Fee - General Sessions Court	2,874	0	0	0	0	2,874
<u>Juvenile Court</u>						
Fines	3,296	0	0	0	0	3,296
Data Entry Fee - Juvenile Court	178	0	0	0	0	178
<u>Chancery Court</u>						
Officers Costs	1,804	0	0	0	0	1,804
Data Entry Fee - Chancery Court	206	0	0	0	0	206
<u>Judicial District Drug Program</u>						
Data Entry Fee - Other Courts	925	0	0	0	0	925
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	8,847	0	0	8,847
<b>Total Fines, Forfeitures and Penalties</b>	<b>\$ 49,178</b>	<b>\$ 0</b>	<b>\$ 14,940</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>64,118</b>
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Host Agency	\$ 0	\$ 201,337	\$ 0	\$ 0	\$ 0	201,337
Solid Waste Disposal Fee	0	388	0	0	0	388
<u>Fees</u>						
Recreation Fees	138,877	0	0	0	0	138,877
Copy Fees	135	0	0	0	0	135

(Continued)

Exhibit L-5

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

	Special Revenue Funds				Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Telephone Commissions	\$ 4,878	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,878
Vending Machine Collections	1,195	52	0	0	0	1,247
Data Processing Fee - Register	6,146	0	0	0	0	6,146
Probation Fees	4,150	0	0	0	0	4,150
Data Processing Fee - Sheriff	2,894	0	0	0	0	2,894
Sexual Offender Registration Fee	180	0	0	0	0	180
<u>Education Charges</u>						
Community Service Fees - Adults	13,514	0	0	0	0	13,514
TBI Criminal Background Fee	148	0	0	0	0	148
<u>Other Charges for Services</u>						
Other Charges for Services	24,650	0	0	0	0	24,650
Total Charges for Current Services	\$ 196,767	\$ 201,777	\$ 0	\$ 0	\$ 0	\$ 398,544
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 69,566	\$ 0	\$ 0	\$ 0	\$ 0	\$ 69,566
Sale of Materials and Supplies	0	0	0	84	0	84
Commissary Sales	199	0	0	0	0	199
Sale of Gasoline	0	0	0	11,060	0	11,060
Sale of Recycled Materials	0	9,036	0	0	0	9,036
Miscellaneous Refunds	9,157	0	1,250	654	0	11,061
<u>Nonrecurring Items</u>						
Insurance Recovery	17,197	0	0	1,001	0	18,198
Sale of Equipment	0	4,018	0	9,328	0	13,346
Damages Recovered from Individuals	15,082	0	0	0	0	15,082
Contributions & Gifts	0	0	750	0	0	750
Total Other Local Revenues	\$ 111,201	\$ 13,054	\$ 2,000	\$ 22,127	\$ 0	\$ 148,382
<u>Fees Received from County Officials</u>						
<u>Fees In Lieu of Salary</u>						
County Clerk	\$ 117,233	\$ 0	\$ 0	\$ 0	\$ 0	\$ 117,233
Circuit Court Clerk	18,354	0	0	0	0	18,354

(Continued)

Exhibit L-5

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

	Special Revenue Funds				Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	
<u>Fees Received from County Officials (Cont.)</u>						
<u>Fees In Lieu of Salary (Cont.)</u>						
General Sessions Court Clerk	\$ 55,249	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,249
Clerk and Master	20,079	0	0	0	0	20,079
Register	70,833	0	0	0	0	70,833
Sheriff	4,774	0	0	0	0	4,774
Trustee	126,775	0	0	0	0	126,775
Total Fees Received from County Officials	\$ 413,297	\$ 0	\$ 0	\$ 0	\$ 0	\$ 413,297
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 77,033	\$ 0	\$ 0	\$ 0	\$ 0	\$ 77,033
Aging Programs	18,160	0	0	0	0	18,160
State Reappraisal Grant	7,511	0	0	0	0	7,511
Solid Waste Grants	0	221,626	0	0	0	221,626
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	4,150	0	0	0	0	4,150
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	10,846	0	0	0	0	10,846
<u>Public Works Grants</u>						
Bridge Program	0	0	0	161,226	0	161,226
State Aid Program	0	0	0	171,392	0	171,392
Litter Program	22,474	0	0	0	0	22,474
<u>Other State Revenues</u>						
Income Tax	5,917	0	0	0	0	5,917
Beer Tax	16,778	0	0	0	0	16,778
Alcoholic Beverage Tax	15,233	0	0	0	0	15,233
Mixed Drink Tax	1,554	0	0	0	0	1,554
State Revenue Sharing - T.V.A.	169,557	0	0	0	29,488	199,045
Contracted Prisoner Boarding	37,536	0	0	0	0	37,536
Gasoline and Motor Fuel Tax	0	0	0	1,440,204	0	1,440,204
Petroleum Special Tax	0	0	0	9,437	0	9,437
Registrar's Salary Supplement	16,380	0	0	0	0	16,380
Other State Grants	313,696	0	0	0	0	313,696

(Continued)

Exhibit L-5

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

	Special Revenue Funds				Debt Service Fund	
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	Total
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Other State Revenues	\$ 22	\$ 0	\$ 15,000	\$ 0	\$ 0	\$ 15,022
Total State of Tennessee	\$ 716,847	\$ 221,626	\$ 15,000	\$ 1,782,259	\$ 29,488	\$ 2,765,220
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 117,067	\$ 0	\$ 0	\$ 10,097	\$ 0	\$ 127,164
Other Federal through State	33,314	0	0	0	0	33,314
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	10,503	0	0	0	0	10,503
Total Federal Government	\$ 160,884	\$ 0	\$ 0	\$ 10,097	\$ 0	\$ 170,981
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 74,117	\$ 0	\$ 0	\$ 0	\$ 618,530	\$ 692,647
Total Other Governments and Citizens Groups	\$ 74,117	\$ 0	\$ 0	\$ 0	\$ 618,530	\$ 692,647
Total	\$ 3,515,989	\$ 436,457	\$ 31,940	\$ 1,856,218	\$ 1,020,418	\$ 6,861,022

Exhibit L-6

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

	General Purpose School	School Federal Projects	Education Capital Projects	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,122,164	\$ 0	\$ 0	\$ 1,122,164
Trustee's Collections - Prior Year	51,901	0	0	51,901
Circuit/Clerk & Master Collections - Prior Years	12,176	0	0	12,176
Interest and Penalty	7,554	0	0	7,554
Payments in Lieu of Taxes - T.V.A.	4,498	0	0	4,498
Payments in Lieu of Taxes - Local Utilities	17,308	0	0	17,308
Payments in Lieu of Taxes - Other	446	0	0	446
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,024,026	0	0	1,024,026
Mineral Severance Tax	80,788	0	0	80,788
<u>Statutory Local Taxes</u>				
Bank Excise Tax	11,570	0	0	11,570
Interstate Telecommunications Tax	2,617	0	0	2,617
Total Local Taxes	<u>\$ 2,335,048</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,335,048</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,052	\$ 0	\$ 0	\$ 2,052
Total Licenses and Permits	<u>\$ 2,052</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,052</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Receipts from Individual Schools	\$ 7,354	\$ 0	\$ 0	\$ 7,354
Community Service Fees - Children	104,071	0	0	104,071
TBI Criminal Background Fee	1,488	0	0	1,488
<u>Other Charges for Services</u>				
Other Charges for Services	229,241	0	0	229,241
Total Charges for Current Services	<u>\$ 342,154</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 342,154</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 11,582	\$ 0	\$ 149	\$ 11,731
Miscellaneous Refunds	19,121	0	0	19,121
<u>Nonrecurring Items</u>				
Insurance Recovery	3,180	0	0	3,180
Sale of Equipment	8,100	0	0	8,100
Damages Recovered from Individuals	1,308	0	0	1,308
Contributions & Gifts	4,546	0	0	4,546
Total Other Local Revenues	<u>\$ 47,837</u>	<u>\$ 0</u>	<u>\$ 149</u>	<u>\$ 47,986</u>

(Continued)

Exhibit L-6

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

	General Purpose School	School Federal Projects	Education Capital Projects	Total
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 6,051,391	\$ 0	\$ 0	\$ 6,051,391
School Food Service	9,011	0	0	9,011
Driver Education	5,965	0	0	5,965
Other State Education Funds	136,548	0	0	136,548
Career Ladder Program	144,496	0	0	144,496
Career Ladder - Extended Contract	71,318	0	0	71,318
<u>Other State Revenues</u>				
Mixed Drink Tax	1,654	0	0	1,654
State Revenue Sharing - T.V.A.	184,301	0	0	184,301
Other State Grants	17,595	0	0	17,595
Total State of Tennessee	\$ 6,622,279	\$ 0	\$ 0	\$ 6,622,279
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 259,751	\$ 0	\$ 0	\$ 259,751
Breakfast	80,032	0	0	80,032
USDA - Other	11,500	0	0	11,500
Adult Education State Grant Program	62,774	0	0	62,774
Vocational Education - Basic Grants to States	40,131	0	0	40,131
Other Vocational	20,000	0	0	20,000
Title I Grants to Local Education Agencies	0	391,310	0	391,310
Innovative Education Program Strategies	0	7,783	0	7,783
Special Education - Grants to States	0	380,496	0	380,496
Special Education Preschool Grants	0	40,567	0	40,567
Eisenhower Professional Development State Grants	0	115,085	0	115,085
Other Federal through State	142,625	25,644	0	168,269
Total Federal Government	\$ 616,813	\$ 960,885	\$ 0	\$ 1,577,698
Total	\$ 9,966,183	\$ 960,885	\$ 149	\$ 10,927,217

Decatur 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	\$	23,300	
Audit Services		2,735	
Legal Notices, Recording and Court Costs		4,668	
Postal Charges		420	
Travel		1,061	
Other Contracted Services		7,000	
Other Charges		<u>1,644</u>	
Total County Commission			\$ 40,828

Board of Equalization

Board and Committee Members Fees	\$	<u>657</u>	
Total Board of Equalization			657

Beer Board

Board and Committee Members Fees	\$	<u>1,650</u>	
Total Beer Board			1,650

Other Boards and Committees

Board and Committee Members Fees	\$	<u>2,900</u>	
Total Other Boards and Committees			2,900

County Mayor

County Official/Administrative Officer	\$	49,051	
Accountants/Bookkeepers		44,338	
Dues and Memberships		1,250	
Postal Charges		1,299	
Travel		644	
Office Supplies		3,020	
Other Charges		<u>102</u>	
Total County Mayor			99,704

Personnel Office

Maintenance Agreements	\$	4,074	
Other Contracted Services		337	
Office Supplies		860	
Other Supplies and Materials		<u>589</u>	
Total Personnel Office			5,860

County Attorney

Legal Services	\$	<u>15,000</u>	
Total County Attorney			15,000

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	33,975	
Part-time Personnel		1,864	
Other Salaries & Wages		20,542	
Election Commission		3,960	
Election Workers		13,752	
Communication		1,499	
Dues and Memberships		175	
Legal Notices, Recording and Court Costs		2,080	
Maintenance & Repair Services- Equipment		1,380	
Maintenance & Repair Services- Office Equipment		345	
Postal Charges		959	
Printing, Stationery and Forms		10,403	
Rentals		7,810	
Travel		1,518	
Electricity		428	
Natural Gas		758	
Office Supplies		1,246	
Water and Sewer		317	
Other Supplies and Materials		80	
Office Equipment		1,817	
Voting Machines		<u>2,104</u>	
Total Election Commission	\$		107,012

Register of Deeds

County Official/Administrative Officer	\$	42,469	
Secretary(s)		20,894	
Dues and Memberships		352	
Postal Charges		254	
Office Supplies		820	
Data Processing Equipment		5,992	
Office Equipment		<u>2,198</u>	
Total Register of Deeds			72,979

Codes Compliance

County Official/Administrative Officer	\$	1,750	
Refunds		<u>524</u>	
Total Codes Compliance			2,274

County Buildings

Supervisor/Director	\$	21,914	
---------------------	----	--------	--

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Custodial Personnel	\$	10,505	
Communication		17,746	
Maintenance & Repair Services- Buildings		2,376	
Maintenance & Repair Services- Equipment		198	
Custodial Supplies		2,698	
Electricity		18,529	
Natural Gas		3,826	
Office Supplies		142	
Water and Sewer		1,628	
Other Charges		711	
Land		30,000	
Total County Buildings			\$ 110,273

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	42,469	
Deputy(ies)		20,894	
Other Salaries & Wages		20,894	
In-Service Training		565	
Data Processing Services		3,231	
Dues and Memberships		1,267	
Maintenance & Repair Services- Office Equipment		1,687	
Maintenance & Repair Services- Vehicles		309	
Postal Charges		300	
Other Contracted Services		9,923	
Office Supplies		1,294	
Total Property Assessor's Office			102,833

Reappraisal Program

Other Salaries & Wages	\$	11,991	
Data Processing Services		2,900	
Other Supplies and Materials		800	
Total Reappraisal Program			15,691

County Trustee's Office

County Official/Administrative Officer	\$	42,469	
Deputy(ies)		41,788	
Communication		40	
Data Processing Services		3,170	
Dues and Memberships		457	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Legal Notices, Recording and Court Costs	\$	14	
Postal Charges		3,160	
Travel		814	
Other Contracted Services		4,553	
Office Supplies		2,408	
Data Processing Equipment		587	
Total County Trustee's Office			\$ 99,460

County Clerk's Office

County Official/Administrative Officer	\$	42,469	
Deputy(ies)		41,788	
Dues and Memberships		307	
Maintenance & Repair Services- Office Equipment		1,654	
Postal Charges		1,998	
Office Supplies		2,283	
Data Processing Equipment		2,342	
Total County Clerk's Office			92,841

Administration of Justice

Circuit Court Clerk

County Official/Administrative Officer	\$	42,469	
Deputy(ies)		41,788	
Other Salaries & Wages		390	
Jury and Witness Fees		3,344	
Dues and Memberships		322	
Legal Notices, Recording and Court Costs		2,580	
Postal Charges		1,597	
Travel		662	
Office Supplies		3,217	
Data Processing Equipment		6,892	
Office Equipment		1,345	
Total Circuit Court Clerk			104,606

General Sessions Court

Remittance of Revenue Collected	\$	136	
Total General Sessions Court			136

General Sessions Judge

Judge(s)	\$	60,980	
Probation Officer(s)		14,240	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Dues and Memberships	\$	50	
Postal Charges		74	
Travel		165	
Office Supplies		547	
Other Charges		37	
Total General Sessions Judge			\$ 76,093

Chancery Court

County Official/Administrative Officer	\$	42,469	
Part-time Personnel		15,035	
Other Salaries & Wages		360	
Dues and Memberships		322	
Postal Charges		439	
Duplicating Supplies		1,345	
Office Supplies		2,393	
Total Chancery Court			62,363

Juvenile Court

County Official/Administrative Officer	\$	26,115	
Advertising		20	
Communication		775	
Dues and Memberships		25	
Postal Charges		185	
Travel		2,322	
Other Contracted Services		206	
Office Supplies		203	
Other Charges		29	
Office Equipment		1,074	
Total Juvenile Court			30,954

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	46,715	
Deputy(ies)		175,325	
Investigator(s)		26,346	
Salary Supplements		4,150	
Dispatchers/Radio Operators		93,917	
Part-time Personnel		13,326	
Overtime Pay		10,770	
Other Salaries & Wages		27,573	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

In-Service Training	\$	5,029	
Communication		6,240	
Dues and Memberships		1,170	
Maintenance & Repair Services- Equipment		370	
Maintenance & Repair Services- Vehicles		32,604	
Postal Charges		2,048	
Travel		5,149	
Diesel Fuel		111	
Gasoline		28,683	
Office Supplies		1,500	
Uniforms		2,604	
Fines, Assessments and Penalties		1,761	
Other Charges		399	
Law Enforcement Equipment		18,272	
Motor Vehicles		37,000	
Office Equipment		2,100	
Other Equipment		45,819	
Total Sheriff's Department			\$ 588,981

Jail

Deputy(ies)	\$	20,852	
Maintenance & Repair Services- Buildings		7,366	
Medical and Dental Services		2,281	
Other Contracted Services		6,295	
Custodial Supplies		4,365	
Drugs and Medical Supplies		6,915	
Electricity		7,294	
Food Supplies		40,054	
Law Enforcement Supplies		1,470	
Natural Gas		2,380	
Water and Sewer		4,934	
Other Supplies and Materials		348	
Law Enforcement Equipment		790	
Total Jail			105,344

Juvenile Services

Assistant(s)	\$	11,500	
Supervisor/Director		30,226	
Youth Service Officer(s)		10,973	
Medical Personnel		12,978	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Social Security	\$	4,072	
Medical Insurance		772	
Unemployment Compensation		560	
Employer Medicare		952	
Communication		1,613	
Dues and Memberships		50	
Travel		718	
Electricity		376	
Natural Gas		325	
Office Supplies		165	
Water and Sewer		86	
Workers' Compensation Insurance		331	
Other Charges		500	
Total Juvenile Services			\$ 76,197

Work Release Program

Supervisor/Director	\$	35,317	
Probation Officer(s)		88,190	
Accountants/Bookkeepers		10,985	
Part-time Personnel		16,239	
Other Salaries & Wages		10,300	
Other Fringe Benefits		52,826	
Communication		8,446	
Maintenance & Repair Services- Equipment		2,770	
Postal Charges		1,811	
Printing, Stationery and Forms		364	
Rentals		8,400	
Travel		1,655	
Other Contracted Services		5,134	
Electricity		2,539	
Natural Gas		627	
Office Supplies		6,014	
Water and Sewer		362	
Building and Contents Insurance		9,410	
Other Charges		5,915	
Total Work Release Program			267,304

Fire Prevention and Control

Contributions	\$	2,500	
Maintenance & Repair Services- Vehicles		5,763	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Other Supplies and Materials	\$	5,000	
Liability Insurance		35,437	
Other Equipment		80,663	
Total Fire Prevention and Control			\$ 129,363

Civil Defense

Supervisor/Director	\$	9,760	
Communication		239	
Dues and Memberships		95	
Travel		180	
Office Supplies		47	
Other Equipment		84,455	
Total Civil Defense			94,776

Rescue Squad

Contributions	\$	10,000	
Total Rescue Squad			10,000

Other Emergency Management

Supervisor/Director	\$	30,706	
Dispatchers/Radio Operators		142,895	
Part-time Personnel		21,822	
Total Other Emergency Management			195,423

County Coroner/Medical Examiner

Contracts with Government Agencies	\$	14,565	
Total County Coroner/Medical Examiner			14,565

Other Public Safety

Supervisor/Director	\$	1,780	
Total Other Public Safety			1,780

Public Health and Welfare

Local Health Center

Salary Supplements	\$	11,830	
Custodial Personnel		5,100	
Communication		4,143	
Maintenance & Repair Services- Buildings		2,286	
Postal Charges		3,005	
Other Contracted Services		767	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Custodial Supplies	\$	817	
Drugs and Medical Supplies		680	
Electricity		4,018	
Natural Gas		959	
Office Supplies		1,558	
Water and Sewer		1,346	
Other Charges		62	
Total Local Health Center			\$ 36,571

Crippled Children Services

Contributions	\$	796	
Total Crippled Children Services			796

General Welfare Assistance

Contracts with Other Public Agencies	\$	5,000	
Total General Welfare Assistance			5,000

Aid to Dependent Children

Contributions	\$	2,298	
Total Aid to Dependent Children			2,298

Sanitation Education/Information

Supervisor/Director	\$	17,014	
Accountants/Bookkeepers		1,508	
Laborers		6,173	
Instructional Supplies and Materials		4,623	
Other Supplies and Materials		3,027	
Total Sanitation Education/Information			32,345

Other Public Health and Welfare

Supervisor/Director	\$	9,100	
Other Fringe Benefits		883	
Travel		87	
Other Supplies and Materials		646	
Other Charges		66	
Total Other Public Health and Welfare			10,782

Social, Cultural and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	19,358	
---------------------	----	--------	--

(Continued)

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

General Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Other Salaries & Wages	\$	13,205	
Other Fringe Benefits		2,921	
Communication		964	
Contributions		2,500	
Maintenance & Repair Services- Buildings		165	
Postal Charges		111	
Transportation - Other than Students		1,972	
Travel		79	
Electricity		3,380	
Natural Gas		1,121	
Water and Sewer		446	
Other Supplies and Materials		2,210	
Other Charges		693	
Total Senior Citizens Assistance	\$		49,125

Libraries

Supervisor/Director	\$	18,500	
Other Salaries & Wages		11,358	
Communication		1,247	
Dues and Memberships		165	
Maintenance & Repair Services- Buildings		558	
Maintenance & Repair Services- Office Equipment		450	
Postal Charges		472	
Travel		1,348	
Data Processing Supplies		5,457	
Electricity		275	
Library Books/Media		3,805	
Office Supplies		1,205	
Other Supplies and Materials		5,493	
Other Charges		398	
Building Construction		1,435	
Office Equipment		2,947	
Total Libraries			55,113

Parks and Fair Boards

Assistant(s)	\$	9,106	
Supervisor/Director		27,500	
Laborers		17,640	
Part-time Personnel		5,413	
Advertising		16,970	

(Continued)

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

General Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Communication	\$	3,379	
Contributions		1,500	
Dues and Memberships		250	
Maintenance & Repair Services- Buildings		8,022	
Maintenance & Repair Services- Equipment		3,262	
Postal Charges		136	
Printing, Stationery and Forms		406	
Travel		744	
Other Contracted Services		24,402	
Custodial Supplies		5,374	
Electricity		37,990	
Natural Gas		6,552	
Office Supplies		782	
Road Signs		70	
Water and Sewer		13,067	
Other Supplies and Materials		13,344	
Refunds		1,500	
Other Charges		21,095	
Building Construction		191	
Other Equipment		2,793	
Total Parks and Fair Boards			\$ 221,488

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$	29,682	
Other Fringe Benefits		4,444	
Communication		1,078	
Electricity		1,977	
Natural Gas		591	
Water and Sewer		170	
Office Equipment		186	
Total Agriculture Extension Service			38,128

Forest Service

Forest Resource Services	\$	2,000	
Total Forest Service			2,000

Soil Conservation

Contributions	\$	3,300	
Total Soil Conservation			3,300

(Continued)

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

General Fund (Cont.)

Other Operations

Tourism

Advertising	\$	1,100	
Dues and Memberships		700	
Other Charges		250	
Total Tourism			\$ 2,050

Industrial Development

Contributions	\$	17,325	
Other Contracted Services		7,357	
Other Charges		362	
Total Industrial Development			25,044

Other Economic and Community Development

Contributions	\$	108,186	
Total Other Economic and Community Development			108,186

Airport

Contributions	\$	150,000	
Total Airport			150,000

Veterans' Services

Supervisor/Director	\$	7,848	
Dues and Memberships		25	
Postal Charges		111	
Travel		469	
Office Supplies		75	
Office Equipment		399	
Total Veterans' Services			8,927

Other Charges

Road Signs	\$	786	
Liability Insurance		42,396	
Premiums on Corporate Surety Bonds		244	
Trustee's Commission		34,660	
Vehicle and Equipment Insurance		5,485	
Workers' Compensation Insurance		43,491	
Other Charges		1,241	
Total Other Charges			128,303

Employee Benefits

Social Security	\$	90,970	
-----------------	----	--------	--

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits (Cont.)

State Retirement	\$	51,606	
Medical Insurance		136,738	
Unemployment Compensation		8,601	
Employer Medicare		21,450	
Total Employee Benefits			\$ 309,365

Miscellaneous

Contributions	\$	12,000	
Dues and Memberships		6,260	
Other Charges		107	
Total Miscellaneous			18,367

Total General Fund \$ 3,735,035

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	28,682	
Truck Drivers		21,808	
Laborers		24,885	
Communication		533	
Legal Notices, Recording and Court Costs		54	
Maintenance & Repair Services- Buildings		151	
Maintenance & Repair Services- Equipment		2,745	
Maintenance & Repair Services- Vehicles		12,042	
Other Contracted Services		5,823	
Diesel Fuel		17,819	
Electricity		1,786	
Gasoline		9,405	
Lubricants		1,069	
Natural Gas		1,079	
Tires and Tubes		2,169	
Water and Sewer		354	
Other Charges		1,090	
Solid Waste Equipment		138,048	
Total Sanitation Management			\$ 269,542

Convenience Centers

Laborers	\$	79,486	
Communication		430	

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Maintenance & Repair Services- Buildings	\$	369	
Maintenance & Repair Services- Equipment		56	
Electricity		1,991	
Water and Sewer		577	
Gravel and Chert		3,944	
Other Charges		393	
Building Improvements		33,443	
Site Development		958	
Solid Waste Equipment		<u>56,487</u>	
Total Convenience Centers	\$		178,134

Other Operations

Other Charges

Liability Insurance	\$	9,971	
Trustee's Commission		2,018	
Vehicle and Equipment Insurance		2,951	
Workers' Compensation Insurance		10,709	
Surcharge		<u>4,990</u>	
Total Other Charges			30,639

Employee Benefits

Social Security	\$	9,226	
State Retirement		4,215	
Medical Insurance		20,713	
Unemployment Compensation		2,091	
Employer Medicare		<u>2,158</u>	
Total Employee Benefits			<u>38,403</u>

Total Solid Waste/Sanitation Fund \$ 516,718

Drug Control Fund

Public Safety

Drug Enforcement

Salary Supplements	\$	1,250	
Social Security		78	
State Retirement		30	
Employer Medicare		18	
Confidential Drug Enforcement Payments		500	
Travel		790	
Animal Food and Supplies		46	

(Continued)

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Law Enforcement Supplies	\$	1,505	
Refunds		1,385	
Trustee's Commission		61	
Other Charges		366	
Law Enforcement Equipment		24,876	
Total Drug Enforcement			\$ 30,905

Total Drug Control Fund \$ 30,905

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	47,303	
Assistant(s)		24,216	
Accountants/Bookkeepers		24,216	
Advertising		556	
Communication		6,552	
Dues and Memberships		1,808	
Evaluation and Testing		260	
Postal Charges		615	
Printing, Stationery and Forms		548	
Travel		2,771	
Other Contracted Services		4,559	
Electricity		3,819	
Natural Gas		534	
Office Supplies		1,310	
Water and Sewer		841	
Total Administration			\$ 119,908

Highway and Bridge Maintenance

Laborers	\$	255,573	
Overtime Pay		27,183	
Rentals		16,918	
Asphalt - Liquid		88,452	
Crushed Stone		114,311	
Custodial Supplies		501	
Pipe		26,375	
Road Signs		393	
Total Highway and Bridge Maintenance			529,706

(Continued)

Decatur 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)	\$	39,792	
Overtime Pay		3,042	
Diesel Fuel		47,065	
Equipment and Machinery Parts		55,141	
Gasoline		30,204	
Lubricants		1,400	
Tires and Tubes		9,636	
Chemicals		1,183	
Total Operation and Maintenance of Equipment			\$ 187,463

Other Charges

Liability Insurance	\$	33,098	
Trustee's Commission		14,880	
Workers' Compensation Insurance		30,889	
Other Charges		275	
Total Other Charges			79,142

Employee Benefits

Social Security	\$	32,051	
State Retirement		12,485	
Medical Insurance		64,591	
Unemployment Compensation		15,883	
Total Employee Benefits			125,010

Capital Outlay

Other Contracted Services	\$	110,923	
Bridge Construction		137,042	
Building Construction		3,510	
Highway Construction		1,827,815	
Highway Equipment		85,798	
State Aid Projects		171,392	
Total Capital Outlay			2,336,480

Principal

Highways and Streets

Principal on Other Loans Payable	\$	263,000	
Total Highways and Streets			263,000

(Continued)

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

Highway/Public Works Fund (Cont.)

Interest

Highways and Streets

Interest on Other Loans Payable

\$ 19,534

Total Highways and Streets

\$ 19,534

Other Debt Service

Highways and Streets

Other Debt Issuance Charges

\$ 15,000

Other Debt Service

5,077

Total Highways and Streets

20,077

Total Highway/Public Works Fund

\$ 3,680,320

General Debt Service Fund

Principal

General Government

Principal on Bonds

\$ 85,730

Total General Government

\$ 85,730

Education

Principal on Bonds

\$ 634,270

Total Education

634,270

Interest

General Government

Interest on Bonds

\$ 73,283

Total General Government

73,283

Education

Interest on Bonds

\$ 356,338

Total Education

356,338

Other Debt Service

General Government

Fiscal Agent Charges

\$ 2,595

Trustee's Commission

5,805

Total General Government

8,400

Education

Fiscal Agent Charges

\$ 3,595

Total Education

3,595

Total General Debt Service Fund

1,161,616

(Continued)

Exhibit L-7

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

<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Social, Cultural and Recreation Projects</u>		
Other Debt Issuance Charges	\$ 10,000	
Building Construction	<u>383,737</u>	
Total Social, Cultural and Recreation Projects		<u>\$ 393,737</u>
Total General Capital Projects Fund		<u>\$ 393,737</u>
Total Governmental Funds - Primary Government		<u>\$ 9,518,331</u>

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 3,188,106	
Career Ladder Program	83,364	
Career Ladder Extended Contracts	53,740	
Homebound Teachers	1,800	
Educational Assistants	38,139	
Certified Substitute Teachers	52,785	
Social Security	197,712	
State Retirement	185,593	
Medical Insurance	215,646	
Unemployment Compensation	3,091	
Employer Medicare	46,488	
Maintenance & Repair Services- Equipment	9,973	
Other Contracted Services	2,975	
Instructional Supplies and Materials	90,806	
Textbooks	97,118	
Other Supplies and Materials	19,057	
Other Charges	20,726	
Regular Instruction Equipment	124,005	
Total Regular Instruction Program		\$ 4,431,124

Alternative Instruction Program

Teachers	\$ 35,417	
Career Ladder Program	1,000	
Social Security	2,234	
State Retirement	1,369	
Medical Insurance	632	
Unemployment Compensation	33	
Employer Medicare	408	
Total Alternative Instruction Program		41,093

Special Education Program

Teachers	\$ 509,199	
Career Ladder Program	10,957	
Homebound Teachers	818	
Certified Substitute Teachers	7,252	
Social Security	31,347	
State Retirement	28,522	
Medical Insurance	34,087	
Unemployment Compensation	476	

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	7,331	
Other Contracted Services		51,477	
Instructional Supplies and Materials		3,679	
Other Supplies and Materials		7,081	
Special Education Equipment		4,040	
Total Special Education Program			\$ 696,266

Vocational Education Program

Teachers	\$	422,000	
Career Ladder Program		7,000	
Social Security		26,213	
State Retirement		23,567	
Medical Insurance		28,676	
Unemployment Compensation		300	
Employer Medicare		6,130	
Travel		10,431	
Instructional Supplies and Materials		22,350	
Textbooks		592	
Vocational Instruction Equipment		37,455	
Total Vocational Education Program			584,714

Adult Education Program

Teachers	\$	65,869	
Career Ladder Program		1,000	
Social Security		4,040	
State Retirement		2,351	
Unemployment Compensation		72	
Employer Medicare		945	
Instructional Supplies and Materials		4,853	
Other Supplies and Materials		2,543	
Other Charges		302	
Other Equipment		5,178	
Total Adult Education Program			87,153

Support Services

Attendance

Supervisor/Director	\$	1,709	
Career Ladder Program		1,000	
Clerical Personnel		215	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Social Security	\$	166	
State Retirement		136	
Employer Medicare		39	
Maintenance & Repair Services- Equipment		1,996	
Other Contracted Services		5,257	
Other Supplies and Materials		<u>2,019</u>	
Total Attendance	\$		12,537

Health Services

Drugs and Medical Supplies	\$	<u>10,779</u>	
Total Health Services			10,779

Other Student Support

Career Ladder Program	\$	8,000	
Guidance Personnel		238,320	
Career Ladder Extended Contracts		2,000	
Secretary(s)		26,000	
Social Security		16,384	
State Retirement		14,672	
Medical Insurance		8,278	
Unemployment Compensation		199	
Employer Medicare		3,832	
Evaluation and Testing		<u>4,907</u>	
Total Other Student Support			322,592

Regular Instruction Program

Supervisor/Director	\$	98,479	
Career Ladder Program		8,000	
Career Ladder Extended Contracts		4,001	
Librarians		162,000	
Instructional Computer Personnel		24,000	
Secretary(s)		74,895	
Social Security		22,045	
State Retirement		16,200	
Medical Insurance		9,972	
Unemployment Compensation		423	
Employer Medicare		5,156	
Maintenance & Repair Services- Equipment		922	
Travel		<u>1,644</u>	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Library Books/Media	\$	13,188	
Other Supplies and Materials		253	
In Service/Staff Development		144	
Other Charges		13	
Total Regular Instruction Program			\$ 441,335

Special Education Program

Supervisor/Director	\$	48,571	
Career Ladder Program		1,000	
Clerical Personnel		8,799	
Social Security		3,262	
State Retirement		3,000	
Medical Insurance		5,654	
Unemployment Compensation		51	
Employer Medicare		763	
Travel		4,429	
Total Special Education Program			75,529

Vocational Education Program

Supervisor/Director	\$	10,000	
Clerical Personnel		10,000	
Social Security		919	
State Retirement		668	
Unemployment Compensation		17	
Employer Medicare		215	
Travel		4,171	
Other Supplies and Materials		1,500	
In Service/Staff Development		2,093	
Total Vocational Education Program			29,583

Adult Programs

Supervisor/Director	\$	54,215	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		2,000	
Other Salaries & Wages		17,000	
Social Security		4,248	
State Retirement		3,202	
Medical Insurance		5,302	
Unemployment Compensation		67	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Employer Medicare	\$	993	
Travel		1,974	
Other Supplies and Materials		312	
In Service/Staff Development		811	
Other Equipment		229	
Total Adult Programs			\$ 92,353

Board of Education

Board and Committee Members Fees	\$	12,000	
Social Security		744	
Unemployment Compensation		58	
Employer Medicare		174	
Audit Services		6,000	
Contracts with Other School Systems		81,182	
Dues and Memberships		7,515	
Legal Services		100	
Trustee's Commission		61,991	
Workers' Compensation Insurance		72,768	
Criminal Investigation of Applicants - TBI		1,488	
Refund to Applicant for Criminal Investigation		384	
Other Charges		17,991	
Total Board of Education			262,395

Director of Schools

County Official/Administrative Officer	\$	82,500	
Secretary(s)		24,985	
Social Security		6,191	
State Retirement		4,850	
Medical Insurance		2,483	
Unemployment Compensation		81	
Employer Medicare		1,492	
Communication		11,307	
Maintenance & Repair Services- Equipment		622	
Postal Charges		2,140	
Travel		769	
Other Contracted Services		1,980	
Office Supplies		2,075	
Other Charges		1,026	
Administration Equipment		74	
Total Director of Schools			142,575

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Principals	\$ 199,145	
Career Ladder Program	6,000	
Career Ladder Extended Contracts	4,000	
Social Security	11,862	
State Retirement	11,503	
Medical Insurance	16,004	
Unemployment Compensation	131	
Employer Medicare	2,774	
Communication	2,688	
Total Office of the Principal	\$ 254,107	

Fiscal Services

Accountants/Bookkeepers	\$ 29,400	
Social Security	1,775	
State Retirement	894	
Unemployment Compensation	29	
Employer Medicare	368	
Travel	414	
Other Contracted Services	6,140	
Office Supplies	2,280	
Administration Equipment	181	
Total Fiscal Services	41,481	

Operation of Plant

Custodial Personnel	\$ 128,805	
Social Security	7,880	
State Retirement	1,863	
Unemployment Compensation	300	
Employer Medicare	1,843	
Custodial Supplies	26,108	
Electricity	207,115	
Natural Gas	85,481	
Water and Sewer	38,420	
Building and Contents Insurance	122,550	
Other Charges	5,671	
Plant Operation Equipment	53,503	
Total Operation of Plant	679,539	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant

Maintenance Personnel	\$	68,000	
Social Security		4,249	
State Retirement		1,712	
Unemployment Compensation		166	
Employer Medicare		994	
Maintenance & Repair Services- Buildings		51,084	
Maintenance & Repair Services- Equipment		50	
Other Contracted Services		12,921	
Other Charges		18,469	
Maintenance Equipment		32,746	
Total Maintenance of Plant			\$ 190,391

Transportation

Supervisor/Director	\$	48,597	
Mechanic(s)		26,500	
Bus Drivers		176,006	
Social Security		15,449	
State Retirement		5,996	
Medical Insurance		1,514	
Unemployment Compensation		574	
Employer Medicare		3,613	
Communication		5,128	
Contracts with Vehicle Owners		20,608	
Maintenance & Repair Services- Vehicles		33,422	
Travel		565	
Diesel Fuel		44,926	
Garage Supplies		737	
Gasoline		3,011	
Tires and Tubes		8,436	
Other Charges		1,889	
Transportation Equipment		173,481	
Total Transportation			570,452

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	22,438	
Clerical Personnel		6,200	
Social Security		1,781	
State Retirement		248	

(Continued)

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Unemployment Compensation	\$	43	
Employer Medicare		417	
Payments to Schools - Breakfast		76,041	
Payments to Schools - Lunch		244,787	
Payments to Schools - Other		11,500	
Total Food Service			\$ 363,455

Community Services

Supervisor/Director	\$	44,550	
Teachers		41,000	
Clerical Personnel		1,600	
Other Salaries & Wages		104,331	
Social Security		11,501	
State Retirement		6,882	
Medical Insurance		4,999	
Unemployment Compensation		245	
Employer Medicare		2,690	
Travel		3,161	
Food Supplies		5,325	
Other Supplies and Materials		23,022	
Other Charges		2,694	
Total Community Services			252,000

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	327,346	
Total Regular Capital Outlay			327,346

Other Debt Service

Education

Contributions	\$	400,630	
Total Education			400,630

Total General Purpose School Fund \$ 10,309,429

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	365,260	
----------	----	---------	--

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Educational Assistants	\$	10,418	
Social Security		23,194	
State Retirement		17,580	
Medical Insurance		27,979	
Unemployment Compensation		592	
Employer Medicare		5,297	
Contracts with Other School Systems		901	
Other Contracted Services		565	
Instructional Supplies and Materials		6,698	
Other Supplies and Materials		1,907	
Regular Instruction Equipment		3,356	
Total Regular Instruction Program			\$ 463,747

Special Education Program

Teachers	\$	38,600	
Homebound Teachers		2,000	
Educational Assistants		198,073	
Other Salaries & Wages		40,758	
Certified Substitute Teachers		4,500	
Social Security		16,595	
State Retirement		10,152	
Medical Insurance		8,136	
Unemployment Compensation		646	
Employer Medicare		3,881	
Maintenance & Repair Services- Equipment		3,000	
Other Contracted Services		33,641	
Instructional Supplies and Materials		3,393	
Other Supplies and Materials		16,306	
Other Charges		169	
Special Education Equipment		6,702	
Total Special Education Program			386,552

Support Services

Other Student Support

Other Salaries & Wages	\$	3,620	
Social Security		224	
State Retirement		192	
Unemployment Compensation		1	
Employer Medicare		52	

(Continued)

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Contracts with Other School Systems	\$	11,881	
Travel		275	
Other Supplies and Materials		5,314	
In Service/Staff Development		212	
Other Charges		290	
Other Equipment		<u>1,800</u>	
Total Other Student Support	\$		23,861

Regular Instruction Program

Supervisor/Director	\$	23,636	
Clerical Personnel		2,000	
In-Service Training		450	
Social Security		1,485	
State Retirement		1,300	
Unemployment Compensation		62	
Employer Medicare		350	
Travel		1,281	
Library Books/Media		7,700	
Other Supplies and Materials		341	
In Service/Staff Development		<u>17,901</u>	
Total Regular Instruction Program			56,506

Transportation

Bus Drivers	\$	16,488	
Social Security		1,018	
State Retirement		643	
Unemployment Compensation		28	
Employer Medicare		<u>237</u>	
Total Transportation			<u>18,414</u>

Total School Federal Projects Fund \$ 949,080

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Trustee's Commission	\$	2	
Building Construction		8,877	
Building Improvements		<u>18,236</u>	
Total Education Capital Projects	\$		<u>27,115</u>

Total Education Capital Projects Fund 27,115

Total Governmental Funds - Decatur County School Department \$ 11,285,624

Exhibit L-9

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

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 726,302
Total Cash Receipts	<u>\$ 726,302</u>
<u>Cash Disbursements</u>	
Remittance of Revenue Collected	\$ 437,119
Trustee's Commission	7,359
Total Cash Disbursements	<u>\$ 444,478</u>
Other Uses:	
Transfers Out	\$ 281,824
Total Cash Disbursements and Other Uses	<u>\$ 726,302</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements and Other Uses	\$ 0
Cash Balance, July 1, 2004	<u>0</u>
Cash Balance, June 30, 2005	<u><u>\$ 0</u></u>

---

---

## STATISTICAL SECTION

---

---

Table 1

Decatur County, Tennessee  
Uncollected Taxes Filed in Circuit Court  
June 30, 2005

Year	Amount
1997	\$ 199
1998	427
1999	1,866
2000	2,112
2001	5,446
2002	7,661
2003	9,553
Total	\$ 27,264

Table 2

Decatur County, Tennessee  
Tax Rates and Assessments  
Last Ten Years

<u>Fund</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General	\$ 0.57	\$ 0.57	\$ 0.69	\$ 0.69	\$ 0.69	\$ 0.69	\$ 0.69	\$ 0.69	\$ 0.69	\$ 0.69
Solid Waste/Sanitation	0.26	0.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
General Purpose School	0.99	0.99	0.84	0.84	0.84	0.84	0.84	0.75	0.75	0.75
General Debt Service	0.14	0.14	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12
<b>Total Tax Rates</b>	<b>\$ 1.96</b>	<b>\$ 1.96</b>	<b>\$ 1.65</b>	<b>\$ 1.65</b>	<b>\$ 1.65</b>	<b>\$ 1.65</b>	<b>\$ 1.65</b>	<b>\$ 1.56</b>	<b>\$ 1.56</b>	<b>\$ 1.56</b>
<u>Assessed Valuation</u>										
Real and Personal	\$ 68,530,219	\$ 70,689,520	\$ 86,407,752	\$ 89,510,663	\$ 95,671,762	\$ 100,082,501	\$ 103,060,302	\$ 127,075,168	\$ 129,078,760	\$ 132,574,344
Public Utilities	6,667,932	6,194,706	5,634,934	4,962,384	5,931,488	6,015,486	6,080,783	6,755,467	6,435,560	6,986,840
<b>Total Assessed Valuation</b>	<b>\$ 75,198,151</b>	<b>\$ 76,884,226</b>	<b>\$ 92,042,686</b>	<b>\$ 94,473,047</b>	<b>\$ 101,603,250</b>	<b>\$ 106,097,987</b>	<b>\$ 109,141,085</b>	<b>\$ 133,830,635</b>	<b>\$ 135,514,320</b>	<b>\$ 139,561,184</b>

---

---

## **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 27, 2005

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

To the County Mayor and Board of County Commissioners:

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 Decatur County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Decatur County's basic financial statements and have issued our report thereon dated September 27, 2005. 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 Decatur 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 Decatur 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 05.02 and 05.03.

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 of 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, we believe that none of the reportable conditions described above is a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Decatur County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one material instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Findings and Questioned Costs as item 05.01.

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

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

Very truly yours,



John G. Morgan  
Comptroller of the Treasury

JGM/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 27, 2005

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

To the County Mayor and Board of County Commissioners:

Compliance

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

In our opinion, Decatur 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 Decatur 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 Decatur 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 applicable requirements of laws, regulations, contracts, and grants caused by error or fraud 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### 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 Decatur County, Tennessee, as of and for the year ended June 30, 2005, and have issued our report thereon dated September 27, 2005. 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, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John G. Morgan  
Comptroller of the Treasury

JGM/yu

OTHER AUDITOR'S 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 Decatur County General Hospital

Administrator and Board of Trustees  
Decatur County General Hospital  
Parsons, Tennessee

We have audited the financial statements of Decatur County General Hospital, as of and for the year ended June 30, 2005, and have issued our report thereon. 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 Decatur County General Hospital's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion 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 Decatur County General Hospital's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are as follows.

**2004-1 MINUTES**

Minutes of board meetings are not timely prepared and approved. Minutes of the previous board meeting should be read and approved each meeting. We recommend that board minutes be approved in a timely manner.

Management's Response

Board minutes from the prior meeting will be included in each board member's packet to be presented at the next meeting for approval.

## **2005-1 SURGEON INCOME**

The hospital contracts with surgeons and directly bills third parties for their services. A separate billing system is used to process these claims. However, the income has been recognized only after payment is received. Generally accepted accounting principles require that revenue be recognized as earned. We recommend that revenue for surgeons' services be recognized as it is earned and that monthly reconciliations be prepared on the receivables.

### Management's Response

Revenue from professional fees for surgeons will be recorded in the hospital general ledger on an accrual basis.

---

A material weakness is a 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 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, we consider item 2005-1 to be a material weakness.

### Compliance

As part of obtaining reasonable assurance about whether Decatur County General Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 the following instance of noncompliance that is required to be reported under Government Auditing Standards.

## **2002 - 1 BOND PAYMENTS**

The bonded indebtedness is actually in the name of Decatur County, Tennessee. The hospital is to remit to the county amounts sufficient to make the payments. However, at June 30, 2005, the hospital was behind in its remittances to the county.

### Management's Response

Hospital management has spoken with the county mayor regarding the past due balance. The county mayor is aware of the financial status of the hospital and requests the hospital pay the past due amounts when financially feasible.

---

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

OTHER AUDITOR'S 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 Decatur County Emergency Communications District

Board of Directors  
Decatur County Emergency Communications District  
Decaturville, Tennessee

We have audited the financial statements of Decatur County Emergency Communications District as of and for the year ended June 30, 2005, and have issued our report thereon. 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 Decatur County Emergency Communications District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance 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 Decatur County Emergency Communications District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described below.

A material weakness is a 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 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, we believe reportable condition 99-01 is a material weakness.

Compliance

As part of obtaining reasonable assurance about whether Decatur County Emergency Communications District's financial statements are free of material misstatements, 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 that are required to be reported under Government Auditing Standards.

#### 99-01 INADEQUATE SEGREGATION OF DUTIES

Due to the lack of personnel there is not sufficient segregation of duties to accomplish an adequate internal control structure.

#### RECOMMENDATION

Management should try to compensate for this by requiring preparation of monthly reports in key areas. These reports should be reviewed and maintained by management.

#### MANAGEMENT'S RESPONSE

We have management review monthly key reports. We also keep management informed of any changes or corrections made to key reports.

This report is intended solely for information and the use of management, Board of Directors, and the State of Tennessee Comptroller's office and is not intended to be and should not be used by anyone other than these specified parties.

Decatur 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	(2)	\$ 40,224
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 80,032
National School Lunch Program	10.555	N/A	259,751
Special Milk Program for Children	10.556	N/A	11,500
Total Passed-through State Department of Education			<u>\$ 351,283</u>
Total U.S. Department of Agriculture			<u>\$ 391,507</u>
U. S. Department of Justice:			
Passed-through State Office of Criminal Justice Programs:			
Byrne Formula Grant Program	16.579	Z9901884500	\$ 32,914
Public Safety Partnership and Community Policing Grants	16.710	(2)	10,503
Total U.S. Department of Justice			<u>\$ 43,417</u>
U. S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z0402561601	\$ 1,589 (3)
Adult Education - State Grant Program	84.002	Z0401666000	1,221 (3)
Adult Education - State Grant Program	84.002	Z0502221200	60,652 (3)
Vocational Education - Basic Grants to States	84.048	N/A	60,131
Twenty-First Century Community Learning Centers	84.287	N/A	126,152
Total Passed-through State Department of Labor and Workforce Development			<u>\$ 249,745</u>
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	383,289
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	367,440
Special Education - Preschool Grants	84.173	N/A	37,525
Safe and Drug-Free Schools and Communities - State Grants	84.186A	(2)	10,184
State Grants for Innovative Programs	84.298A	N/A	7,783
Education Technology State Grants	84.318X	(2)	8,834
English Language Acquisition Grants	84.365A	N/A	13,930
Improving Teacher Quality State Grants	84.367	N/A	120,094
Total Passed-through State Department of Education			<u>\$ 949,079</u>
Total U.S. Department of Education			<u>\$ 1,198,824</u>
U.S. Delta Regional Authority:			
Passed-through State Department of Economic and Community Development:			
Delta Regional Development	90.200	N/A	\$ 180,083
Total U.S. Delta Regional Authority			<u>\$ 180,083</u>
U. S. Department of Health and Human Services:			
Passed-through Southwest Tennessee Development District:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 7,439 (4)
Passed-through Southwest Human Resources Agency:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	6,285 (4)
Passed-through State Department of Labor and Workforce Development:			
Temporary Assistance for Needy Families	93.558	Z0502230500	15,784
Total U.S. Department of Health and Human Services			<u>\$ 29,508</u>

(Continued)

Decatur County, Tennessee

Schedule of Expenditures of Federal Awards and State Grants (Cont.) (1)

Federal/Pass-through Agency/State Grantor Program Title	CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z0301774100	\$ 3,956 (5)
State Domestic Preparedness Equipment Support Program	97.004	Z0402008600	35,193 (5)
State Domestic Preparedness Equipment Support Program	97.004	Z0402243400	71,058 (5)
Public Assistance Grants	97.036	(2)	10,097
Emergency Management Performance Grant	97.042	Z0402025200	2,500 (6)
Emergency Management Performance Grant	97.042	Z0502540600	4,360 (6)
Total U.S. Department of Homeland Security			\$ 127,164
Total Expenditures of Federal Awards			\$ 1,970,503
State Grants:			
Juvenile Justice and Delinquency Prevention - State Department of Children's Services	N/A	(2)	\$ 77,033
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	7,511
Litter Program - State Department of Transportation	N/A	(2)	22,474
Alternative Punishment Program - State Department of Corrections	N/A	(2)	299,960
Special Programs for the Aging - Southwest Tennessee Development District	N/A	(2)	4,436
Tobacco Grant - State Department of Health	N/A	(2)	1,203
Library Technology Grant - State Library and Archives	N/A	(2)	2,400
State Arts Commission Technical Assistance Grant - State Arts Commission	N/A	Z050239300	1,800
Beech Bend - Department of Environment and Conservation	N/A	(2)	8,333
Waste Reduction Grant - State Department of Environment and Conservation	N/A	Z0401814600	200,000
Electronic Fingerprint Imaging System Grant - State Office of Criminal Justice Programs	N/A	Z0109895700	15,000
Kolpak Fast-track Infrastructure Development Project - State Department of Economic and Community Development	N/A	GG041131500	610,878
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	8,189
Recycling Equipment Grant-State Department of Environment and Conservation	N/A	Z0001563902	13,437
Families First - State Department of Labor and Workforce Development	N/A	(2)	7,428
Adult Education - State Department of Education	N/A	(2)	16,448
UT EL Civic Grant - State Department of Education	N/A	(2)	8,797
Safe School Act - State Department of Education	N/A	(2)	8,798
Family Resource Grant - State Department of Education	N/A	(2)	33,300
Touching Lives of Children - State Department of Education	N/A	(2)	7,123
Total State Grants			\$ 1,354,548

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 (CFDA Number 84.002) from the U.S. Department of Education \$63,462.
- (4) Total Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers (CFDA Number 93.044) from the U.S. Department of Health and Human Services \$13,724.
- (5) Total State Domestic Preparedness Equipment Support Program (CFDA Number 97.004) from the U.S. Department of Homeland Security \$110,207.
- (6) Total Emergency Management Performance Grants (CFDA Number 97.042) from the U. S. Department of Homeland Security \$6,860.

Decatur 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 for Decatur County, Tennessee, for the year ended June 30, 2004, which have not been corrected.

**FINDINGS AND RECOMMENDATIONS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.01	160	The Decatur County Library maintained an outside bank account
04.02	160	A central system of accounting, budgeting, and purchasing had not been adopted
04.03	161	Duties were not segregated adequately in the Offices of Trustee, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff

---

---

**DECATUR COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2005**

---

---

**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. An unqualified opinion was issued on the financial statements of Decatur County.
2. The audit of the financial statements of Decatur County disclosed reportable conditions in internal control. None of these conditions was considered to be a material weakness.
3. The audit disclosed one instance of noncompliance which is material to the financial statements of Decatur County.
4. The audit disclosed no reportable conditions in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Special Milk Program for Children (CFDA Nos. 10.553, 10.555, and 10.556); Title I Grants to Local Educational Agencies (CFDA No. 84.010); and the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grant (CFDA Nos. 84.027 and 84.173) 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. Decatur 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. Management offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

### FINDINGS AND RECOMMENDATIONS

#### FINDING 05.01

#### **FINANCIAL ACTIVITY OF THE DECATUR COUNTY LIBRARY WAS NOT AUDITED, AND THE LIBRARY WAS NOT SUBJECT TO BUDGETARY CONTROL OF THE COUNTY COMMISSION**

(Material Noncompliance Under Government Auditing Standards)

The Decatur County Library operates as a department within the county's General Fund. A significant portion of the library's expenditures for the year was paid through the county's General Fund (\$55,113), which is included in the financial statements of this report. However, the Library Board maintained a checking account and two certificates of deposit (\$106,324) outside of the county's control to deposit fines and donations and to pay certain operating expenses. The funds channeled through the checking account did not flow through the county's budgetary process, have not been audited, and are not included in the financial statements of this report. We do not consider the exclusion of these amounts to be material to the financial statements of this report.

Section 5-9-401, Tennessee Code Annotated (TCA), 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." Also, Section 10-3-106, TCA, states that "All library accounts of every character shall be audited annually by or under the county legislative body and/or city governing body."

#### RECOMMENDATION

The Decatur County Library should remit all collections to the county's General Fund or contract for an audit of their accounts. All revenues and expenditures related to the library's operation should be audited and subject to budgetary control of the County Commission as required by state statutes.

**FINDING 05.02      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 which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

---

**FINDING 05.03      DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF**  
(Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not segregated adequately among officials and employees in the Offices of Trustee, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting funds, issuing checks, depositing funds, posting the cash journal, and/or reconciling bank statements. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

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

There were no findings and questioned costs for federal awards.

**DECATUR 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 or the current year's Schedule of Findings and Questioned Costs.