

**ANNUAL FINANCIAL REPORT
OF
HUMPHREYS COUNTY, TENNESSEE
AND
HUMPHREYS COUNTY SCHOOL DEPARTMENT**

SINGLE AUDIT REPORT



FOR THE YEAR ENDED JUNE 30, 2005

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

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

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

HUMPHREYS COUNTY, TENNESSEE

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Audit Highlights

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

Scope

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

Results

Our report on Humphreys County's financial statements expresses an adverse opinion because government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34.

Our audit resulted in nine findings and recommendations, which we have reviewed with Humphreys County management. Detailed findings and recommendations are included in the Single Audit Report.

Findings

The following are summaries of the audit findings:

HUMPHREYS COUNTY

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.

OFFICE OF COUNTY MAYOR

- ◆ The office did not have a formal purchase order system.
- ◆ Contributions to nonprofit organizations were not made in compliance with state statute.

OFFICES OF COUNTY MAYOR AND ROAD SUPERVISOR

- ◆ The County Mayor's Office and the Highway Department used a mechanical warrant-signing machine located in the County Mayor's Office to affix the county mayor's and road supervisor's signatures on warrants. The counter on the machine could be reset; therefore, we could not ensure that all warrants were accounted for accurately.
-

OFFICE OF CLERK AND MASTER

- ◆ In some instances, collections were not deposited to the office bank account within three days of collection as required by state statute.
-

OTHER FINDINGS

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ The county used a questionable method of funding workers' compensation expenses, general liability insurance, official's corporate surety bonds, and employees' dishonesty bonds.
- ◆ The trustee, county clerk, clerk and master, and sheriff did not obtain letters of agreement or file suit in Chancery and/or Circuit Courts to authorize the number and salaries of their deputies.
- ◆ Duties were not segregated adequately among the officials and employees in the Offices of County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.

INTRODUCTORY SECTION

Humphreys County Officials

June 30, 2005

Officials:

Jaycee Rawlings, County Mayor
Ronald Carter, Road Supervisor
Wanda Adkins, Trustee
Vickie Cowell, Assessor of Property
Betty Etheridge, County Clerk
Elaine Choate, Circuit and General Sessions Courts Clerk
Michael Bullion, Clerk and Master
Jan Crowell, Register
Ronnie Toungette, Sheriff

Board of County Commissioners:

Jaycee Rawlings, Chairman	Billy Hugh Link
Robert Reid, Chairman Pro Tem	Walter Reid Long
Robert Davis	Odell Nichols
Reed Dreaden	Rebecca Peek
James Graham	Glenn Shivers
William Hickerson	Jessie Wallace
Ronald Hughes	William Webb
Jimmy Wayne Jones	

County Road Advisory Committee:

Leonard Parnell, Chairman
Charles Beacham
John Brady Dunn
Bill Johnson
Dennis King
John Moore
Michael Simpson

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

March 1, 2006

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Humphreys County, Tennessee, as of and for the year ended June 30, 2005, as shown on pages 15 through 41, which collectively comprise a portion of the county's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Humphreys County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial

statements for the county's governmental activities, business-type activities, and discretely presented component units are not reasonably determinable.

As described in Note I, Humphreys County, Tennessee, has prepared its financial statements on a prescribed basis of accounting that demonstrates compliance with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. These standards require county governments that do not present government-wide financial statements to present fund financial statements in conformity with all the accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements. These standards also require some additional disclosures to be included in the notes to the financial statements, as described in Note I.

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Humphreys County, Tennessee, as of June 30, 2005, or the changes in its financial position, or its cash flows, where applicable for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Humphreys 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 the basis of accounting prescribed by the Comptroller of the Treasury of the State of Tennessee.

In accordance with Government Auditing Standards, we have also issued our report dated March 1, 2006, on our consideration of Humphreys County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 IV.B., Humphreys County has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures, which modifies the county's disclosures for custodial risk and adds disclosures about other types of risk.

The budgetary comparison information on pages 45 through 51 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 Humphreys 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 and General Capital Projects Funds, 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 and General Capital Projects Funds, 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 black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Major Funds					Nonmajor	Total
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>							
Cash	\$ 4,778	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,470	\$ 17,248
Equity in Pooled Cash and Investments	2,213,427	305,407	1,485,893	2,104,949	877,091	353,570	7,340,337
Accounts Receivable	0	1,947	0	0	0	0	1,947
Due from Other Governments	85,480	3,544	306,896	0	0	0	395,920
Due from Other Funds	32,500	0	0	0	0	0	32,500
Property Taxes Receivable	1,852,169	576,400	288,554	507,385	496,841	191,897	3,913,246
Allowance for Uncollectible Property Taxes	(44,778)	(14,332)	(7,264)	(19,364)	(8,484)	(4,713)	(98,935)
Total Assets	\$ 4,143,576	\$ 872,966	\$ 2,074,079	\$ 2,592,970	\$ 1,365,448	\$ 553,224	\$ 11,602,263
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 26,811	\$ 14,466	\$ 0	\$ 0	\$ 0	\$ 905	\$ 42,182
Payroll Deductions Payable	0	60	0	0	0	0	60
Due to Other Funds	0	0	0	0	11,602	12,470	24,072
Deferred Revenue - Current Property Taxes	1,749,781	543,036	271,517	452,529	482,698	181,012	3,680,573
Deferred Revenue - Delinquent Property Taxes	52,931	17,487	8,979	32,609	5,200	5,671	122,877
Other Deferred Revenues	40,166	0	148,431	0	0	0	188,597
Total Liabilities	\$ 1,869,689	\$ 575,049	\$ 428,927	\$ 485,138	\$ 499,500	\$ 200,058	\$ 4,058,361
<u>Fund Balances</u>							
Reserved for Encumbrances	\$ 78,122	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 78,122
Reserved for Alcohol and Drug Treatment	39,248	0	0	0	0	0	39,248
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	109,343	0	0	0	0	0	109,343
Reserved for Automation Purposes - Circuit Court	561	0	0	0	0	0	561
Reserved for Automation Purposes - General Sessions Court	8,967	0	0	0	0	0	8,967
Reserved for Automation Purposes - Chancery Court	4	0	0	0	0	0	4
Reserved for Automation Purposes - Sheriff	336	0	0	0	0	0	336
Unreserved, Reported In:							
General Fund	2,037,306	0	0	0	0	0	2,037,306
Special Revenue Funds	\$ 0	\$ 297,917	\$ 1,645,152	\$ 0	\$ 0	\$ 282,250	\$ 2,225,319
Debt Service Funds	0	0	0	2,107,832	0	0	2,107,832
Capital Projects Funds	0	0	0	0	865,948	70,916	936,864
Total Fund Balances	\$ 2,273,887	\$ 297,917	\$ 1,645,152	\$ 2,107,832	\$ 865,948	\$ 353,166	\$ 7,543,902
Total Liabilities and Fund Balances	\$ 4,143,576	\$ 872,966	\$ 2,074,079	\$ 2,592,970	\$ 1,365,448	\$ 553,224	\$ 11,602,263

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

Exhibit B

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

	Major Funds					Nonmajor	Total
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>							
Local Taxes	\$ 2,530,884	\$ 563,730	\$ 292,509	\$ 1,051,294	\$ 167,624	\$ 130,816	\$ 4,736,857
Licenses and Permits	1,425	0	0	0	0	0	1,425
Fines, Forfeitures, and Penalties	107,019	0	0	0	0	17,047	124,066
Charges for Current Services	17,818	10,096	285	0	0	499	28,698
Other Local Revenues	121,718	122	90,885	194,837	0	2,286	409,848
Fees Received from County Officials	669,057	0	0	0	0	0	669,057
State of Tennessee	1,209,866	22,374	1,827,966	0	0	0	3,060,206
Federal Government	145,946	0	0	0	0	135,113	281,059
Other Governments and Citizens Groups	24,570	0	12,948	0	0	0	37,518
Total Revenues	\$ 4,828,303	\$ 596,322	\$ 2,224,593	\$ 1,246,131	\$ 167,624	\$ 285,761	\$ 9,348,734
<u>Expenditures</u>							
Current:							
General Government	\$ 776,549	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 776,549
Finance	460,049	0	0	0	0	0	460,049
Administration of Justice	483,085	0	0	0	0	0	483,085
Public Safety	1,299,547	0	0	0	0	119,172	1,418,719
Public Health and Welfare	343,068	499,370	0	0	0	0	842,438
Social, Cultural, and Recreational Services	138,425	0	0	0	0	0	138,425
Agricultural and Natural Resources	257,323	0	0	0	0	0	257,323
Other Operations	1,410,742	73,516	0	0	0	0	1,484,258
Highways	0	0	2,232,928	0	0	0	2,232,928
Debt Service:							
Debt Service Principal	5,100	0	0	1,057,360	5,000	0	1,067,460
Debt Service Interest	0	0	0	243,499	0	376	243,875
Other Debt Service	0	0	0	23,626	0	0	23,626
Capital Projects	261,358	0	0	0	232,764	0	494,122
Total Expenditures	\$ 5,435,246	\$ 572,886	\$ 2,232,928	\$ 1,324,485	\$ 237,764	\$ 119,548	\$ 9,922,857
Excess (Deficiency) of Revenues Over Expenditures	\$ (606,943)	\$ 23,436	\$ (8,335)	\$ (78,354)	\$ (70,140)	\$ 166,213	\$ (574,123)
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 130,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 130,000
Total Other Financing Sources (Uses)	\$ 130,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 130,000

(Continued)

Exhibit B

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

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
Net Change in Fund Balances	\$ (476,943)	\$ 23,436	\$ (8,335)	\$ (78,354)	\$ (70,140)	\$ 166,213	\$ (444,123)
Fund Balance, July 1, 2004	2,750,830	274,481	1,653,487	2,186,186	936,088	186,953	7,988,025
Fund Balance, June 30, 2005	\$ 2,273,887	\$ 297,917	\$ 1,645,152	\$ 2,107,832	\$ 865,948	\$ 353,166	\$ 7,543,902

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

Humphreys County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2005

Major
Enterprise
Fund

Public
Utility
Fund

ASSETS

Current Assets:	
Equity in Pooled Cash and Investments	\$ 74,384
Accounts Receivable	14,638
Restricted Assets:	
Other Restricted Assets	113,276
Total Current Assets	<u>\$ 202,298</u>
Noncurrent Assets:	
Land	\$ 12,000
Buildings and Improvements	506,953
Accumulated Depreciation - Buildings & Improvements	(228,018)
Infrastructure	284,425
Accumulated Depreciation - Infrastructure	(62,574)
Other Capital Assets	216,848
Accumulated Depreciation - Other Capital Assets	(99,389)
Total Noncurrent Assets	<u>\$ 630,245</u>
Total Assets	<u>\$ 832,543</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 1,489
Current Liabilities Payable from Restricted Assets:	
Other Payables from Restricted Assets	113,276
Total Current Liabilities	<u>\$ 114,765</u>

NET ASSETS

Invested in Capital Assets	\$ 630,245
Unrestricted	<u>87,533</u>
Total Net Assets	<u>\$ 717,778</u>

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

Exhibit C-2

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

	Major Enterprise Fund <hr/> Public Utility Fund <hr/>
<u>Operating Revenues</u>	
Wastewater Treatment Charges	\$ 108,866
Total Operating Revenues	<u>\$ 108,866</u>
<u>Operating Expenses</u>	
Communication	\$ 2,327
Contracts with Private Agencies	45,893
Maintenance & Repair Services - Building	3,300
Maintenance & Repair Services - Equipment	12,009
Permits	500
Asphalt	1,242
Electricity	6,942
Water	4,606
Other Charges	18
Depreciation	35,847
Total Operating Expenses	<u>\$ 112,684</u>
Change in Net Assets	\$ (3,818)
Net Assets, July 1, 2004	721,596
Net Assets, June 30, 2005	<u><u>\$ 717,778</u></u>

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

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

	Major Enterprise Fund <hr/> Public Utility Fund <hr/>
<u>Cash Flows From Operating Activities</u>	
Receipts from customers and users	\$ 103,969
Payments to vendors	(81,590)
Net Cash Provided By (Used In) Operating Activities	<hr/> \$ 22,379 <hr/>
Net Increase (Decrease) in Cash	\$ 22,379
Cash and Cash Equivalents, July 1, 2004	<hr/> 165,281 <hr/>
Cash and Cash Equivalents, June 30, 2005	<hr/> <hr/> \$ 187,660 <hr/> <hr/>
<u>Reconciliation of Operating Income to Net Cash Provided</u>	
<u>By Operating Activities</u>	
Operating Income (Loss)	\$ (3,818)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Costs	35,847
Change in Assets and Liabilities:	
Increase in Accounts Receivable	(4,898)
Decrease in Accounts Payable	(4,752)
Net Cash Provided By (Used In) Operating Activities	<hr/> \$ 22,379 <hr/>
<u>Cash and Cash Equivalents</u>	
Equity in Pooled Cash and Investments	\$ 74,384
Cash - Other Restricted Assets	<hr/> 113,276 <hr/>
Total Cash and Cash Equivalents	<hr/> <hr/> \$ 187,660 <hr/> <hr/>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 659,335
Accounts Receivable	530
Due from Other Governments	<u>188,865</u>
Total Assets	<u>\$ 848,730</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 188,865
Due to Litigants, Heirs, and Others	<u>659,865</u>
Total Liabilities	<u>\$ 848,730</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Humphreys County's financial statements are not 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.

Humphreys County has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and discretely presented component units. The two government-wide financial statements, the statement of net assets and the statement of activities, should be included in the basic financial statements to conform with the provisions of GASB Statement 34 and accounting principles generally accepted in the United States of America. Humphreys County has elected instead only to implement the provisions of the statement and other accounting principles generally accepted in the United States of America that relate to the fund financial statements. This departure from GAAP results in an incomplete presentation and has caused Humphreys County's auditor to issue an adverse opinion on the county's financial statements.

Although Humphreys County's financial statements are not presented in conformity with GAAP, the financial statements have been presented in conformity with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. The Comptroller of the Treasury has adopted financial reporting standards for local governments in Tennessee that do not implement the provisions of GASB Statement 34. These standards require fund financial statements that are presented in conformity with all the provisions of GASB Statement 34 that are applicable to fund financial statements, including the notes to the financial statements. These standards also require the fund financial statements to be presented in conformity with all other accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements.

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

A. Reporting Entity

Humphreys County is a public municipal corporation governed by an elected 14-member board. As required by GAAP, these financial statements present Humphreys County (the primary government).

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

Excluded Component Units – The following entities meet the criteria for discretely presented component units of the county. Since Humphreys County is presenting fund financial statements only, the financial information of entities that meet the criteria for discretely presented component units is not included in the fund financial statements of this report. These entities would have been presented as separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Humphreys County School Department operates the public school system in the county, and the voters of Humphreys 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 Humphreys County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Humphreys County, and the 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 Humphreys County School Department and the Humphreys County Emergency Communications District issue separate financial statements from those of the county. The School Department’s financial statements are published as a separate report, but under the same cover as the county’s financial statements. Humphreys County Emergency Communications District’s financial statements are published as a separate report. Complete financial statements of the Humphreys County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Humphreys County Emergency Communications District
P.O. Box 553
Waverly, TN 37185

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

Fund financial statements of Humphreys 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 and proprietary categories.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and the major individual 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 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. Humphreys County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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.

Humphreys 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.

Solid Waste/Sanitation Fund – This fund accounts for all solid waste activities, including those activities specifically related to the landfill.

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

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

General Capital Projects Fund – This fund accounts for major capital expenditures of the county.

Humphreys County reports the following major enterprise fund:

Public Utility Fund – This fund accounts for the transactions of the county-owned wastewater disposal facility.

Additionally, Humphreys County reports the following fund type:

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Humphreys 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.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund, a public utility fund, used to account for the transactions of the county-owned wastewater

disposal facility. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations.

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.

C. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the statement of cash flows, cash includes funds held by the county trustee as equity in pooled cash and investments.

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

The county trustee maintains a cash and internal investment pool that is used by Humphreys County and the Humphreys County School Department funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Humphreys County and the Humphreys 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.

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 shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.3 percent of total taxes levied.

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

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

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

3. Restricted Assets

In the Public Utility Fund, an enterprise fund, certain contributions from two businesses are classified as other restricted assets on the balance sheet because their use is limited to construction costs by

agreements between those wastewater customers and Humphreys County.

4. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition. Humphreys County does not maintain capital assets records, as required by generally accepted accounting principles. Capital assets should be reported in the government-wide statement of net assets; however, as previously noted, Humphreys County does not present government-wide statements.

Capital assets are reported in the statement of net assets of the proprietary fund. Humphreys County defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the Public Utility Fund, enterprise fund, is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the Public Utility Fund are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Infrastructure	50
Other Capital Assets	24

5. Compensated Absences

It is the policy of Humphreys County to permit employees to accumulate a limited amount of earned but unused vacation benefits which will be paid to employees upon separation from service. In addition, it is the policy of the Humphreys County Highway Department to permit employees to also accumulate earned but unused sick leave, which will be paid to employees upon separation from service. In the governmental fund types, the costs of vacation benefits, along with sick leave benefits for the Highway/Public Works

Fund, are recognized when payments are made to employees. The granting of sick leave, except for the Highway Department, as described above, has no guaranteed payment attached and therefore is not required to be accrued or recorded. A liability for vacation and sick leave benefits is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

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, and landfill closure/postclosure care costs are recognized to the extent that the liabilities have matured (come due for payment) each period.

Long-term debt and other long-term obligations are reported as liabilities in the proprietary fund financial statements. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

7. Net Assets and Fund Equity

In the proprietary fund, 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.

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2005:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Local Library	\$ 8,145
Jail Construction	41,430

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Other General Government Projects (\$500) major appropriation category (the legal level of control) of the General Fund and the Public Safety Projects (\$11,602) major appropriation category of the General Capital Projects Fund. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Humphreys County and the Humphreys County School Department participate in an internal cash and investment pool through the Office of Trustee. The Humphreys County School Department meets the criteria for a discretely presented component unit of Humphreys County. Since Humphreys County is presenting fund financial statements only, the financial information for the Humphreys County School Department is not included in these fund financial statements. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected in the fund financial statements represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

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

Investment Balances. As of June 30, 2005, Humphreys 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 Humphreys County and the discretely

presented Humphreys 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	\$ 1,607,544

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. Humphreys 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. Humphreys County has no investment policy that would further limit its investment choices. As of June 30, 2005, Humphreys's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

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

Business-type Activities:

	Balance 7-1-04	Increases	Balance 6-30-05
Capital Assets Not Depreciated:			
Land	\$ 12,000	\$ 0	\$ 12,000
Total Capital Assets Not Depreciated	\$ 12,000	\$ 0	\$ 12,000
Capital Assets Depreciated:			
Buildings and Improvements	\$ 506,953	\$ 0	\$ 506,953
Infrastructure	284,425	0	284,425
Other Capital Assets	216,848	0	216,848
Total Capital Assets Depreciated:	\$ 1,008,226	\$ 0	\$ 1,008,226

Business-type Activities (Cont.):

	Balance 7-1-04	Increases	Balance 6-30-05
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 206,895	\$ 21,123	\$ 228,018
Infrastructure	56,885	5,689	62,574
Other Capital Assets	90,354	9,035	99,389
Total Accumulated Depreciation	<u>\$ 354,134</u>	<u>\$ 35,847</u>	<u>\$ 389,981</u>
Total Capital Assets Depreciated, Net	<u>\$ 654,092</u>	<u>\$ (35,847)</u>	<u>\$ 618,245</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 666,092</u></u>	<u><u>\$ (35,847)</u></u>	<u><u>\$ 630,245</u></u>

C. Construction Commitments

At June 30, 2005, the General Fund had uncompleted construction contracts of approximately \$78,122 for airport improvements. Funding for these future expenditures is expected to be received from grant funds.

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>
General	General Capital Projects	\$ 11,602
General	Nonmajor governmental	20,898

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.

In the General Fund, \$8,428 was in transit from the Constitutional Officers – Fees Fund (nonmajor governmental fund) at June 30, 2005.

E. Long-term Debt

Since Humphreys County is presenting fund financial statements only, long-term debt is not reported as a liability in the financial statements of the

governmental funds. Long-term debt for governmental funds is required to be reported as a liability in government-wide financial statements, but Humphreys County is not presenting government-wide financial statements.

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 40 years for bonds, up to 15 years for notes, and up to 20 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, other loans, and notes included in long-term debt as of June 30, 2005, will be retired from the General Debt Service Fund, the General Fund, and the General Capital Projects Fund.

General obligation bonds, capital outlay notes, 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	4.371 to 5 %	\$ 438,500	\$ 205,800
Capital Outlay Notes	0 to 5.35	4,150,666	846,219
Other Loans	variable	8,429,700	7,012,700

During the 1999-2000 year, Humphreys County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$7,000,000 to Humphreys County for school renovation and construction. The loan is repayable at an adjustable interest rate that is a tax-exempt variable rate determined by the remarketing agent, the Bank of America (BOA), daily or weekly. In addition, the county pays various other fees (letter of credit, administrative, and debt remarketing) in connection with this loan. At June 30, 2005, the variable interest rate was 2.3 percent based on the BOA rate and other fees amounted to approximately .48 percent of the outstanding loan principal.

During the 2003-04 year, Humphreys County entered into a loan agreement with the Montgomery County Public Building Authority. This loan agreement provided for the authority to make \$2,200,000 available for loan to Humphreys County on an as-needed basis for various renovation and construction projects. As of June 30, 2005, Humphreys County had borrowed

\$1,429,700 of the loan amount. The loan is repayable at an adjustable interest rate that is a tax-exempt variable rate determined by the remarketing agent, the BOA, daily or weekly. In addition, the county pays various other fees (letter of credit, administrative, and debt remarketing) in connection with this loan. At June 30, 2005, the variable interest rate was 2.28 percent based on the BOA rate and other fees amounted to approximately .48 percent of the outstanding loan principal.

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

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2006	\$ 15,800	\$ 9,948	\$ 199,997	\$ 36,040
2007	17,000	9,182	191,628	28,511
2008	17,200	8,358	189,817	20,983
2009	18,400	7,524	149,889	13,454
2010	19,700	6,632	114,888	5,926
2011-2015	111,500	18,134	0	0
2016-2020	6,200	271	0	0
Total	<u>\$ 205,800</u>	<u>\$ 60,049</u>	<u>\$ 846,219</u>	<u>\$ 104,914</u>

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2006	\$ 476,000	\$ 161,075	\$ 33,661	\$ 670,736
2007	494,000	150,163	31,376	675,539
2008	512,000	138,838	29,005	679,843
2009	532,000	127,100	26,547	685,647
2010	552,000	114,904	23,994	690,898
2011-2015	2,073,700	413,738	86,351	2,573,789
2016-2020	2,373,000	167,991	35,059	2,576,050
Total	<u>\$ 7,012,700</u>	<u>\$ 1,273,809</u>	<u>\$ 265,993</u>	<u>\$ 8,552,502</u>

There is \$2,107,832 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita amounted to \$11, based on the 2000 federal census. Total debt per capita, including bonds, notes, and other loans, amounted to \$450, 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	Notes
Balance, July 1, 2004	\$ 220,400	\$ 1,310,079
Additions	0	130,000
Deductions	(14,600)	(593,860)
Balance, June 30, 2005	<u>\$ 205,800</u>	<u>\$ 846,219</u>
Balance Due Within One Year	<u>\$ 15,800</u>	<u>\$ 199,997</u>

	Other Loans	Compensated Absences	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2004	\$ 7,471,700	\$ 88,254	\$ 836,430
Additions	0	104,314	0
Deductions	(459,000)	(114,236)	(12,413)
Balance, June 30, 2005	<u>\$ 7,012,700</u>	<u>\$ 78,332</u>	<u>\$ 824,017</u>
Balance Due Within One Year	<u>\$ 476,000</u>	<u>\$ 4,400</u>	<u>\$ 12,413</u>

IV. OTHER INFORMATION

A. Risk Management

Liability, Property, Casualty, and Workers' Compensation Insurance

Humphreys County participates in 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 \$150,000 for each insured event.

Employee Health Insurance

Humphreys County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that were established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated, all local

governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

B. Accounting Change

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

C. Contingent Liabilities

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

D. Change in Administration

On January 31, 2005, Shirley Field retired from the Office of Register and was succeeded by Jan Crowell on February 15, 2005.

E. Landfill Closure/Postclosure Care Costs

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. These closure and postclosure care costs generally are paid near or after the date the landfill stops accepting waste. Humphreys County closed its Class I-II landfill during the 1997-98 year. Humphreys County closed its Class III-IV landfill (extension of Class I-II) during the 2002-03 year. The Tennessee Department of Environment and Conservation's estimate for postclosure care costs is \$797,849. Humphreys County began operating a Class III-IV landfill (demolition) in January 2002. Humphreys County has used approximately 22 percent of the Class III-IV capacity at June 30, 2005. The Tennessee Department of Environment and Conservation's estimate based on a 22 percent capacity at June 30, 2005, for closure and postclosure care costs is \$26,168. The \$824,017 reported as accrued liability for landfill closure/postclosure care costs at June 30, 2005, represents the estimated cost for future closure/postclosure care costs. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Retirement Commitments

Plan Description

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

Funding Policy

Humphreys 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 5.73 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Humphreys County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, Humphreys County's annual pension cost of \$276,312 to TCRS was equal to the county's required and actual

contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Humphreys 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 12 years.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$ 276,312	100%	\$0
6-30-04	193,352	100	0
6-30-03	184,607	100	0

Required Supplementary Information

Schedule of Funding Progress for Humphreys County
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-03	\$10,388	\$10,581	\$193	98.18%	\$4,421	4.37%
6-30-01	9,361	9,597	236	97.54	3,802	6.21
6-30-99	8,156	8,449	293	96.53	3,425	8.56

G. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated, 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 Road Department are governed by the provisions of Chapter 634, Private Acts of 1935, as amended, and the Uniform Road Law, Section 54-7-113, Tennessee Code Annotated. Provisions of the private act provide for the road supervisor to obtain the approval of the County Road Advisory Commission for all purchases of single items exceeding \$2,500. The Uniform Road Law provides for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,530,884	\$ 0	\$ 0	\$ 2,530,884	\$ 2,452,187	\$ 2,452,187	\$ 78,697
Licenses and Permits	1,425	0	0	1,425	2,055	2,055	(630)
Fines, Forfeitures, and Penalties	107,019	0	0	107,019	79,810	90,620	16,399
Charges for Current Services	17,818	0	0	17,818	16,610	16,610	1,208
Other Local Revenues	121,718	0	0	121,718	76,971	113,880	7,838
Fees Received from County Officials	669,057	0	0	669,057	553,000	553,131	115,926
State of Tennessee	1,197,826	0	0	1,197,826	1,153,530	1,172,230	25,596
Federal Government	157,986	0	0	157,986	45,000	45,000	112,986
Other Governments and Citizens Groups	24,570	0	0	24,570	0	24,210	360
Total Revenues	\$ 4,828,303	\$ 0	\$ 0	\$ 4,828,303	\$ 4,379,163	\$ 4,469,923	\$ 358,380
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 95,854	\$ 0	\$ 0	\$ 95,854	\$ 112,830	\$ 125,830	\$ 29,976
Board of Equalization	1,252	0	0	1,252	2,000	2,000	748
Beer Board	540	0	0	540	800	800	260
County Mayor/County Executive	152,787	0	0	152,787	184,853	184,853	32,066
County Attorney	34,086	0	0	34,086	38,766	38,766	4,680
Election Commission	123,535	0	0	123,535	128,342	128,342	4,807
Register of Deeds	125,052	0	0	125,052	123,950	129,267	4,215
Development	8,792	0	0	8,792	8,800	8,800	8
County Buildings	234,651	0	0	234,651	239,983	272,492	37,841
<u>Finance</u>							
Property Assessor's Office	144,869	0	0	144,869	169,306	169,306	24,437
Reappraisal Program	5,166	0	0	5,166	26,838	26,838	21,672
County Trustee's Office	123,709	0	0	123,709	124,408	124,936	1,227
County Clerk's Office	186,305	0	0	186,305	165,011	188,567	2,262

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice</u>							
Circuit Court	\$ 189,748	\$ 0	\$ 0	\$ 189,748	\$ 193,016	\$ 193,016	\$ 3,268
General Sessions Court	58,304	0	0	58,304	63,511	63,511	5,207
Chancery Court	122,104	0	0	122,104	123,483	123,483	1,379
Juvenile Court	82,925	0	0	82,925	93,287	93,287	10,362
District Attorney General	4,500	0	0	4,500	6,000	6,000	1,500
Judicial Commissioners	25,504	0	0	25,504	25,733	25,733	229
<u>Public Safety</u>							
Sheriff's Department	637,773	0	0	637,773	640,704	662,088	24,315
Jail	191,762	0	0	191,762	129,393	198,797	7,035
Workhouse	221,230	0	0	221,230	236,226	236,226	14,996
Work Release Program	500	0	0	500	1,000	1,000	500
Fire Prevention and Control	2,000	0	0	2,000	2,000	2,000	0
Inspection and Regulation	58,014	0	0	58,014	41,568	130,637	72,623
County Coroner/Medical Examiner	10,391	0	0	10,391	13,900	13,900	3,509
Other Public Safety	177,877	0	0	177,877	174,801	190,090	12,213
<u>Public Health and Welfare</u>							
Local Health Center	64,576	0	0	64,576	67,102	67,102	2,526
Ambulance/Emergency Medical Services	168,480	0	0	168,480	168,480	168,480	0
Other Local Health Services	25,000	0	0	25,000	25,000	25,000	0
General Welfare Assistance	650	0	0	650	1,700	1,700	1,050
Sanitation Education/Information	40,735	0	0	40,735	38,898	42,198	1,463
Other Public Health and Welfare	43,627	0	0	43,627	70,600	82,100	38,473
<u>Social, Cultural, and Recreational Services</u>							
Libraries	138,025	0	0	138,025	135,944	140,144	2,119
Other Social, Cultural, and Recreational	400	0	0	400	400	400	0

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	\$ 187,047	\$ 0	\$ 0	\$ 187,047	\$ 57,047	\$ 187,047	\$ 0
Soil Conservation	70,276	0	0	70,276	70,302	70,302	26
<u>Other Operations</u>							
Tourism	25,000	0	0	25,000	25,000	25,000	0
Industrial Development	42,598	0	0	42,598	50,000	50,000	7,402
Other Economic and Community Development	45,569	0	0	45,569	270,000	290,500	244,931
Airport	99,661	0	0	99,661	104,113	107,938	8,277
Veterans' Services	8,398	0	0	8,398	8,984	8,984	586
Other Charges	534,465	0	0	534,465	559,338	559,338	24,873
Contributions to Other Agencies	46,473	0	0	46,473	43,073	47,073	600
Employee Benefits	608,578	0	0	608,578	679,186	679,186	70,608
<u>Debt Service Principal</u>							
General Government	5,100	0	0	5,100	5,100	5,100	0
<u>Capital Projects</u>							
Public Safety Projects	11,602	0	0	11,602	0	11,602	0
Public Utility Projects	239,271	(215,372)	0	23,899	0	24,210	311
Other General Government Projects	10,485	(88,107)	78,122	500	0	0	(500)
Total Expenditures	\$ 5,435,246	\$ (303,479)	\$ 78,122	\$ 5,209,889	\$ 5,450,776	\$ 5,933,969	\$ 724,080
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (606,943)	\$ 303,479	\$ (78,122)	\$ (381,586)	\$ (1,071,613)	\$ (1,464,046)	\$ 1,082,460
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 130,000	\$ 0	\$ 0	\$ 130,000	\$ 6,626	\$ 136,626	\$ (6,626)
Total Other Financing Sources (Uses)	\$ 130,000	\$ 0	\$ 0	\$ 130,000	\$ 6,626	\$ 136,626	\$ (6,626)

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (476,943)	\$ 303,479	\$ (78,122)	\$ (251,586)	\$ (1,064,987)	\$ (1,327,420)	\$ 1,075,834
Fund Balance, July 1, 2004	2,750,830	(303,479)	0	2,447,351	2,570,099	2,570,099	(122,748)
Fund Balance, June 30, 2005	\$ 2,273,887	\$ 0	\$ (78,122)	\$ 2,195,765	\$ 1,505,112	\$ 1,242,679	\$ 953,086

Exhibit E-2

Humphreys 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>				
Local Taxes	\$ 563,730	\$ 553,129	\$ 553,129	\$ 10,601
Charges for Current Services	10,096	12,600	12,600	(2,504)
Other Local Revenues	122	750	750	(628)
State of Tennessee	22,374	11,050	11,050	11,324
Total Revenues	<u>\$ 596,322</u>	<u>\$ 577,529</u>	<u>\$ 577,529</u>	<u>\$ 18,793</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Landfill Operation and Maintenance	\$ 499,370	\$ 506,704	\$ 586,374	\$ 87,004
<u>Other Operations</u>				
Other Charges	24,268	18,000	30,948	6,680
Employee Benefits	49,248	55,540	55,540	6,292
Total Expenditures	<u>\$ 572,886</u>	<u>\$ 580,244</u>	<u>\$ 672,862</u>	<u>\$ 99,976</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 23,436</u>	<u>\$ (2,715)</u>	<u>\$ (95,333)</u>	<u>\$ 118,769</u>
Net Change in Fund Balance	\$ 23,436	\$ (2,715)	\$ (95,333)	\$ 118,769
Fund Balance, July 1, 2004	<u>274,481</u>	<u>282,804</u>	<u>282,804</u>	<u>(8,323)</u>
Fund Balance, June 30, 2005	<u>\$ 297,917</u>	<u>\$ 280,089</u>	<u>\$ 187,471</u>	<u>\$ 110,446</u>

Exhibit E-3

Humphreys 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	\$ 292,509	\$ 287,579	\$ 287,579	\$ 4,930
Charges for Current Services	285	395	395	(110)
Other Local Revenues	90,885	51,000	51,000	39,885
State of Tennessee	1,827,966	2,259,208	2,259,208	(431,242)
Other Governments and Citizens Groups	12,948	0	0	12,948
Total Revenues	<u>\$ 2,224,593</u>	<u>\$ 2,598,182</u>	<u>\$ 2,598,182</u>	<u>\$ (373,589)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 120,631	\$ 147,888	\$ 147,888	\$ 27,257
Highway and Bridge Maintenance	1,301,201	1,919,333	1,919,333	618,132
Operation and Maintenance of Equipment	357,051	387,415	487,415	130,364
Other Charges	24,207	28,000	28,000	3,793
Employee Benefits	235,640	234,500	249,500	13,860
Capital Outlay	194,198	905,000	905,000	710,802
Total Expenditures	<u>\$ 2,232,928</u>	<u>\$ 3,622,136</u>	<u>\$ 3,737,136</u>	<u>\$ 1,504,208</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (8,335)</u>	<u>\$ (1,023,954)</u>	<u>\$ (1,138,954)</u>	<u>\$ 1,130,619</u>
Net Change in Fund Balance	\$ (8,335)	\$ (1,023,954)	\$ (1,138,954)	\$ 1,130,619
Fund Balance, July 1, 2004	<u>1,653,487</u>	<u>1,216,647</u>	<u>1,216,647</u>	<u>436,840</u>
Fund Balance, June 30, 2005	<u>\$ 1,645,152</u>	<u>\$ 192,693</u>	<u>\$ 77,693</u>	<u>\$ 1,567,459</u>

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

A. BUDGETARY INFORMATION

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

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

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the Other General Government Projects major appropriation category (the legal level of control) of the General Fund by \$500. Such overexpenditures are a violation of state statute. These overexpenditures were funded by available fund balance.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Local Purpose Tax Fund – The Local Purpose Tax Fund is used to account for transactions involving the Humphreys County Rural Fire Department.

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

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

Capital Projects Fund

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

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for bond proceeds received in prior years for the construction of dams associated with the Hurricane Creek Watershed District.

Exhibit F-1

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

	<u>Special Revenue Funds</u>				<u>Capital</u>	<u>Total</u>
	<u>Local</u>	<u>Drug</u>	<u>Constitu -</u>	<u>Total</u>	<u>Projects</u>	
	<u>Purpose</u>	<u>Control</u>	<u>tional</u>		<u>Other</u>	<u>Nonmajor</u>
	<u>Tax</u>		<u>Officers -</u>		<u>Capital</u>	<u>Governmental</u>
			<u>Fees</u>		<u>Projects</u>	<u>Funds</u>
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 12,470	\$ 12,470	\$ 0	\$ 12,470
Equity in Pooled Cash and Investments	239,200	43,454	0	282,654	70,916	353,570
Property Taxes Receivable	191,897	0	0	191,897	0	191,897
Allowance for Uncollectible Property Taxes	(4,713)	0	0	(4,713)	0	(4,713)
Total Assets	\$ 426,384	\$ 43,454	\$ 12,470	\$ 482,308	\$ 70,916	\$ 553,224
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 905	\$ 0	\$ 0	\$ 905	\$ 0	\$ 905
Due to Other Funds	0	0	12,470	12,470	0	12,470
Deferred Revenue - Current Property Taxes	181,012	0	0	181,012	0	181,012
Deferred Revenue - Delinquent Property Taxes	5,671	0	0	5,671	0	5,671
Total Liabilities	\$ 187,588	\$ 0	\$ 12,470	\$ 200,058	\$ 0	\$ 200,058
<u>Fund Balances</u>						
Unreserved	\$ 238,796	\$ 43,454	\$ 0	\$ 282,250	\$ 70,916	\$ 353,166
Total Fund Balances	\$ 238,796	\$ 43,454	\$ 0	\$ 282,250	\$ 70,916	\$ 353,166
Total Liabilities and Fund Balances	\$ 426,384	\$ 43,454	\$ 12,470	\$ 482,308	\$ 70,916	\$ 553,224

Exhibit F-2

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

	<u>Special Revenue Funds</u>			<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>Local</u> <u>Purpose</u> <u>Tax</u>	<u>Drug</u> <u>Control</u>	<u>Total</u>	<u>Other</u> <u>Capital</u> <u>Projects</u>	
<u>Revenues</u>					
Local Taxes	\$ 130,816	\$ 0	\$ 130,816	\$ 0	\$ 130,816
Fines, Forfeitures, and Penalties	0	17,047	17,047	0	17,047
Charges for Current Services	499	0	499	0	499
Other Local Revenues	2,286	0	2,286	0	2,286
Federal Government	135,113	0	135,113	0	135,113
Total Revenues	<u>\$ 268,714</u>	<u>\$ 17,047</u>	<u>\$ 285,761</u>	<u>\$ 0</u>	<u>\$ 285,761</u>
<u>Expenditures</u>					
Current:					
Public Safety	\$ 118,885	\$ 287	\$ 119,172	\$ 0	\$ 119,172
Debt Service:					
Debt Service Interest	376	0	376	0	376
Total Expenditures	<u>\$ 119,261</u>	<u>\$ 287</u>	<u>\$ 119,548</u>	<u>\$ 0</u>	<u>\$ 119,548</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 149,453</u>	<u>\$ 16,760</u>	<u>\$ 166,213</u>	<u>\$ 0</u>	<u>\$ 166,213</u>
Net Change in Fund Balances	\$ 149,453	\$ 16,760	\$ 166,213	\$ 0	\$ 166,213
Fund Balance, July 1, 2004	89,343	26,694	116,037	70,916	186,953
Fund Balance, June 30, 2005	<u>\$ 238,796</u>	<u>\$ 43,454</u>	<u>\$ 282,250</u>	<u>\$ 70,916</u>	<u>\$ 353,166</u>

Exhibit F-3

Humphreys County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Local Purpose Tax Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 130,816	\$ 123,984	\$ 123,984	\$ 6,832
Charges for Current Services	499	0	0	499
Other Local Revenues	2,286	0	2,216	70
Federal Government	135,113	0	0	135,113
Total Revenues	<u>\$ 268,714</u>	<u>\$ 123,984</u>	<u>\$ 126,200</u>	<u>\$ 142,514</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Fire Prevention and Control	\$ 118,885	\$ 136,300	\$ 138,516	\$ 19,631
<u>Debt Service Principal</u>				
General Government	0	6,250	6,250	6,250
<u>Debt Service Interest</u>				
General Government	376	376	376	0
Total Expenditures	<u>\$ 119,261</u>	<u>\$ 142,926</u>	<u>\$ 145,142</u>	<u>\$ 25,881</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 149,453</u>	<u>\$ (18,942)</u>	<u>\$ (18,942)</u>	<u>\$ 168,395</u>
Net Change in Fund Balance	\$ 149,453	\$ (18,942)	\$ (18,942)	\$ 168,395
Fund Balance, July 1, 2004	<u>89,343</u>	<u>81,613</u>	<u>81,613</u>	<u>7,730</u>
Fund Balance, June 30, 2005	<u>\$ 238,796</u>	<u>\$ 62,671</u>	<u>\$ 62,671</u>	<u>\$ 176,125</u>

Exhibit F-4

Humphreys 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	\$ 17,047	\$ 5,500	\$ 5,500	\$ 11,547
Total Revenues	\$ 17,047	\$ 5,500	\$ 5,500	\$ 11,547
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 287	\$ 6,100	\$ 6,100	\$ 5,813
Total Expenditures	\$ 287	\$ 6,100	\$ 6,100	\$ 5,813
Excess (Deficiency) of Revenues Over Expenditures	\$ 16,760	\$ (600)	\$ (600)	\$ 17,360
Net Change in Fund Balance	\$ 16,760	\$ (600)	\$ (600)	\$ 17,360
Fund Balance, July 1, 2004	26,694	24,559	24,559	2,135
Fund Balance, June 30, 2005	\$ 43,454	\$ 23,959	\$ 23,959	\$ 19,495

Major Governmental Funds

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.

General Capital Projects Fund

The General Capital Projects Fund is used to account for major capital expenditures of the county, primarily the addition to the county jail.

Exhibit G-1

Humphreys 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	\$ 1,051,294	\$ 1,036,651	\$ 1,036,651	\$ 14,643
Other Local Revenues	194,837	74,200	74,200	120,637
Total Revenues	<u>\$ 1,246,131</u>	<u>\$ 1,110,851</u>	<u>\$ 1,110,851</u>	<u>\$ 135,280</u>
<u>Expenditures</u>				
<u>Debt Service Principal</u>				
General Government	\$ 302,352	\$ 302,161	\$ 302,366	\$ 14
Education	755,008	755,008	755,008	0
<u>Debt Service Interest</u>				
General Government	70,784	102,801	102,596	31,812
Education	172,715	339,637	339,637	166,922
<u>Other Debt Service</u>				
General Government	22,744	46,000	46,000	23,256
Education	882	25,000	25,000	24,118
Total Expenditures	<u>\$ 1,324,485</u>	<u>\$ 1,570,607</u>	<u>\$ 1,570,607</u>	<u>\$ 246,122</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (78,354)</u>	<u>\$ (459,756)</u>	<u>\$ (459,756)</u>	<u>\$ 381,402</u>
Net Change in Fund Balance	\$ (78,354)	\$ (459,756)	\$ (459,756)	\$ 381,402
Fund Balance, July 1, 2004	<u>2,186,186</u>	<u>2,279,582</u>	<u>2,279,582</u>	<u>(93,396)</u>
Fund Balance, June 30, 2005	<u>\$ 2,107,832</u>	<u>\$ 1,819,826</u>	<u>\$ 1,819,826</u>	<u>\$ 288,006</u>

Exhibit G-2

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 167,624	\$ 0	\$ 167,624	\$ 164,454	\$ 164,454	\$ 3,170
State of Tennessee	0	0	0	250,000	250,000	(250,000)
Total Revenues	<u>\$ 167,624</u>	<u>\$ 0</u>	<u>\$ 167,624</u>	<u>\$ 414,454</u>	<u>\$ 414,454</u>	<u>\$ (246,830)</u>
<u>Expenditures</u>						
<u>Debt Service Principal</u>						
Education	\$ 5,000	\$ 0	\$ 5,000	\$ 5,000	\$ 5,000	\$ 0
<u>Capital Projects</u>						
General Administration Projects	4,330	0	4,330	37,000	37,000	32,670
Public Safety Projects	195,294	(183,692)	11,602	0	0	(11,602)
Public Utility Projects	17,940	0	17,940	0	73,400	55,460
Other General Government Projects	0	0	0	250,000	250,000	250,000
Highway & Street Capital Projects	15,200	0	15,200	0	15,200	0
Total Expenditures	<u>\$ 237,764</u>	<u>\$ (183,692)</u>	<u>\$ 54,072</u>	<u>\$ 292,000</u>	<u>\$ 380,600</u>	<u>\$ 326,528</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (70,140)</u>	<u>\$ 183,692</u>	<u>\$ 113,552</u>	<u>\$ 122,454</u>	<u>\$ 33,854</u>	<u>\$ 79,698</u>
Net Change in Fund Balance	\$ (70,140)	\$ 183,692	\$ 113,552	\$ 122,454	\$ 33,854	\$ 79,698
Fund Balance, July 1, 2004	<u>936,088</u>	<u>(183,692)</u>	<u>752,396</u>	<u>1,023,558</u>	<u>1,023,558</u>	<u>(271,162)</u>
Fund Balance, June 30, 2005	<u>\$ 865,948</u>	<u>\$ 0</u>	<u>\$ 865,948</u>	<u>\$ 1,146,012</u>	<u>\$ 1,057,412</u>	<u>\$ (191,464)</u>

Fiduciary Funds

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

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

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit 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.

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

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 659,335	\$ 659,335
Accounts Receivable	0	530	530
Due from Other Governments	188,865	0	188,865
Total Assets	<u>\$ 188,865</u>	<u>\$ 659,865</u>	<u>\$ 848,730</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 188,865	\$ 0	\$ 188,865
Due to Litigants, Heirs, and Others	0	659,865	659,865
Total Liabilities	<u>\$ 188,865</u>	<u>\$ 659,865</u>	<u>\$ 848,730</u>

Exhibit H-2

Humphreys 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	\$ 1,122,128	\$ 1,122,128	\$ 0
Due from Other Governments	178,615	188,865	178,615	188,865
Total Assets	\$ 178,615	\$ 1,310,993	\$ 1,300,743	\$ 188,865
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 178,615	\$ 1,310,993	\$ 1,300,743	\$ 188,865
Total Liabilities	\$ 178,615	\$ 1,310,993	\$ 1,300,743	\$ 188,865
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 513,054	\$ 3,405,941	\$ 3,259,660	\$ 659,335
Accounts Receivable	144	530	144	530
Due from Circuit Court	9,320	0	9,320	0
Cash Shortage	3,843	0	3,843	0
Total Assets	\$ 526,361	\$ 3,406,471	\$ 3,272,967	\$ 659,865
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 517,041	\$ 3,406,471	\$ 3,263,647	\$ 659,865
Due to General Sessions Court	9,320	0	9,320	0
Total Liabilities	\$ 526,361	\$ 3,406,471	\$ 3,272,967	\$ 659,865
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,122,128	\$ 1,122,128	\$ 0
Cash	513,054	3,405,941	3,259,660	659,335
Accounts Receivable	144	530	144	530
Due from Other Governments	178,615	188,865	178,615	188,865
Due from Circuit Court	9,320	0	9,320	0
Cash Shortage	3,843	0	3,843	0
Total Assets	\$ 704,976	\$ 4,717,464	\$ 4,573,710	\$ 848,730
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 178,615	\$ 1,310,993	\$ 1,300,743	\$ 188,865
Due to Litigants, Heirs, and Others	517,041	3,406,471	3,263,647	659,865
Due to General Sessions Court	9,320	0	9,320	0
Total Liabilities	\$ 704,976	\$ 4,717,464	\$ 4,573,710	\$ 848,730

MISCELLANEOUS SCHEDULES

Exhibit I-1

Humphreys County, Tennessee
Schedule of Changes in Long-term Notes, 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
NOTES PAYABLE								
<u>Payable through General Fund</u>								
Airport Improvements	\$ 51,000	0 %	7-28-1997	7-28-07	\$ 10,625	\$ 0	\$ 5,100	\$ 5,525
<u>Payable through General Debt Service Fund</u>								
School Construction and Renovation	2,200,000	3 to 5.3	6-1-1993	6-1-05	\$ 395,000	\$ 0	\$ 395,000	\$ 0
Airport Improvements	150,000	4.975	5-1-1998	5-1-05	24,863	0	24,863	0
Center for Higher Learning	400,000	0	12-8-1998	1-8-08	159,952	0	40,008	119,944
Center for Higher Learning	350,000	4.58	9-1-1998	9-1-08	175,000	0	35,000	140,000
Courthouse Annex Addition	800,000	5.35	7-3-00	7-3-09	533,333	0	88,889	444,444
Jail Expansion	130,000	4.5	10-1-04	10-1-09	0	130,000	0	130,000
Total Payable through General Debt Service Fund					\$ 1,288,148	\$ 130,000	\$ 583,760	\$ 834,388
<u>Payable through General Capital Projects Fund</u>								
Asbestos Removal	69,666	0	6-1-1992	5-31-07	\$ 11,306	\$ 0	\$ 5,000	\$ 6,306
Total Notes Payable					\$ 1,310,079	\$ 130,000	\$ 593,860	\$ 846,219
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School	7,000,000	Variable	3-7-00	5-25-20	\$ 6,210,000	\$ 0	\$ 285,000	\$ 5,925,000
Jail Renovation/Road, Bridge, & Sewer Improvement/Career Center	(1)	Variable	10-15-03	5-25-14	1,261,700	0	174,000	1,087,700
Total Other Loans Payable					\$ 7,471,700	\$ 0	\$ 459,000	\$ 7,012,700
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Courthouse Annex, FmHA	328,500	5	7-1-1976	1-1-15	\$ 162,500	\$ 0	\$ 11,000	\$ 151,500
Flood Control, FmHA	110,000	4.371	7-1-1976	1-1-16	57,900	0	3,600	54,300
Total Bonds Payable					\$ 220,400	\$ 0	\$ 14,600	\$ 205,800

(1) Total amount available for draws from the Montgomery County Public Building Authority is \$2,200,000, of which Humphreys County has drawn \$1,429,700.

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2006	\$ 15,800	\$ 9,948	\$ 25,748
2007	17,000	9,182	26,182
2008	17,200	8,358	25,558
2009	18,400	7,524	25,924
2010	19,700	6,632	26,332
2011	19,900	5,676	25,576
2012	21,100	4,712	25,812
2013	22,400	3,689	26,089
2014	23,700	2,603	26,303
2015	24,400	1,454	25,854
2016	6,200	271	6,471
Total	\$ 205,800	\$ 60,049	\$ 265,849

Humphreys 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>	\$ 58,687	\$ 50,000	The Cincinnati Insurance Company
Road Supervisor	Section 8-24-102, <u>TCA</u>	55,848	100,000	United States Fidelity and Guaranty Company
Trustee	Section 8-24-102, <u>TCA</u>	49,408	563,300	The Cincinnati Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	49,408	10,000	United States Fidelity and Guaranty Company
County Clerk	Section 8-24-102, <u>TCA</u>	49,408	50,000	The Cincinnati Insurance Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	49,408	50,000	"
Clerk and Master Register:	Section 8-24-102, <u>TCA</u>	49,408	50,000	United States Fidelity and Guaranty Company
Shirley Field (7-1-04 through 1-31-05)	Section 8-24-102, <u>TCA</u>	28,821	25,000	The Cincinnati Insurance Company
Jan Crowell (2-15-05 through 6-30-05)	Section 8-24-102, <u>TCA</u>	18,528	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	54,867 (1)	25,000	"
Employee Blanket Bond				
All County Employees			150,000	Tennessee School Boards Risk Management Trust

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

Exhibit I-4

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 1,617,668	\$ 533,481	\$ 125,010	\$ 0	\$ 273,998	\$ 995,075	\$ 158,648	\$ 3,703,880
Trustee's Collections - Prior Year	49,048	17,124	3,196	0	8,730	31,942	5,103	115,143
Circuit/Clerk & Master Collections - Prior Years	29,345	9,694	1,973	0	4,642	18,079	2,882	66,615
Interest and Penalty	10,381	3,431	637	0	1,707	6,198	991	23,345
Payments in Lieu of Taxes - T.V.A.	6,875	0	0	0	3,432	0	0	10,307
<u>County Local Option Taxes</u>								
Local Option Sales Tax	389,312	0	0	0	0	0	0	389,312
Hotel/Motel Tax	83,956	0	0	0	0	0	0	83,956
Litigation Tax - General	59,658	0	0	0	0	0	0	59,658
Litigation Tax - Special Purpose	10,460	0	0	0	0	0	0	10,460
Litigation Tax - Jail, Workhouse, or Courthouse	20,049	0	0	0	0	0	0	20,049
Business Tax	98,248	0	0	0	0	0	0	98,248
Other County Local Option Taxes	2,688	0	0	0	0	0	0	2,688
<u>Statutory Local Taxes</u>								
Bank Excise Tax	78,284	0	0	0	0	0	0	78,284
Wholesale Beer Tax	73,198	0	0	0	0	0	0	73,198
Interstate Telecommunications Tax	1,714	0	0	0	0	0	0	1,714
Total Local Taxes	\$ 2,530,884	\$ 563,730	\$ 130,816	\$ 0	\$ 292,509	\$ 1,051,294	\$ 167,624	\$ 4,736,857
<u>Licenses and Permits</u>								
<u>Permits</u>								
Beer Permits	\$ 1,425	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,425
Total Licenses and Permits	\$ 1,425	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,425
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 5,950	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,950
Officers Costs	2,637	0	0	0	0	0	0	2,637
Drug Control Fines	3,871	0	0	2,886	0	0	0	6,757
Jail Fees	15,263	0	0	0	0	0	0	15,263
Judicial Commissioner Fees	542	0	0	0	0	0	0	542
DUI Treatment Fines	1,091	0	0	0	0	0	0	1,091

(Continued)

Exhibit I-4

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Circuit Court (Cont.)</u>								
Data Entry Fee - Circuit Court	\$ 369	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>General Sessions Court</u>								
Fines	8,682	0	0	0	0	0	0	8,682
Officers Costs	21,303	0	0	0	0	0	0	21,303
Game and Fish Fines	458	0	0	0	0	0	0	458
Drug Control Fines	4,412	0	0	4,331	0	0	0	8,743
Jail Fees	9,351	0	0	0	0	0	0	9,351
Judicial Commissioner Fees	2,580	0	0	0	0	0	0	2,580
DUI Treatment Fines	5,459	0	0	0	0	0	0	5,459
Data Entry Fee - General Sessions Court	3,534	0	0	0	0	0	0	3,534
<u>Juvenile Court</u>								
Fines	727	0	0	0	0	0	0	727
Officers Costs	1,354	0	0	0	0	0	0	1,354
<u>Chancery Court</u>								
Officers Costs	2,315	0	0	0	0	0	0	2,315
Data Entry Fee - Chancery Court	626	0	0	0	0	0	0	626
<u>Other Courts - In-county</u>								
Fines	5,535	0	0	0	0	0	0	5,535
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	10,960	0	0	9,830	0	0	0	20,790
Total Fines, Forfeitures and Penalties	\$ 107,019	\$ 0	\$ 0	\$ 17,047	\$ 0	\$ 0	\$ 0	\$ 124,066
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Other Employee Benefit Charges/Contributions	\$ 415	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 415
Tipping Fees	15	10,096	0	0	12	0	0	10,123
Water Treatment Charges	0	0	499	0	0	0	0	499
Work Release Charges for Board	1,910	0	0	0	0	0	0	1,910
<u>Fees</u>								
Copy Fees	1,498	0	0	0	0	0	0	1,498
Vending Machine Collections	2,805	0	0	0	273	0	0	3,078
Data Processing Fee - Register	8,565	0	0	0	0	0	0	8,565

(Continued)

Exhibit I-4

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Charges for Current Services (Cont.)</u>								
<u>Fees (Cont.)</u>								
Data Processing Fee - Sheriff	\$ 2,430	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,430
Sexual Offender Registration Fee	180	0	0	0	0	0	0	180
Total Charges for Current Services	\$ 17,818	\$ 10,096	\$ 499	\$ 0	\$ 285	\$ 0	\$ 0	\$ 28,698
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 376	\$ 0	\$ 0	\$ 0	\$ 0	\$ 194,837	\$ 0	\$ 195,213
Lease/Rentals	17,519	0	0	0	0	0	0	17,519
Sale of Materials and Supplies	0	27	0	0	0	0	0	27
Sale of Gasoline	39,651	0	0	0	74,479	0	0	114,130
Sale of Recycled Materials	364	45	0	0	1,735	0	0	2,144
Miscellaneous Refunds	15,495	50	70	0	141	0	0	15,756
<u>Nonrecurring Items</u>								
Insurance Recovery	31,121	0	2,216	0	396	0	0	33,733
Sale of Equipment	5,725	0	0	0	14,084	0	0	19,809
Sale of Property	4,480	0	0	0	0	0	0	4,480
Damages Recovered from Individuals	50	0	0	0	50	0	0	100
Contributions & Gifts	4,187	0	0	0	0	0	0	4,187
Performance Bond Forfeitures	2,750	0	0	0	0	0	0	2,750
Total Other Local Revenues	\$ 121,718	\$ 122	\$ 2,286	\$ 0	\$ 90,885	\$ 194,837	\$ 0	\$ 409,848
<u>Fees Received from County Officials</u>								
<u>Fees In Lieu of Salary</u>								
County Clerk	\$ 131,946	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 131,946
Circuit Court Clerk	51,977	0	0	0	0	0	0	51,977
General Sessions Court Clerk	74,429	0	0	0	0	0	0	74,429
Clerk and Master	53,488	0	0	0	0	0	0	53,488
Juvenile Court Clerk	131	0	0	0	0	0	0	131
Register	115,794	0	0	0	0	0	0	115,794
Sheriff	9,348	0	0	0	0	0	0	9,348
Trustee	231,944	0	0	0	0	0	0	231,944
Total Fees Received from County Officials	\$ 669,057	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 669,057

(Continued)

Exhibit I-4

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects	
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,500
Airport Maintenance Program	22,341	0	0	0	0	0	0	22,341
State Reappraisal Grant	12,830	0	0	0	0	0	0	12,830
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	5,187	0	0	0	0	0	0	5,187
<u>Health and Welfare Grants</u>								
Health Department Programs	55,676	0	0	0	0	0	0	55,676
<u>Public Works Grants</u>								
State Aid Program	0	0	0	0	101,279	0	0	101,279
Litter Program	23,345	0	0	0	0	0	0	23,345
<u>Other State Revenues</u>								
Income Tax	23,182	0	0	0	0	0	0	23,182
Beer Tax	16,778	0	0	0	0	0	0	16,778
Alcoholic Beverage Tax	30,807	0	0	0	0	0	0	30,807
State Revenue Sharing - T.V.A.	921,246	0	0	0	312	0	0	921,558
Prisoner Transportation	194	0	0	0	0	0	0	194
Contracted Prisoner Boarding	56,160	0	0	0	0	0	0	56,160
Gasoline and Motor Fuel Tax	0	0	0	0	1,711,952	0	0	1,711,952
Petroleum Special Tax	0	0	0	0	14,423	0	0	14,423
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	16,380
Other State Grants	4,200	22,374	0	0	0	0	0	26,574
Other State Revenues	5,000	0	0	0	0	0	0	5,000
Total State of Tennessee	\$ 1,197,826	\$ 22,374	\$ 0	\$ 0	\$ 1,827,966	\$ 0	\$ 0	\$ 3,048,166
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	\$ 136,751	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 136,751
Law Enforcement Grants	12,040	0	0	0	0	0	0	12,040
Other Federal through State	6,202	0	0	0	0	0	0	6,202
<u>Direct Federal Revenue</u>								
Other Direct Federal Revenue	2,993	0	135,113	0	0	0	0	138,106
Total Federal Government	\$ 157,986	\$ 0	\$ 135,113	\$ 0	\$ 0	\$ 0	\$ 0	\$ 293,099

(Continued)

Exhibit I-4

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	\$ 360	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 360
Contributions	24,210	0	0	0	0	0	0	24,210
Contracted Services	0	0	0	0	12,948	0	0	12,948
Total Other Governments and Citizens Groups	\$ 24,570	\$ 0	\$ 0	\$ 0	\$ 12,948	\$ 0	\$ 0	\$ 37,518
Total	\$ 4,828,303	\$ 596,322	\$ 268,714	\$ 17,047	\$ 2,224,593	\$ 1,246,131	\$ 167,624	\$ 9,348,734

Humphreys 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	\$ 21,000	
Audit Services	4,322	
Contracts with Government Agencies	29,820	
Contracts with Other Public Agencies	825	
Contracts with Private Agencies	2,182	
Data Processing Services	205	
Dues and Memberships	7,731	
Tax Relief Program	6,063	
Other Charges	23,706	
Total County Commission		\$ 95,854

Board of Equalization

Board and Committee Members Fees	\$ 1,252	
Total Board of Equalization		1,252

Beer Board

Board and Committee Members Fees	\$ 540	
Total Beer Board		540

County Mayor/County Executive

County Official/Administrative Officer	\$ 58,687	
Secretary(s)	57,022	
Other Salaries & Wages	5,466	
Communication	3,317	
Operating Lease Payments	4,163	
Maintenance Agreements	7,594	
Postal Charges	2,207	
Travel	8,801	
Duplicating Supplies	1,115	
Office Supplies	1,730	
Other Supplies and Materials	1,061	
Other Charges	1,624	
Total County Mayor/County Executive		152,787

County Attorney

Legal Services	\$ 34,086	
Total County Attorney		34,086

Election Commission

County Official/Administrative Officer	\$ 39,526	
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(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Secretary(s)	\$	34,620	
Other Salaries & Wages		1,494	
Election Commission		1,133	
Election Workers		9,948	
Audit Services		2,000	
Communication		2,687	
Data Processing Services		5,859	
Dues and Memberships		200	
Operating Lease Payments		1,525	
Postal Charges		3,251	
Printing, Stationery and Forms		17,942	
Office Supplies		2,123	
Data Processing Equipment		1,227	
Total Election Commission			\$ 123,535

Register of Deeds

County Official/Administrative Officer	\$	47,349	
Secretary(s)		48,857	
Communication		1,383	
Dues and Memberships		442	
Operating Lease Payments		3,216	
Postal Charges		389	
Other Contracted Services		1,000	
Duplicating Supplies		1,600	
Office Supplies		10,575	
Other Charges		401	
Data Processing Equipment		9,840	
Total Register of Deeds			125,052

Development

Contracts with Government Agencies	\$	8,500	
Other Charges		292	
Total Development			8,792

County Buildings

Custodial Personnel	\$	42,653	
Communication		2,197	
Janitorial Services		14,070	
Maintenance Agreements		10,733	
Maintenance & Repair Services- Vehicles		814	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Pest Control	\$	828	
Custodial Supplies		13,453	
Electricity		90,339	
Natural Gas		20,390	
Water and Sewer		11,268	
Building Improvements		27,906	
Total County Buildings			\$ 234,651

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	49,408	
Secretary(s)		73,260	
Communication		2,117	
Data Processing Services		3,362	
Dues and Memberships		1,679	
Operating Lease Payments		2,483	
Postal Charges		591	
Other Contracted Services		8,600	
Office Supplies		1,872	
Other Charges		1,279	
Office Equipment		218	
Total Property Assessor's Office			144,869

Reappraisal Program

Data Processing Services	\$	2,093	
Postal Charges		2,643	
Gasoline		143	
Other Charges		211	
Motor Vehicles		76	
Total Reappraisal Program			5,166

County Trustee's Office

County Official/Administrative Officer	\$	49,408	
Secretary(s)		50,748	
Part-time Personnel		528	
Communication		3,070	
Data Processing Services		3,300	
Dues and Memberships		447	
Operating Lease Payments		1,522	
Legal Notices, Recording and Court Costs		310	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Maintenance Agreements	\$	5,493	
Postal Charges		4,000	
Printing, Stationery and Forms		853	
Office Supplies		3,319	
Other Charges		711	
Total County Trustee's Office			\$ 123,709

County Clerk's Office

County Official/Administrative Officer	\$	49,408	
Deputy(ies)		95,208	
Communication		2,055	
Dues and Memberships		377	
Operating Lease Payments		1,860	
Maintenance Agreements		4,507	
Postal Charges		3,092	
Office Supplies		6,242	
Data Processing Equipment		23,556	
Total County Clerk's Office			186,305

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	49,408	
Secretary(s)		96,122	
Board and Committee Members Fees		929	
Jury and Witness Fees		17,783	
Communication		3,638	
Dues and Memberships		387	
Operating Lease Payments		3,395	
Maintenance Agreements		8,676	
Postal Charges		3,198	
Printing, Stationery and Forms		2,544	
Data Processing Supplies		751	
Office Supplies		2,917	
Total Circuit Court			189,748

General Sessions Court

Judge(s)	\$	55,961	
Teachers		615	
Secretary(s)		615	
Other Charges		1,113	
Total General Sessions Court			58,304

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	49,408	
Secretary(s)		53,207	
Communication		2,977	
Dues and Memberships		387	
Operating Lease Payments		2,027	
Maintenance Agreements		4,473	
Postal Charges		3,248	
Printing, Stationery and Forms		2,566	
Data Processing Supplies		582	
Office Supplies		3,174	
Other Charges		55	
Total Chancery Court			\$ 122,104

Juvenile Court

Judge(s)	\$	55,961	
Youth Service Officer(s)		23,407	
Communication		2,388	
Other Contracted Services		291	
Office Supplies		359	
Other Supplies and Materials		305	
Data Processing Equipment		214	
Total Juvenile Court			82,925

District Attorney General

Investigator(s)	\$	4,500	
Total District Attorney General			4,500

Judicial Commissioners

Other Salaries & Wages	\$	25,132	
Communication		372	
Total Judicial Commissioners			25,504

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	54,348	
Deputy(ies)		431,619	
Accountants/Bookkeepers		50,639	
Salary Supplements		5,187	
Other Salaries & Wages		20,867	
In-Service Training		476	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Communication	\$	5,614	
Data Processing Services		1,200	
Dues and Memberships		1,400	
Maintenance Agreements		3,736	
Postal Charges		4,954	
Gasoline		30,528	
Office Supplies		4,815	
Uniforms		6,083	
Other Charges		518	
Data Processing Equipment		405	
Law Enforcement Equipment		15,384	
Total Sheriff's Department			\$ 637,773

Jail

Cafeteria Personnel	\$	18,598	
Maintenance Agreements		13,060	
Maintenance & Repair Services- Buildings		1,273	
Medical and Dental Services		82,750	
Transportation - Other than Students		700	
Food Preparation Supplies		671	
Food Supplies		54,079	
Office Supplies		2,001	
Other Charges		2,576	
Law Enforcement Equipment		16,054	
Total Jail			191,762

Workhouse

Guards	\$	220,812	
Small Tools		76	
Uniforms		342	
Total Workhouse			221,230

Work Release Program

Board and Committee Members Fees	\$	500	
Total Work Release Program			500

Fire Prevention and Control

Contributions	\$	2,000	
Total Fire Prevention and Control			2,000

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Inspection and Regulation

County Official/Administrative Officer	\$	6,567	
Other Salaries & Wages		22,992	
Communication		593	
Postal Charges		120	
Gasoline		1,982	
Vehicle Parts		2,497	
Other Supplies and Materials		8,699	
Other Equipment		14,564	
Total Inspection and Regulation			\$ 58,014

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	900	
Specialized Medical Treatment		800	
Other Charges		8,691	
Total County Coroner/Medical Examiner			10,391

Other Public Safety

Dispatchers/Radio Operators	\$	89,680	
Maintenance & Repair Services- Equipment		6,032	
Maintenance & Repair Services- Vehicles		9,075	
Tires and Tubes		4,129	
Vehicle Parts		11,126	
Motor Vehicles		57,835	
Total Other Public Safety			177,877

Public Health and Welfare

Local Health Center

Communication	\$	2,441	
Contracts with Government Agencies		60,000	
Office Supplies		1,164	
Other Supplies and Materials		896	
Other Charges		75	
Total Local Health Center			64,576

Ambulance/Emergency Medical Services

Contracts with Private Agencies	\$	168,480	
Total Ambulance/Emergency Medical Services			168,480

Other Local Health Services

Matching Share	\$	25,000	
Total Other Local Health Services			25,000

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

General Welfare Assistance

Pauper Burials	\$ 650	
Total General Welfare Assistance		\$ 650

Sanitation Education/Information

Supervisor/Director	\$ 18,448	
Part-time Personnel	9,750	
Communication	1,000	
Travel	72	
Other Contracted Services	1,035	
Gasoline	1,887	
Instructional Supplies and Materials	8,543	
Total Sanitation Education/Information		40,735

Other Public Health and Welfare

Other Salaries & Wages	\$ 43,146	
Communication	133	
Travel	348	
Total Other Public Health and Welfare		43,627

Social, Cultural and Recreational Services

Libraries

Supervisor/Director	\$ 29,445	
Clerical Personnel	45,374	
Part-time Personnel	20,251	
Communication	2,874	
Maintenance Agreements	237	
Postal Charges	1,200	
Printing, Stationery and Forms	294	
Library Books/Media	16,601	
Periodicals	398	
Other Supplies and Materials	6,168	
Indirect Cost	681	
Other Charges	989	
Data Processing Equipment	5,113	
Other Equipment	8,400	
Total Libraries		138,025

Other Social, Cultural and Recreational

Contributions	\$ 400	
Total Other Social, Cultural and Recreational		400

(Continued)

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

General Fund (Cont.)

Agriculture & Natural Resources

Agriculture Extension Service

Contributions	\$ 57,047	
Land	130,000	
Total Agriculture Extension Service		\$ 187,047

Soil Conservation

Secretary(s)	\$ 23,595	
Part-time Personnel	21,392	
Other Salaries & Wages	21,424	
Dues and Memberships	1,760	
Office Supplies	748	
Other Supplies and Materials	831	
Office Equipment	526	
Total Soil Conservation		70,276

Other Operations

Tourism

Other Charges	\$ 25,000	
Total Tourism		25,000

Industrial Development

Secretary(s)	\$ 18,635	
Other Contracted Services	23,963	
Total Industrial Development		42,598

Other Economic and Community Development

Other Charges	\$ 25,069	
Land	20,500	
Total Other Economic and Community Development		45,569

Airport

Supervisor/Director	\$ 17,398	
Part-time Personnel	9,642	
Bank Charges	110	
Communication	3,912	
Maintenance & Repair Services- Buildings	17,596	
Gasoline	36,886	
Lubricants	272	
Office Supplies	475	
Utilities	6,479	
Other Charges	5,786	

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Other Equipment	\$ 1,105	
Total Airport		\$ 99,661

Veterans' Services

Supervisor/Director	\$ 7,933	
Communication	326	
Postal Charges	74	
Office Supplies	65	
Total Veterans' Services		8,398

Other Charges

Liability Insurance	\$ 312,030	
Premiums on Corporate Surety Bonds	3,940	
Trustee's Commission	53,867	
Workers' Compensation Insurance	164,628	
Total Other Charges		534,465

Contributions to Other Agencies

Contributions	\$ 46,473	
Total Contributions to Other Agencies		46,473

Employee Benefits

Social Security	\$ 141,097	
State Retirement	103,160	
Life Insurance	6,687	
Medical Insurance	323,196	
Unemployment Compensation	3,262	
Employer Medicare	31,176	
Total Employee Benefits		608,578

Debt Service Principal

General Government

Principal on Notes	\$ 5,100	
Total General Government		5,100

Capital Projects

Public Safety Projects

Architects	\$ 10,793	
Other Charges	809	
Total Public Safety Projects		11,602

(Continued)

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

General Fund (Cont.)

Capital Projects (Cont.)

Public Utility Projects

Consultants	\$ 18,500	
Engineering Services	27,063	
Other Construction	193,708	
Total Public Utility Projects		\$ 239,271

Other General Government Projects

Engineering Services	\$ 10,485	
Total Other General Government Projects		10,485

Total General Fund \$ 5,435,246

Solid Waste/Sanitation Fund

Public Health and Welfare

Landfill Operation and Maintenance

Supervisor/Director	\$ 54,636	
Laborers	172,796	
Communication	4,746	
Maintenance & Repair Services- Equipment	15,949	
Disposal Fees	167,204	
Diesel Fuel	15,322	
Fertilizer, Lime and Seed	779	
Office Supplies	49	
Tires and Tubes	2,798	
Other Supplies and Materials	1,242	
Other Charges	11,451	
Land	15,464	
Other Equipment	36,934	
Total Landfill Operation and Maintenance		\$ 499,370

Other Operations

Other Charges

Trustee's Commission	\$ 11,320	
Other Construction	12,948	
Total Other Charges		24,268

Employee Benefits

Social Security	\$ 14,185	
State Retirement	7,200	
Life Insurance	209	
Medical Insurance	24,336	

(Continued)

Exhibit I-5

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations (Cont.)

Employee Benefits (Cont.)

Employer Medicare	\$ 3,318	
Total Employee Benefits		\$ 49,248

Total Solid Waste/Sanitation Fund \$ 572,886

Local Purpose Tax Fund

Public Safety

Fire Prevention and Control

Equipment Operators	\$ 28,750	
Communication	1,909	
Maintenance & Repair Services- Buildings	145	
Maintenance & Repair Services- Equipment	2,558	
Maintenance & Repair Services- Vehicles	15,060	
Other Contracted Services	4,800	
Diesel Fuel	665	
Electricity	3,346	
Gasoline	2,742	
Natural Gas	3,601	
Tires and Tubes	210	
Water and Sewer	369	
Liability Insurance	43,212	
Trustee's Commission	2,620	
Other Charges	2,302	
Communication Equipment	1,085	
Other Equipment	5,511	
Total Fire Prevention and Control		\$ 118,885

Debt Service Interest

General Government

Interest on Notes	\$ 376	
Total General Government		376

Total Local Purpose Tax Fund 119,261

Drug Control Fund

Public Safety

Drug Enforcement

Instructional Supplies and Materials	\$ 243	
Trustee's Commission	44	
Total Drug Enforcement		\$ 287

Total Drug Control Fund 287

(Continued)

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	55,848	
Accountants/Bookkeepers		22,167	
Clerical Personnel		22,550	
Board and Committee Members Fees		420	
Advertising		294	
Communication		2,216	
Data Processing Services		3,132	
Dues and Memberships		2,087	
Maintenance & Repair Services- Office Equipment		410	
Pest Control		99	
Postal Charges		555	
Travel		1,160	
Custodial Supplies		1,023	
Electricity		3,691	
Natural Gas		2,045	
Office Supplies		1,606	
Water and Sewer		994	
Other Charges		334	
Total Administration			\$ 120,631

Highway and Bridge Maintenance

Foremen	\$	96,391	
Equipment Operators		104,298	
Truck Drivers		211,241	
Laborers		145,447	
Asphalt - Cold Mix		489,422	
Crushed Stone		199,449	
General Construction Materials		475	
Pipe - Metal		49,955	
Road Signs		4,222	
Other Supplies and Materials		301	
Total Highway and Bridge Maintenance			1,301,201

Operation and Maintenance of Equipment

Foremen	\$	23,594	
Mechanic(s)		21,762	
Diesel Fuel		90,931	
Equipment and Machinery Parts		91,253	
Garage Supplies		5,087	
Gasoline		71,130	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Lubricants	\$ 6,422	
Tires and Tubes	34,922	
Other Supplies and Materials	11,950	
Total Operation and Maintenance of Equipment		\$ 357,051

Other Charges

Medical and Dental Services	\$ 1,215	
Trustee's Commission	22,992	
Total Other Charges		24,207

Employee Benefits

Social Security	\$ 53,951	
State Retirement	38,201	
Medical Insurance	142,605	
Unemployment Compensation	881	
Other Fringe Benefits	2	
Total Employee Benefits		235,640

Capital Outlay

Engineering Services	\$ 33,331	
Bridge Construction	6,469	
Building Improvements	3,593	
Office Equipment	2,338	
Other Equipment	148,467	
Total Capital Outlay		194,198

Total Highway/Public Works Fund \$ 2,232,928

General Debt Service Fund

Debt Service Principal

General Government

Principal on Bonds	\$ 14,600	
Principal on Notes	113,752	
Principal on Other Loans	174,000	
Total General Government		\$ 302,352

Education

Principal on Notes	\$ 470,008	
Principal on Other Loans	285,000	
Total Education		755,008

(Continued)

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

General Debt Service Fund (Cont.)

Debt Service Interest

General Government

Interest on Bonds	\$ 10,656	
Interest on Notes	29,557	
Interest on Other Loans	30,571	
Total General Government	\$ 70,784	

Education

Interest on Notes	\$ 28,954	
Interest on Other Loans	143,761	
Total Education		172,715

Other Debt Service

General Government

Trustee's Commission	\$ 22,744	
Total General Government		22,744

Education

Other Debt Issuance Charges	\$ 882	
Total Education		882

Total General Debt Service Fund \$ 1,324,485

General Capital Projects Fund

Debt Service Principal

Education

Principal on Notes	\$ 5,000	
Total Education		\$ 5,000

Capital Projects

General Administration Projects

Trustee's Commission	\$ 3,338	
Other Capital Outlay	992	
Total General Administration Projects		4,330

Public Safety Projects

Architects	\$ 10,793	
Other Charges	809	
Building Construction	183,692	
Total Public Safety Projects		195,294

(Continued)

Exhibit I-5

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

<u>General Capital Projects Fund (Cont.)</u>		
<u>Capital Projects (Cont.)</u>		
<u>Public Utility Projects</u>		
Engineering Services	\$ 17,940	
Total Public Utility Projects		\$ 17,940
 <u>Highway & Street Capital Projects</u>		
Bridge Construction	\$ 15,200	
Total Highway & Street Capital Projects		<u>15,200</u>
 Total General Capital Projects Fund		 <u>\$ 237,764</u>
 Total Governmental Funds - Primary Government		 <u><u>\$ 9,922,857</u></u>

Humphreys 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	\$ 1,122,128
Total Cash Receipts	<u>\$ 1,122,128</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,110,907
Trustee's Commission	<u>11,221</u>
Total Cash Disbursements	<u>\$ 1,122,128</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2004	<u>0</u>
Cash Balance, June 30, 2005	<u><u>\$ 0</u></u>

STATISTICAL SECTION

Table 1

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

Year	Amount
1994	\$ 1,301
1995	10,072
1996	3,618
1997	2,700
1998	3,941
1999	10,274
2000	20,756
2001	21,133
2002	23,780
2003	51,112
Total	\$ 148,687

Table 2

Humphreys County, Tennessee
Tax Rates and Assessments
Last Ten Years

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General	\$ 0.51	\$ 0.60	\$ 0.49	\$ 0.66	\$ 0.59	\$ 0.59	\$ 0.59	\$ 0.560	\$ 0.560	\$ 0.560
Solid Waste/Sanitation	0.27	0.24	0.30	0.18	0.20	0.20	0.20	0.185	0.185	0.185
Local Purpose Fund *	0.04	0.04	0.04	0.04	0.03	0.06	0.06	0.060	0.060	0.060
Highway/Public Works	0.09	0.09	0.11	0.11	0.10	0.10	0.10	0.095	0.095	0.095
General Purpose School	1.12	0.97	0.95	1.07	0.89	0.94	0.96	0.910	0.910	0.910
General Debt Service	0.56	0.50	0.43	0.43	0.37	0.36	0.36	0.345	0.345	0.345
General Capital Projects	0.24	0.21	0.33	0.16	0.11	0.07	0.05	0.055	0.055	0.055
Total Tax Rates	\$ 2.83	\$ 2.65	\$ 2.65	\$ 2.65	\$ 2.29	\$ 2.32	\$ 2.32	\$ 2.21	\$ 2.21	\$ 2.21

* Local Purpose Fund (Fire Tax District) tax is levied on county residents residing outside the Cities of Waverly, New Johnsonville and McEwen.

<u>Assessed Valuation</u>										
Real and Personal	\$ 170,634,770	\$ 190,056,491	\$ 197,337,218	\$ 202,092,298	\$ 246,966,831	\$ 250,964,206	\$ 250,853,846	\$ 273,965,076	\$ 280,992,368	\$ 283,301,966
Public Utilities	16,072,943	17,956,012	17,536,944	16,895,009	18,963,893	20,175,614	20,134,171	21,324,494	20,887,376	18,781,818
Total Assessed Valuation	\$ 186,707,713	\$ 208,012,503	\$ 214,874,162	\$ 218,987,307	\$ 265,930,724	\$ 271,139,820	\$ 270,988,017	\$ 295,289,570	\$ 301,879,744	\$ 302,083,784

ANNUAL FINANCIAL REPORT
HUMPHREYS COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF HUMPHREYS 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

NORMAN R. NORMENT, CGFM
Audit Manager

HORACE WISEMAN, CGFM
Auditor 4

TIFFANY NOLEN
B. KEITH RICE, CGFM
PHILIP LATHAM, CFE
WENDY HEATH, CFE
JAKE MCNATT
State Auditors

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

**HUMPHREYS COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF HUMPHREYS COUNTY, TENNESSEE
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Audit Highlights

Annual Financial Report
Humphreys County School Department
For the Year Ended June 30, 2005

Scope

We have audited each major fund and the aggregate remaining fund information of the Humphreys County School Department as of and for the year ended June 30, 2005.

Results

Our report on the Humphreys County School Department's financial statements expresses an adverse opinion because government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34.

Our audit resulted in five findings and recommendations, which we have reviewed with Humphreys County School Department management. Detailed findings and recommendations are included in the Single Audit Report.

Findings

The following are summaries of the audit findings:

HUMPHREYS COUNTY SCHOOL DEPARTMENT

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.
- ◆ In some instances, purchase orders were issued after the purchases were made, and some descriptions, dollar amounts, and dates were not reflected on the purchase orders. Also, several invoices were paid without documentation that goods had been received or services had been rendered.
- ◆ The School Federal Projects Fund had a fund deficit of \$28,939 at June 30, 2005.
- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ The county used a questionable method of funding workers' compensation expenses, general liability insurance, official's corporate surety bonds, and employees' dishonesty bonds.

INTRODUCTORY SECTION

Humphreys County School Officials
June 30, 2005

Official:

James Long, Director of Schools

Board of Education:

Gene Trotter, Chairman

J. R. McNeil

J. D. Painter

Cathy Purcell

Jimmy Reeves

Dwayne Ross

Johnny Whitfield

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

March 1, 2006

Humphreys County Director of Schools and
Board of Education
Humphreys County, Tennessee

To the Director of Schools and Board of Education:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Humphreys County School Department, a component unit of Humphreys County, Tennessee, as of and for the year ended June 30, 2005, as shown on pages 15 through 30, which collectively comprise a portion of the Humphreys County School Department's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Humphreys County School Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the

presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the School Department's governmental activities are not reasonably determinable.

As described in Note I, the Humphreys County School Department has prepared its financial statements on a prescribed basis of accounting that demonstrates compliance with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. These standards require county school departments that do not present government-wide financial statements to present fund financial statements in conformity with all the accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements. These standards also require some additional disclosures to be included in the notes to the financial statements, as described in Note I.

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Humphreys County School Department as of June 30, 2005, or the changes in its financial position for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Humphreys County School Department as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting prescribed by the Comptroller of the Treasury of the State of Tennessee.

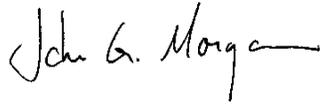
In accordance with Government Auditing Standards, we have also issued our report dated March 1, 2006, on our consideration of the Humphreys County School Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 IV.B., the Humphreys County School Department has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures, which modifies the School Department's disclosures for custodial risk and adds disclosures about other types of risk.

The budgetary comparison information on pages 33 through 35 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 the Humphreys County School Department's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, and miscellaneous schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Humphreys County, Tennessee
Balance Sheet - Governmental Funds
Humphreys County School Department
June 30, 2005

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total Govern- mental Funds</u>
	General Purpose School	Other Govern- mental Funds	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 64,002	\$ 144,971	\$ 208,973
Accounts Receivable	213	961	1,174
Due from Other Governments	379,010	80,122	459,132
Due from Other Funds	28,483	0	28,483
Property Taxes Receivable	2,757,611	0	2,757,611
Allowance for Uncollectible Property Taxes	(69,492)	0	(69,492)
Total Assets	<u>\$ 3,159,827</u>	<u>\$ 226,054</u>	<u>\$ 3,385,881</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 270	\$ 534	\$ 804
Payroll Deductions Payable	106,604	0	106,604
Due to Other Funds	0	28,483	28,483
Deferred Revenue - Current Property Taxes	2,594,502	0	2,594,502
Deferred Revenue - Delinquent Property Taxes	86,013	0	86,013
Other Deferred Revenues	182,075	0	182,075
Total Liabilities	<u>\$ 2,969,464</u>	<u>\$ 29,017</u>	<u>\$ 2,998,481</u>
<u>Fund Balances</u>			
Other Local Education Reserves	\$ 61,840	\$ 0	\$ 61,840
Reserved for Title I Grants to Local Education Agencies	0	124,403	124,403
Unreserved, Reported In:			
General Fund	128,523	0	128,523
Special Revenue Funds	0	72,634	72,634
Total Fund Balances	<u>\$ 190,363</u>	<u>\$ 197,037</u>	<u>\$ 387,400</u>
Total Liabilities and Fund Balances	<u>\$ 3,159,827</u>	<u>\$ 226,054</u>	<u>\$ 3,385,881</u>

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

Exhibit B

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 4,289,500	\$ 0	\$ 4,289,500
Licenses and Permits	1,443	0	1,443
Charges for Current Services	70,413	754,659	825,072
Other Local Revenues	70,050	2,970	73,020
State of Tennessee	11,156,235	82,381	11,238,616
Federal Government	140,166	2,182,331	2,322,497
Total Revenues	<u>\$ 15,727,807</u>	<u>\$ 3,022,341</u>	<u>\$ 18,750,148</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 10,688,751	\$ 1,237,116	\$ 11,925,867
Support Services	5,441,605	288,599	5,730,204
Operation of Non-Instructional Services	13,773	1,397,976	1,411,749
Debt Service:			
Debt Service Principal	4,500	0	4,500
Total Expenditures	<u>\$ 16,148,629</u>	<u>\$ 2,923,691</u>	<u>\$ 19,072,320</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (420,822)</u>	<u>\$ 98,650</u>	<u>\$ (322,172)</u>
Net Change in Fund Balances	\$ (420,822)	\$ 98,650	\$ (322,172)
Fund Balance, July 1, 2004	<u>611,185</u>	<u>98,387</u>	<u>709,572</u>
Fund Balance, June 30, 2005	<u>\$ 190,363</u>	<u>\$ 197,037</u>	<u>\$ 387,400</u>

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

Humphreys County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Fund
Humphreys County School Department
June 30, 2005

	Private - Purpose Trust Fund <hr/> Endowment Principal Fund <hr/>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ <u>61,594</u>
Total Assets	\$ <u><u>61,594</u></u>
<u>NET ASSETS</u>	
Held in Trust for Scholarships	\$ <u>61,594</u>
Total Net Assets	\$ <u><u>61,594</u></u>

The accompanying notes are an integral part of this statement.

Humphreys County, Tennessee
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
Humphreys County School Department
June 30, 2005

	Private - Purpose Trust Fund Endowment Principal Fund
<u>ADDITIONS</u>	
<u>Other Local Revenues</u>	
Investment Income	\$ 2,823
Total Additions	<u>\$ 2,823</u>
<u>DEDUCTIONS</u>	
<u>Other</u>	
Scholarships	\$ 2,000
Total Deductions	<u>\$ 2,000</u>
Change in Net Assets	\$ 823
Net Assets, July 1, 2004	<u>60,771</u>
Net Assets, June 30, 2005	<u><u>\$ 61,594</u></u>

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

HUMPHREYS COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF HUMPHREYS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Humphreys County School Department's financial statements are not 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 School Department has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. The two government-wide financial statements, the statement of net assets and the statement of activities, should be included in the basic financial statements to conform with the provisions of GASB Statement 34 and accounting principles generally accepted in the United States of America. The School Department has elected instead only to implement the provisions of the statement and other accounting principles generally accepted in the United States of America that relate to the fund financial statements. This departure from GAAP results in an incomplete presentation and has caused the School Department's auditor to issue an adverse opinion on the School Department's financial statements.

Although the School Department's financial statements are not presented in conformity with GAAP, the financial statements have been presented in conformity with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. The Comptroller of the Treasury has adopted financial reporting standards for local governments in Tennessee that do not implement the provisions of GASB Statement 34. These standards require fund financial statements that are presented in conformity with all the provisions of GASB Statement 34 that are applicable to fund financial statements, including the notes to the financial statements. These standards also require the fund financial statements to be presented in conformity with all other accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements.

The following are the more significant accounting policies of the School Department:

A. Reporting Entity

The School Department operates the public school system in the county, and the voters of Humphreys County elect its seven-member board. The School Department is a component unit of Humphreys County, the primary government. The School Department is fiscally dependent on Humphreys County because it may not issue debt without county approval, and its budget and property tax levy are subject to the Humphreys County Commission's

approval. The School Department's taxes are levied under the taxing authority of Humphreys County and are included as part of Humphreys County's total tax levy.

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

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

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary fund is 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 School Department 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. The School Department considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due.

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. State shared taxes 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 School Department receives cash.

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The School Department reports the following major governmental fund:

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

Additionally, the School Department reports the following fund types:

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

Private-Purpose Trust Fund – The Private-Purpose Trust Fund is used to account for resources legally held in trust for use to provide scholarships for students seeking further education in a field related to mechanical or chemical engineering. The corpus will remain undistributed as a source of investment income for scholarships.

C. **Assets, Liabilities, and Equity**

1. **Deposits and Investments**

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

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

assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the 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.

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 shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.3 percent of total taxes levied.

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

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

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

3. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition. The School Department does not maintain capital asset records, as required by generally accepted accounting principles. Capital assets should be reported in the government-wide statement of net assets; however, as previously noted, the School Department does not present government-wide statements.

4. Compensated Absences

The policy of the School Department is to permit the unlimited accumulation of unused sick leave for professional personnel (teachers) and nonprofessional, full-time personnel. There is no provision for accumulating vacation days. The granting of sick leave has no guaranteed payment attached and therefore requires no accrual or recording.

5. Fund Equity

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specified purpose.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Fund Deficit

The School Federal Projects Fund had a fund deficit of \$28,939 at June 30, 2005. This fund deficit primarily resulted from a payable due to the General Purpose School Fund for prior year's posting errors.

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Special Education Program and Operation of Plant major appropriation categories (the legal level of control) of the General Purpose School Fund by \$758 and \$73, respectively. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Humphreys County and the School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is

the treasurer of Humphreys County and in this capacity is responsible for receiving, disbursing, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected in the fund financial statements represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

Legal Provisions. Humphreys County, the School Department's primary government, is 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, Humphreys 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 Humphreys County and the discretely presented Humphreys 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	\$ 1,607,544

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. Humphreys 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. Humphreys County has no investment policy that would further limit its investment choices. As of June 30, 2005, Humphreys County's investment in the State Treasurer's Investment Pool was unrated.

B. 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>
General Purpose School	Nonmajor governmental	\$ 28,483

This balance 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.

C. Long-term Debt

Since the School Department is presenting fund financial statements only, long-term debt is not reported as a liability in the financial statements of the governmental funds. Long-term debt for governmental funds is required to

be reported as a liability in government-wide financial statements, but the School Department is not presenting government-wide financial statements.

General Obligation Notes

Humphreys County has issued a capital outlay note for the School Department to provide funds for computer labs and equipment. Capital outlay notes can also be issued to fund capital facilities and other capital outlay purchases. Capital outlay notes are direct obligations and pledge the full faith and credit of the government. Capital outlay notes outstanding were issued for original terms of up to seven years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The capital outlay note outstanding as of June 30, 2005, will be retired from the General Purpose School Fund.

The capital outlay note outstanding as of June 30, 2005, is as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
Capital Outlay Note	0%	\$ 45,000	\$ 4,875

The annual requirements to amortize the capital outlay note outstanding as of June 30, 2005, including interest payments, are presented in the following table:

Year Ending June 30	Note Principal
2006	\$ 4,500
2007	375
Total	<u>\$ 4,875</u>

Changes in Long-term Liabilities

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

	<u>Note</u>
Balance, July 1, 2004	\$ 9,375
Deductions	<u>(4,500)</u>
Balance, June 30, 2005	<u>\$ 4,875</u>
Balance Due Within One Year	<u>\$ 4,500</u>

IV. OTHER INFORMATION

A. Risk Management

Liability, Property, Casualty, and Workers' Compensation Insurance

The Humphreys County School Department participates in 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 \$150,000 for each insured event.

Employee Health Insurance

The Humphreys 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, 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. The state statute provides for the LEGIF to be self-sustaining through member premiums.

B. Accounting Change

During the year, the School Department adopted the provisions of Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. These provisions modified the School Department's previous custodial risk disclosures for deposits and investments and related collateral. These provisions also added disclosures about other types of risk, including credit risk, interest rate risk, foreign currency risk, and concentrations of credit risk. Governments are also required to provide

brief disclosures about their deposit and investment policies that are related to any of the risks required to be disclosed.

C. Contingent Liabilities

The county attorney advised of no pending lawsuits or unasserted claims or assessments involving the School Department that would materially affect the School Department's financial statements.

D. Retirement Commitments

Plan Description

Employees of Humphreys County, including the School Department, 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 Humphreys 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. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/PS/>.

Since the Humphreys County School Department participates in Humphreys County's plan, retirement information for the Humphreys County School Department is not available separately from the retirement information provided for the county. Complete disclosure for the county's participation in

the TCRS is described in footnote IV.F. of the Annual Financial Report of Humphreys County, Tennessee

SCHOOL TEACHERS

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Humphreys 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 Humphreys 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 \$539,505, \$306,070, and \$299,019, respectively, equal to the required contributions for each year.

E. Purchasing Law

Purchasing procedures for the School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, Tennessee Code Annotated, which provide 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 that competitive bids be solicited through newspaper advertisement on all purchases estimated to exceed \$5,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit D

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,289,500	\$ 4,269,529	\$ 4,269,529	\$ 19,971
Licenses and Permits	1,443	1,000	1,000	443
Charges for Current Services	70,413	51,000	51,000	19,413
Other Local Revenues	70,050	106,000	106,000	(35,950)
State of Tennessee	11,156,235	11,056,000	11,329,679	(173,444)
Federal Government	140,166	409,930	409,930	(269,764)
Total Revenues	<u>\$ 15,727,807</u>	<u>\$ 15,893,459</u>	<u>\$ 16,167,138</u>	<u>\$ (439,331)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 8,905,346	\$ 8,700,317	\$ 8,960,979	\$ 55,633
Alternative Instruction Program	64,966	65,745	66,273	1,307
Special Education Program	835,364	778,580	834,606	(758)
Vocational Education Program	684,089	691,211	698,595	14,506
Student Body Education Program	130,340	94,601	136,194	5,854
Adult Education Program	68,646	74,240	76,823	8,177
<u>Support Services</u>				
Health Services	71,219	71,641	72,748	1,529
Other Student Support	344,734	342,595	345,119	385
Regular Instruction Program	532,663	546,162	554,384	21,721
Special Education Program	64,516	64,409	64,937	421
Vocational Education Program	84,398	85,351	85,914	1,516
Adult Programs	68,352	68,684	68,684	332
Board of Education	147,413	148,514	148,514	1,101
Director of Schools	150,082	159,880	160,408	10,326
Office of the Principal	1,127,607	1,139,015	1,148,687	21,080
Fiscal Services	99,831	99,550	100,394	563
Operation of Plant	1,199,373	1,182,419	1,199,300	(73)
Maintenance of Plant	425,493	450,233	452,485	26,992
Transportation	924,371	902,220	932,239	7,868
Central and Other	201,553	216,129	216,692	15,139
<u>Operation of Non-Instructional Services</u>				
Community Services	13,773	14,609	14,737	964
<u>Debt Service Principal</u>				
Education	4,500	4,500	4,500	0
Total Expenditures	<u>\$ 16,148,629</u>	<u>\$ 15,900,605</u>	<u>\$ 16,343,212</u>	<u>\$ 194,583</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (420,822)</u>	<u>\$ (7,146)</u>	<u>\$ (176,074)</u>	<u>\$ (244,748)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 11,000	\$ 11,000	\$ (11,000)

(Continued)

Exhibit D

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>				
Transfers Out	\$ 0	\$ (3,854)	\$ (3,854)	\$ 3,854
Total Other Financing Sources (Uses)	\$ 0	\$ 7,146	\$ 7,146	\$ (7,146)
Net Change in Fund Balance	\$ (420,822)	\$ 0	\$ (168,928)	\$ (251,894)
Fund Balance, July 1, 2004	611,185	832,071	832,071	(220,886)
Fund Balance, June 30, 2005	\$ 190,363	\$ 832,071	\$ 663,143	\$ (472,780)

**HUMPHREYS COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF HUMPHREYS COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2005**

A. BUDGETARY INFORMATION

The School Department 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 Humphreys 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 Purpose School Fund major categories: Regular Instruction Program, Alternative Instruction Program, Special Education Program, etc.). Management may make revisions within major categories, but only the Humphreys County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The School Department's budgetary basis of accounting is consistent with generally accepted accounting principles.

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the Special Education Program and Operation of Plant major appropriation categories (the legal level of control) of the General Purpose School Fund by \$758 and \$73, respectively. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Humphreys County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Humphreys County School Department
June 30, 2005

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 121,481	\$ 23,490	\$ 144,971
Accounts Receivable	0	961	961
Due from Other Governments	3,000	77,122	80,122
Total Assets	<u>\$ 124,481</u>	<u>\$ 101,573</u>	<u>\$ 226,054</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 534	\$ 0	\$ 534
Due to Other Funds	28,483	0	28,483
Total Liabilities	<u>\$ 29,017</u>	<u>\$ 0</u>	<u>\$ 29,017</u>
<u>Fund Balances</u>			
Reserved for Title I Grants to Local Education Agencies	\$ 124,403	\$ 0	\$ 124,403
Unreserved (Deficit)	(28,939)	101,573	72,634
Total Fund Balances	<u>\$ 95,464</u>	<u>\$ 101,573</u>	<u>\$ 197,037</u>
Total Liabilities and Fund Balances	<u>\$ 124,481</u>	<u>\$ 101,573</u>	<u>\$ 226,054</u>

Exhibit E-2

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

	Special Revenue Funds		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 754,659	\$ 754,659
Other Local Revenues	0	2,970	2,970
State of Tennessee	65,000	17,381	82,381
Federal Government	1,528,182	654,149	2,182,331
Total Revenues	\$ 1,593,182	\$ 1,429,159	\$ 3,022,341
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,237,116	\$ 0	\$ 1,237,116
Support Services	288,599	0	288,599
Operation of Non-Instructional Services	0	1,397,976	1,397,976
Total Expenditures	\$ 1,525,715	\$ 1,397,976	\$ 2,923,691
Excess (Deficiency) of Revenues Over Expenditures	\$ 67,467	\$ 31,183	\$ 98,650
Net Change in Fund Balances	\$ 67,467	\$ 31,183	\$ 98,650
Fund Balance, July 1, 2004	27,997	70,390	98,387
Fund Balance, June 30, 2005	\$ 95,464	\$ 101,573	\$ 197,037

Exhibit E-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 65,000	\$ 65,000	\$ 65,000	\$ 0
Federal Government	1,528,182	1,532,549	1,537,470	(9,288)
Total Revenues	\$ 1,593,182	\$ 1,597,549	\$ 1,602,470	\$ (9,288)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 688,969	\$ 751,716	\$ 762,424	\$ 73,455
Special Education Program	504,821	473,090	504,821	0
Vocational Education Program	43,326	41,330	43,326	0
<u>Support Services</u>				
Other Student Support	42,638	49,579	42,638	0
Regular Instruction Program	153,421	166,658	172,051	18,630
Special Education Program	50,859	61,557	50,928	69
Vocational Education Program	2,861	2,860	2,861	0
Transportation	38,820	50,759	38,820	0
Total Expenditures	\$ 1,525,715	\$ 1,597,549	\$ 1,617,869	\$ 92,154
Excess (Deficiency) of Revenues Over Expenditures	\$ 67,467	\$ 0	\$ (15,399)	\$ 82,866
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ 0	\$ (6,986)	\$ 6,986
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ (6,986)	\$ 6,986
Net Change in Fund Balance	\$ 67,467	\$ 0	\$ (22,385)	\$ 89,852
Fund Balance, July 1, 2004	27,997	22,385	22,385	5,612
Fund Balance, June 30, 2005	\$ 95,464	\$ 22,385	\$ 0	\$ 95,464

Exhibit E-4

Humphreys County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Humphreys County School Department
Central Cafeteria 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	\$ 754,659	\$ 799,300	\$ 799,300	\$ (44,641)
Other Local Revenues	2,970	2,500	2,500	470
State of Tennessee	17,381	16,900	16,900	481
Federal Government	654,149	619,800	619,800	34,349
Total Revenues	<u>\$ 1,429,159</u>	<u>\$ 1,438,500</u>	<u>\$ 1,438,500</u>	<u>\$ (9,341)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,397,976	\$ 1,438,500	\$ 1,448,778	\$ 50,802
Total Expenditures	<u>\$ 1,397,976</u>	<u>\$ 1,438,500</u>	<u>\$ 1,448,778</u>	<u>\$ 50,802</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 31,183</u>	<u>\$ 0</u>	<u>\$ (10,278)</u>	<u>\$ 41,461</u>
Net Change in Fund Balance	\$ 31,183	\$ 0	\$ (10,278)	\$ 41,461
Fund Balance, July 1, 2004	70,390	55,071	55,071	15,319
Fund Balance, June 30, 2005	<u>\$ 101,573</u>	<u>\$ 55,071</u>	<u>\$ 44,793</u>	<u>\$ 56,780</u>

MISCELLANEOUS SCHEDULES

Exhibit F-1

Humphreys County, Tennessee
Schedule of Changes in Long-term Notes
Humphreys County School Department
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	Paid and/or Matured During Period	Outstanding 6-30-05
<u>NOTES PAYABLE</u>							
<u>Payable through General Purpose School Fund</u>							
Computer Labs and Equipment	\$ 45,000	0%	7-28-1997	7-28-07	\$ 9,375	\$ 4,500	\$ 4,875
Total Notes Payable					<u>\$ 9,375</u>	<u>\$ 4,500</u>	<u>\$ 4,875</u>

Exhibit F-2

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

<u>Official</u>	<u>Authorization for Salary</u>	<u>Salary Paid During Period</u>	<u>Bond</u>	<u>Surety</u>
Director of Schools	State Board of Education and County Board of Education	\$ 81,128 (1)	\$ 50,000	Travelers Casualty and Surety Company of America
Employee Blanket Bond - All Employees			150,000	Tennessee School Boards Risk Management Trust

(1) Includes chief executive officer training supplement of \$1,000.

Exhibit F-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,624,696	\$ 0	\$ 0	\$ 2,624,696
Trustee's Collections - Prior Year	83,621	0	0	83,621
Circuit/Clerk & Master Collections - Prior Years	44,462	0	0	44,462
Interest and Penalty	16,345	0	0	16,345
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,517,382	0	0	1,517,382
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	2,994	0	0	2,994
Total Local Taxes	\$ 4,289,500	\$ 0	\$ 0	\$ 4,289,500
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 589	\$ 0	\$ 0	\$ 589
<u>Permits</u>				
Other Permits	854	0	0	854
Total Licenses and Permits	\$ 1,443	\$ 0	\$ 0	\$ 1,443
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Other	\$ 21,513	\$ 0	\$ 0	\$ 21,513
Lunch Payments - Children	0	0	392,741	392,741
Lunch Payments - Adults	0	0	55,408	55,408
Income from Breakfast	0	0	36,530	36,530
A la carte Sales	0	0	260,310	260,310
Receipts from Individual Schools	48,900	0	0	48,900
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	9,670	9,670
Total Charges for Current Services	\$ 70,413	\$ 0	\$ 754,659	\$ 825,072
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 1,407	\$ 1,407
Miscellaneous Refunds	14,368	0	1,563	15,931
<u>Nonrecurring Items</u>				
Insurance Recovery	21,590	0	0	21,590
Sale of Equipment	23,231	0	0	23,231
Contributions & Gifts	10,207	0	0	10,207
<u>Other Local Revenues</u>				
Other Local Revenues	654	0	0	654
Total Other Local Revenues	\$ 70,050	\$ 0	\$ 2,970	\$ 73,020
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 10,509,007	\$ 0	\$ 0	\$ 10,509,007
School Food Service	0	0	17,381	17,381
Driver Education	18,125	0	0	18,125
Literacy Coordination	5,852	0	0	5,852
Other State Education Funds	313,610	65,000	0	378,610

(Continued)

Exhibit F-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Career Ladder Program	\$ 196,069	\$ 0	\$ 0	\$ 196,069
Career Ladder - Extended Contract	113,572	0	0	113,572
Total State of Tennessee	<u>\$ 11,156,235</u>	<u>\$ 65,000</u>	<u>\$ 17,381</u>	<u>\$ 11,238,616</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 455,098	\$ 455,098
Breakfast	0	0	126,605	126,605
USDA - Other	0	0	72,446	72,446
Vocational Education - Basic Grants to States	0	57,207	0	57,207
Title I Grants to Local Education Agencies	0	560,251	0	560,251
Innovative Education Program Strategies	0	15,297	0	15,297
Special Education - Grants to States	0	616,230	0	616,230
Special Education Preschool Grants	0	6,910	0	6,910
Eisenhower Professional Development State Grants	0	166,807	0	166,807
Other Federal through State	140,166	105,480	0	245,646
Total Federal Government	<u>\$ 140,166</u>	<u>\$ 1,528,182</u>	<u>\$ 654,149</u>	<u>\$ 2,322,497</u>
Total	<u>\$ 15,727,807</u>	<u>\$ 1,593,182</u>	<u>\$ 1,429,159</u>	<u>\$ 18,750,148</u>

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 6,141,507	
Career Ladder Program	186,189	
Career Ladder Extended Contracts	134,472	
Educational Assistants	365,207	
Other Salaries & Wages	7,847	
Certified Substitute Teachers	91,237	
Social Security	407,503	
State Retirement	368,746	
Medical Insurance	811,436	
Dental Insurance	6,042	
Unemployment Compensation	897	
Employer Medicare	95,314	
Other Contracted Services	1,770	
Instructional Supplies and Materials	35,572	
Textbooks	166,396	
Other Supplies and Materials	640	
In Service/Staff Development	770	
Fee Waivers	31,085	
Other Charges	42,295	
Regular Instruction Equipment	10,421	
Total Regular Instruction Program		\$ 8,905,346

Alternative Instruction Program

Teachers	\$ 42,815	
Educational Assistants	11,449	
Social Security	3,259	
State Retirement	3,011	
Medical Insurance	3,591	
Dental Insurance	43	
Unemployment Compensation	36	
Employer Medicare	762	
Total Alternative Instruction Program		64,966

Special Education Program

Teachers	\$ 643,636
Educational Assistants	13,293
Certified Substitute Teachers	3,957
Social Security	38,058
State Retirement	35,737

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Medical Insurance	\$	86,992	
Dental Insurance		739	
Employer Medicare		8,901	
Consultants		4,051	
Total Special Education Program			\$ 835,364

Vocational Education Program

Teachers	\$	514,805	
Certified Substitute Teachers		5,562	
Social Security		30,791	
State Retirement		27,426	
Medical Insurance		45,423	
Dental Insurance		561	
Unemployment Compensation		190	
Employer Medicare		7,202	
Travel		3,900	
Instructional Supplies and Materials		13,801	
Textbooks		14,413	
Other Supplies and Materials		158	
Other Charges		1,171	
Vocational Instruction Equipment		18,686	
Total Vocational Education Program			684,089

Student Body Education Program

Other Salaries & Wages	\$	95,215	
Social Security		5,811	
State Retirement		5,087	
Medical Insurance		4,999	
Dental Insurance		10	
Employer Medicare		1,381	
Communication		352	
Travel		1,128	
Other Contracted Services		3,500	
Instructional Supplies and Materials		25	
Other Supplies and Materials		7,869	
Other Charges		4,963	
Total Student Body Education Program			130,340

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program

Teachers	\$	41,035	
Other Salaries & Wages		9,828	
Social Security		3,144	
State Retirement		2,141	
Medical Insurance		3,899	
Unemployment Compensation		56	
Employer Medicare		734	
Travel		803	
Instructional Supplies and Materials		6,397	
Other Supplies and Materials		609	
Total Adult Education Program			\$ 68,646

Support Services

Health Services

Medical Personnel	\$	53,723	
Social Security		3,178	
State Retirement		2,191	
Medical Insurance		5,689	
Unemployment Compensation		81	
Employer Medicare		743	
Medical and Dental Services		5,175	
Travel		439	
Total Health Services			71,219

Other Student Support

Guidance Personnel	\$	274,324	
Social Security		16,451	
State Retirement		13,688	
Medical Insurance		25,973	
Dental Insurance		167	
Unemployment Compensation		15	
Employer Medicare		3,847	
Evaluation and Testing		10,269	
Total Other Student Support			344,734

Regular Instruction Program

Supervisor/Director	\$	157,645
Librarians		235,502
Materials Supervisor		21,018

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Social Security	\$	24,732	
State Retirement		22,827	
Medical Insurance		28,521	
Dental Insurance		289	
Unemployment Compensation		71	
Employer Medicare		5,784	
Travel		1,268	
Library Books/Media		34,741	
In Service/Staff Development		265	
Total Regular Instruction Program			\$ 532,663

Special Education Program

Supervisor/Director	\$	48,207	
Social Security		2,730	
State Retirement		2,651	
Medical Insurance		7,668	
Dental Insurance		102	
Unemployment Compensation		20	
Employer Medicare		638	
Consultants		2,500	
Total Special Education Program			64,516

Vocational Education Program

Supervisor/Director	\$	55,559	
Secretary(s)		12,668	
Social Security		4,145	
State Retirement		3,588	
Medical Insurance		7,416	
Unemployment Compensation		52	
Employer Medicare		970	
Total Vocational Education Program			84,398

Adult Programs

Supervisor/Director	\$	49,797	
Social Security		2,794	
State Retirement		2,739	
Medical Insurance		7,657	
Dental Insurance		48	
Employer Medicare		654	

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

In Service/Staff Development	\$ 4,663	
Total Adult Programs		\$ 68,352

Board of Education

Other Salaries & Wages	\$ 9,600	
Board and Committee Members Fees	584	
Social Security	576	
Dental Insurance	150	
Unemployment Compensation	27	
Employer Medicare	135	
Audit Services	17,600	
Dues and Memberships	7,976	
Legal Services	6,680	
Travel	284	
Trustee's Commission	103,801	
Total Board of Education		147,413

Director of Schools

County Official/Administrative Officer	\$ 80,128	
Social Security	4,749	
State Retirement	4,407	
Medical Insurance	8,030	
Unemployment Compensation	20	
Employer Medicare	1,111	
Communication	19,483	
Dues and Memberships	460	
Postal Charges	2,467	
Travel	2,092	
Other Contracted Services	8,000	
Office Supplies	13,902	
Other Supplies and Materials	2,000	
Other Charges	3,233	
Total Director of Schools		150,082

Office of the Principal

Assistant(s)	\$ 291,318
Principals	395,201
Secretary(s)	159,709
Social Security	50,623

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

State Retirement	\$ 45,841	
Medical Insurance	62,033	
Dental Insurance	545	
Unemployment Compensation	163	
Employer Medicare	12,300	
Office Supplies	19,874	
Other Supplies and Materials	90,000	
Total Office of the Principal	\$ 1,127,607	

Fiscal Services

Accountants/Bookkeepers	\$ 28,120	
Secretary(s)	51,044	
Social Security	4,456	
State Retirement	4,536	
Medical Insurance	4,948	
Employer Medicare	1,042	
Travel	977	
Other Supplies and Materials	4,708	
Total Fiscal Services	99,831	

Operation of Plant

Supervisor/Director	\$ 35,277	
Custodial Personnel	402,101	
Social Security	27,221	
State Retirement	22,378	
Medical Insurance	39,553	
Dental Insurance	308	
Unemployment Compensation	277	
Employer Medicare	6,366	
Disposal Fees	29,562	
Custodial Supplies	38,335	
Electricity	453,206	
Natural Gas	113,524	
Water and Sewer	30,365	
Other Supplies and Materials	82	
Other Charges	818	
Total Operation of Plant	1,199,373	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant

Other Salaries & Wages	\$	217,434	
Social Security		13,225	
State Retirement		10,422	
Medical Insurance		18,301	
Dental Insurance		48	
Unemployment Compensation		126	
Employer Medicare		3,093	
Maintenance & Repair Services- Buildings		22,736	
Maintenance & Repair Services- Equipment		19,605	
Other Contracted Services		37,223	
Other Supplies and Materials		69,213	
Other Charges		437	
Maintenance Equipment		13,630	
Total Maintenance of Plant	\$		425,493

Transportation

Supervisor/Director	\$	35,132	
Mechanic(s)		70,983	
Bus Drivers		332,916	
Clerical Personnel		23,276	
Social Security		27,148	
State Retirement		6,710	
Medical Insurance		51,055	
Dental Insurance		381	
Unemployment Compensation		768	
Employer Medicare		6,349	
Maintenance & Repair Services- Vehicles		3,142	
Medical and Dental Services		2,735	
Equipment and Machinery Parts		300	
Gasoline		103,911	
Lubricants		5,669	
Tires and Tubes		15,622	
Vehicle Parts		53,029	
Other Charges		7,318	
Transportation Equipment		177,927	
Total Transportation			924,371

Central and Other

Supervisor/Director	\$	38,242	
---------------------	----	--------	--

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Other Salaries & Wages	\$	35,324	
Social Security		4,839	
State Retirement		4,490	
Dental Insurance		48	
Employer Medicare		671	
Consultants		10,210	
Maintenance & Repair Services- Equipment		21,043	
Instructional Supplies and Materials		41,686	
Data Processing Equipment		20,000	
Regular Instruction Equipment		25,000	
Total Central and Other			\$ 201,553

Operation of Non-Instructional Services

Community Services

Other Salaries & Wages	\$	11,620	
Social Security		720	
State Retirement		639	
Unemployment Compensation		1	
Employer Medicare		168	
Other Supplies and Materials		625	
Total Community Services			13,773

Debt Service Principal

Education

Principal on Notes	\$	4,500	
Total Education			4,500

Total General Purpose School Fund \$ 16,148,629

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	447,959	
Educational Assistants		69,528	
Other Salaries & Wages		16,334	
Certified Substitute Teachers		7,593	
Social Security		31,787	
State Retirement		27,463	
Medical Insurance		22,693	

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Dental Insurance	\$ 254	
Unemployment Compensation	280	
Employer Medicare	7,434	
Other Contracted Services	7,629	
Instructional Supplies and Materials	43,102	
Other Charges	6,913	
Total Regular Instruction Program		\$ 688,969

Special Education Program

Educational Assistants	\$ 322,713	
Social Security	19,396	
State Retirement	16,096	
Medical Insurance	17,554	
Dental Insurance	390	
Unemployment Compensation	514	
Employer Medicare	4,532	
Contracts with Private Agencies	110,558	
Maintenance & Repair Services- Equipment	950	
Instructional Supplies and Materials	7,981	
Textbooks	1,783	
Other Supplies and Materials	2,354	
Total Special Education Program		504,821

Vocational Education Program

Educational Assistants	\$ 13,900	
Social Security	844	
State Retirement	326	
Dental Insurance	44	
Unemployment Compensation	20	
Employer Medicare	197	
Instructional Supplies and Materials	11,765	
Vocational Instruction Equipment	16,230	
Total Vocational Education Program		43,326

Support Services

Other Student Support

Social Workers	\$ 27,891	
Social Security	1,840	
State Retirement	1,343	

(Continued)

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Dental Insurance	\$ 87	
Unemployment Compensation	30	
Employer Medicare	427	
Travel	10,539	
In Service/Staff Development	481	
Total Other Student Support	\$ 42,638	

Regular Instruction Program

Supervisor/Director	\$ 67,454	
Secretary(s)	23,255	
Social Security	5,480	
State Retirement	5,042	
Medical Insurance	17,228	
Dental Insurance	48	
Unemployment Compensation	39	
Employer Medicare	1,282	
Travel	8,013	
In Service/Staff Development	25,580	
Total Regular Instruction Program	153,421	

Special Education Program

Supervisor/Director	\$ 2,620	
Secretary(s)	32,684	
Social Security	2,350	
State Retirement	1,341	
Unemployment Compensation	50	
Employer Medicare	550	
Travel	4,299	
Other Supplies and Materials	3,811	
In Service/Staff Development	3,154	
Total Special Education Program	50,859	

Vocational Education Program

Supervisor/Director	\$ 2,528	
Social Security	157	
State Retirement	139	
Employer Medicare	37	
Total Vocational Education Program	2,861	

(Continued)

Exhibit F-4

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation

Bus Drivers	\$	33,787	
Social Security		2,091	
State Retirement		1,312	
Medical Insurance		700	
Dental Insurance		348	
Unemployment Compensation		100	
Employer Medicare		482	
Total Transportation			\$ 38,820

Total School Federal Projects Fund \$ 1,525,715

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	47,148	
Clerical Personnel		17,675	
Cafeteria Personnel		359,927	
Custodial Personnel		29,750	
Other Salaries & Wages		88,095	
Social Security		31,115	
State Retirement		23,659	
Medical Insurance		50,539	
Dental Insurance		342	
Unemployment Compensation		869	
Employer Medicare		7,267	
Communication		2,113	
Maintenance & Repair Services- Equipment		13,234	
Travel		1,078	
Other Contracted Services		900	
Food Supplies		661,089	
Office Supplies		625	
Other Supplies and Materials		48,901	
In Service/Staff Development		1,363	
Data Processing Equipment		12,287	
Total Food Service			\$ 1,397,976

Total Central Cafeteria Fund 1,397,976

Total Governmental Funds - Humphreys County School Department \$ 19,072,320

SINGLE AUDIT REPORT
HUMPHREYS COUNTY, TENNESSEE
AND
HUMPHREYS COUNTY SCHOOL DEPARTMENT
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

NORMAN R. NORMENT, CGFM
Audit Manager

HORACE WISEMAN, CGFM
Auditor 4

TIFFANY NOLEN
B. KEITH RICE, CGFM
PHILIP LATHAM, CFE
WENDY HEATH, CFE
JAKE MCNATT
State Auditors

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

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

March 1, 2006

Humphreys County Mayor, Board of County Commissioners,
Director of Schools, and Board of Education
Humphreys County, Tennessee

To the County Mayor, Board of County Commissioners,
Director of Schools, and Board of Education:

We have audited the financial statements of each major fund and aggregate remaining fund information of Humphreys County, Tennessee, and the Humphreys County School Department as of and for the year ended June 30, 2005, which collectively comprise Humphreys County's and the Humphreys County School Department's basic financial statements and have issued our reports thereon dated March 1, 2006. Our reports on the financial statements of Humphreys County and the Humphreys County School Department express adverse opinions because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. 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 Humphreys County's and the Humphreys County School Department'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 Humphreys County's and

the Humphreys County School Department'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, 05.04, 05.05, 05.06, 05.08, and 05.11.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Humphreys County's and the Humphreys County School Department's statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as items 05.01, 05.03, 05.07, 05.09, and 05.10.

We have also noted certain other matters that we reported to the management of Humphreys County and the Humphreys County School Department in separate communications.

This report is intended solely for the information and use of the Board of County Commissioners, Board of Education, 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**

March 1, 2006

Humphreys County Mayor, Board of County Commissioners,
Director of Schools, and Board of Education
Humphreys County, Tennessee

To the County Mayor, Board of County Commissioners,
Director of Schools, and Board of Education:

Compliance

We have audited the compliance of Humphreys County and the Humphreys County School Department 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 their major federal programs for the year ended June 30, 2005. Humphreys County's and the Humphreys County School Department'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 their major federal programs is the responsibility of Humphreys County's and the Humphreys County School Department's management. Our responsibility is to express an opinion on Humphreys County's and the Humphreys County School Department's compliance based on our audit.

We conducted our audit of compliance in accordance with the 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 Humphreys County's and the Humphreys County School

Department'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 Humphreys County's and the Humphreys County School Department's compliance with those requirements.

In our opinion, Humphreys County and the Humphreys County School Department complied, in all material respects, with the requirements referred to above that are applicable to each of their major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Humphreys County and the Humphreys County School Department 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 Humphreys County's and the Humphreys County School Department'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.

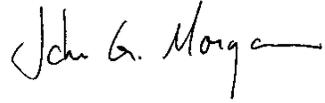
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce 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 each major fund and the aggregate remaining fund information of Humphreys County, Tennessee, and the Humphreys County School Department as of and for the year ended June 30, 2005, and have issued our reports thereon dated March 1, 2006. Our reports on the financial statements of Humphreys County and the Humphreys County School Department express adverse opinions because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. 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, Board of Education, 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,

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

John G. Morgan
Comptroller of the Treasury

JGM/yu

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture: Food Donation (Noncash Assistance)	10.550	N/A	\$ 17,615
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	126,605
National School Lunch Program	10.555	N/A	527,544
Total U.S. Department of Agriculture			\$ 671,764
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	Z0009769800	\$ 136,751
Total U.S. Department of Housing and Urban Development			\$ 136,751
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z0502039200	\$ 4,500
Enforcing Underage Drinking Laws Program	16.727	(2)	16,473
Passed-through State Department of Finance and Administration:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	Z0109896600	12,040
Total U.S. Department of Justice			\$ 33,013
U.S. Department of Labor:			
Passed-through Workforce Essentials, Inc.:			
WIA Youth Activities	17.259	(2)	\$ 90,761
Total U.S. Department of Labor			\$ 90,761
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	\$ 46,635
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	435,848
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	630,942
Special Education - Preschool Grants	84.173	N/A	23,892
Vocational Education - Basic Grants to States	84.048	N/A	57,207
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	15,667
Even Start - State Educational Agencies	84.213	(2)	101,725
Twenty-First Century Community Learning Centers	84.287	(2)	93,531
State Grants for Innovative Programs	84.298	N/A	17,328
Improving Teacher Quality State Grants	84.367	N/A	166,807
Total U.S. Department of Education			\$ 1,589,582
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Temporary Assistance for Needy Families	93.558	(2)	\$ 97,491
Total U.S. Department of Health and Human Services			\$ 97,491

(Continued)

Humphreys County, Tennessee, and the Humphreys County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Corporation for National and Community Service:			
Passed-through State Department of Education:			
Learn and Serve America - School and Community Based Programs	94.004	(2)	\$ 4,500
Total U.S. Corporation for National and Community Service			<u>\$ 4,500</u>
U. S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z0301776400	\$ 1,837
Emergency Management Performance Grants	97.042	Z0402027400	4,365
Assistance to Firefighters Grants	97.044	EMW-2004-FG-20503	135,113
Total U. S. Department of Homeland Security			<u>\$ 141,315</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,765,177</u></u>
State Grants:			
Airport Maintenance Program - State Department of Transportation	N/A	(2)	\$ 1,116
Airport Runway Program - State Department of Transportation	N/A	(2)	10,485
Airport Fencing Grant - State Department of Transportation	N/A	(2)	6,570
Airport Safety Improvement Project - State Department of Transportation	N/A	(2)	4,170
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	12,830
Local Health Services - State Department of Health	N/A	(2)	55,676
Litter Grant - State Department of Transportation	N/A	(2)	23,345
Gates Foundation Staying Connected Grants	N/A	(2)	4,200
Waste Tire Option Grant - State Department of Environment and Conservation	N/A	(2)	11,522
Waste Reduction Grant - State Department of Environment and Conservation	N/A	(2)	10,852
Incentive Grant - State Department of Education	N/A	(2)	<u>11,158</u>
Total State Grants			<u><u>\$ 151,924</u></u>

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.

Humphreys County, Tennessee, and the Humphreys County School Department
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 Humphreys County, Tennessee, and the Humphreys County School Department for the year ended June 30, 2004, which have not been corrected.

HUMPHREYS COUNTY AND HUMPHREYS COUNTY SCHOOL DEPARTMENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.01	12	Government-wide financial statements were not presented in accordance with generally accepted accounting principles

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.02	13	The office did not have a formal purchase order system
04.04	13	The office had deficiencies involving its warrant-signing machine

OFFICE OF ROAD SUPERVISOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.05	14	The office had deficiencies involving its warrant-signing machine

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.06A	14	The office had purchasing deficiencies

OTHER FINDINGS AND RECOMMENDATIONS

Finding Number	Page Number	Subject
04.09	16	A central system of accounting, budgeting, and purchasing had not been adopted
04.10	17	The county used a questionable method of funding workers' compensation expenses, general liability insurance, officials' corporate surety bonds, and employees' dishonesty bonds
04.11	17	Duties were not segregated adequately in the Offices of County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff

**HUMPHREYS COUNTY, TENNESSEE, AND THE
HUMPHREYS COUNTY SCHOOL DEPARTMENT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2005

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Adverse opinions were issued on the financial statements of Humphreys County and the Humphreys County School Department.
2. The audit of the financial statements of Humphreys County and the Humphreys County School Department disclosed reportable conditions in internal control. None of these conditions was considered to be a material weakness.
3. The audit disclosed two instances of noncompliance that are material to the financial statements of Humphreys County and two instances of noncompliance that are material to the financial statements of the Humphreys County School Department.
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 and National School Lunch Program (CFDA Nos. 10.553 and 10.555), Title I Grants to Local Educational Agencies (CFDA No. 84.010), and the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Humphreys County and the Humphreys County School Department did not qualify as low-risk auditees.

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. Officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

HUMPHREYS COUNTY AND HUMPHREYS COUNTY SCHOOL DEPARTMENT

FINDING 05.01 **GOVERNMENT-WIDE FINANCIAL STATEMENTS WERE NOT PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

(Material Noncompliance Under Government Auditing Standards)

Humphreys County and the Humphreys County School Department did not identify and determine the historical value of their capital assets and the related depreciation amounts of these assets. Therefore, Humphreys County and the Humphreys County School Department were unable to provide the information necessary to prepare government-wide financial statements for all of their activities, as required by Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. GASB is the standard-setting body for accounting principles that state and local governments are required to follow. As a result of this omission, Humphreys County’s and the Humphreys County School Department’s financial statements are not presented in accordance with generally accepted accounting principles; thus, we have issued adverse opinions on their financial statements.

The Office of the Comptroller of the Treasury, State of Tennessee, requires governments that do not implement GASB Statement 34 to issue a financial report in compliance with Financial Reporting Standards for County Governments, Component Units of County Governments, and Special School Districts That Do Not Implement Governmental Accounting Standards Board Statement 34, established by the Comptroller of the Treasury. Humphreys County’s and the Humphreys County School Department’s financial statements are presented in compliance with these requirements.

RECOMMENDATION

Humphreys County and the Humphreys County School Department should present government-wide financial statements in conformity with generally accepted accounting principles, and should compile and maintain records that properly account for their capital assets. These records should document the historical costs of their capital assets and the related depreciation amounts of these assets. This information is necessary to present the county’s and the School Department’s financial statements in accordance with generally accepted accounting principles.

OFFICE OF COUNTY MAYOR

FINDING 05.02 A FORMAL PURCHASE ORDER SYSTEM HAD NOT BEEN ESTABLISHED
(Internal Control – Reportable Condition Under Government Auditing Standards)

The County Mayor’s Office had not established a formal purchase order system. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments.

RECOMMENDATION

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



FINDING 05.03 CONTRIBUTIONS TO NONPROFIT ORGANIZATIONS WERE NOT MADE IN COMPLIANCE WITH STATE STATUTE
(Noncompliance Under Government Auditing Standards)

Some nonprofit organizations that received county funds had not filed financial reports with the county. Section 5-9-109, Tennessee Code Annotated, provides for all nonprofit organizations receiving county funds to file a financial report with the county. This statute further provides for these financial reports to be filed with the county clerk.

RECOMMENDATION

County officials should require all nonprofit organizations receiving county funds to file financial reports with the county clerk.



OFFICES OF COUNTY MAYOR AND ROAD SUPERVISOR

FINDING 05.04 THE MECHANICAL WARRANT-SIGNING MACHINE’S COUNTER COULD BE RESET
(Internal Control – Reportable Condition Under Government Auditing Standards)

The County Mayor’s Office and the Highway Department used a mechanical warrant-signing machine to affix signatures of the county mayor and road supervisor. The mechanical counter on the machine could be reset; therefore, we could not ensure that the offices accounted for all warrants.

RECOMMENDATION

The mechanical warrant-signing machine should have a counter that cannot be reset to ensure that the total number of warrants processed are accounted for accurately.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 05.05 **THE OFFICE HAD PURCHASING DEFICIENCIES** (Internal Control – Reportable Condition Under Government Auditing Standards)

Our audit revealed the following purchasing deficiencies:

- A. In some instances, purchase orders were issued after the purchases were made. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase. Also, our examination of purchase orders disclosed that descriptions and dollar amounts of purchases were not listed on some purchase orders. The dollar amounts and descriptions of items on purchase orders are necessary to quantify purchasing commitments and to identify the items purchased. Furthermore, our examination disclosed that the dates of issuance were not listed on some purchase orders.
- B. In several instances, invoices were paid without documentation that goods had been received and/or services had been rendered. This practice weakens controls over the purchasing process. We extended our audit procedures and determined that these goods were received and services were rendered.

RECOMMENDATION

Purchase orders should be issued for all applicable purchases before purchases are made and should include dollar amounts, descriptions of items purchased, and date of issuance. Documentation should be obtained indicating that goods have been received and/or services have been rendered before invoices are paid.

FINDING 05.06 THE SCHOOL FEDERAL PROJECTS FUND HAD A FUND DEFICIT
(Internal Control – Reportable Condition Under Government Auditing Standards)

The School Federal Projects Fund had a fund deficit of \$28,939 at June 30, 2005. This deficit resulted from the recognition of liabilities in the financial statements of the School Federal Projects Fund due to posting errors in the General Purpose School Fund.

RECOMMENDATION

School Department officials should liquidate this fund deficit and review accounting records to discover and correct any posting errors.

OFFICE OF CLERK AND MASTER

FINDING 05.07 COLLECTIONS WERE NOT DEPOSITED WITHIN THREE DAYS
(Noncompliance Under Government Auditing Standards)

In some instances, collections were not deposited to the office bank account within three days of collection as required by Section 5-8-207, Tennessee Code Annotated.

RECOMMENDATION

All collections should be deposited to the office bank account within three days of collection as required by state statute.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 05.08 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 05.09 **THE COUNTY USED A QUESTIONABLE METHOD OF FUNDING WORKERS' COMPENSATION EXPENSES, GENERAL LIABILITY INSURANCE, OFFICIALS' CORPORATE SURETY BONDS, AND EMPLOYEES' DISHONESTY BONDS**

(Material Noncompliance Under Government Auditing Standards)

During the year, premiums for workers' compensation expenses, general liability insurance, officials' corporate surety bonds, and employees' dishonesty bonds for the general county government, Highway Department, and School Department were paid from the county's General Fund. The state attorney general has opined that state statutes authorize a county to levy a tax for county general purposes and has defined a county general purposes levy as a levy for all county purposes, except roads, bridges, and schools. Also, the state attorney general has opined that workers' compensation claims and/or insurance coverage for county school employees must be funded through the county's school fund. Therefore, the legality of using General Fund monies to pay for workers' compensation, general liability insurance, officials' corporate surety bonds, and employees' dishonesty bonds for highway and school employees is questionable.

RECOMMENDATION

County officials should take immediate action to change the funding procedures and allocate the costs to the appropriate funds.

FINDING 05.10 **THE TRUSTEE, COUNTY CLERK, CLERK AND MASTER, AND SHERIFF DID NOT HAVE AUTHORIZATION FOR DEPUTY HIRES**

(Noncompliance Under Government Auditing Standards)

The trustee, county clerk, clerk and master, and sheriff did not obtain letters of agreement or file suit in Chancery and/or Circuit Courts to authorize the number and salaries of their deputies. Section 8-20-101, Tennessee Code Annotated, permits these officials to enter into a letter of agreement with the county mayor concerning the number and the salaries of their deputies or to file suit in Chancery and/or Circuit Courts.

RECOMMENDATION

The trustee, county clerk, clerk and master, and sheriff should each obtain a letter of agreement with the county mayor or petition Chancery and/or Circuit Courts for the number and salaries of their deputies as required by state statute.

FINDING 05.11 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY CLERK, 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 County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff. Officials and employees responsible for maintaining accounting records in these offices were also involved in receipting, depositing, preparing and signing checks, and 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.

**HUMPHREYS COUNTY, TENNESSEE, AND
HUMPHREYS COUNTY SCHOOL DEPARTMENT
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.