

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

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**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**  
**MEIGS COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2005**

*DEPARTMENT OF AUDIT*  
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*Comptroller of the Treasury*

*DIVISION OF COUNTY AUDIT*  
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*JENI BOYETTE*  
*State Auditors*

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

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# MEIGS COUNTY, TENNESSEE

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# ***Audit Highlights***

Annual Financial Report  
Meigs 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 Meigs County as of and for the year ended June 30, 2005.

## ***Results***

Our report on Meigs 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 seven findings and recommendations, which we have reviewed with Meigs County's management. Detailed findings, recommendations, and management's responses are included in the Single Audit Report.

## ***Findings***

The following are summaries of the audit findings:

### **MEIGS COUNTY**

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

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### **OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

- ◆ Circuit and General Sessions Courts' cash journals were not properly maintained, and bank statements were not reconciled with general ledger accounts. Also, General Sessions Court did not collect the local litigation tax increase for four months.
  - ◆ Circuit and General Sessions Courts' execution docket trial balances did not reconcile with cash journal accounts.
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## **OFFICE OF CLERK AND MASTER**

- ◆ The Office of Clerk and Master had not implemented adequate controls to protect its information resources against unauthorized access, modification, destruction, or disclosure.
- 

## **OTHER FINDINGS**

- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Purchasing and Finance, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.
- ◆ County officials had not held a delinquent tax sale in recent years.
- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.

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

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# INTRODUCTORY SECTION

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Meigs County Officials  
June 30, 2005

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Officials:

Ken Jones, County Mayor  
Tim Jennings, Highway Superintendent  
Carolyn Wattenbarger, Trustee  
Tim Proffitt, Assessor of Property  
Janie Rowland, County Clerk  
Debbie L. Smith, Circuit and General Sessions Courts Clerk  
Jim Mercer, Clerk and Master  
Janie B. Stiner, Register  
Walter Hickman, Sheriff  
Connie Allen, Purchase and Finance Director

Board of County Commissioners:

Brad McKenzie, Chairman	Carter Nelson
Jodi Brantley	Stevie Rogers
Betty Davis	Danny Smith
Tracy Edgemon	Laura Smith
Tony Finnell	Johnny Ziegler
Mark Vance	

Purchasing and Finance Commission:

Ed Layman, Chairman  
Carlos Crisp  
Bobbie Shadden

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## FINANCIAL SECTION

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

**INDEPENDENT AUDITOR'S REPORT**

August 8, 2005

Meigs County Mayor and  
Board of County Commissioners  
Meigs 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 Meigs County, Tennessee, as of and for the year ended June 30, 2005, as shown on pages 11 through 28, 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 Meigs 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 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 and discretely presented component units are not reasonably determinable.

As described in Note I, Meigs 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 Meigs County, Tennessee, 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 Meigs County, Tennessee, 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 August 8, 2005, on our consideration of Meigs County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note IV.B., Meigs County has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures which modifies the county's disclosures for custodial credit risk and adds disclosures about other types of risk.

The budgetary comparison information on pages 31 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 Meigs County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, miscellaneous schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, 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

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	Major Funds			Nonmajor	Total
	General	Highway/ Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 17,681	\$ 0	\$ 0	\$ 0	\$ 17,681
Equity in Pooled Cash and Investments	627,202	107,874	134,282	159,003	1,028,361
Accounts Receivable	1,537	223	0	0	1,760
Due from Other Governments	51,778	280,843	24,390	91,467	448,478
Property Taxes Receivable	1,801,529	0	498,753	0	2,300,282
Allowance for Uncollectible Property Taxes	(42,278)	0	(11,037)	0	(53,315)
<b>Total Assets</b>	<b>\$ 2,457,449</b>	<b>\$ 388,940</b>	<b>\$ 646,388</b>	<b>\$ 250,470</b>	<b>\$ 3,743,247</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 4,629	\$ 0	\$ 0	\$ 10,700	\$ 15,329
Payroll Deductions Payable	1,818	756	0	0	2,574
Contracts Payable	0	0	0	30,190	30,190
Retainage Payable	0	0	0	27,359	27,359
Matured Interest on Bonds	0	0	465	0	465
Other Current Liabilities	62	0	0	0	62
Deferred Revenue - Current Property Taxes	1,657,281	0	463,477	0	2,120,758
Deferred Revenue - Delinquent Property Taxes	94,638	0	22,496	0	117,134
Other Deferred Revenues	20,816	109,525	12,096	91,467	233,904
<b>Total Liabilities</b>	<b>\$ 1,779,244</b>	<b>\$ 110,281</b>	<b>\$ 498,534</b>	<b>\$ 159,716</b>	<b>\$ 2,547,775</b>
<u>Fund Balances</u>					
Reserved for Purchase of Electronic Fingerprint Imaging System	\$ 0	\$ 0	\$ 0	\$ 10,529	\$ 10,529
Reserved for Alcohol and Drug Treatment	29,038	0	0	0	29,038
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	47,514	0	0	0	47,514
Reserved for Courthouse and Jail Maintenance	46,186	0	0	0	46,186
Reserved for Computer System - Register	39,522	0	0	0	39,522
Reserved for Capital Outlay	4,456	0	0	0	4,456
Unreserved, Reported In:					
General Fund	511,489	0	0	0	511,489
Special Revenue Funds	0	278,659	0	79,652	358,311
Debt Service Funds	0	0	147,854	0	147,854
Capital Projects Funds	0	0	0	573	573
<b>Total Fund Balances</b>	<b>\$ 678,205</b>	<b>\$ 278,659</b>	<b>\$ 147,854</b>	<b>\$ 90,754</b>	<b>\$ 1,195,472</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,457,449</b>	<b>\$ 388,940</b>	<b>\$ 646,388</b>	<b>\$ 250,470</b>	<b>\$ 3,743,247</b>

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

Exhibit B

Meigs 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	Highway/ Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 1,990,417	\$ 22,591	\$ 526,620	\$ 0	\$ 2,539,628
Licenses and Permits	21,433	0	0	0	21,433
Fines, Forfeitures and Penalties	115,323	0	0	10,724	126,047
Charges for Current Services	204,802	0	0	163	204,965
Other Local Revenues	52,672	185,731	2,795	37,756	278,954
Fees Received from County Officials	334,640	0	0	0	334,640
State of Tennessee	465,969	1,663,304	28,660	129,638	2,287,571
Federal Government	564,384	0	0	451,578	1,015,962
Other Governments and Citizens Groups	117,645	0	225,000	0	342,645
Total Revenues	<u>\$ 3,867,285</u>	<u>\$ 1,871,626</u>	<u>\$ 783,075</u>	<u>\$ 629,859</u>	<u>\$ 7,151,845</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 470,702	\$ 0	\$ 0	\$ 163	\$ 470,865
Finance	320,443	0	0	0	320,443
Administration of Justice	213,501	0	0	0	213,501
Public Safety	1,295,377	0	0	11,188	1,306,565
Public Health and Welfare	285,398	0	0	149,481	434,879
Social, Cultural, and Recreational Services	208,040	0	0	86,999	295,039
Agricultural and Natural Resources	31,060	0	0	0	31,060
Other Operations	526,754	0	0	0	526,754
Highways	0	1,891,091	0	0	1,891,091
Debt Service:					
Principal	0	173,531	438,980	0	612,511
Interest	6,134	11,711	233,529	0	251,374
Other Debt Service	0	621	13,998	0	14,619
Capital Projects	0	0	0	802,418	802,418
Total Expenditures	<u>\$ 3,357,409</u>	<u>\$ 2,076,954</u>	<u>\$ 686,507</u>	<u>\$ 1,050,249</u>	<u>\$ 7,171,119</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 509,876</u>	<u>\$ (205,328)</u>	<u>\$ 96,568</u>	<u>\$ (420,390)</u>	<u>\$ (19,274)</u>
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 279,301	\$ 0	\$ 450,000	\$ 729,301
Transfers In	13,270	0	20,000	214,747	248,017
Transfers Out	(234,747)	(13,270)	0	0	(248,017)
Total Other Financing Sources (Uses)	<u>\$ (221,477)</u>	<u>\$ 266,031</u>	<u>\$ 20,000</u>	<u>\$ 664,747</u>	<u>\$ 729,301</u>
Net Change in Fund Balances	\$ 288,399	\$ 60,703	\$ 116,568	\$ 244,357	\$ 710,027
Fund Balance, July 1, 2004	389,806	217,956	31,286	(153,603)	485,445
Fund Balance, June 30, 2005	<u>\$ 678,205</u>	<u>\$ 278,659</u>	<u>\$ 147,854</u>	<u>\$ 90,754</u>	<u>\$ 1,195,472</u>

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

Exhibit C

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 373,049
Due from Other Governments	<u>27,776</u>
Total Assets	<u>\$ 400,825</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 27,776
Due to Litigants, Heirs, and Others	<u>373,049</u>
Total Liabilities	<u>\$ 400,825</u>

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Meigs 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.

Meigs County has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental 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. Meigs 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 Meigs County's auditor to issue an adverse opinion on the county's financial statements.

Although Meigs 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 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 Meigs County.

**A. Reporting Entity**

Meigs County is a public municipal corporation governed by an elected 11-member board. These financial statements present Meigs County, the primary government.

**Blended Component Units** – There are no legally separate component units of Meigs 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 Meigs County is presenting fund financial statements only, financial information of entities that meet the criteria for discretely presented component units is not included in the fund financial statements. If Meigs County had presented government-wide financial statements, as required by generally accepted accounting principles, these entities would have been presented as separate columns in those statements to emphasize that they are legally separate from the county.

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

Meigs County Emergency Communications District  
P. O. Box 352  
Decatur, Tennessee 37322

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

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

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. Fiduciary funds are reported in total 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. Meigs County considers grant and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Meigs County reports the following major governmental funds:

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

**Highway/Public Works Fund** – This fund is used to account for transactions of the county Highway Department.

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

Additionally, Meigs County reports the following fund types:

**Capital Projects Funds** – These funds account for transactions for the acquisition or construction of major capital facilities.

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

**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 in repurchase agreements.

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

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 1.4 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; they report capital outlays as expenditures upon acquisition. Meigs 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, Meigs County does not present government-wide statements.

4. **Compensated Absences**

It is the county's policy 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 Meigs County Highway Department to permit employees to also accumulate earned but unused sick leave, which will be paid to employees upon separation from service. A liability for these vacation benefits, along with sick leave benefits of the Highway Department, is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

5. **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, are recognized to the extent that the liabilities have matured (come due for payment) each period.

Governmental fund types recognize bond premiums and discounts, as well as bond 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.

6. **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. Designations of fund balance represent tentative management plans that are subject to change. Management has designated \$136,405 of the unreserved fund balance of the General Fund for ambulance or equipment purchases.

II. **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Fund Deficit**

A fund deficit existed in the Other Capital Projects Fund (\$17,006) at June 30, 2005. This deficit resulted from contracts and retainage payable being encumbered as of June 30 in excess of the funding which had been received. Funding in amounts sufficient to liquidate the deficit has been approved and will be received to liquidate these liabilities.

### III. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

Meigs County and the Meigs County School Department participate in an internal cash and investment pool through the Office of Trustee. The Meigs County School Department meets the criteria for a discretely presented component unit of Meigs County. Since Meigs County is presenting fund financial statements only, the financial information for the Meigs 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, 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 represent nonpooled amounts held separately by individual funds.

#### Deposits

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

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

#### Investments

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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.

The county had no pooled and nonpooled investments as of June 30, 2005.

**B. Interfund Transfers**

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

Transfers Out	Transfers In		
	General Fund	General Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 20,000	\$ 214,747
Highway/Public Works Fund	13,270	0	0
Total	\$ 13,270	\$ 20,000	\$ 214,747

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

**C. Construction Commitments**

At June 30, 2005, Meigs County had unliquidated construction projects pending final inspection of approximately \$57,549 for various construction projects. See Footnote II. for further information regarding the funding of these obligations.

**D. Payables**

Most payables are disaggregated on the face of the financial statements. Retainage payable in the Other Capital Projects Fund represents amounts withheld from payments made to contractors on construction projects to ensure contract performance. These amounts are held by the county trustee as Equity in Pooled Cash and Investments.

**E. Long-term Debt**

Since Meigs County is presenting fund financial statements only, general 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 Meigs County is not presenting government-wide financial statements.

**General Obligation Bonds and Notes**

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes were issued for original terms of up to 40 years for bonds and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and will be retired from the General Debt Service and Highway/Public Works Funds.

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

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-05</u>
General Obligation Bonds	4 to 4.5%	\$ 1,410,000	\$ 1,410,000
General Obligation Bonds - Refunding	3.9 to 4.3	3,360,000	3,145,000
General Obligation (CAB) Bonds	4.8 to 5.15	2,088,479	2,088,479
Accreted Interest on (CAB) Bonds	4.8 to 5.15	N/A	380,777
FmHA Issue - Industrial Park	5	80,000	53,515
Capital Outlay Notes	3.9 to 6.47	1,447,698	1,006,810

During the 2001-02 year, Meigs County issued Capital Appreciation Bonds (CAB) in the amount of \$2,088,479. These bonds accrete interest that is paid at bond maturity. Maturity dates for these bonds range from 2015 through 2026. As of June 30, 2005, approximately \$380,777 of interest had accreted on the bonds.

The annual requirements to amortize all general obligation bonds and notes 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	\$ 412,049	\$ 194,471	\$ 146,343	\$ 55,807
2007	427,153	177,968	118,389	48,951
2008	512,262	160,646	336,739	41,145
2009	532,376	139,693	71,315	24,662
2010	557,497	117,673	33,402	20,635
2011-2015	2,299,655	381,964	203,476	66,712
2016-2020	1,039,784	1,233,831	97,146	6,426
2021-2025	784,980	1,474,748	0	0
2026	131,238	318,762	0	0
<b>Total</b>	<b>\$ 6,696,994</b>	<b>\$ 4,199,756</b>	<b>\$ 1,006,810</b>	<b>\$ 264,338</b>

The Meigs County Board of Education has pledged by resolution \$225,000 per year from its BEP non-classroom funds which is paid annually to the General Debt Service Fund to be applied to school debt requirements. These funds are pledged annually through the year ended 2012.

There is \$147,854 available in the General Debt Service Fund to service long-term debt. General bonded debt per capita amounted to \$604, based on the 2000 federal census. Total debt per capita, including bonds and notes, amounted to \$695, based on the 2000 federal census.

The following is a summary of changes in long-term debt for the year ended June 30, 2005:

	Bonds		Accreted Interest on (CAB) Bonds
Balance, July 1, 2004	\$ 7,088,944	\$	262,060
Additions	0		118,717
Deductions	391,950		0
Balance, June 30, 2005	<b>\$ 6,696,994</b>	<b>\$</b>	<b>380,777</b>
 Balance Due Within One Year	 \$ 412,049	 \$	 0

	Notes	Compensated Absences
Balance, July 1, 2004	\$ 498,070	\$ 10,386
Additions	729,301	20,369
Deductions	220,561	18,944
Balance, June 30, 2005	<u>\$ 1,006,810</u>	<u>\$ 11,811</u>
Balance Due Within One Year	<u>\$ 146,342</u>	<u>\$ 8,268</u>

#### IV. OTHER INFORMATION

##### A. Risk Management

The county is exposed to various risks related to general liability, property, and casualty losses. The county is a member of the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGCPF reinsures through commercial insurance companies for claims exceeding \$100,000.

The county is also exposed to various risks of loss related to workers' compensation. The county participates in the Local Government Workers' Compensation Fund (LWCF), a public entity risk pool, rather than purchasing commercial insurance for these risks. The county pays an annual premium to LWCF for its workers' compensation insurance coverage. This pool is to be self-sustaining through member premiums.

Employees of Meigs County, including the Highway Department, are provided health insurance coverage through a commercial carrier. Settled claims from these losses have not exceeded commercial insurance coverage in any of the past three fiscal years.

##### B. Accounting Change

During the year, Meigs 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**

Based on a letter from their attorneys, management believes that any potential claims not covered by insurance would not materially affect the financial statements of the county.

**D. Change in Administration**

On August 31, 2004, Wanda Bryant left the Office of Assessor of Property and was succeeded by Tim Proffitt.

**E. Joint Venture**

The Ninth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the 9<sup>th</sup> Judicial District; Roane, Loudon, Meigs, and Morgan Counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors which includes the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Meigs County made no contributions to the DTF for the year ended June 30, 2005, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from their administrative office at the following address:

District Attorney General's Office  
9<sup>th</sup> Judicial District  
P. O. Box 703  
Kingston, TN 37763

**F. Retirement Commitments**

**Plan Description**

Employees of Meigs 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 ten 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 ten 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 Meigs 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.

Meigs County voluntarily withdrew from TCRS July 1, 1984. At that time current employees were given the choice to either continue or discontinue their membership in the system. Employees hired on or after July 1, 1984, were not eligible to join TCRS. Meigs County is responsible for liabilities resulting from those employees who choose to continue their membership in TCRS.

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 Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.treasury.state.tn.us](http://www.treasury.state.tn.us).

### **Funding Policy**

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

### **Annual Pension Cost**

For the year ended June 30, 2005, Meigs County's annual pension cost of \$0 to TCRS was equal to Meigs County's required and actual contributions. The required contribution was determined as part of the July 1, 2001, 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), and (c) projected 3.5 percent annual increase in the Social Security wage base. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Meigs 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, 2001, was three years.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2005	\$0	100%	\$0
June 30, 2004	0	100	0
June 30, 2003	0	100	0

**Required Supplementary Information**

Schedule of Funding Progress for Meigs 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)
6/30/2001	\$608	\$ 256	\$0	237.5%	\$ 0	0%
6/30/1999	575	298	0	192.95	14	0
6/30/1997	529	313	0	169.01	13	0

**G. Office of Purchasing and Finance**

Chapter 403, Private Acts of 1949, as amended, created the Purchasing and Finance Commission. This act provides for the commission to make purchases for all county departments. The commission also has the responsibility for maintaining financial records for all funds of the primary government. The Office of Purchasing and Finance is administered by a director appointed by the commission.

**H. Purchasing Laws**

Purchasing procedures for the various departments of Meigs County are governed by Chapter 403, Private Acts of 1949, as amended, which created the Purchasing and Finance Commission. The commission is required to make purchases for all county funds and to obtain competitive bids on all purchases of any one class that exceed \$2,500, except in the Highway Department where provisions of the Uniform Road Law, Section 54-7-113, Tennessee Code Annotated, require competitive bids on purchases exceeding \$10,000.

Purchases for the funds administered by the county mayor and highway superintendent were made by the Purchasing and Finance Commission.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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## Exhibit D-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,990,417	\$ 1,904,812	\$ 1,904,812	\$ 85,605
Licenses and Permits	21,433	8,200	8,200	13,233
Fines, Forfeitures and Penalties	115,323	95,400	95,400	19,923
Charges for Current Services	204,802	187,900	187,900	16,902
Other Local Revenues	52,672	1,000	49,407	3,265
Fees Received from County Officials	334,640	285,000	285,000	49,640
State of Tennessee	465,969	324,064	354,857	111,112
Federal Government	564,384	66,346	575,861	(11,477)
Other Governments and Citizens Groups	117,645	75,000	102,645	15,000
<b>Total Revenues</b>	<b>\$ 3,867,285</b>	<b>\$ 2,947,722</b>	<b>\$ 3,564,082</b>	<b>\$ 303,203</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 41,910	\$ 29,113	\$ 44,763	\$ 2,853
Board of Equalization	250	400	400	150
County Mayor	68,551	67,301	68,790	239
County Attorney	15,000	15,000	15,000	0
Election Commission (Including Voter Registration)	64,088	72,102	72,102	8,014
Register of Deeds	63,910	61,030	66,901	2,991
Planning	22,531	22,881	22,881	350
County Buildings	194,462	135,139	205,639	11,177
<u>Finance</u>				
Accounting and Budgeting	62,156	62,789	62,789	633
Property Assessor's Office	73,823	67,893	73,800	(23)
Reappraisal Program	9,852	10,070	9,882	30
County Trustee's Office	61,454	59,835	63,786	2,332
County Clerk's Office	71,618	71,769	71,769	151
Other Finance	41,540	30,000	44,838	3,298
<u>Administration of Justice</u>				
Circuit Court	83,504	95,164	100,364	16,860
General Sessions Court	70,830	71,500	70,831	1
Chancery Court	59,167	45,644	59,627	460
<u>Public Safety</u>				
Sheriff's Department	496,180	489,215	511,622	15,442
Special Patrols	30,600	30,600	30,600	0
Jail	393,472	289,227	408,038	14,566
Juvenile Services	16,096	15,678	16,347	251
Fire Prevention and Control	101,770	50,000	109,400	7,630
Civil Defense	170,810	57,640	206,898	36,088
Rescue Squad	5,359	7,400	7,400	2,041
County Coroner/Medical Examiner	14,630	7,000	15,500	870
Other Public Safety	66,460	74,670	74,670	8,210

(Continued)

## Exhibit D-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 24,684	\$ 22,720	\$ 24,720	\$ 36
Ambulance/Emergency Medical Services	222,165	238,115	238,115	15,950
Crippled Children Services	0	500	0	0
Appropriation to State	6,672	28,000	6,672	0
Sanitation Management	196	0	196	0
Sanitation Education/Information	31,681	31,687	31,687	6
<u>Social, Cultural and Recreational Services</u>				
Senior Citizens Assistance	13,121	15,286	15,286	2,165
Libraries	29,973	32,281	32,281	2,308
Parks and Fair Boards	4,576	34,851	34,851	30,275
Other Social, Cultural and Recreational	160,370	0	160,370	0
<u>Agriculture &amp; Natural Resources</u>				
Agriculture Extension Service	26,041	31,242	31,242	5,201
Soil Conservation	5,019	4,100	5,300	281
<u>Other Operations</u>				
Tourism	2,596	4,000	3,300	704
Other Economic and Community Development	197,262	0	197,262	0
Veterans' Services	4,978	6,492	6,492	1,514
Other Charges	95,115	100,600	103,468	8,353
Employee Benefits	226,803	215,850	230,510	3,707
<u>Interest</u>				
General Government	6,134	0	6,134	0
Total Expenditures	\$ 3,357,409	\$ 2,704,784	\$ 3,562,523	\$ 205,114
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 509,876	\$ 242,938	\$ 1,559	\$ 508,317
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 13,270	\$ 13,270	\$ 13,270	\$ 0
Transfers Out	(234,747)	(176,000)	(234,747)	0
Total Other Financing Sources (Uses)	\$ (221,477)	\$ (162,730)	\$ (221,477)	\$ 0
Net Change in Fund Balance				
Fund Balance, July 1, 2004	\$ 288,399	\$ 80,208	\$ (219,918)	\$ 508,317
	389,806	219,918	219,918	169,888
Fund Balance, June 30, 2005				
	\$ 678,205	\$ 300,126	\$ 0	\$ 678,205

## Exhibit D-2

Meigs 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	\$ 22,591	\$ 21,000	\$ 21,000	\$ 1,591
Other Local Revenues	185,731	136,000	159,345	26,386
State of Tennessee	1,663,304	1,459,665	1,639,666	23,638
Total Revenues	<u>\$ 1,871,626</u>	<u>\$ 1,616,665</u>	<u>\$ 1,820,011</u>	<u>\$ 51,615</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 70,957	\$ 106,352	\$ 76,352	\$ 5,395
Highway and Bridge Maintenance	608,089	690,887	720,887	112,798
Operation and Maintenance of Equipment	193,419	122,418	195,928	2,509
Other Charges	73,459	74,796	74,796	1,337
Employee Benefits	149,421	157,295	157,295	7,874
Capital Outlay	795,746	337,000	795,746	0
<u>Principal</u>				
Highways and Streets	173,531	158,293	175,562	2,031
<u>Interest</u>				
Highways and Streets	11,711	5,544	14,184	2,473
<u>Other Debt Service</u>				
Highways and Streets	621	0	272	(349)
Total Expenditures	<u>\$ 2,076,954</u>	<u>\$ 1,652,585</u>	<u>\$ 2,211,022</u>	<u>\$ 134,068</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (205,328)</u>	<u>\$ (35,920)</u>	<u>\$ (391,011)</u>	<u>\$ 185,683</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 279,301	\$ 0	\$ 255,400	\$ 23,901
Transfers Out	(13,270)	(13,270)	(13,270)	0
Total Other Financing Sources (Uses)	<u>\$ 266,031</u>	<u>\$ (13,270)</u>	<u>\$ 242,130</u>	<u>\$ 23,901</u>
Net Change in Fund Balance	\$ 60,703	\$ (49,190)	\$ (148,881)	\$ 209,584
Fund Balance, July 1, 2004	<u>217,956</u>	<u>139,514</u>	<u>148,881</u>	<u>69,075</u>
Fund Balance, June 30, 2005	<u>\$ 278,659</u>	<u>\$ 90,324</u>	<u>\$ 0</u>	<u>\$ 278,659</u>

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

**BUDGETARY INFORMATION**

Annual budgets are adopted for all governmental funds except the Constitutional Officers – Fees special revenue fund and the capital projects funds. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

The county's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. Therefore, actual amounts in the accompanying budgetary statements for the major funds are presented on this budgetary basis. A reconciliation of the differences between the budgetary basis and the GAAP basis is presented on the face of each budgetary statement.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Meigs County’s solid waste disposal.

Industrial/Economic Development Fund – The Industrial/Economic Development Fund is used to account for transactions of the Meigs County Industrial Park.

Special Purpose Fund – The Special Purpose Fund is used to account for transactions involving the Retired Senior Volunteer Program (RSVP).

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

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

## Capital Projects Funds

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

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General Capital Projects Fund – The General Capital Projects Fund is used to account for financial resources used for the acquisition or construction of most major capital facilities.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for the construction of a new health department facility.

Exhibit E-1

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

	Special Revenue Funds					Capital Projects Funds			Total Nonmajor Governmental Funds
	Solid Waste/ Sanitation	Industrial/ Economic Development	Special Purpose	Drug Control	Total	General Capital Projects	Other Capital Projects	Total	
<b>ASSETS</b>									
Equity in Pooled Cash and Investments	\$ 63,318	\$ 1,415	\$ 14,132	\$ 22,016	\$ 100,881	\$ 17,579	\$ 40,543	\$ 58,122	\$ 159,003
Due from Other Governments	0	0	0	0	0	0	91,467	91,467	91,467
Total Assets	<u>\$ 63,318</u>	<u>\$ 1,415</u>	<u>\$ 14,132</u>	<u>\$ 22,016</u>	<u>\$ 100,881</u>	<u>\$ 17,579</u>	<u>\$ 132,010</u>	<u>\$ 149,589</u>	<u>\$ 250,470</u>
<b>LIABILITIES AND FUND BALANCES</b>									
<u>Liabilities</u>									
Accounts Payable	\$ 10,700	\$ 0	\$ 0	\$ 0	\$ 10,700	\$ 0	\$ 0	\$ 0	\$ 10,700
Contracts Payable	0	0	0	0	0	0	30,190	30,190	30,190
Retainage Payable	0	0	0	0	0	0	27,359	27,359	27,359
Other Deferred Revenues	0	0	0	0	0	0	91,467	91,467	91,467
Total Liabilities	<u>\$ 10,700</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,700</u>	<u>\$ 0</u>	<u>\$ 149,016</u>	<u>\$ 149,016</u>	<u>\$ 159,716</u>
<u>Fund Balances</u>									
Reserved for Purchase of Electronic Fingerprint Imaging System	\$ 0	\$ 0	\$ 0	\$ 10,529	\$ 10,529	\$ 0	\$ 0	\$ 0	\$ 10,529
Unreserved (Deficit)	52,618	1,415	14,132	11,487	79,652	17,579	(17,006)	573	80,225
Total Fund Balances	<u>\$ 52,618</u>	<u>\$ 1,415</u>	<u>\$ 14,132</u>	<u>\$ 22,016</u>	<u>\$ 90,181</u>	<u>\$ 17,579</u>	<u>\$ (17,006)</u>	<u>\$ 573</u>	<u>\$ 90,754</u>
Total Liabilities and Fund Balances	<u>\$ 63,318</u>	<u>\$ 1,415</u>	<u>\$ 14,132</u>	<u>\$ 22,016</u>	<u>\$ 100,881</u>	<u>\$ 17,579</u>	<u>\$ 132,010</u>	<u>\$ 149,589</u>	<u>\$ 250,470</u>

Exhibit E-2

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

	Special Revenue Funds					Total
	Solid Waste/ Sanitation	Industrial/ Economic Development	Special Purpose	Drug Control	Constitu - tional Officers - Fees	
<u>Revenues</u>						
Fines, Forfeitures and Penalties	\$ 0	\$ 0	\$ 0	\$ 10,724	\$ 0	10,724
Charges for Current Services	0	0	0	0	163	163
Other Local Revenues	31,547	0	4,289	0	0	35,836
State of Tennessee	2,495	0	0	0	0	2,495
Federal Government	0	0	84,365	2,400	0	86,765
<b>Total Revenues</b>	<b>\$ 34,042</b>	<b>\$ 0</b>	<b>\$ 88,654</b>	<b>\$ 13,124</b>	<b>\$ 163</b>	<b>\$ 135,983</b>
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 163	163
Public Safety	0	0	0	11,188	0	11,188
Public Health and Welfare	149,481	0	0	0	0	149,481
Social, Cultural, and Recreational Services	0	0	86,999	0	0	86,999
Capital Projects	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$ 149,481</b>	<b>\$ 0</b>	<b>\$ 86,999</b>	<b>\$ 11,188</b>	<b>\$ 163</b>	<b>\$ 247,831</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (115,439)	\$ 0	\$ 1,655	\$ 1,936	\$ 0	(111,848)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Transfers In	156,000	0	0	0	0	156,000
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 156,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 156,000</b>
Net Change in Fund Balances	\$ 40,561	\$ 0	\$ 1,655	\$ 1,936	\$ 0	44,152
Fund Balance, July 1, 2004	12,057	1,415	12,477	20,080	0	46,029
<b>Fund Balance, June 30, 2005</b>	<b>\$ 52,618</b>	<b>\$ 1,415</b>	<b>\$ 14,132</b>	<b>\$ 22,016</b>	<b>\$ 0</b>	<b>\$ 90,181</b>

(Continued)

Exhibit E-2

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

	<u>Capital Projects Funds</u>			Total Nonmajor Governmental Funds
	General Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>				
Fines, Forfeitures and Penalties	\$ 0	\$ 0	\$ 0	\$ 10,724
Charges for Current Services	0	0	0	163
Other Local Revenues	1,920	0	1,920	37,756
State of Tennessee	0	127,143	127,143	129,638
Federal Government	0	364,813	364,813	451,578
Total Revenues	<u>\$ 1,920</u>	<u>\$ 491,956</u>	<u>\$ 493,876</u>	<u>\$ 629,859</u>
<u>Expenditures</u>				
Current:				
General Government	\$ 0	\$ 0	\$ 0	\$ 163
Public Safety	0	0	0	11,188
Public Health and Welfare	0	0	0	149,481
Social, Cultural, and Recreational Services	0	0	0	86,999
Capital Projects	234,709	567,709	802,418	802,418
Total Expenditures	<u>\$ 234,709</u>	<u>\$ 567,709</u>	<u>\$ 802,418</u>	<u>\$ 1,050,249</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (232,789)</u>	<u>\$ (75,753)</u>	<u>\$ (308,542)</u>	<u>\$ (420,390)</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 450,000	\$ 0	\$ 450,000	\$ 450,000
Transfers In	0	58,747	58,747	214,747
Total Other Financing Sources (Uses)	<u>\$ 450,000</u>	<u>\$ 58,747</u>	<u>\$ 508,747</u>	<u>\$ 664,747</u>
Net Change in Fund Balances	\$ 217,211	\$ (17,006)	\$ 200,205	\$ 244,357
Fund Balance, July 1, 2004	(199,632)	0	(199,632)	(153,603)
Fund Balance, June 30, 2005	<u>\$ 17,579</u>	<u>\$ (17,006)</u>	<u>\$ 573</u>	<u>\$ 90,754</u>

Exhibit E-3

Meigs 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>				
Other Local Revenues	\$ 31,547	\$ 0	\$ 105	\$ 31,442
State of Tennessee	2,495	0	0	2,495
Total Revenues	<u>\$ 34,042</u>	<u>\$ 0</u>	<u>\$ 105</u>	<u>\$ 33,937</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 149,481	\$ 159,944	\$ 160,049	\$ 10,568
Total Expenditures	<u>\$ 149,481</u>	<u>\$ 159,944</u>	<u>\$ 160,049</u>	<u>\$ 10,568</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (115,439)</u>	<u>\$ (159,944)</u>	<u>\$ (159,944)</u>	<u>\$ 44,505</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 156,000	\$ 156,000	\$ 156,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 156,000</u>	<u>\$ 156,000</u>	<u>\$ 156,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 40,561	\$ (3,944)	\$ (3,944)	\$ 44,505
Fund Balance, July 1, 2004	<u>12,057</u>	<u>12,634</u>	<u>12,634</u>	<u>(577)</u>
Fund Balance, June 30, 2005	<u>\$ 52,618</u>	<u>\$ 8,690</u>	<u>\$ 8,690</u>	<u>\$ 43,928</u>

Exhibit E-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 4,289	\$ 0	\$ 0	\$ 4,289
Federal Government	84,365	84,365	87,365	(3,000)
Total Revenues	<u>\$ 88,654</u>	<u>\$ 84,365</u>	<u>\$ 87,365</u>	<u>\$ 1,289</u>
<u>Expenditures</u>				
<u>Social, Cultural and Recreational Services</u>				
Adult Activities	\$ 86,999	\$ 84,365	\$ 87,365	\$ 366
Total Expenditures	<u>\$ 86,999</u>	<u>\$ 84,365</u>	<u>\$ 87,365</u>	<u>\$ 366</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,655</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,655</u>
Net Change in Fund Balance	\$ 1,655	\$ 0	\$ 0	\$ 1,655
Fund Balance, July 1, 2004	12,477	12,477	12,477	0
Fund Balance, June 30, 2005	<u>\$ 14,132</u>	<u>\$ 12,477</u>	<u>\$ 12,477</u>	<u>\$ 1,655</u>

Exhibit E-5

Meigs 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	\$ 10,724	\$ 9,500	\$ 9,500	\$ 1,224
Other Local Revenues	0	500	500	(500)
Federal Government	2,400	0	0	2,400
Total Revenues	<u>\$ 13,124</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 3,124</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 11,188	\$ 3,850	\$ 11,451	\$ 263
Total Expenditures	<u>\$ 11,188</u>	<u>\$ 3,850</u>	<u>\$ 11,451</u>	<u>\$ 263</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,936</u>	<u>\$ 6,150</u>	<u>\$ (1,451)</u>	<u>\$ 3,387</u>
Net Change in Fund Balance	\$ 1,936	\$ 6,150	\$ (1,451)	\$ 3,387
Fund Balance, July 1, 2004	<u>20,080</u>	<u>20,081</u>	<u>20,081</u>	<u>(1)</u>
Fund Balance, June 30, 2005	<u>\$ 22,016</u>	<u>\$ 26,231</u>	<u>\$ 18,630</u>	<u>\$ 3,386</u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit F-1

Meigs 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	\$ 526,620	\$ 520,424	\$ 520,424	\$ 6,196
Other Local Revenues	2,795	40,000	0	2,795
State of Tennessee	28,660	27,450	27,450	1,210
Other Governments and Citizens Groups	225,000	0	225,000	0
Total Revenues	<u>\$ 783,075</u>	<u>\$ 587,874</u>	<u>\$ 772,874</u>	<u>\$ 10,201</u>
<u>Expenditures</u>				
<u>Principal</u>				
General Government	\$ 438,980	\$ 521,153	\$ 521,190	\$ 82,210
<u>Interest</u>				
General Government	233,529	236,250	236,213	2,684
<u>Other Debt Service</u>				
General Government	13,998	10,000	10,000	(3,998)
Total Expenditures	<u>\$ 686,507</u>	<u>\$ 767,403</u>	<u>\$ 767,403</u>	<u>\$ 80,896</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 96,568</u>	<u>\$ (179,529)</u>	<u>\$ 5,471</u>	<u>\$ 91,097</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 20,000	\$ 245,000	\$ 20,000	\$ 0
Transfers Out	0	(45,000)	0	0
Total Other Financing Sources (Uses)	<u>\$ 20,000</u>	<u>\$ 200,000</u>	<u>\$ 20,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 116,568	\$ 20,471	\$ 25,471	\$ 91,097
Fund Balance, July 1, 2004	31,286	28,544	28,544	2,742
Fund Balance, June 30, 2005	<u>\$ 147,854</u>	<u>\$ 49,015</u>	<u>\$ 54,015</u>	<u>\$ 93,839</u>

# Agency Funds

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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.

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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 areas 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.

Exhibit G-1

Meigs 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	\$ 373,049	\$ 373,049
Due from Other Governments	27,776	0	27,776
Total Assets	<u>\$ 27,776</u>	<u>\$ 373,049</u>	<u>\$ 400,825</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 27,776	\$ 0	\$ 27,776
Due to Litigants, Heirs, and Others	0	373,049	373,049
Total Liabilities	<u>\$ 27,776</u>	<u>\$ 373,049</u>	<u>\$ 400,825</u>

Exhibit G-2

Meigs 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	\$ 164,935	\$ 164,935	\$ 0
Due From Other Governments	27,268	27,776	27,268	27,776
<b>Total Assets</b>	<b>\$ 27,268</b>	<b>\$ 192,711</b>	<b>\$ 192,203</b>	<b>\$ 27,776</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 27,268	\$ 192,711	\$ 192,203	\$ 27,776
<b>Total Liabilities</b>	<b>\$ 27,268</b>	<b>\$ 192,711</b>	<b>\$ 192,203</b>	<b>\$ 27,776</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 368,201	\$ 1,767,241	\$ 1,762,393	\$ 373,049
<b>Total Assets</b>	<b>\$ 368,201</b>	<b>\$ 1,767,241</b>	<b>\$ 1,762,393</b>	<b>\$ 373,049</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 368,201	\$ 1,767,241	\$ 1,762,393	\$ 373,049
<b>Total Liabilities</b>	<b>\$ 368,201</b>	<b>\$ 1,767,241</b>	<b>\$ 1,762,393</b>	<b>\$ 373,049</b>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 164,935	\$ 164,935	\$ 0
Cash	368,201	1,767,241	1,762,393	373,049
Due From Other Governments	27,268	27,776	27,268	27,776
<b>Total Assets</b>	<b>\$ 395,469</b>	<b>\$ 1,959,952</b>	<b>\$ 1,954,596</b>	<b>\$ 400,825</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 27,268	\$ 192,711	\$ 192,203	\$ 27,776
Due to Litigants, Heirs, and Others	368,201	1,767,241	1,762,393	373,049
<b>Total Liabilities</b>	<b>\$ 395,469</b>	<b>\$ 1,959,952</b>	<b>\$ 1,954,596</b>	<b>\$ 400,825</b>

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## MISCELLANEOUS SCHEDULES

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Exhibit H-1

Meigs County, Tennessee  
Schedule of Changes in Long-term Notes and Bonds  
For the Year Ended June 30, 2005

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-05
<b>NOTES PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Highway	\$ 400,000	5.67%	6-4-1997	6-1-07	\$ 140,000	\$ 0	\$ 45,000	\$ 95,000
Courthouse	450,000	6.47	5-2-05	5-2-17	0	450,000	2,030	447,970
Total Payable through General Debt Service Fund					\$ 140,000	\$ 450,000	\$ 47,030	\$ 542,970
<u>Payable through Highway/Public Works Fund</u>								
Highway Equipment - Grader	141,500	3.95	2-5-02	2-5-05	\$ 124,762	\$ 0	\$ 124,762	\$ 0
Highway - Paving	250,000	4.85	3-5-02	3-1-09	185,000	0	35,000	150,000
Highway - Dump Truck	17,400	3.9	11-14-02	11-14-05	8,469	0	5,931	2,538
Highway - Backhoe	50,997	3.9	11-14-02	11-14-05	39,839	0	7,410	32,429
Highway - Graders	279,301	5.15	5-16-05	5-16-08	0	279,301	428	278,873
Total Payable through Highway/Public Works Fund					\$ 358,070	\$ 279,301	\$ 173,531	\$ 463,840
Total Notes Payable					\$ 498,070	\$ 729,301	\$ 220,561	\$ 1,006,810
<b>GENERAL BONDED DEBT</b>								
<u>Payable through General Debt Service Fund</u>								
FmHA Issue - Industrial Park	80,000	5	1-15-1982	1-1-22	\$ 55,465	\$ 0	\$ 1,950	\$ 53,515
School	4,100,000	5.15 to 5.7	5-1-1995	5-1-12	360,000	0	360,000	0
School Refunding, Series 1999	3,360,000	3.9 to 4.3	3-4-1999	5-1-12	3,175,000	0	30,000	3,145,000
General Obligation Bonds, Series 2002A - I	1,410,000	4 to 4.5	2-7-02	5-1-15	1,410,000	0	0	1,410,000
General Obligation (CAB) Bonds, Series 2002A - II	(1) 2,088,479	4.8 to 5.15	2-7-02	5-1-26	2,088,479	0	0	2,088,479
Total General Bonded Debt					\$ 7,088,944	\$ 0	\$ 391,950	\$ 6,696,994

(1) These (CAB) bonds accrete interest that is paid at bond maturity. As of June 30, 2005, approximately \$380,777 of interest has accreted on the bonds.

Exhibit H-2

Meigs County, Tennessee  
Schedule of Bond and Interest Requirements by Year

Year Ending June 30	Bond Requirements	Interest Requirements	FmHA Bond Requirements	FmHA Interest Requirements	Total Requirements
2006	\$ 410,000	\$ 191,797	\$ 2,049	\$ 2,674	\$ 606,520
2007	425,000	175,398	2,153	2,570	605,121
2008	510,000	158,185	2,262	2,461	672,908
2009	530,000	137,346	2,376	2,347	672,069
2010	555,000	115,447	2,497	2,226	675,170
2011	575,000	92,103	2,623	2,100	671,826
2012	595,000	67,665	2,756	1,967	667,388
2013	400,000	42,168	2,895	1,828	446,891
2014	415,000	24,768	3,042	1,681	444,491
2015	300,143	146,157	3,196	1,527	451,023
2016	227,502	222,498	3,358	1,365	454,723
2017	215,248	234,752	3,528	1,195	454,723
2018	203,459	246,541	3,706	1,017	454,723
2019	192,127	257,873	3,894	829	454,723
2020	182,871	267,129	4,091	632	454,723
2021	172,436	277,564	4,298	425	454,723
2022	164,043	285,957	4,791	214	455,005
2023	154,458	295,542	0	0	450,000
2024	146,871	303,129	0	0	450,000
2025	138,083	311,917	0	0	450,000
2026	131,238	318,762	0	0	450,000
Total	\$ 6,643,479	\$ 4,172,698	\$ 53,515	\$ 27,058	\$ 10,896,750

Exhibit H-3

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Solid Waste/Sanitation	Operating funds	\$ 156,000
General	General Debt Service	Retirement of debt	20,000
General	Other Capital Projects	Capital funds	58,747
Highway/Public Works	General	Salary reimbursement	<u>13,270</u>
Total Transfers			<u>\$ 248,017</u>

Exhibit H-4

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 49,051	\$ 25,000	Peerless Insurance Company
Highway Superintendent	Section 8-24-102, <u>TCA</u>	46,715	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	42,469	359,000	Travelers Casualty and Surety
Assessor of Property:				
Wanda J. Bryant (7/1/04 through 8/31/04)	Section 8-24-102, <u>TCA</u>	7,078	10,000	Peerless Insurance Company
Tim Proffitt (9/1/04 through 6/30/05)	Section 8-24-102, <u>TCA</u>	35,391	10,000	Travelers Casualty and Surety
County Clerk	Section 8-24-102, <u>TCA</u>	42,469	25,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	42,469	25,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	42,469	25,000	Peerless Insurance Company
Register	Section 8-24-102, <u>TCA</u>	42,469	15,000	Travelers Casualty and Surety
Sheriff	Section 8-24-102, <u>TCA</u>	46,715	25,000	"
Blanket Bond:				
All County Employees			5,000 (1)	Continental Insurance Company

(1) Bond coverage is \$5,000 per each occurrence.

Exhibit H-5

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

	Special Revenue Funds					
	General	Solid Waste/ Sanitation	Special Purpose	Drug Control	Constitu - tional Officers - Fees	Highway/ Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,626,160	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	54,661	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	18,547	0	0	0	0	0
Interest and Penalty	12,078	0	0	0	0	0
Payments in Lieu of Taxes - T.V.A.	3,713	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	115,791	0	0	0	0	0
Hotel/Motel Tax	6,593	0	0	0	0	0
Litigation Tax - General	31,153	0	0	0	0	0
Litigation Tax - Special Purpose	25,962	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	11,018	0	0	0	0	0
Business Tax	26,136	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	22,591
Other County Local Option Taxes	1,453	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	25,604	0	0	0	0	0
Wholesale Beer Tax	30,000	0	0	0	0	0
Interstate Telecommunications Tax	1,548	0	0	0	0	0
Total Local Taxes	\$ 1,990,417	\$ 0	\$ 0	\$ 0	\$ 0	22,591
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 537	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	3,339	0	0	0	0	0
<u>Permits</u>						
Beer Permits	475	0	0	0	0	0
Building Permits	17,082	0	0	0	0	0
Total Licenses and Permits	\$ 21,433	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 7,344	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	532	0	0	0	0	0

(Continued)

Exhibit H-5

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

	Special Revenue Funds					
	General	Solid Waste/ Sanitation	Special Purpose	Drug Control	Constitu - tional Officers - Fees	Highway/ Public Works
<u>Fines, Forfeitures and Penalties (Cont.)</u>						
<u>Circuit Court (Cont.)</u>						
Game and Fish Fines	\$ 4,806	\$ 0	\$ 0	\$ 0	\$ 0	0
Drug Control Fines	0	0	0	418	0	0
Jail Fees	19	0	0	0	0	0
<u>Criminal Court</u>						
Fines	0	0	0	2,000	0	0
<u>General Sessions Court</u>						
Fines	30,730	0	0	0	0	0
Officers Costs	11,466	0	0	0	0	0
Game and Fish Fines	945	0	0	0	0	0
Drug Control Fines	0	0	0	8,190	0	0
Jail Fees	5,987	0	0	0	0	0
DUI Treatment Fines	2,007	0	0	0	0	0
Data Entry Fee - General Sessions Court	2,223	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	1,135	0	0	0	0	0
Data Entry Fee - Chancery Court	78	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines	47,835	0	0	0	0	0
Drug Control Fines	0	0	0	116	0	0
<u>Judicial District Drug Program</u>						
Data Entry Fee - Other Courts	216	0	0	0	0	0
Total Fines, Forfeitures and Penalties	\$ 115,323	\$ 0	\$ 0	\$ 10,724	\$ 0	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 189,481	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fees</u>						
Copy Fees	2,405	0	0	0	0	0
Telephone Commissions	6,697	0	0	0	0	0
Vending Machine Collections	155	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	163	0
Data Processing Fee - Register	5,680	0	0	0	0	0
Data Processing Fee - Sheriff	384	0	0	0	0	0
Total Charges for Current Services	\$ 204,802	\$ 0	\$ 0	\$ 0	\$ 163	0

(Continued)

Exhibit H-5

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

	Special Revenue Funds					
	General	Solid Waste/ Sanitation	Special Purpose	Drug Control	Constitu - tional Officers - Fees	Highway/ Public Works
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	6,300	0	0	0	0	0
Sale of Gasoline	610	0	0	0	0	115
Miscellaneous Refunds	11,412	992	0	0	0	240
<u>Nonrecurring Items</u>						
Insurance Recovery	7,344	0	0	0	0	4,055
Sale of Equipment	1,006	30,555	0	0	0	181,321
Contributions & Gifts	26,000	0	4,289	0	0	0
Total Other Local Revenues	\$ 52,672	\$ 31,547	\$ 4,289	\$ 0	\$ 0	\$ 185,731
<u>Fees Received from County Officials</u>						
<u>Fees In Lieu of Salary</u>						
County Clerk	\$ 80,571	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	6,597	0	0	0	0	0
General Sessions Court Clerk	62,368	0	0	0	0	0
Clerk and Master	17,396	0	0	0	0	0
Register	66,579	0	0	0	0	0
Sheriff	6,435	0	0	0	0	0
Trustee	94,694	0	0	0	0	0
Total Fees Received from County Officials	\$ 334,640	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	18,042	0	0	0	0	0
State Reappraisal Grant	4,796	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	3,822	0	0	0	0	0
Drug Control Grants	6,680	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	4,000	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	263,974

(Continued)

Exhibit H-5

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

	Special Revenue Funds					
	General	Solid Waste/ Sanitation	Special Purpose	Drug Control	Constitu - tional Officers - Fees	Highway/ Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants (Cont.)</u>						
State Aid Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	111,215
Litter Program	20,564	0	0	0	0	0
<u>Other State Revenues</u>						
Flood Control	0	0	0	0	0	7,648
Income Tax	541	0	0	0	0	0
Beer Tax	16,778	0	0	0	0	0
Alcoholic Beverage Tax	14,571	0	0	0	0	0
State Revenue Sharing - T.V.A.	186,031	0	0	0	0	0
Contracted Prisoner Boarding	130,098	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,270,806
Petroleum Special Tax	0	0	0	0	0	9,661
Registrar's Salary Supplement	12,285	0	0	0	0	0
Other State Grants	25,436	2,495	0	0	0	0
Other State Revenues	13,325	0	0	0	0	0
Total State of Tennessee	\$ 465,969	\$ 2,495	\$ 0	\$ 0	\$ 0	1,663,304
<u>Federal Government</u>						
<u>Federal Through State</u>						
Appalachian Regional Commission	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Community Development	80,856	0	0	0	0	0
Civil Defense Reimbursement	29,772	0	0	0	0	0
Homeland Security Grants	102,275	0	0	0	0	0
Other Federal through State	240,606	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	110,875	0	84,365	2,400	0	0
Total Federal Government	\$ 564,384	\$ 0	\$ 84,365	\$ 2,400	\$ 0	0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Contracted Services	117,645	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 117,645	\$ 0	\$ 0	\$ 0	\$ 0	0
Total	\$ 3,867,285	\$ 34,042	\$ 88,654	\$ 13,124	\$ 163	1,871,626

(Continued)

Exhibit H-5

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

	Debt Service		Capital Projects Funds		Total
	Fund		General	Other	
	General	Debt	Capital	Capital	
	Service		Projects	Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$	386,547	\$	0	\$ 2,012,707
Trustee's Collections - Prior Year		17,082		0	71,743
Circuit/Clerk & Master Collections - Prior Years		3,913		0	22,460
Interest and Penalty		3,554		0	15,632
Payments in Lieu of Taxes - T.V.A.		0		0	3,713
<u>County Local Option Taxes</u>					
Local Option Sales Tax		115,524		0	231,315
Hotel/Motel Tax		0		0	6,593
Litigation Tax - General		0		0	31,153
Litigation Tax - Special Purpose		0		0	25,962
Litigation Tax - Jail, Workhouse, or Courthouse		0		0	11,018
Business Tax		0		0	26,136
Mineral Severance Tax		0		0	22,591
Other County Local Option Taxes		0		0	1,453
<u>Statutory Local Taxes</u>					
Bank Excise Tax		0		0	25,604
Wholesale Beer Tax		0		0	30,000
Interstate Telecommunications Tax		0		0	1,548
Total Local Taxes	\$	526,620	\$	0	\$ 2,539,628
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$	0	\$	0	\$ 537
Cable TV Franchise		0		0	3,339
<u>Permits</u>					
Beer Permits		0		0	475
Building Permits		0		0	17,082
Total Licenses and Permits	\$	0	\$	0	\$ 21,433
<u>Fines, Forfeitures and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$	0	\$	0	\$ 7,344
Officers Costs		0		0	532

(Continued)

Exhibit H-5

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

	Debt Service			Total
	Fund	Capital Projects Funds		
	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Fines, Forfeitures and Penalties (Cont.)</u>				
<u>Circuit Court (Cont.)</u>				
Game and Fish Fines	\$ 0	\$ 0	\$ 0	4,806
Drug Control Fines	0	0	0	418
Jail Fees	0	0	0	19
<u>Criminal Court</u>				
Fines	0	0	0	2,000
<u>General Sessions Court</u>				
Fines	0	0	0	30,730
Officers Costs	0	0	0	11,466
Game and Fish Fines	0	0	0	945
Drug Control Fines	0	0	0	8,190
Jail Fees	0	0	0	5,987
DUI Treatment Fines	0	0	0	2,007
Data Entry Fee - General Sessions Court	0	0	0	2,223
<u>Chancery Court</u>				
Officers Costs	0	0	0	1,135
Data Entry Fee - Chancery Court	0	0	0	78
<u>Other Courts - In-county</u>				
Fines	0	0	0	47,835
Drug Control Fines	0	0	0	116
<u>Judicial District Drug Program</u>				
Data Entry Fee - Other Courts	0	0	0	216
Total Fines, Forfeitures and Penalties	\$ 0	\$ 0	\$ 0	126,047
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Patient Charges	\$ 0	\$ 0	\$ 0	189,481
<u>Fees</u>				
Copy Fees	0	0	0	2,405
Telephone Commissions	0	0	0	6,697
Vending Machine Collections	0	0	0	155
Constitutional Officers' Fees and Commissions	0	0	0	163
Data Processing Fee - Register	0	0	0	5,680
Data Processing Fee - Sheriff	0	0	0	384
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	204,965

(Continued)

Exhibit H-5

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

	Debt Service			Total
	Fund	Capital Projects Funds		
	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 2,795	\$ 1,920	\$ 0	\$ 4,715
Lease/Rentals	0	0	0	6,300
Sale of Gasoline	0	0	0	725
Miscellaneous Refunds	0	0	0	12,644
<u>Nonrecurring Items</u>				
Insurance Recovery	0	0	0	11,399
Sale of Equipment	0	0	0	212,882
Contributions & Gifts	0	0	0	30,289
Total Other Local Revenues	\$ 2,795	\$ 1,920	\$ 0	\$ 278,954
<u>Fees Received from County Officials</u>				
<u>Fees In Lieu of Salary</u>				
County Clerk	\$ 0	\$ 0	\$ 0	\$ 80,571
Circuit Court Clerk	0	0	0	6,597
General Sessions Court Clerk	0	0	0	62,368
Clerk and Master	0	0	0	17,396
Register	0	0	0	66,579
Sheriff	0	0	0	6,435
Trustee	0	0	0	94,694
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 334,640
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 9,000
Aging Programs	0	0	0	18,042
State Reappraisal Grant	0	0	0	4,796
<u>Public Safety Grants</u>				
Law Enforcement Training Programs	0	0	0	3,822
Drug Control Grants	0	0	0	6,680
<u>Health and Welfare Grants</u>				
Other Health and Welfare Grants	0	0	0	4,000
<u>Public Works Grants</u>				
Bridge Program	0	0	0	263,974

(Continued)

Exhibit H-5

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

	Debt Service			Capital Projects Funds			Total
	Debt Service	General Debt	General Capital Projects	Other Capital Projects	General Capital Projects	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>							
<u>Public Works Grants (Cont.)</u>							
State Aid Program	\$	0	\$	0	\$	0	\$ 111,215
Litter Program		0		0		0	20,564
<u>Other State Revenues</u>							
Flood Control		0		0		0	7,648
Income Tax		755		0		0	1,296
Beer Tax		0		0		0	16,778
Alcoholic Beverage Tax		0		0		0	14,571
State Revenue Sharing - T.V.A.		27,905		0		0	213,936
Contracted Prisoner Boarding		0		0		0	130,098
Gasoline and Motor Fuel Tax		0		0		0	1,270,806
Petroleum Special Tax		0		0		0	9,661
Registrar's Salary Supplement		0		0		0	12,285
Other State Grants		0		0		127,143	155,074
Other State Revenues		0		0		0	13,325
Total State of Tennessee	\$	28,660	\$	0	\$	127,143	\$ 2,287,571
<u>Federal Government</u>							
<u>Federal Through State</u>							
Appalachian Regional Commission	\$	0	\$	0	\$	364,813	\$ 364,813
Community Development		0		0		0	80,856
Civil Defense Reimbursement		0		0		0	29,772
Homeland Security Grants		0		0		0	102,275
Other Federal through State		0		0		0	240,606
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue		0		0		0	197,640
Total Federal Government	\$	0	\$	0	\$	364,813	\$ 1,015,962
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$	225,000	\$	0	\$	0	\$ 225,000
Contracted Services		0		0		0	117,645
Total Other Governments and Citizens Groups	\$	225,000	\$	0	\$	0	\$ 342,645
Total	\$	783,075	\$	1,920	\$	491,956	\$ 7,151,845

Exhibit H-6

Meigs 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	\$	10,500	
Audit Services		2,630	
Contributions		7,350	
Dues and Memberships		9,918	
Legal Services		11,447	
Travel		65	
Total County Commission			\$ 41,910

Board of Equalization

Board and Committee Members Fees	\$	250	
Total Board of Equalization			250

County Mayor

County Official/Administrative Officer	\$	49,051	
Assistant(s)		14,708	
Communication		837	
Travel		1,526	
Office Supplies		940	
Furniture and Fixtures		1,489	
Total County Mayor			68,551

County Attorney

County Official/Administrative Officer	\$	15,000	
Total County Attorney			15,000

Election Commission (Including Voter Registration)

County Official/Administrative Officer	\$	33,975	
Part-time Personnel		120	
Election Commission		3,040	
Election Workers		11,745	
Legal Notices, Recording and Court Costs		2,198	
Printing, Stationery and Forms		3,299	
Travel		2,254	
Other Contracted Services		3,730	
Data Processing Supplies		60	
Office Supplies		1,390	
Data Processing Equipment		2,277	
Total Election Commission (Including Voter Registration)			64,088

(Continued)

Exhibit H-6

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	42,469	
Deputy(ies)		12,836	
Part-time Personnel		480	
Data Processing Supplies		2,233	
Office Supplies		3,912	
Furniture and Fixtures		1,980	
Total Register of Deeds			\$ 63,910

Planning

Clerical Personnel	\$	1,069	
Part-time Personnel		11,031	
Dues and Memberships		7,000	
Legal Services		1,000	
Travel		2,088	
Office Supplies		343	
Total Planning			22,531

County Buildings

Custodial Personnel	\$	9,245	
Communication		20,833	
Maintenance Agreements		720	
Maintenance & Repair Services- Buildings		12,316	
Maintenance & Repair Services- Equipment		4,135	
Pest Control		1,110	
Custodial Supplies		4,107	
Diesel Fuel		9,164	
Duplicating Supplies		4,029	
Electricity		31,288	
Gasoline		38,610	
Natural Gas		19,416	
Utilities		8,045	
Water and Sewer		168	
Furniture and Fixtures		31,276	
Total County Buildings			194,462

Finance

Accounting and Budgeting

Accountants/Bookkeepers	\$	26,284	
Clerical Personnel		9,644	
Legal Notices, Recording and Court Costs		1,404	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Maintenance & Repair Services- Equipment	\$	3,580	
Postal Charges		13,071	
Travel		130	
Data Processing Supplies		2,575	
Office Supplies		5,468	
Total Accounting and Budgeting			\$ 62,156

Property Assessor's Office

County Official/Administrative Officer	\$	42,469	
Deputy(ies)		13,724	
Audit Services		4,678	
Maintenance & Repair Services- Equipment		4,288	
Travel		1,499	
Office Supplies		603	
Premiums on Corporate Surety Bonds		325	
Furniture and Fixtures		5,166	
Office Equipment		1,071	
Total Property Assessor's Office			73,823

Reappraisal Program

Clerical Personnel	\$	8,340	
Data Processing Services		1,502	
Postal Charges		10	
Total Reappraisal Program			9,852

County Trustee's Office

County Official/Administrative Officer	\$	42,469	
Clerical Personnel		13,111	
Part-time Personnel		1,080	
Legal Notices, Recording and Court Costs		83	
Travel		59	
Office Supplies		1,740	
Data Processing Equipment		2,912	
Total County Trustee's Office			61,454

County Clerk's Office

County Official/Administrative Officer	\$	42,469	
Deputy(ies)		14,750	
Part-time Personnel		11,972	
Legal Notices, Recording and Court Costs		39	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Maintenance & Repair Services- Equipment	\$	290	
Travel		150	
Office Supplies		960	
Office Equipment		988	
Total County Clerk's Office			\$ 71,618

Other Finance

Trustee's Commission	\$	41,540	
Total Other Finance			41,540

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	42,469	
Deputy(ies)		14,894	
Part-time Personnel		14,410	
Jury and Witness Fees		2,098	
Other Per Diem & Fees		117	
Office Supplies		2,035	
Furniture and Fixtures		3,000	
Office Equipment		4,481	
Total Circuit Court			83,504

General Sessions Court

Judge(s)	\$	58,179	
Probation Officer(s)		12,121	
In-Service Training		456	
Office Supplies		74	
Total General Sessions Court			70,830

Chancery Court

County Official/Administrative Officer	\$	42,469	
Part-time Personnel		13,111	
Office Supplies		2,715	
Furniture and Fixtures		872	
Total Chancery Court			59,167

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	46,715	
Deputy(ies)		256,885	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Salary Supplements	\$	5,340	
Dispatchers/Radio Operators		76,528	
Guards		39,694	
In-Service Training		1,444	
Maintenance & Repair Services- Vehicles		9,131	
Printing, Stationery and Forms		305	
Travel		1,026	
Law Enforcement Supplies		1,731	
Office Supplies		2,273	
Tires and Tubes		2,521	
Uniforms		2,614	
Other Supplies and Materials		163	
Motor Vehicles		49,810	
Total Sheriff's Department			\$ 496,180

Special Patrols

Deputy(ies)	\$	30,600	
Total Special Patrols			30,600

Jail

Assistant(s)	\$	22,957	
Guards		101,527	
Other Salaries & Wages		11,887	
In-Service Training		1,238	
Communication		13,821	
Maintenance Agreements		886	
Maintenance & Repair Services- Buildings		13,838	
Maintenance & Repair Services- Equipment		16	
Maintenance & Repair Services- Office Equipment		1,382	
Medical and Dental Services		34,043	
Travel		1,962	
Custodial Supplies		11,013	
Drugs and Medical Supplies		20,094	
Food Preparation Supplies		2,319	
Food Supplies		66,580	
Office Supplies		3,481	
Utilities		36,206	
Other Supplies and Materials		3,569	
Data Processing Equipment		46,653	
Total Jail			393,472

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services

Youth Service Officer(s)	\$	13,853	
In-Service Training		130	
Other Contracted Services		875	
Office Supplies		454	
Office Equipment		784	
Total Juvenile Services			\$ 16,096

Fire Prevention and Control

Other Per Diem & Fees	\$	848	
Maintenance & Repair Services- Buildings		1,630	
Maintenance & Repair Services- Equipment		2,021	
Maintenance & Repair Services- Vehicles		17,334	
Uniforms		2,697	
Utilities		7,470	
Motor Vehicles		69,770	
Total Fire Prevention and Control			101,770

Civil Defense

Supervisor/Director	\$	30,140	
Maintenance & Repair Services- Buildings		900	
Maintenance & Repair Services- Equipment		19,387	
Maintenance & Repair Services- Vehicles		619	
Travel		497	
Natural Gas		3,788	
Utilities		7,689	
Other Supplies and Materials		107,790	
Total Civil Defense			170,810

Rescue Squad

Other Per Diem & Fees	\$	375	
Communication		1,565	
Maintenance & Repair Services- Equipment		667	
Maintenance & Repair Services- Vehicles		2,735	
Utilities		17	
Total Rescue Squad			5,359

County Coroner/Medical Examiner

Other Contracted Services	\$	14,630	
Total County Coroner/Medical Examiner			14,630

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety

Supervisor/Director	\$	23,817	
Dispatchers/Radio Operators		19,040	
Communication		1,507	
Maintenance & Repair Services- Buildings		6,864	
Maintenance & Repair Services- Vehicles		115	
Travel		2,150	
Office Supplies		5,098	
Uniforms		287	
Other Supplies and Materials		4,282	
Vehicle and Equipment Insurance		3,300	
Total Other Public Safety			\$ 66,460

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	2,123	
Custodial Personnel		4,791	
In-Service Training		100	
Communication		1,869	
Maintenance & Repair Services- Buildings		4,953	
Office Supplies		2,478	
Utilities		8,370	
Total Local Health Center			24,684

Ambulance/Emergency Medical Services

Supervisor/Director	\$	4,099	
Paraprofessionals		172,249	
Salary Supplements		1,284	
Clerical Personnel		21,216	
Communication		1,839	
Licenses		584	
Maintenance & Repair Services- Equipment		298	
Maintenance & Repair Services- Vehicles		6,477	
Printing, Stationery and Forms		911	
Custodial Supplies		253	
Drugs and Medical Supplies		9,453	
Office Supplies		97	
Uniforms		1,632	
Other Supplies and Materials		1,773	
Total Ambulance/Emergency Medical Services			222,165

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Appropriation to State

Contracts with Government Agencies	\$ 6,672	
Total Appropriation to State		\$ 6,672

Sanitation Management

Truck Drivers	\$ 196	
Total Sanitation Management		196

Sanitation Education/Information

Guards	\$ 26,000	
Instructional Supplies and Materials	4,744	
Road Signs	200	
Other Supplies and Materials	737	
Total Sanitation Education/Information		31,681

Social, Cultural and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$ 10,656	
Communication	755	
Travel	514	
Custodial Supplies	970	
Other Supplies and Materials	226	
Total Senior Citizens Assistance		13,121

Libraries

Assistant(s)	\$ 4,481	
Librarians	15,492	
Contributions	10,000	
Total Libraries		29,973

Parks and Fair Boards

Other Contracted Services	\$ 840	
Electricity	3,736	
Total Parks and Fair Boards		4,576

Other Social, Cultural and Recreational

Other Contracted Services	\$ 160,370	
Total Other Social, Cultural and Recreational		160,370

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Agriculture & Natural Resources

Agriculture Extension Service

Assistant(s)	\$ 7,637	
Supervisor/Director	10,990	
Secretary(s)	5,337	
Communication	<u>2,077</u>	
Total Agriculture Extension Service		\$ 26,041

Soil Conservation

Assistant(s)	\$ 1,119	
Contributions	<u>3,900</u>	
Total Soil Conservation		5,019

Other Operations

Tourism

Advertising	\$ 1,383	
Dues and Memberships	175	
Printing, Stationery and Forms	175	
Travel	493	
Liability Insurance	<u>370</u>	
Total Tourism		2,596

Other Economic and Community Development

Other Contracted Services	\$ <u>197,262</u>	
Total Other Economic and Community Development		197,262

Veterans' Services

Other Salaries & Wages	\$ 3,992	
Communication	765	
Travel	191	
Office Supplies	<u>30</u>	
Total Veterans' Services		4,978

Other Charges

Liability Insurance	\$ 62,465	
Workers' Compensation Insurance	<u>32,650</u>	
Total Other Charges		95,115

Employee Benefits

Social Security	\$ 130,151	
Extension Service Medicare	201	
State Retirement	864	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits (Cont.)

Employee and Dependent Insurance	\$	89,991	
Unemployment Compensation		4,639	
Other Fringe Benefits		957	
Total Employee Benefits			\$ 226,803

Interest

General Government

Interest on Notes	\$	6,134	
Total General Government			6,134

Total General Fund \$ 3,357,409

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Communication	\$	2,726	
Maintenance & Repair Services- Buildings		1,702	
Maintenance & Repair Services- Equipment		1,365	
Maintenance & Repair Services- Vehicles		105	
Other Contracted Services		142,023	
Electricity		982	
Water and Sewer		578	
Total Sanitation Management			\$ 149,481

Total Solid Waste/Sanitation Fund 149,481

Special Purpose Fund

Social, Cultural and Recreational Services

Adult Activities

Supervisor/Director	\$	28,626	
Accountants/Bookkeepers		19,184	
Bus Drivers		9,464	
Part-time Personnel		1,352	
Other Per Diem & Fees		334	
Social Security		3,698	
Employee and Dependent Insurance		1,111	
Medical Insurance		3,311	
Unemployment Compensation		800	
Communication		3,297	
Dues and Memberships		332	

(Continued)

Exhibit H-6

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

Special Purpose Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Adult Activities (Cont.)

Maintenance & Repair Services- Vehicles	\$	443	
Postal Charges		1,008	
Printing, Stationery and Forms		100	
Travel		5,447	
Food Supplies		48	
Gasoline		610	
Office Supplies		1,586	
Other Charges		6,248	
Total Adult Activities			\$ 86,999

Total Special Purpose Fund \$ 86,999

Drug Control Fund

Public Safety

Drug Enforcement

Dues and Memberships	\$	500	
Other Supplies and Materials		7,534	
Trustee's Commission		87	
Motor Vehicles		3,067	
Total Drug Enforcement			\$ 11,188

Total Drug Control Fund 11,188

Constitutional Officers - Fees Fund

General Government

Other General Administration

Other Charges	\$	163	
Total Other General Administration			\$ 163

Total Constitutional Officers - Fees Fund 163

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	46,715	
Secretary(s)		17,314	
Board and Committee Members Fees		1,600	
Dues and Memberships		1,467	
Legal Notices, Recording and Court Costs		180	
Maintenance Agreements		1,420	

(Continued)

Exhibit H-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Travel	\$	1,091	
Office Supplies		855	
Data Processing Equipment		315	
Total Administration			\$ 70,957

Highway and Bridge Maintenance

Foremen	\$	30,000	
Equipment Operators		181,709	
Truck Drivers		61,003	
Laborers		34,725	
Rentals		13,116	
Asphalt - Hot Mix		14,305	
Asphalt - Liquid		103,703	
Crushed Stone		147,878	
Pipe		8,056	
Road Signs		12,496	
Structural Steel		68	
Wood Products		250	
Other Supplies and Materials		780	
Total Highway and Bridge Maintenance			608,089

Operation and Maintenance of Equipment

Mechanic(s)	\$	44,310	
Licenses		34	
Maintenance & Repair Services- Buildings		7,202	
Maintenance & Repair Services- Office Equipment		773	
Maintenance & Repair Services- Vehicles		1,314	
Rentals		540	
Other Contracted Services		3,125	
Custodial Supplies		24	
Diesel Fuel		41,009	
Equipment and Machinery Parts		49,152	
Garage Supplies		18,392	
Gasoline		15,389	
Lubricants		3,187	
Tires and Tubes		8,968	
Total Operation and Maintenance of Equipment			193,419

Other Charges

Communication	\$	2,820	
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(Continued)

Exhibit H-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Other Contracted Services	\$	8,747	
Electricity		3,171	
Water and Sewer		572	
Liability Insurance		45,096	
Trustee's Commission		13,053	
Total Other Charges			\$ 73,459

Employee Benefits

Social Security	\$	36,768	
Employee and Dependent Insurance		74,553	
Unemployment Compensation		4,289	
Workers' Compensation Insurance		33,811	
Total Employee Benefits			149,421

Capital Outlay

Bridge Construction	\$	286,974	
Highway Construction		142,777	
Highway Equipment		365,995	
Total Capital Outlay			795,746

Principal

Highways and Streets

Principal on Notes	\$	173,531	
Total Highways and Streets			173,531

Interest

Highways and Streets

Interest on Notes	\$	11,711	
Total Highways and Streets			11,711

Other Debt Service

Highways and Streets

Bank Charges	\$	621	
Total Highways and Streets			621

Total Highway/Public Works Fund \$ 2,076,954

(Continued)



Exhibit H-7

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

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 164,935
Total Cash Receipts	<u>\$ 164,935</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 163,286
Trustee's Commission	1,649
Total Cash Disbursements	<u>\$ 164,935</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>

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## STATISTICAL SECTION

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Table 1

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

Year	Amount
1994	\$ 561
1995	1,117
1996	592
1997	2,396
1998	3,916
1999	4,840
2000	4,179
2001	8,745
2002	11,363
2003	28,502
Total	\$ 66,211

Table 2

Meigs County, Tennessee  
Tax Rates and Assessments  
Last Ten Years

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.60	\$ 1.15	\$ 1.15	\$ 0.87	\$ 0.87	\$ 0.80	1.22
General Purpose School	1.10	1.10	1.10	1.00	1.00	1.00	0.78	0.78	0.78	0.78
General Debt Service	0.29	0.29	0.29	0.20	0.20	0.20	0.18	0.18	0.25	0.29
Total Tax Rate	\$ 2.09	\$ 2.09	\$ 2.09	\$ 1.80	\$ 2.35	\$ 2.35	\$ 1.83	\$ 1.83	\$ 1.83	2.29
<u>Assessed Valuations</u>										
Real and Personal	\$ 63,283,464	\$ 65,667,142	\$ 68,435,560	\$ 82,473,205	\$ 86,222,943	\$ 88,837,053	\$ 119,248,753	\$ 123,192,293	\$ 126,343,709	\$ 131,363,476
Public Utilities	8,676,171	8,918,014	7,993,450	9,761,207	10,227,232	9,284,821	11,046,579	11,301,259	10,608,645	11,078,258
Total Assessed Valuation	\$ 71,959,635	\$ 74,585,156	\$ 76,429,010	\$ 92,234,412	\$ 96,450,175	\$ 98,121,874	\$ 130,295,332	\$ 134,493,552	\$ 136,952,354	\$ 142,441,734

**ANNUAL FINANCIAL REPORT**  
**MEIGS COUNTY SCHOOL DEPARTMENT**  
**A COMPONENT UNIT**  
**OF MEIGS 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*

*F. CLIFFORD TUCKER, CPA*  
*Audit Manager*

*BRYAN W. BURKLIN, CPA, CGFM*  
*Auditor 4*

*AMY MOORE, CGFM*  
*JENI BOYETTE*  
*State Auditors*

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

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

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

## ***Scope***

We have audited the basic financial statements of the Meigs County School Department as of and for the year ended June 30, 2005.

## ***Results***

Our report on the Meigs County School Department's financial statements was unqualified. Our audit resulted in two findings and recommendations, which we have reviewed with management. These findings are included in the Single Audit Report.

## ***Findings***

The following are summaries of the audit findings:

- ◆ Duties were not segregated adequately in the Office of Director of Schools.
- ◆ A central system of accounting, budgeting, and purchasing had not been adopted.

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

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# INTRODUCTORY SECTION

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Meigs County School Officials  
June 30, 2005

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Officials:

Robert W. Greene, Director of Schools

Board of Education:

Chris Clark, Chairman  
Angela Melhorn  
Jeff Boggess

Terri Lankford  
Jeremy Bivens

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## FINANCIAL SECTION

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

**INDEPENDENT AUDITOR'S REPORT**

August 8, 2005

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

To the Director of Schools and the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Meigs County School Department, a component unit of Meigs County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise the Meigs County School Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Meigs 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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Meigs County School Department as of June 30, 2005, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 8, 2005, on our consideration of the Meigs 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.

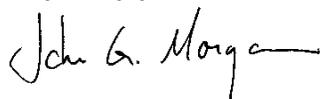
As described in Note IV.B., the Meigs County School Department has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. For the first time the financial statements include a management’s discussion and analysis and government-wide financial statements.

As described in Note IV.B., the Meigs County School Department has implemented GASB Statement No. 40, Deposit and Investment Risk Disclosures, which modifies the School Department’s disclosures for custodial credit risk and adds disclosures about other types of risk.

The management’s discussion and analysis on pages 7 through 12 and the budgetary comparison information on pages 35 through 37 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 Meigs 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 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 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,



John G. Morgan  
Comptroller of the Treasury

JGM/yu

**Meigs County, Tennessee  
Management's Discussion and Analysis  
For the Year Ended June 30, 2005**

As management of the School Department of Meigs County, Tennessee, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the Meigs County School Department for the fiscal year ended June 30, 2005. Since this is the first year for the Meigs County School Department to implement GASB 34 standards, prior year information is not available. However, comparative information will be presented in subsequent years.

**Financial Highlights**

- The assets of the Meigs County School Department exceeded its liabilities at the close of the most recent fiscal year by \$7.3 million (net assets). Of this amount, \$5.7 million is invested in capital assets. Unrestricted net assets were \$1.4 million on June 30, 2005.
- The government's total net assets increased by \$486,211. This increase is mainly attributable to capital assets being obtained without incurring debt for these assets.
- As of the close of the current fiscal year, the Meigs County School Department's governmental funds reported combined ending fund balances of \$1.6 million, an increase of \$60,193 in comparison with the prior year. Most of this total amount, \$1.2 million, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Purpose School Fund was \$1.2 million, or 12 percent of total General Purpose School Fund expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Meigs County School Department's basic financial statements. These basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements:** The government-wide financial statements are designed to provide readers with a broad overview of the Meigs County School Department's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the Meigs County School Department that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Meigs County School Department include instruction, support services, operation of non-instructional services, and other debt service. The Meigs County School Department reports no business-type activities.

The government-wide financial statements include the Meigs County School Department only, it has no legally separate entities (component units) to reflect.

The government-wide financial statements can be found as Exhibit A and Exhibit B of this report.

**Fund financial statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Meigs County School Department, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Meigs County School Department are governmental funds. The School Department has no proprietary or fiduciary funds to report.

**Governmental funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Meigs County School Department maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Purpose School Fund, considered to be a major fund. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund

data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Meigs County School Department adopts an annual appropriated budget for three of its governmental funds. A budgetary comparison statement has been provided in the required supplemental information for the General Purpose School Fund. Budgets for the applicable nonmajor governmental funds are located in the Combining and Individual Fund Section of this report.

The basic governmental fund financial statements can be found as Exhibit C-1 through Exhibit C-4 of this report.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Please refer to the table of contents for the location of the notes to the financial statements.

**Required Supplementary Information:** The General Purpose School Fund budget statement is presented in this section as Exhibit D-1.

**Other information:** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund financial statements and schedules can be found as Exhibit E-1 through Exhibit E-4 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Meigs County School Department, assets exceed liabilities by \$7.3 million at the close of the most recent fiscal year.

By far the largest portion of the Meigs County School Department's net assets (77.5%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment). The Meigs County School Department uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

### **Meigs County School Department - Net Assets**

	Governmental Activities 2005
<b>Assets:</b>	
Current and Other Assets	\$ 2,743,968
Capital Assets	5,651,158
Total Assets	<u>\$ 8,395,126</u>

**Meigs County School Department - Net Assets (Cont.)**

	Governmental Activities 2005
	<u>2005</u>
<b>Liabilities:</b>	
Current Liabilities	\$ 3,111
Deferred Revenue - Property Taxes	1,095,491
Total Liabilities	<u>\$ 1,098,602</u>
<b>Net Assets:</b>	
Invested in Capital Assets	\$ 5,651,158
Restricted	260,246
Unrestricted	1,385,120
Total Net Assets	<u><u>\$ 7,296,524</u></u>

An additional portion of the Meigs County School Department's net assets (3.6%) represents resources that are subject to external restrictions on how they may be used.

**Meigs County School Department - Changes in Net Assets**

	Governmental Activities 2005
	<u>2005</u>
<b>Revenues:</b>	
Program Revenues:	
Charges for Services	\$ 256,617
Operating Grants and Contributions	1,392,987
General Revenues:	
Property Taxes	1,123,756
Sales Taxes	242,250
Other Taxes	84,192
Grants and Contributions not restricted to specific programs	8,771,037
Unrestricted Investment Income	46,576
Miscellaneous	63,166
Total Revenues	<u><u>\$ 11,980,581</u></u>

## Meigs County School Department - Changes in Net Assets (Cont.)

	Governmental Activities 2005
<b>Expenses:</b>	
Instruction	\$ 7,197,657
Support Services	3,302,057
Operation of Non-instruction Services	769,656
Other Debt Service	225,000
Total Expenses	<u>\$ 11,494,370</u>
Increase (decrease) in Net Assets	\$ 486,211
Net Assets, July 1, 2004	<u>6,810,313</u>
Net Assets, June 30, 2005	<u><u>\$ 7,296,524</u></u>

**Governmental activities:** Governmental activities increased the Meigs County School Department's net assets by \$486,211. This increase is mainly attributable to the addition of capital assets without incurring related debt.

### Financial Analysis of the Government's Funds

As noted earlier, the Meigs County School Department uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements.

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

As of the end of the current fiscal year, the Meigs County School Department's governmental funds reported combined ending fund balances of \$1.6 million, an increase of \$60,193 in comparison with the prior year. Most of this amount (\$1.2 million) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders of the prior period (\$199,618), and (2) for a variety of other restricted purposes that are listed on the governmental fund balance sheet (\$149,865).

The General Purpose School Fund is the chief operating fund of the Meigs County School Department. At the end of the current fiscal year, unreserved fund balance of the General Purpose School Fund was \$1,167,840, while total fund balance was \$1,332,833. As a measure of the General Purpose School Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 11.6 percent of total General Purpose School Fund expenditures, while total fund balance represents 13.3 percent of that same amount.

The fund balance of the General Purpose School Fund increased by \$107,599 during the current fiscal year. The key factor in this increase was well monitored budget operation with revenues exceeding estimates by \$122,225 while expenditures were held under appropriations by \$351,614. This was accomplished even though original budget estimates were for approximately \$300,000 of fund balance to be used to fund current operations.

### **Capital Asset and Debt Administration**

Capital assets: The School Department's investment in capital assets for its governmental activities as of June 30, 2005, amounts to \$5.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, and machinery and equipment.

Long-term debt: The School Department does not have any outstanding long-term debt at June 30, 2005. The Meigs County primary government issues most long-term financing for the School Department. However, the School Department, by resolution of the Board of Education, has pledged \$225,000 per year of its non-classroom state Basic Education Program funding for the next seven years to the Meigs County primary government's General Debt Service Fund to provide for the retirement of debt issued by the primary government for school purposes.

### **Next Year's Budgets and Rates**

When preparing the budget for the 2005-2006 fiscal year, the property tax rate was left unchanged. Therefore, operations are anticipated to be similar to those of this year.

### **Request for Information**

This financial report is designed to provide a general overview of the Meigs County School Department's finances for all those with an interest in the School Department's finances. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to:

Director of Meigs County Schools  
P.O. Box 1039  
Decatur, TN, 37322

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Meigs County, Tennessee  
Statement of Net Assets  
Meigs County School Department  
June 30, 2005

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Equity in Pooled Cash and Investments	\$ 1,444,152
Accounts Receivable	33,665
Due from Other Governments	105,466
Property Taxes Receivable	1,188,226
Allowance for Uncollectible Property Taxes	(27,541)
Capital Assets:	
Assets Not Depreciated:	
Land	354,462
Construction in Progress	9,266
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	4,413,077
Other Capital Assets	874,353
Total Assets	<u>\$ 8,395,126</u>
<b><u>LIABILITIES</u></b>	
Accounts Payable	\$ 3,111
Deferred Revenue - Current Year Property Taxes	1,095,491
Total Liabilities	<u>\$ 1,098,602</u>
<b><u>NET ASSETS</u></b>	
Invested in Capital Assets	\$ 5,651,158
Restricted for:	
Capital Projects	43,331
Other Purposes	216,915
Unrestricted	1,385,120
Total Net Assets	<u><u>\$ 7,296,524</u></u>

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

Exhibit B

Meigs County, Tennessee  
Statement of Activities  
Meigs County School Department  
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Assets
				Total Governmental Activities
Governmental Activities:				
Instruction	\$ 7,197,657	\$ 14,014	\$ 907,454	\$ (6,276,189)
Support Services	3,302,057	0	0	(3,302,057)
Operation of Non-Instructional Services	769,656	242,603	485,533	(41,520)
Other Debt Service	225,000	0	0	(225,000)
Total Governmental Activities	<u>\$ 11,494,370</u>	<u>\$ 256,617</u>	<u>\$ 1,392,987</u>	<u>\$ (9,844,766)</u>
General Revenues:				
Property Taxes				\$ 1,123,756
Sales Taxes				242,250
Other Taxes				84,192
Grants and Contributions not restricted to specific programs				8,771,037
Unrestricted Investment Income				46,576
Miscellaneous				63,166
Total General Revenues				<u>\$ 10,330,977</u>
Change in Net Assets				\$ 486,211
Net Assets, July 1, 2004				<u>6,810,313</u>
Net Assets, June 30, 2005				<u>\$ 7,296,524</u>

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

Exhibit C-1

Meigs County, Tennessee  
Balance Sheet - Governmental Funds  
Meigs 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	
<b>ASSETS</b>			
Equity in Pooled Cash and Investments	\$ 1,250,887	\$ 193,265	\$ 1,444,152
Accounts Receivable	19,109	14,556	33,665
Due from Other Governments	85,466	20,000	105,466
Property Taxes Receivable	1,188,226	0	1,188,226
Allowance for Uncollectible Property Taxes	(27,541)	0	(27,541)
<b>Total Assets</b>	<b>\$ 2,516,147</b>	<b>\$ 227,821</b>	<b>\$ 2,743,968</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<u>Liabilities</u>			
Accounts Payable	\$ 3,111	\$ 0	\$ 3,111
Deferred Revenue - Current Property Taxes	1,095,491	0	1,095,491
Deferred Revenue - Delinquent Property Taxes	60,506	0	60,506
Other Deferred Revenues	24,206	0	24,206
<b>Total Liabilities</b>	<b>\$ 1,183,314</b>	<b>\$ 0</b>	<b>\$ 1,183,314</b>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 132,568	\$ 67,050	\$ 199,618
Reserved for Food Service	0	115,299	115,299
Reserved for Career Ladder - Extended Contract	27,320	0	27,320
Reserved for Career Ladder Program	647	0	647
Reserved for Basic Education Program	4,458	0	4,458
Reserved for Special Education - Grants to States	0	2,141	2,141
Unreserved, Reported In:			
General Fund	1,167,840	0	1,167,840
Capital Projects Funds	0	43,331	43,331
<b>Total Fund Balances</b>	<b>\$ 1,332,833</b>	<b>\$ 227,821</b>	<b>\$ 1,560,654</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,516,147</b>	<b>\$ 227,821</b>	<b>\$ 2,743,968</b>

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

Exhibit C-2

Meigs County, Tennessee  
Reconciliation of the Governmental Funds Balance Sheet to  
the Government-Wide Statement of Net Assets - Governmental Activities  
Meigs County School Department  
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)	\$	1,560,654
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		5,651,158
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the funds.		<u>84,712</u>
Net assets of governmental activities (Exhibit A)	\$	<u><u>7,296,524</u></u>

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

Exhibit C-3

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

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 1,432,252	\$ 15,467	\$ 1,447,719
Licenses and Permits	513	0	513
Charges for Current Services	5,814	242,603	248,417
Other Local Revenues	104,044	13,898	117,942
State of Tennessee	8,455,300	10,430	8,465,730
Federal Government	146,653	1,552,058	1,698,711
Total Revenues	<u>\$ 10,144,576</u>	<u>\$ 1,834,456</u>	<u>\$ 11,979,032</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 6,528,270	\$ 850,894	\$ 7,379,164
Support Services	2,951,356	263,795	3,215,151
Operation of Non-Instructional Services	0	767,173	767,173
Capital Outlay	332,351	0	332,351
Debt Service:			
Other Debt Service	225,000	0	225,000
Total Expenditures	<u>\$ 10,036,977</u>	<u>\$ 1,881,862</u>	<u>\$ 11,918,839</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 107,599</u>	<u>\$ (47,406)</u>	<u>\$ 60,193</u>
Net Change in Fund Balances	\$ 107,599	\$ (47,406)	\$ 60,193
Fund Balance, July 1, 2004	<u>1,225,234</u>	<u>275,227</u>	<u>1,500,461</u>
Fund Balance, June 30, 2005	<u>\$ 1,332,833</u>	<u>\$ 227,821</u>	<u>\$ 1,560,654</u>

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

Meigs County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Government-Wide Statement of Activities - Governmental Activities  
Meigs County School Department  
For the Year Ended June 30, 2005

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

Net change in fund balances - total governmental funds (Exhibit C-3)	\$	60,193
<p>(1) Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The amount that capital outlays differ from depreciation is itemized as follows:</p>		
Add: Capital outlays in the current period	\$	719,875
Less: Current year depreciation		<u>(295,406)</u>
		424,469
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
For the year ended June 30, 2004	\$	(83,163)
For the year ended June 30, 2005		<u>84,712</u>
		<u>1,549</u>
Change in net assets of governmental activities (Exhibit B)	\$	<u><u>486,211</u></u>

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The following are the more significant accounting policies of the Meigs County School Department.

**A. Reporting Entity**

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

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the School Department. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the School Department does not have any business-type activities to report.

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

Separate financial statements are required to be provided for governmental funds, proprietary funds, and fiduciary funds. However, the School Department does not have any proprietary or fiduciary funds to report. The major individual governmental fund is reported as a separate column in the fund financial statements.

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

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

Fund financial statements of 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. An emphasis is placed on major funds within the governmental category. 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.

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. Meigs County considers grant and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

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 excise 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.

The School Department reports the following major governmental fund:

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

Additionally, the School Department reports the following fund types:

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

**Capital Projects Fund** – The Education Capital Projects Fund is used to account for the financial resources used for the acquisition or construction of major capital facilities.

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

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

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

**1. Deposits and Investments**

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

The Meigs County trustee maintains a cash and internal investment pool that is used by all funds of Meigs County and the School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the School Department's General Purpose School Fund. Meigs County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of

deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. No investments required to be reported at fair value were held by the School Department at the balance sheet date.

## **2. Receivables and Payables**

All property taxes receivable are shown net of an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.4 percent of total taxes levied.

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

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

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

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

following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

**3. Capital Assets**

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

Capital assets, which include property, plant, and equipment, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the School Department as assets with an initial, individual cost of \$5,000 or more and an estimated useful life exceeding five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Vehicles and Equipment	5-12
Other Fixed Assets	10-20

**4. Compensated Absences**

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

**5. Net Assets and Fund Equity**

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of

accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

Meigs County, the primary government, has outstanding debt for capital purposes of the School Department. This debt is a liability of Meigs County; but the capital assets acquired are reported in the financial statements of the School Department. Therefore, the School Department received assets significantly increasing its unrestricted net assets with no corresponding increase in the School Department's liabilities.

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

## **II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

### **B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

Exhibit C-4 in the basic financial statements includes explanations of the nature of individual elements of items required to reconcile net changes in fund balances – governmental funds (Exhibit C-3) with changes in net assets

reported in the governmental activities column of the Statement of Activities (Exhibit B).

### III. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

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

#### Deposits

**Legal Provisions.** All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

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

#### Investments

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

The School Department had no pooled and nonpooled investments as of June 30, 2005.

**B. Capital Assets**

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

**Governmental Activities:**

	Balance 7-1-04	Increases	Balance 6-30-05
<b>Capital Assets Not Depreciated:</b>			
Land	\$ 354,462	\$ 0	\$ 354,462
Construction in Progress	0	9,266	9,266
<b>Total Capital Assets, Not Depreciated</b>	<b>\$ 354,462</b>	<b>\$ 9,266</b>	<b>\$ 363,728</b>
<b>Capital Assets Depreciated:</b>			
Buildings and Improvements	\$ 7,609,456	\$ 530,880	\$ 8,140,336
Other Capital Assets	1,525,987	179,729	1,705,716
<b>Total Capital Assets Depreciated</b>	<b>\$ 9,135,443</b>	<b>\$ 710,609</b>	<b>\$ 9,846,052</b>
<b>Less Accumulated Depreciation For:</b>			
Buildings and Improvements	\$ 3,568,429	\$ 158,830	\$ 3,727,259
Other Capital Assets	694,787	136,576	831,363
<b>Total Accumulated Depreciation</b>	<b>\$ 4,263,216</b>	<b>\$ 295,406</b>	<b>\$ 4,558,622</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 4,872,227</b>	<b>\$ 415,203</b>	<b>\$ 5,287,430</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 5,226,689</b>	<b>\$ 424,469</b>	<b>\$ 5,651,158</b>

Depreciation expense was charged to functions of the School Department as follows:

Governmental Activities:

Instruction	\$	156,347
Support Services		136,576
Operation of Non-Instruction Services		<u>2,483</u>
Total Depreciation Expense - Governmental Activities	\$	<u>295,406</u>

**C. Commitments**

The School Department, by a resolution of the School Board, has pledged \$225,000 per year of the non-classroom state Basic Education Program funding for the next seven years to the primary government's General Debt Service Fund to provide for the retirement of debt issued for school purposes.

**D. Other Restricted Net Assets**

On the government-wide Statement of Net Assets (Exhibit A), the account Restricted for Other Purposes consists of various restrictions totaling \$216,915. This account includes restrictions for various federal assistance programs, primarily the School Breakfast and Lunch Program (\$115,299).

**IV. OTHER INFORMATION**

**A. Risk Management**

The School Department is exposed to various risks of loss related to workers' compensation. The School Department participated in the Local Government Workers' Compensation Fund (LGWCF), a public entity risk pool, rather than purchasing commercial insurance for these risks. The School Department pays an annual premium to LGWCF for its workers' compensation insurance coverage. This pool is to be self-sustaining through member premiums.

In order to provide health insurance coverage for its employees, the School Department has joined 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.

It is the policy of the School Department to purchase commercial insurance for other risks of loss to which it is exposed. These risks include general

liability, property, and casualty losses. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**B. Accounting Changes**

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

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**

Management is unaware of any pending litigation or other contingent liability that would affect the financial statements of the School Department.

**D. Retirement Commitments**

**Plan Description**

Employees of Meigs 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 ten 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 ten 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 Meigs 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.

Meigs County voluntarily withdrew from TCRS July 1, 1984. At that time current employees were given the choice to either continue or discontinue their membership in the system. Employees hired on or after July 1, 1984, were not eligible to join TCRS. Meigs County is responsible for liabilities resulting from those employees who choose to continue their membership in TCRS.

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

Since the Meigs County School Department participates in Meigs County's plan, retirement information for the Meigs 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 Meigs County, Tennessee.

## SCHOOL TEACHERS

### **Plan Description**

The Meigs County Schools contribute to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEPP), 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](http://www.treasury.state.tn.us). Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/Schools/>.

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Meigs 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 Meigs 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, \$324,878, \$173,284, and \$166,871, respectively, equal to the required contributions for each year.

### **E. Purchasing Law**

Purchasing procedures for the School Department are governed by provisions of Chapter 403, Private Acts of 1949, as amended, which created a purchasing committee to make purchases for all county funds and requires competitive bids on all purchases of any one class that exceed \$2,500. A resolution adopted by County commission designated the director of schools as deputy purchasing agent for School Department purchases. The director of schools, or his authorized personnel, made purchases for the School Department.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,432,252	\$ 0	\$ 0	\$ 1,432,252	\$ 1,662,000	\$ 1,427,000	\$ 5,252
Licenses and Permits	513	0	0	513	0	0	513
Charges for Current Services	5,814	0	0	5,814	2,000	2,000	3,814
Other Local Revenues	104,044	0	0	104,044	68,000	87,400	16,644
State of Tennessee	8,455,300	0	0	8,455,300	8,093,285	8,359,285	96,015
Federal Government	146,653	0	0	146,653	120,083	146,666	(13)
<b>Total Revenues</b>	<b>\$ 10,144,576</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 10,144,576</b>	<b>\$ 9,945,368</b>	<b>\$ 10,022,351</b>	<b>\$ 122,225</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 5,503,844	\$ (33,096)	\$ 6,872	\$ 5,477,620	\$ 5,573,235	\$ 5,629,435	\$ 151,815
Alternative Instruction Program	47,298	0	0	47,298	48,760	48,760	1,462
Special Education Program	685,378	(500)	0	684,878	689,200	689,200	4,322
Vocational Education Program	206,288	0	0	206,288	213,185	213,185	6,897
Adult Education Program	85,462	0	28	85,490	84,124	85,507	17
<u>Support Services</u>							
Attendance	23,309	0	1,428	24,737	32,565	32,565	7,828
Health Services	61,215	(672)	2,121	62,664	66,910	66,910	4,246
Other Student Support	342,811	(3,441)	851	340,221	349,045	350,045	9,824
Regular Instruction Program	195,846	0	257	196,103	197,455	197,455	1,352
Special Education Program	108,082	0	0	108,082	109,100	109,100	1,018
Vocational Education Program	40,967	0	0	40,967	40,995	40,995	28
Adult Programs	80,610	0	0	80,610	80,674	80,674	64
Board of Education	129,909	0	5,998	135,907	145,355	145,355	9,448
Director of Schools	134,700	0	72	134,772	135,115	135,115	343
Office of the Principal	397,376	0	0	397,376	402,220	402,220	4,844

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 41,288	\$ 0	\$ 0	\$ 41,288	\$ 41,515	\$ 41,515	\$ 227
Operation of Plant	609,392	(84)	357	609,665	612,515	618,515	8,850
Maintenance of Plant	118,947	0	0	118,947	118,005	122,005	3,058
Transportation	666,904	(64,667)	1,592	603,829	613,515	613,515	9,686
<u>Capital Outlay</u>							
Regular Capital Outlay	332,351	(85,348)	112,992	359,995	467,380	486,280	126,285
<u>Other Debt Service</u>							
Education	225,000	0	0	225,000	225,000	225,000	0
Total Expenditures	\$ 10,036,977	\$ (187,808)	\$ 132,568	\$ 9,981,737	\$ 10,245,868	\$ 10,333,351	\$ 351,614
Excess (Deficiency) of Revenues Over Expenditures	\$ 107,599	\$ 187,808	\$ (132,568)	\$ 162,839	\$ (300,500)	\$ (311,000)	\$ 473,839
Net Change in Fund Balance	\$ 107,599	\$ 187,808	\$ (132,568)	\$ 162,839	\$ (300,500)	\$ (311,000)	\$ 473,839
Fund Balance, July 1, 2004	1,225,234	(187,808)	0	1,037,426	1,049,240	1,049,240	(11,814)
Fund Balance, June 30, 2005	\$ 1,332,833	\$ 0	\$ (132,568)	\$ 1,200,265	\$ 748,740	\$ 738,240	\$ 462,025

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

**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 Meigs 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, Special Education Program, Vocational Education Program, Adult Education Program, etc.). Management may make revisions within major categories, but only the Meigs 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 (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.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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

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

## Capital Projects Fund

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The Education Capital Projects fund is used to account for the accumulation of resources for future capital acquisitions and construction.

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Exhibit E-1

Meigs County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Meigs County School Department  
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>School</u> <u>Federal</u> <u>Projects</u>	<u>Central</u> <u>Cafeteria</u>	<u>Total</u>	<u>Education</u> <u>Capital</u> <u>Projects</u>	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 49,191	\$ 115,299	\$ 164,490	\$ 28,775	\$ 193,265
Accounts Receivable	0	0	0	14,556	14,556
Due from Other Governments	20,000	0	20,000	0	20,000
Total Assets	<u>\$ 69,191</u>	<u>\$ 115,299</u>	<u>\$ 184,490</u>	<u>\$ 43,331</u>	<u>\$ 227,821</u>
<u>FUND BALANCES</u>					
Reserved for Encumbrances	\$ 67,050	\$ 0	\$ 67,050	\$ 0	\$ 67,050
Reserved for Food Service	0	115,299	115,299	0	115,299
Reserved for Special Education - Grants to States	2,141	0	2,141	0	2,141
Unreserved	0	0	0	43,331	43,331
Total Fund Balances	<u>\$ 69,191</u>	<u>\$ 115,299</u>	<u>\$ 184,490</u>	<u>\$ 43,331</u>	<u>\$ 227,821</u>

Exhibit E-2

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

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 15,467	\$ 15,467
Charges for Current Services	0	242,603	242,603	0	242,603
Other Local Revenues	0	13,898	13,898	0	13,898
State of Tennessee	0	10,430	10,430	0	10,430
Federal Government	1,066,525	485,533	1,552,058	0	1,552,058
Total Revenues	<u>\$ 1,066,525</u>	<u>\$ 752,464</u>	<u>\$ 1,818,989</u>	<u>\$ 15,467</u>	<u>\$ 1,834,456</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 850,894	\$ 0	\$ 850,894	\$ 0	\$ 850,894
Support Services	263,795	0	263,795	0	263,795
Operation of Non-Instructional Services	0	767,173	767,173	0	767,173
Total Expenditures	<u>\$ 1,114,689</u>	<u>\$ 767,173</u>	<u>\$ 1,881,862</u>	<u>\$ 0</u>	<u>\$ 1,881,862</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (48,164)</u>	<u>\$ (14,709)</u>	<u>\$ (62,873)</u>	<u>\$ 15,467</u>	<u>\$ (47,406)</u>
Net Change in Fund Balances	\$ (48,164)	\$ (14,709)	\$ (62,873)	\$ 15,467	\$ (47,406)
Fund Balance, July 1, 2004	117,355	130,008	247,363	27,864	275,227
Fund Balance, June 30, 2005	<u>\$ 69,191</u>	<u>\$ 115,299</u>	<u>\$ 184,490</u>	<u>\$ 43,331</u>	<u>\$ 227,821</u>

Exhibit E-3

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,066,525	\$ 0	\$ 0	\$ 1,066,525	\$ 1,257,146	\$ 1,275,060	\$ (208,535)
Total Revenues	\$ 1,066,525	\$ 0	\$ 0	\$ 1,066,525	\$ 1,257,146	\$ 1,275,060	\$ (208,535)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 532,345	\$ (5,455)	\$ 46,043	\$ 572,933	\$ 559,415	\$ 572,933	\$ 0
Special Education Program	261,896	(8,534)	3,732	257,094	375,789	396,593	139,499
Vocational Education Program	56,653	(14,945)	92	41,800	41,800	41,800	0
<u>Support Services</u>							
Health Services	9,117	(1,545)	127	7,699	7,700	7,700	1
Other Student Support	2,450	0	0	2,450	2,450	2,450	0
Regular Instruction Program	115,096	(22,511)	6,562	99,147	98,999	99,147	0
Special Education Program	105,363	0	10,494	115,857	182,274	172,025	56,168
Vocational Education Program	4,472	(119)	0	4,353	4,353	4,353	0
Transportation	27,297	0	0	27,297	48,612	42,305	15,008
Total Expenditures	\$ 1,114,689	\$ (53,109)	\$ 67,050	\$ 1,128,630	\$ 1,321,392	\$ 1,339,306	\$ 210,676
Excess (Deficiency) of Revenues Over Expenditures	\$ (48,164)	\$ 53,109	\$ (67,050)	\$ (62,105)	\$ (64,246)	\$ (64,246)	\$ 2,141
Net Change in Fund Balance	\$ (48,164)	\$ 53,109	\$ (67,050)	\$ (62,105)	\$ (64,246)	\$ (64,246)	\$ 2,141
Fund Balance, July 1, 2004	117,355	(53,109)	0	64,246	64,246	64,246	0
Fund Balance, June 30, 2005	\$ 69,191	\$ 0	\$ (67,050)	\$ 2,141	\$ 0	\$ 0	\$ 2,141

Exhibit E-4

Meigs County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Meigs 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	\$ 242,603	\$ 254,000	\$ 254,000	\$ (11,397)
Other Local Revenues	13,898	1,500	1,500	12,398
State of Tennessee	10,430	10,500	10,500	(70)
Federal Government	485,533	500,000	500,000	(14,467)
Total Revenues	<u>\$ 752,464</u>	<u>\$ 766,000</u>	<u>\$ 766,000</u>	<u>\$ (13,536)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 767,173	\$ 816,000	\$ 816,000	\$ 48,827
Total Expenditures	<u>\$ 767,173</u>	<u>\$ 816,000</u>	<u>\$ 816,000</u>	<u>\$ 48,827</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (14,709)</u>	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ 35,291</u>
Net Change in Fund Balance	\$ (14,709)	\$ (50,000)	\$ (50,000)	\$ 35,291
Fund Balance, July 1, 2004	<u>130,008</u>	<u>130,008</u>	<u>130,008</u>	<u>0</u>
Fund Balance, June 30, 2005	<u>\$ 115,299</u>	<u>\$ 80,008</u>	<u>\$ 80,008</u>	<u>\$ 35,291</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit F-1

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
Director of Schools	State Board of Education and County Board of Education	\$ 88,721 (1)	\$100,000	American Manufacturers Mutual
Blanket Bond:	All School Employees		20,000 (2)	AETNA

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

(2) Bond coverage is \$20,000 per each occurrence.

Exhibit F-2

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,040,057	\$ 0	\$ 0	\$ 0	\$ 1,040,057
Trustee's Collections - Prior Year	53,295	0	0	0	53,295
Circuit/Clerk & Master Collections - Prior Years	16,955	0	0	0	16,955
Interest and Penalty	10,432	0	0	0	10,432
<u>County Local Option Taxes</u>					
Local Option Sales Tax	242,743	0	0	0	242,743
<u>Statutory Local Taxes</u>					
Wholesale Beer Tax	67,000	0	0	15,467	82,467
Interstate Telecommunications Tax	1,770	0	0	0	1,770
Total Local Taxes	\$ 1,432,252	\$ 0	\$ 0	\$ 15,467	\$ 1,447,719
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 513	\$ 0	\$ 0	\$ 0	\$ 513
Total Licenses and Permits	\$ 513	\$ 0	\$ 0	\$ 0	\$ 513
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	\$ 4,800	\$ 0	\$ 0	\$ 0	\$ 4,800
Tuition - Other	390	0	0	0	390
A la carte Sales	0	0	435	0	435
Receipts from Individual Schools	0	0	227,655	0	227,655
TBI Criminal Background Fee	624	0	0	0	624
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	14,513	0	14,513
Total Charges for Current Services	\$ 5,814	\$ 0	\$ 242,603	\$ 0	\$ 248,417
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 45,000	\$ 0	\$ 1,576	\$ 0	\$ 46,576
Lease/Rentals	8,200	0	0	0	8,200
Miscellaneous Refunds	30,114	0	3,126	0	33,240
<u>Nonrecurring Items</u>					
Insurance Recovery	20,525	0	0	0	20,525
<u>Other Local Revenues</u>					
Other Local Revenues	205	0	9,196	0	9,401
Total Other Local Revenues	\$ 104,044	\$ 0	\$ 13,898	\$ 0	\$ 117,942
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 7,982,462	\$ 0	\$ 0	\$ 0	\$ 7,982,462
School Food Service	0	0	10,430	0	10,430
Driver Education	9,590	0	0	0	9,590
Other State Education Funds	20,471	0	0	0	20,471
Career Ladder Program	96,720	0	0	0	96,720
Career Ladder - Extended Contract	77,961	0	0	0	77,961
<u>Other State Revenues</u>					
Income Tax	964	0	0	0	964
State Revenue Sharing - T.V.A.	251,142	0	0	0	251,142
Other State Grants	15,990	0	0	0	15,990
Total State of Tennessee	\$ 8,455,300	\$ 0	\$ 10,430	\$ 0	\$ 8,465,730

(Continued)

Exhibit F-2

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 365,235	\$ 0	\$ 365,235
Breakfast	0	0	120,298	0	120,298
Adult Education State Grant Program	98,236	0	0	0	98,236
Vocational Education - Basic Grants to States	0	48,603	0	0	48,603
Title I Grants to Local Education Agencies	0	463,116	0	0	463,116
Innovative Education Program Strategies	0	74,317	0	0	74,317
Special Education - Grants to States	0	322,512	0	0	322,512
Special Education Preschool Grants	0	15,630	0	0	15,630
Eisenhower Professional Development State Grants	0	130,061	0	0	130,061
Other Federal through State	48,417	12,286	0	0	60,703
Total Federal Government	\$ 146,653	\$ 1,066,525	\$ 485,533	\$ 0	\$ 1,698,711
Total	\$ 10,144,576	\$ 1,066,525	\$ 752,464	\$ 15,467	\$ 11,979,032

Exhibit F-3

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 3,740,559	
Career Ladder Program	60,450	
Career Ladder Extended Contracts	49,030	
Clerical Personnel	25,480	
Educational Assistants	125,814	
Other Salaries & Wages	57,435	
Certified Substitute Teachers	56,056	
Social Security	243,791	
State Retirement	209,459	
Life Insurance	7,892	
Medical Insurance	471,670	
Unemployment Compensation	7,909	
Employer Medicare	57,069	
Other Fringe Benefits	19,050	
Tuition	11,058	
Other Contracted Services	9,277	
Instructional Supplies and Materials	113,060	
Textbooks	141,507	
Other Supplies and Materials	8,885	
Fee Waivers	6,500	
Regular Instruction Equipment	81,893	
Total Regular Instruction Program		\$ 5,503,844

Alternative Instruction Program

Teachers	\$ 42,026	
Social Security	2,379	
State Retirement	2,337	
Employer Medicare	556	
Total Alternative Instruction Program		47,298

Special Education Program

Teachers	\$ 534,083
Career Ladder Program	6,000
Career Ladder Extended Contracts	2,000
Homebound Teachers	1,984
Educational Assistants	62,803
Certified Substitute Teachers	2,300
Social Security	35,955
State Retirement	29,928

(Continued)

Exhibit F-3

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	8,409	
Instructional Supplies and Materials		932	
Textbooks		500	
Other Supplies and Materials		484	
Total Special Education Program			\$ 685,378

Vocational Education Program

Teachers	\$	179,399	
Career Ladder Program		1,000	
Certified Substitute Teachers		1,000	
Social Security		10,573	
State Retirement		10,099	
Employer Medicare		2,467	
Instructional Supplies and Materials		1,750	
Total Vocational Education Program			206,288

Adult Education Program

Teachers	\$	33,159	
Clerical Personnel		2,887	
Social Security		1,490	
State Retirement		415	
Employer Medicare		499	
Instructional Supplies and Materials		20,201	
Other Supplies and Materials		2,000	
Other Charges		3,811	
Other Equipment		21,000	
Total Adult Education Program			85,462

Support Services

Attendance

Supervisor/Director	\$	18,119	
Career Ladder Program		2,000	
Social Security		1,152	
State Retirement		1,107	
Employer Medicare		269	
Travel		476	
Other Supplies and Materials		186	
Total Attendance			23,309

(Continued)

Exhibit F-3

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services

Medical Personnel	\$	49,131	
Social Security		3,046	
State Retirement		1,487	
Employer Medicare		712	
Other Fringe Benefits		840	
Other Contracted Services		3,149	
Drugs and Medical Supplies		2,850	
Total Health Services			\$ 61,215

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		228,187	
Social Workers		35,116	
School Resource Officer		14,018	
Social Security		15,753	
State Retirement		14,592	
Employer Medicare		3,684	
Evaluation and Testing		2,496	
Other Supplies and Materials		5,460	
Other Charges		21,505	
Total Other Student Support			342,811

Regular Instruction Program

Supervisor/Director	\$	98,505	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		1,000	
Librarians		40,461	
Materials Supervisor		13,135	
In-Service Training		4,186	
Social Security		9,364	
State Retirement		7,806	
Employer Medicare		2,190	
Travel		17,199	
Total Regular Instruction Program			195,846

Special Education Program

Supervisor/Director	\$	24,642	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		2,000	

(Continued)

Exhibit F-3

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Assessment Personnel	\$	62,901	
Social Security		5,433	
State Retirement		5,035	
Employer Medicare		1,271	
Travel		1,800	
Other Contracted Services		3,000	
Total Special Education Program			\$ 108,082

Vocational Education Program

Clerical Personnel	\$	3,915	
Other Salaries & Wages		9,885	
Social Security		865	
Employer Medicare		202	
Travel		600	
Other Charges		25,500	
Total Vocational Education Program			40,967

Adult Programs

Supervisor/Director	\$	62,596	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		4,000	
Other Salaries & Wages		800	
Social Security		4,267	
State Retirement		3,854	
Employer Medicare		998	
Travel		1,095	
Total Adult Programs			80,610

Board of Education

Board and Committee Members Fees	\$	10,075	
Social Security		625	
Employer Medicare		146	
Dues and Memberships		8,012	
Legal Services		4,000	
Travel		4,645	
Other Contracted Services		4,163	
Liability Insurance		15,000	
Trustee's Commission		27,987	
Workers' Compensation Insurance		53,000	

(Continued)

Exhibit F-3

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Criminal Investigation of Applicants - TBI	\$	1,632	
Refund to Applicant for Criminal Investigation		624	
Total Board of Education			\$ 129,909

Director of Schools

County Official/Administrative Officer	\$	87,721	
Career Ladder Program		1,000	
Secretary(s)		23,837	
Social Security		6,777	
State Retirement		4,907	
Employer Medicare		1,585	
Communication		4,000	
Postal Charges		2,000	
Office Supplies		2,873	
Total Director of Schools			134,700

Office of the Principal

Principals	\$	251,214	
Career Ladder Program		10,000	
Career Ladder Extended Contracts		12,000	
Secretary(s)		76,460	
Social Security		21,230	
State Retirement		15,107	
Employer Medicare		4,965	
Communication		3,840	
Travel		2,560	
Total Office of the Principal			397,376

Fiscal Services

Accountants/Bookkeepers	\$	28,675	
Secretary(s)		9,885	
Social Security		2,211	
Employer Medicare		517	
Total Fiscal Services			41,288

Operation of Plant

Supervisor/Director	\$	27,315	
Custodial Personnel		214,186	
Other Salaries & Wages		2,464	

(Continued)

Exhibit F-3

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Social Security	\$	13,929	
Employer Medicare		3,257	
Disposal Fees		3,552	
Other Contracted Services		2,620	
Electricity		247,530	
Natural Gas		12,238	
Water and Sewer		12,000	
Other Supplies and Materials		51,876	
Building and Contents Insurance		18,425	
Total Operation of Plant	\$		609,392

Maintenance of Plant

Maintenance Personnel	\$	48,680	
Other Salaries & Wages		1,480	
Social Security		2,697	
Employer Medicare		631	
Communication		7,305	
Maintenance & Repair Services- Buildings		42,844	
Other Contracted Services		15,310	
Total Maintenance of Plant			118,947

Transportation

Supervisor/Director	\$	27,315	
Mechanic(s)		24,340	
Bus Drivers		292,290	
Other Salaries & Wages		7,088	
Social Security		21,723	
Employer Medicare		5,080	
Communication		748	
Maintenance & Repair Services- Vehicles		75,520	
Medical and Dental Services		2,100	
Travel		462	
Gasoline		71,946	
Tires and Tubes		17,954	
Vehicle and Equipment Insurance		5,000	
In Service/Staff Development		99	
Other Charges		180	
Transportation Equipment		115,059	
Total Transportation			666,904

(Continued)

Exhibit F-3

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Architects	\$	9,708	
Building Construction		8,000	
Building Improvements		229,464	
Transportation Equipment		44,134	
Other Capital Outlay		41,045	
Total Regular Capital Outlay			\$ 332,351

Other Debt Service

Education

Other Debt Service	\$	225,000	
Total Education			<u>225,000</u>

Total General Purpose School Fund \$ 10,036,977

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	285,117	
Educational Assistants		78,925	
Other Salaries & Wages		27,982	
Certified Substitute Teachers		900	
Social Security		23,968	
State Retirement		16,868	
Medical Insurance		23,734	
Employer Medicare		6,051	
Tuition		3,000	
Other Contracted Services		13,411	
Instructional Supplies and Materials		13,052	
Other Charges		20,837	
Regular Instruction Equipment		18,500	
Total Regular Instruction Program			\$ 532,345

Special Education Program

Teachers	\$	1,000	
Homebound Teachers		1,680	
Educational Assistants		141,756	
Other Salaries & Wages		2,000	
Social Security		8,761	
State Retirement		81	

(Continued)

Exhibit F-3

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Medical Insurance	\$	6,030	
Employer Medicare		2,054	
Contracts with Private Agencies		17,773	
Maintenance & Repair Services- Equipment		3,993	
Other Contracted Services		38,032	
Instructional Supplies and Materials		16,998	
Textbooks		3,801	
Other Supplies and Materials		17,937	
Total Special Education Program			\$ 261,896

Vocational Education Program

Instructional Supplies and Materials	\$	10,500	
Other Supplies and Materials		6,000	
Other Charges		3,208	
Vocational Instruction Equipment		36,945	
Total Vocational Education Program			56,653

Support Services

Health Services

Other Charges	\$	9,117	
Total Health Services			9,117

Other Student Support

Travel	\$	1,600	
In Service/Staff Development		850	
Total Other Student Support			2,450

Regular Instruction Program

Supervisor/Director	\$	39,300	
Secretary(s)		10,805	
Other Salaries & Wages		4,000	
Social Security		3,107	
State Retirement		2,162	
Employer Medicare		727	
Travel		6,045	
Library Books/Media		9,000	
Other Supplies and Materials		2,045	
In Service/Staff Development		19,284	
Other Charges		13,455	

(Continued)

Exhibit F-3

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Equipment	\$ 5,166	
Total Regular Instruction Program		\$ 115,096

Special Education Program

Supervisor/Director	\$ 18,240	
Secretary(s)	10,629	
Social Security	1,790	
State Retirement	1,003	
Employer Medicare	419	
Maintenance & Repair Services- Equipment	4,501	
Travel	3,474	
Other Contracted Services	41,217	
Other Supplies and Materials	20,503	
In Service/Staff Development	3,587	
Total Special Education Program		105,363

Vocational Education Program

Travel	\$ 2,327	
Other Supplies and Materials	1,865	
Other Charges	280	
Total Vocational Education Program		4,472

Transportation

Bus Drivers	\$ 10,355	
Social Security	642	
Employer Medicare	150	
Contracts with Parents	1,150	
Transportation Equipment	15,000	
Total Transportation		27,297

Total School Federal Projects Fund		\$ 1,114,689
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Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 18,355
Clerical Personnel	25,970
Cafeteria Personnel	299,689
Other Salaries & Wages	12,881

(Continued)

Exhibit F-3

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Social Security	\$	21,355	
Life Insurance		954	
Medical Insurance		10,765	
Employer Medicare		4,994	
Maintenance & Repair Services- Equipment		2,407	
Transportation - Other than Students		3,742	
Travel		1,502	
Other Contracted Services		6,834	
Food Supplies		297,262	
Office Supplies		23	
Utilities		27,556	
Other Supplies and Materials		21,061	
Other Charges		2,874	
Food Service Equipment		8,949	
Total Food Service			\$ 767,173

Total Central Cafeteria Fund \$ 767,173

Total Governmental Funds - Meigs County School Department \$ 11,918,839

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**SINGLE AUDIT SECTION**

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**SINGLE AUDIT REPORT**  
**MEIGS COUNTY, TENNESSEE**  
**AND**  
**MEIGS 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*

*F. CLIFFORD TUCKER, CPA*  
*Audit Manager*

*BRYAN W. BURKLIN, CPA, CGFM*  
*Auditor 4*

*AMY MOORE, CGFM*  
*ANGIE COLLINS*  
*State Auditors*

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

August 8, 2005

Meigs County Mayor, Board of County Commissioners,  
Director of Schools, and Board of Education  
Meigs 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 the aggregate remaining fund information of Meigs County, Tennessee, and the governmental activities, each major fund, and the aggregate remaining fund information of the Meigs County School Department as of and for the year ended June 30, 2005, which collectively comprise a portion Meigs County's and the Meigs County School Department's basic financial statements and have issued our reports thereon dated August 8, 2005. Our report on the financial statements of Meigs County, Tennessee, expresses an adverse opinion because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. Our report on the financial statements of the Meigs County School Department was unqualified. 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 Meigs County's and the Meigs 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 Meigs County's and the Meigs 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(A, B), 05.04, 05.05, and 05.07.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 05.02(A,B) to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meigs County's and the Meigs County School Department's statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as items 05.01, 05.02(C), 05.03, and 05.06.

We also noted certain matters that we reported to the management of Meigs County and Meigs 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  
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

August 8, 2005

Meigs County Mayor, Board of County Commissioners,  
Director of Schools, and Board of Education:  
Meigs County, Tennessee

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

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with

the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Meigs County's and the Meigs 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 Meigs County's and the Meigs County School Department's compliance with those requirements.

In our opinion, Meigs County and the Meigs 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 Meigs County and the Meigs 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 Meigs County's and the Meigs 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 the each major fund and the aggregate remaining fund information of Meigs County, Tennessee, and the governmental activities, each major fund, and the aggregate remaining fund information of the Meigs County School Department as of and for the year ended June 30, 2005, and have issued our reports thereon dated August 8, 2005. Our report on the financial statements of Meigs County, Tennessee, expresses an adverse opinion because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. Our report on the financial statements of the Meigs County School Department was unqualified. 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 flourish at the end.

John G. Morgan  
Comptroller of the Treasury

JGM/yu

Meigs County, Tennessee, and Meigs 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:			
Direct Program:			
Rural Business Enterprise Grants	10.769	N/A	\$ 33,000
Total Direct Program			\$ 33,000
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 120,298
National School Lunch Program	10.555	N/A	365,235
Total passed-through State Department of Education			\$ 485,533
Passed-through State Department of Agriculture:			
Food Distribution (Noncash Assistance)	10.550	(2)	\$ 47,720
Total passed-through State Department of Agriculture			\$ 47,720
Total U.S. Department of Agriculture			\$ 566,253
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-04-10739-00	\$ 80,856
Total U.S. Department of Housing and Urban Development			\$ 80,856
U.S. Department of Interior:			
Passed-through State Wildlife Resources Agency:			
Wildlife Conservation and Restoration	15.625	BC-7151	\$ 51,500
Total U.S. Department of Interior			\$ 51,500
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 2,400
Public Safety Partnership and Community Policing Grants	16.710	N/A	18,475
Total Direct Programs			\$ 20,875
Passed-through State Department of Finance and Administration:			
Byrne Formula Grant Program	16.579	Z-99-088394-00	\$ 14,625 (3)
Byrne Formula Grant Program	16.579	Z-01-098968-00	14,058 (3)
Total passed-through State Department of Finance and Administration			\$ 28,683
Total U.S. Department of Justice			\$ 49,558
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	CPD-201617	\$ 160,423
Total U.S. Department of Transportation			\$ 160,423
Appalachian Regional Commission:			
Passed-through Tennessee Valley Authority:			
Appalachian Regional Development	23.001	N/A	\$ 456,200
Total Appalachian Regional Commission			\$ 456,200

(Continued)

Meigs County, Tennessee, and Meigs 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. Department of Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	N/A	\$ 98,236
Title I Grants to Local Educational Agencies	84.010	N/A	463,116
Special Education Grants to States	84.027	N/A	400,247
Vocational Education - Basic Grants to States	84.048	N/A	48,603
Safe and Drug Free Schools and Communities - State Grants	84.186	(2)	12,286
Eisenhower Professional Development State Grants	84.281	N/A	130,061
State Grants for Innovative Programs	84.298	N/A	74,317
Total U.S. Department of Education			<u>\$ 1,226,866</u>
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce:			
Job Opportunities and Basic Skills Training	93.561	N/A	\$ 23,024
Total U.S. Department of Labor			<u>\$ 23,024</u>
U.S. Corporation for National and Community Service:			
Direct Programs:			
Retired and Senior Volunteer Program	94.002	N/A	\$ 84,365
Total U.S. Corporation for National and Community Service			<u>\$ 84,365</u>
U.S. Department of Homeland Security:			
Direct Program:			
Assistance to Firefighters Grant	97.044	N/A	\$ 59,400
Total Direct Program			<u>\$ 59,400</u>
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z-03-017782-00	\$ 30,000 (4)
State Domestic Preparedness Equipment Support Program	97.004	Z-04-020127-00	32,792 (4)
State Domestic Preparedness Equipment Support Program	97.004	Z-04-022475-00	39,483 (4)
Total Passed-through State Department of Military			<u>\$ 102,275</u>
Total U.S. Department of Homeland Security			<u>\$ 161,675</u>
Total Expenditures of Federal Awards			<u>\$ 2,860,720</u>
<u>State Grants</u>			
Juvenile Services - State Children's Service Commission	N/A	(2)	\$ 9,000
Litter Program - State Department of Transportation	N/A	(2)	20,564
State Reappraisal - Comptroller of the Treasury	N/A	(2)	4,796
Aging Grant - State Commission on Aging	N/A	(2)	18,042
Law Enforcement Mini Grant - State Dept. of Transportation	N/A	(2)	3,822
Total State Grants			<u>\$ 56,224</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) Pass-through entity identifying number not available.
- (3) Total Bryne Formula Grant Program passed through the State Department of Finance and Administration (CFDA # 16.579) \$28,683.
- (4) Total State Domestic Preparedness Equipment Support Program passed through the State Emergency Management Agency (CFDA # 97.004) \$102,275.

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

**MEIGS COUNTY**

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

**OFFICE OF CLERK AND MASTER**

Finding Number	Page Number	Subject
04.02	13	The Office of Clerk and Master had not implemented adequate controls to protect its information resources against unauthorized access, modification, destruction, or disclosure

**OTHER FINDINGS AND RECOMMENDATIONS**

Finding Number	Page Number	Subject
04.03	13	Duties were not segregated adequately in the Offices of Purchasing and Finance, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff
04.04	14	County officials had not held a delinquent property tax sale in recent years
04.05	14	A central system of accounting, budgeting, and purchasing had not been adopted

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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

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

1. An adverse opinion was issued on the financial statements of Meigs County, and an unqualified opinion was issued on the financial statements of the Meigs County School Department.
2. The audit of the financial statements of Meigs County and the Meigs County School Department disclosed reportable conditions in internal control. One of these conditions was also considered to be a material weakness of Meigs County.
3. The audit disclosed two instances of noncompliance that are material to the financial statements of the Meigs County. The audit did not disclose any instances of noncompliance that are material to the financial statements of the Meigs 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: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), Title I Grants to Local Education Agencies (CFDA No. 84.010), Appalachian Regional Development Grant (CFDA No. 23.001), and the Highway Planning and Construction Grant (CFDA No. 20.205) 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. Meigs County and the Meigs 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. The written response of the circuit and general sessions courts clerk is quoted in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

### MEIGS COUNTY

FINDING 05.01      **GOVERNMENT-WIDE FINANCIAL STATEMENTS WERE NOT PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**  
(Material Noncompliance Under Government Auditing Standards)

Meigs County did not identify and determine the historical value of its capital assets and the related depreciation amounts of these assets. Therefore, Meigs County was unable to provide the information necessary to prepare government-wide financial statements for all of its 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, Meigs County’s financial statements are not presented in accordance with generally accepted accounting principles; thus, we have issued an adverse opinion on the government’s 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. Meigs County’s financial statements are presented in compliance with these requirements.

### RECOMMENDATION

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

## OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

### FINDING 05.02

### **THE OFFICE HAD ACCOUNTING DEFICIENCIES**

(A. and B. Internal Control – Material Weakness Under Government Auditing Standards; C. Noncompliance Under Government Auditing Standards)

The circuit and general sessions courts clerk manually prepared cash journals for each court during the period under examination. Also, in General Sessions Court the clerk ran an automated accounting system parallel to the manually prepared cash journal; however, neither accounting record reconciled with the other. We performed our audit of General Sessions Court from both the manually prepared cash journal and the automated accounting system. We noted the following accounting deficiencies during our audit:

- A. Each court's manually prepared cash journals were not properly maintained. The following discrepancies were noted:

#### Circuit Court

1. Beginning September 2004, numerous addition errors existed in cash journal page totals, and account balances were not consistently carried forward from page to page or from month to month.
2. The cash journal accounts had not been in balance since August 2004.

#### General Sessions Court

Beginning February 2005, the automated accounting system correctly totaled and balanced accounts from computer-generated receipts and disbursements, and the clerk transferred the automated daily totals to the manually prepared cash journal. However, the manually prepared cash journal was still not properly maintained as noted below:

1. From July 2004, account balances were not consistently carried forward from page to page or from month to month.
2. The cash journal accounts had not been in balance since July 2004.

- B. Bank statements were not reconciled with general ledger accounts in both Circuit and General Sessions Courts. The Circuit Court bank statements had not been reconciled since August 2004, and the General Sessions Court bank statements had not been reconciled since June 2004. In late June 2005, auditors found three office checks between the pages of the General Sessions Court's manually prepared cash journal. These checks had been written to state agencies and were dated December 15, 2004. If bank statements had been reconciled with the cash journal each month, the failure to mail these checks could have been detected and corrected in a timely manner.
- C. On February 19, 2004, the Meigs County Commission approved a \$38 increase to the local litigation tax to help fund statutory increases in compensation for the general sessions judge. Accounting records and court records revealed that this \$38 litigation tax increase was not collected consistently until November 2004.

## RECOMMENDATION

Significant improvements should be made to ensure that the computer accounting system in General Sessions Court provides the clerk adequate and accurate information for maintaining office records and consistently reconciles with the manually prepared cash journal. The manually prepared cash journals in both circuit and general sessions courts should be maintained properly and balanced monthly. Maintaining accurate and balanced accounting records is a critical control procedure for detecting errors in a timely manner and for reporting financial transactions of the office. Reconciling bank statements with general ledger accounts is a critical control procedure for detecting errors and should be done monthly. The general sessions court clerk should comply with governing statutes and resolutions regarding collection of litigation taxes.

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### FINDING 05.03      **EXECUTION DOCKET TRIAL BALANCES DID NOT RECONCILE WITH CASH JOURNAL ACCOUNTS** (Material Noncompliance Under Government Auditing Standards)

At June 30, 2005, the circuit and general sessions courts clerk had prepared trial balances of execution docket cause balances, as required by Section 18-2-103, Tennessee Code Annotated (TCA). However, these trial balances did not reconcile with cash journal accounts by substantial amounts. Therefore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-110, TCA. This statute provides that any funds held by the court for one year and unclaimed by the owner are considered abandoned. Section 66-29-113, TCA, further requires these funds to be reported and paid to the state Treasurer's Office.

## RECOMMENDATION

The execution docket trial balances should be reconciled with cash journal accounts. Any funds held by the court for one year and unclaimed by the owner are considered abandoned and should be reported and paid to the state Treasurer's Office in compliance with state statute.

### MANAGEMENT'S RESPONSE TO FINDINGS 05.02 AND 05.03 – CIRCUIT AND GENERAL SESSIONS COURTS CLERK – DIRECT QUOTE

“The purpose of this letter is to address any discrepancy found during the recent audit of the Meigs County Office of Circuit & General Sessions Clerk. First, I, Debbie L. Smith, Circuit Court Clerk, would like to thank the auditors of the office of the Comptroller of the Treasury, Division of County Audit for their extended patience shown my office during their recent audit. Secondly, I would like to address my personal illness which kept me out of the office for several days during the past year. In addition to my illness, my mother was also hospitalized and subsequently passed away June 13, 2005.

During the past year, the Office of Circuit Court Clerk obtained computers and therefore had to maintain both electronic and paper records for both Circuit and General Sessions

Court. Due to maintaining multiple documents, errors were found during the recent audit. Furthermore, neither myself nor my staff have received adequate training which would allow a far greater productivity of our bookkeeping abilities.

Further concerns regarding the recent audit are as follows: ... 2) reconciliation of the office bank statements were reported twice in the findings and it is strongly my opinion this was unfair and did not represent this office. 3) the numbers submitted July 28, 2005 from this office will have discrepancies that require attention and will be fixed per my request for help from the State of Tennessee, 4) finally, I would appreciate if the Comptroller's Office could make a notation that their findings this year exceeded those in past years."

### **AUDITOR'S REBUTTAL**

The purpose of maintaining both manually prepared and computer accounting systems during the transition to an automated system is to provide reliable manually calculated balances to compare with the results obtained on the automated system. However, when the manual system is not properly posted, balanced, and reconciled, there are no reliable balances to compare. In such cases, it is likely that neither system will accurately reflect financial transactions of the office.

While Circuit Court had received computers for the office, it appears that these computers had not been placed into service since auditors were not provided any computer generated reports to examine, and the office was still issuing receipts manually. The failure to reconcile bank statements was reported in only one finding. Finding 05.02 reports that deficiency. Finding 05.03 deals with the failure to reconcile docket trial balances, not bank statements. It is critical that in addition to reconciling bank statements, the clerk should also reconcile the trial balance of individual cases (the execution docket trial balance) with control accounts on the general ledger.

As pointed out by the clerk, these findings exceeded those reported in prior years. In the previous year, the clerk was assisted by representatives of the Local Government Data Processing Corporation in the maintenance of her accounting systems while the office served as a test site for certain court software. However, once that assistance was decreased, the clerk did not continue to properly post, balance, and reconcile the accounting records.

## OFFICE OF CLERK AND MASTER

FINDING 05.04 **THE OFFICE OF CLERK AND MASTER HAD NOT IMPLEMENTED ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES AGAINST UNAUTHORIZED ACCESS, MODIFICATION, DESTRUCTION, OR DISCLOSURE**  
(Internal Control – Reportable Condition Under Government Auditing Standards)

We observed that the Office of Clerk and Master had not implemented adequate controls to protect its information resources against unauthorized access, modification, destruction, or disclosure. The failure to provide such controls increases the risk that individuals could inappropriately access and manipulate the county's computer system, software applications, and sensitive information.

This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated. We identified and provided the official with detailed information regarding the specific vulnerabilities, as well as our recommendations for improvement.

### RECOMMENDATION

The Office of Clerk and Master should ensure that adequate controls over information systems and the resources associated with those systems are implemented, as well as establish or improve any compensating controls until these conditions are remedied.

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## OTHER FINDINGS AND RECOMMENDATIONS

FINDING 05.05 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF PURCHASING AND FINANCE, DIRECTOR OF SCHOOLS, TRUSTEE, 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 the officials and employees in the Offices of Purchasing and Finance, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff. The officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. 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.

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**FINDING 05.06 COUNTY OFFICIALS HAD NOT HELD A DELINQUENT PROPERTY TAX SALE IN RECENT YEARS**  
(Noncompliance Under Government Auditing Standards)

County officials had not held a delinquent property tax sale in approximately 20 years. Section 67-5-1806, Tennessee Code Annotated, provides that all delinquent property taxes become discharged and uncollectible after ten years from the date the delinquency originated. Therefore, at least ten years of delinquent taxes totaling \$24,463 are discharged and uncollectible. The clerk and master's tax aggregate list (1994-2003) reflects uncollected delinquent property taxes of \$66,211 filed in Chancery Court.

**RECOMMENDATION**

County officials should hold a delinquent property tax sale in an effort to collect delinquent taxes, as provided by state statute.

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**FINDING 05.07 A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**  
(Internal Control – Reportable Condition under Government Auditing Standards)

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

**RECOMMENDATION**

Meigs 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.

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

There were no findings and questioned costs for federal awards.

**MEIGS COUNTY, TENNESSEE, AND  
MEIGS 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.