

**ANNUAL FINANCIAL REPORT  
OF  
HICKMAN COUNTY, TENNESSEE  
HICKMAN COUNTY SCHOOL DEPARTMENT  
AND  
HICKMAN COUNTY HEALTH FOUNDATION**

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**SINGLE AUDIT REPORT**



**FOR THE YEAR ENDED JUNE 30, 2006**

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

**ANNUAL FINANCIAL REPORT**  
**HICKMAN COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2006**

*DEPARTMENT OF AUDIT*  
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*Comptroller of the Treasury*

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*WENDY HEATH, CFE*  
*State Auditors*

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

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# HICKMAN COUNTY, TENNESSEE

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# ***Audit Highlights***

Annual Financial Report  
Hickman County, Tennessee  
For the Year Ended June 30, 2006

## ***Scope***

We have audited the financial statements of each major fund and the aggregate remaining fund information of Hickman County as of and for the year ended June 30, 2006.

## ***Results***

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

## ***Findings***

The following are summaries of the audit findings:

### **HICKMAN 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 FINANCE DIRECTOR**

- ◆ Purchase orders were not issued for some applicable purchases, and several invoices were paid without documentation that goods had been received or services had been rendered.
  - ◆ Expenditures exceeded appropriations approved by the County Commission in several major categories of the General Fund, the General Debt Service Fund, and the Education Debt Service Fund. Appropriations exceeded estimated available funds in the Central Cafeteria Fund causing a budget deficit of \$89,265.
-

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

- ◆ Bank reconciliations had been performed; however, reconciling items had not been investigated and corrected. Recorded litigant investment account balances were inaccurate. The execution docket cause balances in Circuit and General Sessions Courts did not reconcile with general ledger accounts.
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## **OTHER FINDINGS**

- ◆ The county violated the conflict of interest statute and made purchases from a business owned by a county commissioner.
- ◆ Duties were not segregated adequately among the officials and employees in the Ambulance Service, Solid Waste Department, Planning and Zoning Department, and the Offices of Trustee and Clerk and Master.

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# INTRODUCTORY SECTION

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Hickman County Officials  
June 30, 2006

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**Officials**

Steve Gregory, County Mayor  
Eddie Cook, Jr., Road Superintendent  
Cheryl Chessor, Trustee  
Delton Mayberry, Assessor of Property  
Randel Totty, County Clerk  
Dana Nicholson, Circuit and General Sessions Courts Clerk  
Sue Smith, Clerk and Master  
Patty Sisk, Register  
Randy Ward, Sheriff  
Betty Holland, Finance Director

**Board of County Commissioners**

Brad Leeper, Chairman	Mark McFarlin
Lynette Harris	Steve Hethcote
Mickey Bunn	Gerald Rochelle
Jodi Bates	Shirley Mayberry
Ronny George	Wayne Richey
Robert Capps	Danny Clark
James Hassell	Charles List
Nathaniel Bates	Ricky Tidwell
Ronnie Holt	Frankye Ward
Charles Booker	Susan Sanford Sullivan
	Willie Powers

**Highway Commission**

Larry Martin, Chairman	Kenneth Underhill
Robert Chilton	Douglas Gardner
Terry Beard	William Anglin
Roy Potts	

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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 31, 2006

Hickman County Mayor and  
Board of County Commissioners  
Hickman 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 Hickman County, Tennessee, as of and for the year ended June 30, 2006, as shown on pages 15 through 48, 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 Hickman County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

As described in Note I, Hickman 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 Hickman County, Tennessee, as of June 30, 2006, or the changes in its financial position or its cash flows, where applicable for the year then ended.

The financial statements of the Hickman County Library (Special Revenue Fund and Permanent Fund) had not been made available by other auditors as of the date of this report. Accordingly, the aggregate remaining fund information of Hickman County, Tennessee, referred to above does not include the financial statements of the Hickman County Library, which should be included to conform to the basis of accounting prescribed by the Comptroller of the Treasury of the State of Tennessee. The effects on the financial statements are not reasonably determinable.

However, in our opinion, except for the effect of the matter discussed in the preceding paragraph, 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 Hickman County, Tennessee, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting prescribed by the Comptroller of the Treasury of the State of Tennessee.

In accordance with Government Auditing Standards, we have also issued our report dated August 31, 2006, on our consideration of Hickman 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.

The budgetary comparison information on pages 51 through 55 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 Hickman 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, 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 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

John G. Morgan  
Comptroller of the Treasury

JGM/sb

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Hickman County, Tennessee  
 Balance Sheet  
 Governmental Funds  
 June 30, 2006

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<b>ASSETS</b>						
Equity in Pooled Cash and Investments	\$ 1,937,021	\$ 321,213	\$ 1,717,810	\$ 1,355,718	\$ 697,918	\$ 6,029,680
Accounts Receivable	81,332	0	66,340	0	838,655	986,327
Allowance for Uncollectibles	0	0	0	0	(617,338)	(617,338)
Due from Other Governments	103,720	335,518	90,896	0	0	530,134
Property Taxes Receivable	3,966,326	236,796	1,006,381	0	0	5,209,503
Allowance for Uncollectible Property Taxes	(206,674)	(12,339)	(52,440)	0	0	(271,453)
Prepaid Items	45,488	48,957	19,580	0	0	114,025
Notes Receivable - Current	0	0	11,000	0	0	11,000
Notes Receivable - Long-Term	0	0	303,000	0	0	303,000
Total Assets	\$ 5,927,213	\$ 930,145	\$ 3,162,567	\$ 1,355,718	\$ 919,235	\$ 12,294,878
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 17,752	\$ 192,062	\$ 0	\$ 0	\$ 0	\$ 209,814
Contracts Payable	0	0	0	1,773,406	0	1,773,406
Retainage Payable	0	0	0	291,440	0	291,440
Deferred Revenue - Current Property Taxes	3,600,966	214,983	913,678	0	0	4,729,627
Deferred Revenue - Delinquent Property Taxes	140,485	8,641	35,645	0	0	184,771
Other Deferred Revenues	49,471	162,696	45,358	0	174,671	432,196
Total Liabilities	\$ 3,808,674	\$ 578,382	\$ 994,681	\$ 2,064,846	\$ 174,671	\$ 7,621,254
<b>Fund Balances</b>						
Reserved for Encumbrances	\$ 14,973	\$ 999	\$ 0	\$ 13,651,971	\$ 2,336	\$ 13,670,279
Reserved for Alcohol and Drug Treatment	58,890	0	0	0	0	58,890
Reserved for Sexual Offender Registration	3,005	0	0	0	0	3,005
Reserved for Courtroom Security	18	0	0	0	0	18
Reserved for Courthouse and Jail Maintenance	33,810	0	0	0	0	33,810
Reserved for Computer System - Register	27,794	0	0	0	0	27,794
Reserved for Automation Purposes - Circuit Court	1,271	0	0	0	0	1,271
Reserved for Automation Purposes - General Sessions Court	29,931	0	0	0	0	29,931

(Continued)

Exhibit A

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<b>LIABILITIES AND FUND BALANCES (Cont.)</b>						
<b>Fund Balances (Cont.)</b>						
Reserved for Automation Purposes - Chancery Court	\$ 8,656	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,656
Reserved for Automation Purposes - Sheriff	5,563	0	0	0	0	5,563
Reserved for Long-Term Notes Receivable	0	0	303,000	0	0	303,000
Reserved for Capital Outlay	0	0	172,125	0	0	172,125
Reserved for Other General Purposes	0	0	7,987	6,862	0	14,849
Unreserved, Reported In:						
General Fund	1,934,628	0	0	0	0	1,934,628
Special Revenue Funds	0	350,764	0	0	683,484	1,034,248
Debt Service Funds	0	0	1,684,774	0	58,744	1,743,518
Capital Projects Funds (Deficit)	0	0	0	(14,367,961)	0	(14,367,961)
<b>Total Fund Balances</b>	<b>\$ 2,118,539</b>	<b>\$ 351,763</b>	<b>\$ 2,167,886</b>	<b>\$ (709,128)</b>	<b>\$ 744,564</b>	<b>\$ 4,673,624</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,927,213</b>	<b>\$ 930,145</b>	<b>\$ 3,162,567</b>	<b>\$ 1,355,718</b>	<b>\$ 919,235</b>	<b>\$ 12,294,878</b>

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

Exhibit B

Hickman County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2006

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 4,100,094	\$ 293,323	\$ 2,089,834	\$ 0	\$ 576,680	\$ 7,059,931
Licenses and Permits	49,560	0	0	0	0	49,560
Fines, Forfeitures, and Penalties	99,769	0	0	0	23,560	123,329
Charges for Current Services	20,409	1,786	0	0	587,418	609,613
Other Local Revenues	96,857	34,131	552,915	3,900	2,108	689,911
Fees Received from County Officials	1,099,696	0	0	0	0	1,099,696
State of Tennessee	823,216	2,319,651	56,517	0	0	3,199,384
Federal Government	425,852	47,882	0	0	0	473,734
Other Governments and Citizens Groups	60,000	0	0	0	0	60,000
<b>Total Revenues</b>	<b>\$ 6,775,453</b>	<b>\$ 2,696,773</b>	<b>\$ 2,699,266</b>	<b>\$ 3,900</b>	<b>\$ 1,189,766</b>	<b>\$ 13,365,158</b>
<u>Expenditures</u>						
Current:						
General Government	\$ 1,000,535	\$ 0	\$ 0	\$ 0	\$ 2,737	\$ 1,003,272
Finance	696,027	0	0	0	0	696,027
Administration of Justice	506,688	0	0	0	325	507,013
Public Safety	1,783,556	0	0	0	1,347	1,784,903
Public Health and Welfare	214,756	0	0	0	898,589	1,113,345
Social, Cultural, and Recreational Services	13,940	0	0	0	0	13,940
Agricultural and Natural Resources	65,658	0	0	0	0	65,658
Other Operations	1,312,236	0	0	0	0	1,312,236
Highways	1,502	2,431,809	0	0	0	2,433,311
Support Services	41,229	0	0	0	0	41,229
Debt Service:						
Principal on Debt	4,222	0	884,421	0	388,000	1,276,643
Interest on Debt	1,443	0	352,781	0	217,053	571,277
Other Debt Service	0	0	72,694	0	33,324	106,018
Capital Projects	0	0	0	13,997,414	0	13,997,414
<b>Total Expenditures</b>	<b>\$ 5,641,792</b>	<b>\$ 2,431,809</b>	<b>\$ 1,309,896</b>	<b>\$ 13,997,414</b>	<b>\$ 1,541,375</b>	<b>\$ 24,922,286</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,133,661	\$ 264,964	\$ 1,389,370	\$ (13,993,514)	\$ (351,609)	\$ (11,557,128)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 750,000	\$ 0	\$ 750,000

Exhibit B

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 12,106,860	\$ 0	\$ 12,106,860
Transfers In	27,434	0	171,689	366,409	577,900	1,143,432
Transfers Out	(568,314)	(199,123)	(509,246)	0	0	(1,276,683)
Total Other Financing Sources (Uses)	\$ (540,880)	\$ (199,123)	\$ (337,557)	\$ 13,223,269	\$ 577,900	\$ 12,723,609
Net Change in Fund Balances	\$ 592,781	\$ 65,841	\$ 1,051,813	\$ (770,245)	\$ 226,291	\$ 1,166,481
Fund Balance, July 1, 2005	1,525,758	285,922	1,116,073	61,117	518,273	3,507,143
Fund Balance, June 30, 2006	\$ 2,118,539	\$ 351,763	\$ 2,167,886	\$ (709,128)	\$ 744,564	\$ 4,673,624

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

Hickman County, Tennessee  
Statement of Net Assets  
Proprietary Fund  
June 30, 2006

	Business-type Activities - Enterprise Fund
	Solid Waste Disposal Fund
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 300
Equity in Pooled Cash and Investments	405,145
Due From Other Governments	7,394
Accounts Receivable	247,191
Allowance for Uncollectibles	(109,962)
Total Current Assets	<u>\$ 550,068</u>
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation):	
Land	\$ 43,880
Buildings and Improvements	486,372
Machinery and Equipment	151,325
Total Noncurrent Assets	<u>\$ 681,577</u>
Total Assets	<u>\$ 1,231,645</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Capital Outlay Notes Payable	\$ 95,250
Accrued Liability for Landfill Closure/Postclosure Care Costs	6,989
Accrued Leave	2,230
Total Current Liabilities	<u>\$ 104,469</u>
Noncurrent Liabilities:	
Capital Outlay Notes Payable	\$ 3,248
Accrued Leave	8,921
Accrued Liability for Landfill Closure/Postclosure Care Costs	202,680
Total Noncurrent Liabilities	<u>\$ 214,849</u>
Total Liabilities	<u>\$ 319,318</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 586,079
Unrestricted	326,248
Total Net Assets	<u>\$ 912,327</u>

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

Exhibit C-2

Hickman County, Tennessee  
Statement of Revenues, Expenses, and  
Changes in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2006

	Business-type Activities - Enterprise Fund
	Solid Waste Disposal Fund
<u>Operating Revenues</u>	
Charges for Current Services	\$ 981,869
Other Local Revenues	41,183
Total Operating Revenues	<u>\$ 1,023,052</u>
<u>Operating Expenses</u>	
Sanitation Management	\$ 772,792
Litter and Trash Collection	32,182
Depreciation	59,741
Total Operating Expenses	<u>\$ 864,715</u>
Operating Income (Loss)	<u>\$ 158,337</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 22,528
Insurance Recovery	391
Sale of Equipment	2,353
Interest Expense	(7,602)
Solid Waste Grants	20,859
Total Nonoperating Revenues (Expenses)	<u>\$ 38,529</u>
Change in Net Assets	\$ 196,866
Net Assets, July 1, 2005	<u>715,461</u>
Nets Assets, June 30, 2006	<u><u>\$ 912,327</u></u>

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

Hickman County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2006

	Business-type Activities - Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from Customers and Users	\$ 913,167
Other Cash Receipts (Payments)	41,183
Payments to Employees	(362,979)
Waste Collection and Disposal Activity	(441,285)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 150,086</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Grants Received	\$ 13,465
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 13,465</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Principal Paid on Notes	\$ (91,586)
Interest Paid on Notes	(7,602)
Insurance Recovery	391
Sale of Equipment	2,353
Net Cash Provided By (Used In) Capital Financing Activities	<u>\$ (96,444)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Investment Income	\$ 22,528
Net Cash Provided By (Used In) Investing Activities	<u>\$ 22,528</u>
Net increase (decrease) in cash	\$ 89,635
Cash, July 1, 2005	<u>315,810</u>
Cash, June 30, 2006	<u><u>\$ 405,445</u></u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>	
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	
Operating income (loss)	\$ 158,337
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	59,741
Change in Assets and Liabilities:	
(Increase) decrease in Accounts Receivable	(130,334)
(Increase) decrease in Allowance for Uncollectibles	61,632
Increase (decrease) in Accrued Expenses	710
Net cash provided by (used in) operating activities	<u><u>\$ 150,086</u></u>

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

Exhibit D

Hickman County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2006

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 637,184
Accounts Receivable	204
Due from Other Governments	<u>110,279</u>
Total Assets	<u>\$ 747,667</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	110,279
Due to Litigants, Heirs, and Others	<u>637,388</u>
Total Liabilities	<u>\$ 747,667</u>

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

**HICKMAN COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2006**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Hickman 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.

Hickman County has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and discretely presented component units. The two government-wide financial statements, the statement of net assets and the statement of activities, should be included in the basic financial statements to conform with the provisions of GASB Statement 34 and accounting principles generally accepted in the United States of America. Hickman 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 Hickman County's auditor to issue an adverse opinion on the county's financial statements.

Although Hickman 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 to be presented in conformity with all the provisions of GASB Statement 34 that are applicable to fund financial statements, including the notes to the financial statements. These standards also require the fund financial statements to be presented in conformity with all other accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements.

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

**A. Reporting Entity**

Hickman County is a public municipal corporation governed by an elected 21-member board. As required by GAAP, these financial statements present Hickman County (the primary government). Although required by GAAP, the financial statements of the Hickman County Public Library, a special revenue fund and a permanent fund, were not available from other auditors in time for inclusion in this report.

**Blended Component Units** – There are no legally separate component units of Hickman 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 Hickman County is presenting fund financial statements only, the financial information of entities that meet the criteria for discretely presented component units is not included in the fund financial statements, 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 Hickman County School Department operates the public school system in the county, and the voters of Hickman 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 Hickman County Health Foundation was created as a result of litigation involving the Hickman County Hospital, and the Hickman County Commission appoints its governing body. The purpose of the health foundation is to promote and advance the health, medical care, general well being, and quality of life of the residents of Hickman County. The health foundation is funded primarily by contributions from Baptist Hospital and interest earnings.

The Hickman County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Hickman County, and the Hickman 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 Hickman County School Department, Hickman County Health Foundation, and the Hickman County Emergency Communications District issue separate financial statements from those of the county. The School Department's and the Health Foundation's financial statements are published as separate reports, but under the same cover as the county's financial statements. The Emergency Communications District's financial statements are published as a separate report. Complete financial statements of the Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Hickman County Emergency Communications District  
102 East Swan Street  
Centerville, TN 37033

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

Fund financial statements of Hickman County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. Hickman County only reports one proprietary fund, the Solid Waste Disposal Fund (enterprise fund). An emphasis is placed on major funds within the governmental and proprietary categories.

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

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

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

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

Proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting except for agency funds which have no measurement focus. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Hickman County reports the following major governmental funds:

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

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

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

**General Capital Projects Fund** – This fund accounts for capital projects of the general government.

Hickman County reports the following major enterprise fund:

**Solid Waste Disposal Fund** – This fund accounts for transactions of the county’s solid waste transfer station and landfill.

Additionally, Hickman County reports the following fund type:

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund, the Solid Waste Disposal Fund, an enterprise fund, used to account for solid waste activities. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations.

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

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

**1. Deposits and Investments**

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

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

The county trustee maintains a cash and internal investment pool that is used by all Hickman County and Hickman County School Department funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Hickman County and the Hickman County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## 2. Receivables and Payables

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to three percent of total taxes levied.

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

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

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

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

Retainage payable in the General Capital Projects Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments.

**3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the fund financial statements.

**4. Capital Assets**

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition. Hickman 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, Hickman County does not present government-wide statements.

Capital assets are reported in the statement of net assets of the Solid Waste Disposal Fund (enterprise fund). Hickman County defines capital assets as assets with an initial, individual cost of \$15,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	5 - 40
Machinery and Equipment	5 - 20

**5. Compensated Absences**

It is the county's general policy to permit employees (excluding the Highway Department, which closes down one week during the week of July 4 and two weeks during the Christmas holidays) to accumulate earned but unused personal leave (vacation and sick leave) benefits.

All personal leave pay is accrued when incurred in the proprietary fund statements for the county. A liability for personal leave is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

**6. Long-term Obligations**

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

Long-term debt and other long-term obligations are reported as liabilities in the proprietary fund financial statements.

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

**7. Net Assets and Fund Equity**

In the Solid Waste Disposal Fund, equity is classified as net assets and displayed in three components:

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

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

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers – Fees Fund (special revenue fund) which is not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the 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/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

### B. Fund Deficit

The General Capital Projects Fund had a fund deficit of \$14,367,961 at June 30, 2006. This fund deficit mainly resulted from the unperformed portions of construction contracts of \$13,651,971 being reserved as encumbrances. Funding for these future expenditures is expected to be received from the issuance of debt.

### C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the major appropriation categories (legal level of control) of the funds listed on the following page.

Fund/Major Category	Amount
<u>General:</u>	
Litter and Trash Collection	\$ 1,502
Adult Programs	6,229
Transfers Out	180,332
<u>General Debt Service:</u>	
General Government - Interest	2,370
General Government - Other Debt Service	501
Education - Other Debt Service	31,393
Transfers Out	171,106
<u>Education Debt Service:</u>	
Education - Interest	7,713
General Government - Other Debt Service	1,675
Education - Other Debt Service	849

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues.

### III. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

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

#### Deposits

**Legal Provisions.** All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to

protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

### **Investments**

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

**Investment Balances.** As of June 30, 2006, Hickman County had the following investments carried at fair value or cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Hickman County and the Hickman County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value or Cost</u>
State Treasurer's Investment Pool	Daily	\$ 15,088,581

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Hickman County does not have a formal investment policy that limits investment

maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Hickman County has no investment policy that would further limit its investment choices. As of June 30, 2006, Hickman County's investment in the State Treasurer's Investment Pool was unrated.

**B. Note Receivable**

The note receivable in the General Debt Service Fund resulted from a contract dated March 28, 2002, to sell the Hickman County Agricultural Pavilion for \$325,000, less a down payment of \$11,000 to Hickman County Agricultural Pavilion and Fairgrounds, Inc., a not-for-profit corporation. The first annual installment payment is due September 18, 2006, and subsequent payments will be due on September 18 of each year thereafter. The note receivable is offset by a reservation of fund balance in the General Debt Service Fund. The amount of the note that is not expected to be collected within one year is \$303,000.

**C. Capital Assets**

Capital assets activity of the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2006, was as follows:

**Business-type Activities:**

	Balance 7-1-05	Increases	Balance 6-30-06
Capital Assets Not Depreciated:			
Land	\$ 43,880	\$ 0	\$ 43,880
Total Capital Assets Not Depreciated	\$ 43,880	\$ 0	\$ 43,880
Capital Assets Depreciated:			
Buildings and Improvements	\$ 631,579	\$ 0	\$ 631,579
Machinery and Equipment	557,658	0	557,658
Total Capital Assets Depreciated	\$ 1,189,237	\$ 0	\$ 1,189,237

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

	Balance 7-1-05	Increases	Balance 6-30-06
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 129,517	\$ 15,690	\$ 145,207
Machinery and Equipment	362,282	44,051	406,333
Total Accumulated Depreciation	<u>\$ 491,799</u>	<u>\$ 59,741</u>	<u>\$ 551,540</u>
Total Capital Assets Depreciated, Net	<u>\$ 697,438</u>	<u>\$ (59,741)</u>	<u>\$ 637,697</u>
Business-type Activities Capital Assets, Net	<u>\$ 741,318</u>	<u>\$ (59,741)</u>	<u>\$ 681,577</u>

**D. Construction Commitments**

At June 30, 2006, the General Capital Projects Fund had uncompleted construction contracts of approximately \$10,119,989 for school construction, \$3,381,663 for jail construction, and \$78,000 for sewer line projects. Funding is expected to be received from other loans.

**E. Interfund Transfers**

Interfund transfers for the year ended June 30, 2006, consisted of the following amounts:

Transfers Out	Transfers In			
	General Fund	General Debt Service Fund	General Capital Projects	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 0	\$ 180,332	\$ 387,982
Highway/Public Works Fund	27,434	171,689	0	0
General Debt Service Fund	0	0	186,077	323,169
Total	<u>\$ 27,434</u>	<u>\$ 171,689</u>	<u>\$ 366,409</u>	<u>\$ 711,151</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Of the above transfers, \$133,251 was transferred from the General Fund to the Public Library Fund (a nonmajor special

revenue fund) whose financial statements were not available from other auditors in time for inclusion in this report.

**F. Capital Leases**

On June 13, 2002, Hickman County entered into a five-year lease-purchase agreement for a courthouse telephone system. The terms of the agreement require total lease payments of \$17,625 plus interest at 20.49 percent. Title to the equipment transfers to Hickman County at the end of the lease period. The lease payments are made by the General Fund.

Since Hickman County is presenting fund financial statements only, the present value of minimum lease payments under lease agreements has not been 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 the government-wide financial statements, but Hickman County is not presenting government-wide financial statements. Capital leases are reported as a liability in the fund financial statements of enterprise funds. Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2006, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2007	\$ 5,152
Total Minimum Lease Payments	\$ 5,152
Amounts Representing Interest	(468)
Present Value of Minimum Lease Payments	<u>\$ 4,684</u>

**G. Long-term Debt**

Since Hickman County is presenting fund financial statements only, long-term debt is not reported as a liability in the financial statements of the governmental funds. Long-term debt for governmental funds is required to be reported as a liability in government-wide financial statements, but Hickman County is not presenting government-wide financial statements.

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General

obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 12 years for bonds, up to 18 years for notes, and up to 27 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2006, will be retired from the General Debt Service or Education Debt Service Funds.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2006, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
General Obligation Bonds -			
Refunding	4 to 4.4 %	\$ 2,975,000	\$ 895,000
Capital Outlay Notes	4 to 4.15	1,687,109	1,167,040
Other Loans	variable	24,149,377	21,156,377
Capital Lease	20.49	17,625	4,684

In prior years, Hickman County entered into loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority loaned \$8,949,117 and \$1,750,000 to Hickman County for various renovation and construction projects. The loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. At June 30, 2006, the variable interest rate was 3.52 percent, and other fees amounted to \$100 per month per loan (trustee), .3 percent (letter of credit), and .08 percent (remarketing) of the outstanding loan principal.

Also, during a prior year, Hickman County entered into a loan agreement with the Montgomery County Public Building Authority. This loan agreement provided for the authority to make \$22,000,000 available for loan to Hickman County on an as-needed basis for various renovation and construction projects. Hickman County had borrowed \$11,243,400 of the loan at June 30, 2006. The loan is repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with this loan. At June 30, 2006, the variable interest rate was 3.7 percent, and other fees amounted to \$100 per month (trustee), .2 percent (letter of credit), and .08 percent (remarketing) of the outstanding loan principal.

During the current year, Hickman County entered into loan agreements with the Montgomery County Public Building Authority. These loan agreements provide for the authority to make \$6,140,000 and \$2,000,000 available for

loan to Hickman County on an as-needed basis for various renovation and construction projects. Hickman County had borrowed \$1,992,860 and \$214,000 respectively of the loans at June 30, 2006. The loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. At June 30, 2006, the variable interest rate was 3.7 percent, and other fees amounted to \$100 per month (trustee), .2 percent (letter of credit), and .08 percent (remarketing) of the outstanding loan principal.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2006, including interest payments and other loan fees, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2007	\$ 440,000	\$ 39,160	\$ 220,213	\$ 46,993
2008	455,000	20,020	177,996	38,160
2009	0	0	112,288	31,140
2010	0	0	70,773	26,497
2011	0	0	71,531	23,640
2012-2016	0	0	370,127	74,277
2017-2018	0	0	144,112	8,533
Total	<u>\$ 895,000</u>	<u>\$ 59,180</u>	<u>\$ 1,167,040</u>	<u>\$ 249,240</u>

Year Ending June 30	Other Loan (\$8,949,117)			Total
	Principal	Interest	Other Fees	
2007	\$ 408,000	\$ 230,177	\$ 26,049	\$ 664,226
2008	429,000	215,815	24,498	669,313
2009	452,000	200,715	22,868	675,583
2010	476,000	184,804	21,150	681,954
2011	501,000	168,049	19,342	688,391
2012-2016	2,927,000	556,533	66,081	3,549,614
2017-2018	1,346,117	70,795	9,942	1,426,854
Total	<u>\$ 6,539,117</u>	<u>\$ 1,626,888</u>	<u>\$ 189,930</u>	<u>\$ 8,355,935</u>

Year Ending June 30	Other Loan (\$1,750,000)			Total
	Principal	Interest	Other Fees	
2007	\$ 78,000	\$ 41,078	\$ 5,635	\$ 124,713
2008	83,000	38,333	5,338	126,671
2009	87,000	35,411	5,023	127,434
2010	92,000	32,349	4,692	129,041
2011	96,000	29,110	4,343	129,453
2012-2016	562,000	91,098	15,834	668,932
2017-2018	169,000	7,287	3,086	179,373
Total	\$ 1,167,000	\$ 274,666	\$ 43,951	\$ 1,485,617

Year Ending June 30	Other Loan (\$11,243,400)			Total
	Principal	Interest	Other Fees	
2007	\$ 696,000	\$ 416,006	\$ 32,682	\$ 1,144,688
2008	715,000	390,254	30,733	1,135,987
2009	735,000	363,799	28,731	1,127,530
2010	756,000	336,604	26,673	1,119,277
2011	777,000	308,632	24,556	1,110,188
2012-2016	4,219,000	1,095,830	88,928	5,403,758
2017-2020	3,345,400	288,139	26,603	3,660,142
Total	\$ 11,243,400	\$ 3,199,264	\$ 258,906	\$ 14,701,570

Year Ending June 30	Other Loan (\$1,992,860)			Total
	Principal	Interest	Other Fees	
2007	\$ 157,000	\$ 73,736	\$ 6,780	\$ 237,516
2008	163,000	67,927	6,340	237,267
2009	170,000	61,896	5,884	237,780
2010	177,000	55,606	5,408	238,014
2011	184,000	49,057	4,912	237,969
2012-2016	1,036,000	137,615	16,414	1,190,029
2017	105,860	3,917	1,497	111,274
Total	\$ 1,992,860	\$ 449,754	\$ 47,235	\$ 2,489,849

Year Ending June 30	Other Loan (\$214,000)			
	Principal	Interest	Other Fees	Total
2007	\$ 54,000	\$ 7,918	\$ 1,799	\$ 63,717
2008	55,000	5,920	1,648	62,568
2009	57,000	3,885	1,494	62,379
2010	48,000	1,776	1,335	51,111
Total	\$ 214,000	\$ 19,499	\$ 6,276	\$ 239,775

There is \$1,684,774 available in the General Debt Service Fund and \$58,744 in the Education Debt Service Fund to service long-term debt. Bonded debt per capita amounted to \$40, based on the 2000 federal census. Total debt per capita, including bonds, notes, other loans, and capital leases, amounted to \$1,042, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2006, was as follows:

Governmental Activities:	Bonds	Notes	Capital Leases
Balance, July 1, 2005	\$ 1,535,000	\$ 593,656	\$ 8,906
Adjustment to Beginning Balance	0	(7,195)	0
Additions	0	750,000	0
Deductions	(640,000)	(169,421)	(4,222)
Balance, June 30, 2006	\$ 895,000	\$ 1,167,040	\$ 4,684
Balance Due Within One Year	\$ 440,000	\$ 220,213	\$ 4,684
	Other Loans	Compensated Absences	
Balance, July 1, 2005	\$ 9,512,517	\$ 141,004	
Additions	12,106,860	45,310	
Deductions	(463,000)	0	
Balance, June 30, 2006	\$ 21,156,377	\$ 186,314	
Balance Due Within One Year	\$ 1,393,000	\$ 46,579	

Compensated absences payable will be paid from the employing funds, primarily the General Fund.

Hickman County Solid Waste Disposal Fund (enterprise fund)

The annual requirements to amortize all capital outlay notes outstanding as of June 30, 2006, including interest, are presented in the following table:

Year Ending June 30	Notes	
	Principal	Interest
2007	\$ 95,250	\$ 3,938
2008	3,248	88
Total	<u>\$ 98,498</u>	<u>\$ 4,026</u>

Changes in Long-term Liabilities

Long-term liability activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2006, was as follows:

Business-type Activities:

	Notes
Balance, July 1, 2005	\$ 190,084
Deductions	<u>(91,586)</u>
Balance, June 30, 2006	<u>\$ 98,498</u>
Balance Due Within One Year	<u>\$ 95,250</u>

	Compensated Absences	Closure/ Postclosure Care Costs
Balance, July 1, 2005	\$ 6,232	\$ 213,878
Additions	4,919	0
Deductions	0	<u>(4,209)</u>
Balance, June 30, 2006	<u>\$ 11,151</u>	<u>\$ 209,669</u>
Balance Due Within One Year	<u>\$ 2,230</u>	<u>\$ 6,989</u>

**H. Short-term Debt**

Hickman County issued tax anticipation notes through the General Debt Service Fund in advance of property tax collections and deposited the proceeds in the Highway/Public Works Fund. These notes were necessary because funds were not available to meet payroll and other operating expenditures coming due before current tax collections. Short-term debt activity for the year ended June 30, 2006, was as follows:

	Balance			Balance
	7-1-05	Issued	Redeemed	6-30-06
Tax Anticipation Notes	\$ 0	\$ 200,000	\$ (200,000)	\$ 0

**IV. OTHER INFORMATION**

**A. Risk Management**

Hickman County is a member of 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.

Hickman County joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. Hickman County pays an annual premium to the TSB-RMT for its general liability, property, casualty insurance, and workers' compensation coverage. The creation of the TSB-RMT provides for it to be self-sustaining through member premiums. The TSB-RMT reinsures through commercial insurance companies for property claims exceeding \$100,000, liability claims exceeding \$200,000, and workers' compensation claims exceeding \$500,000.

**B. Accounting Changes**

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries became effective for the year ended June 30, 2006. GASB Statement No. 42 requires governments to report the effects of capital asset impairments in their financial statements

when they occur rather than as a part of the ongoing depreciation expense for the capital asset or upon disposal of the capital asset. In addition, GASB Statement No. 42 clarifies and establishes accounting requirements for insurance recoveries. GASB Statement No. 42 had no effect on the financial statements for the year ended June 30, 2006, since no capital asset impairment and insurance recoveries occurred. However, it is reasonably expected that capital asset impairment and insurance recoveries may occur in subsequent years that will be subject to the provisions of Statement No. 42.

The provisions of GASB Statement No. 44, Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1) became effective for the year ended June 30, 2006. GASB Statement No. 44 applies to the preparation of the statistical section. State and local governments may, but are not required to, prepare a statistical section to accompany basic financial statements. However, a statistical section is required to accompany a comprehensive annual financial report. Since Hickman County is not presenting a comprehensive annual financial report, it has elected not to prepare a statistical section. A limited statistical section was presented in the prior year's report. GASB Statement No. 44 amends guidance related to the preparation of the statistical section. This statement improves the understandability and usefulness of statistical information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local governments required by GASB Statement No. 34. GASB Statement No. 44 establishes the objectives of the statistical section and the five categories it contains: financial trends, revenue capacity, debt capacity, demographic and economic, and operating. It is reasonably expected that Hickman County will prepare and present a statistical section in subsequent years that follows the requirements of GASB Statement No. 44.

The provisions of GASB Statement No. 46, Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34 became effective for the year ended June 30, 2006. GASB Statement No. 46 provides guidance to determine when net assets have been restricted to a particular use by the passage of enabling legislation and specifies how those net assets should be reported in financial statements when there are changes in the circumstances surrounding such legislation. The statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation as of the end of the reporting period. Hickman County had no net assets restricted by enabling legislation to disclose as of June 30, 2006. But it is reasonably expected that Hickman County will be required to disclose net assets restricted by enabling legislation in subsequent years.

The provisions of GASB Statement No. 47, Accounting for Termination Benefits became effective for the year ended June 30, 2006. GASB Statement No. 47 provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or

severance to employees who are involuntarily terminated. Statement No. 47 specifies when governments should recognize the cost of termination benefits they offer in accrual basis financial statements. Hickman County was not offering any termination benefits to employees as of June 30, 2006. But it is reasonably expected that Hickman County will offer termination benefits in subsequent years subject to the accounting and reporting requirements of GASB Statement No. 47.

**C. Subsequent Events**

On August 21, 2006, Hickman County authorized the issuance of \$600,000 of capital outlay notes for the purchase of property and to refurbish, furnish, and relocate certain county offices.

Finance Director, Betty Holland, has announced her retirement effective September 1, 2006, and Annette Elliott has been appointed interim finance director.

**D. Contingent Liabilities**

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

**E. Landfill Closure/Postclosure Care Costs**

Hickman County closed its landfill effective June 30, 1996. State and federal laws and regulations required the county to place a final cover on its Industrial Road landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although postclosure care costs will be paid only after the date the landfill stopped accepting waste, the Solid Waste Disposal Fund is required by generally accepted accounting principles to report the total estimated liability for postclosure care costs at June 30, 2006. The \$209,669 reported as landfill postclosure care costs at June 30, 2006, represents the estimated cost of postclosure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. Joint Ventures**

Hickman County and the Town of Centerville entered into a joint venture to foster communication and facilitate economic and community development between and among governmental entities, industry, and private citizens. This joint venture is administered by the Hickman County Economic and Community Development Association Board (Vision 21). Hickman County contributed \$51,890 to the Hickman County Joint Economic and Community Development Association Board during the 2005-06 year.

The Twenty-first Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-first Judicial District, Williamson, Lewis, Hickman, and Perry Counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors, including the district attorney general, and the sheriffs and police chiefs of participating law enforcement agencies within each judicial district. Hickman County contributed \$20,000 to the DTF for the year ended June 30, 2006.

Hickman County does not retain an equity interest in any of the above-noted joint ventures.

Complete financial statements for the Hickman County Joint Economic Development Board and the Twenty-first Judicial District Drug Task Force can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Hickman County Joint Economic Development Board (Vision 21)  
P. O. Box 126  
Centerville, TN 37033

Office of District Attorney General  
Twenty-first Judicial District Drug Task Force  
P. O. Box 937  
Franklin, TN 37065

**G. Jointly Governed Organization**

The South Central Tennessee Railroad Authority (SCTRA) was created by the county in conjunction with Lewis, Perry, and Wayne Counties and the cities of Centerville, Linden, Hohenwald, and Waynesboro. The SCTRA's board includes 16 members who are the elected county mayor/executive or city mayor and an appointed member of the County Commission or City Council from each of the respective counties or cities. Hickman County did not appropriate any funds for this operation during the year, and the county does not have any ongoing financial interest or responsibility for the entity. Funding sources for SCTRA are lease payments, switching fees, interest income, and grants.

## **H. Retirement Commitments**

### **Plan Description**

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

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

### **Funding Policy**

Hickman County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2006, was 10.24 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Hickman County is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2006, Hickman County's annual pension cost of \$607,569 to TCRS was equal to the county's required and actual

contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Hickman County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 16 years.

#### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$607,569	100%	\$0
6-30-05	593,996	100	0
6-30-04	500,097	100	0

#### **Required Supplementary Information** Schedule of Funding Progress for Hickman County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-03	\$11,890	\$12,089	\$199	98.35%	\$5,303	3.75%
6-30-01	10,835	11,096	261	97.65	4,555	5.73
6-30-99	9,616	9,657	41	99.58	4,023	1.02

#### **I. Other Post-employment Benefits**

Insurance benefits will be paid on retirees with over 25 years of service with Hickman County (excluding the Highway Department) and their eligible dependents at the rate of 85 percent for employee coverage and 58 percent for family coverage. Insurance benefits will be paid on retirees with over 20 years of service with the Highway Department and at least 55 years of age and their eligible dependents at the rate of 100 percent for employee coverage and 75 percent for family coverage. In the event these contribution rates are

increased in the future, the retirees' insurance will increase to the same percentage rate. Medicare premiums shall be paid at the rate of \$40 per month for retirees only.

**J. Office of Central Accounting, Budgeting, and Purchasing**

Hickman County operates under provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. This act provides for the creation of a Finance Department operated under the direction of the finance director.

**K. Purchasing Law**

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by her to serve as the county purchasing agent. The finance director serves as the purchasing agent for Hickman County. Purchases exceeding \$5,000 for the Office of County Mayor/Executive and \$10,000 for the Highway Department are required to be competitively bid.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Hickman County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 4,100,094	\$ 0	\$ 4,100,094	\$ 3,863,642	\$ 3,863,642	\$ 236,452
Licenses and Permits	49,560	0	49,560	72,400	72,400	(22,840)
Fines, Forfeitures, and Penalties	99,769	0	99,769	81,100	81,100	18,669
Charges for Current Services	20,409	0	20,409	15,220	15,220	5,189
Other Local Revenues	96,857	0	96,857	9,000	94,819	2,038
Fees Received from County Officials	1,099,696	0	1,099,696	939,700	939,700	159,996
State of Tennessee	823,216	0	823,216	853,390	834,890	(11,674)
Federal Government	425,852	0	425,852	0	461,714	(35,862)
Other Governments and Citizens Groups	60,000	0	60,000	0	800	59,200
Total Revenues	\$ 6,775,453	\$ 0	\$ 6,775,453	\$ 5,834,452	\$ 6,364,285	\$ 411,168
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 64,100	\$ 0	\$ 64,100	\$ 62,900	\$ 65,400	\$ 1,300
Board of Equalization	1,300	0	1,300	3,150	3,150	1,850
Budget and Finance Committee	0	0	0	2,500	0	0
County Mayor/Executive	90,788	185	90,973	91,189	91,189	216
County Attorney	5,830	0	5,830	14,000	14,000	8,170
Election Commission	313,658	0	313,658	127,077	335,077	21,419
Register of Deeds	117,269	0	117,269	117,927	117,927	658
Planning	39,941	0	39,941	48,900	48,900	8,959
County Buildings	367,649	7,534	375,183	340,018	392,591	17,408
Preservation of Records	0	0	0	20,000	20,000	20,000
<u>Finance</u>						
Accounting and Budgeting	155,269	88	155,357	158,924	158,924	3,567
Property Assessor's Office	241,690	4,900	246,590	225,025	280,525	33,935
County Trustee's Office	126,329	0	126,329	129,985	129,985	3,656

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
County Clerk's Office	\$ 172,739	\$ 0	\$ 172,739	\$ 176,705	\$ 176,705	\$ 3,966
<u>Administration of Justice</u>						
Circuit Court	224,627	0	224,627	224,012	235,664	11,037
General Sessions Court	148,282	0	148,282	148,795	148,795	513
Chancery Court	118,650	798	119,448	115,953	121,568	2,120
Judicial Commissioners	15,129	0	15,129	15,152	15,152	23
<u>Public Safety</u>						
Sheriff's Department	1,052,856	368	1,053,224	1,068,808	1,097,978	44,754
Jail	428,822	200	429,022	393,550	468,550	39,528
Fire Prevention and Control	2,000	0	2,000	2,000	2,000	0
Civil Defense	263,130	0	263,130	89,860	298,786	35,656
Rescue Squad	15,810	0	15,810	10,000	15,810	0
County Coroner/Medical Examiner	20,938	0	20,938	24,950	24,950	4,012
<u>Public Health and Welfare</u>						
Local Health Center	46,778	900	47,678	49,001	49,001	1,323
Other Local Health Services	167,978	0	167,978	262,300	262,300	94,322
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	10,500	0	10,500	10,500	10,500	0
Other Social, Cultural, and Recreational	3,440	0	3,440	0	7,291	3,851
<u>Agriculture &amp; Natural Resources</u>						
Agriculture Extension Service	42,032	0	42,032	42,831	42,831	799
Soil Conservation	23,626	0	23,626	26,626	26,626	3,000
<u>Other Operations</u>						
Tourism	5,200	0	5,200	5,200	5,200	0
Industrial Development	51,890	0	51,890	51,890	51,890	0
Other Economic and Community Development	2,291	0	2,291	2,000	2,291	0

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Other Operations (Cont.)</u>						
Veterans' Services	\$ 0	\$ 0	\$ 0	\$ 2,500	\$ 2,500	\$ 2,500
Other Charges	384,507	0	384,507	395,667	395,667	11,160
Employee Benefits	793,602	0	793,602	892,436	892,436	98,834
Miscellaneous	74,746	0	74,746	77,960	87,960	13,214
<u>Highways</u>						
Litter and Trash Collection	1,502	0	1,502	0	0	(1,502)
<u>Support Services</u>						
Adult Programs	41,229	0	41,229	0	35,000	(6,229)
<u>Principal on Debt</u>						
General Government	4,222	0	4,222	0	4,222	0
<u>Interest on Debt</u>						
General Government	1,443	0	1,443	0	1,443	0
Total Expenditures	\$ 5,641,792	\$ 14,973	\$ 5,656,765	\$ 5,430,291	\$ 6,140,784	\$ 484,019
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 1,133,661	\$ (14,973)	\$ 1,118,688	\$ 404,161	\$ 223,501	\$ 895,187
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 27,434	\$ 0	\$ 27,434	\$ 88,528	\$ 88,528	\$ (61,094)
Transfers Out	(568,314)	0	(568,314)	(387,982)	(387,982)	(180,332)
Total Other Financing Sources (Uses)	\$ (540,880)	\$ 0	\$ (540,880)	\$ (299,454)	\$ (299,454)	\$ (241,426)
Net Change in Fund Balance						
Fund Balance, July 1, 2005	\$ 592,781	\$ (14,973)	\$ 577,808	\$ 104,707	\$ (75,953)	\$ 653,761
	1,525,758	0	1,525,758	1,018,053	1,018,053	507,705
Fund Balance, June 30, 2006						
	\$ 2,118,539	\$ (14,973)	\$ 2,103,566	\$ 1,122,760	\$ 942,100	\$ 1,161,466

Exhibit E-2

Hickman County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 293,323	\$ 0	\$ 293,323	\$ 295,229	\$ 295,229	\$ (1,906)
Charges for Current Services	1,786	0	1,786	3,725	3,725	(1,939)
Other Local Revenues	34,131	0	34,131	20,000	20,000	14,131
State of Tennessee	2,319,651	0	2,319,651	2,472,650	2,472,650	(152,999)
Federal Government	47,882	0	47,882	90,000	90,000	(42,118)
Total Revenues	<u>\$ 2,696,773</u>	<u>\$ 0</u>	<u>\$ 2,696,773</u>	<u>\$ 2,881,604</u>	<u>\$ 2,881,604</u>	<u>\$ (184,831)</u>
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 125,373	\$ 0	\$ 125,373	\$ 119,507	\$ 135,257	\$ 9,884
Highway and Bridge Maintenance	988,483	0	988,483	1,108,025	1,108,025	119,542
Operation and Maintenance of Equipment	319,749	999	320,748	438,250	438,250	117,502
Other Charges	66,970	0	66,970	125,725	125,725	58,755
Employee Benefits	484,604	0	484,604	483,475	484,604	0
Capital Outlay	446,630	0	446,630	466,200	466,200	19,570
Total Expenditures	<u>\$ 2,431,809</u>	<u>\$ 999</u>	<u>\$ 2,432,808</u>	<u>\$ 2,741,182</u>	<u>\$ 2,758,061</u>	<u>\$ 325,253</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 264,964</u>	<u>\$ (999)</u>	<u>\$ 263,965</u>	<u>\$ 140,422</u>	<u>\$ 123,543</u>	<u>\$ 140,422</u>
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (199,123)	\$ 0	\$ (199,123)	\$ (205,450)	\$ (205,450)	\$ 6,327
Total Other Financing Sources (Uses)	<u>\$ (199,123)</u>	<u>\$ 0</u>	<u>\$ (199,123)</u>	<u>\$ (205,450)</u>	<u>\$ (205,450)</u>	<u>\$ 6,327</u>
Net Change in Fund Balance	\$ 65,841	\$ (999)	\$ 64,842	\$ (65,028)	\$ (81,907)	\$ 146,749
Fund Balance, July 1, 2005	285,922	0	285,922	463,370	463,370	(177,448)
Fund Balance, June 30, 2006	<u>\$ 351,763</u>	<u>\$ (999)</u>	<u>\$ 350,764</u>	<u>\$ 398,342</u>	<u>\$ 381,463</u>	<u>\$ (30,699)</u>

**HICKMAN COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2006**

**A. BUDGETARY INFORMATION**

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

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

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

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

Expenditures exceeded appropriations approved by the County Commission in the major appropriation categories (legal level of control) of the General Fund as listed below:

<u>Fund/Major Category</u>	<u>Amount</u>
<u>General:</u>	
Litter and Trash Collection	\$ 1,502
Adult Programs	6,229
Transfers Out	180,332

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues.

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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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Ambulance Service Fund – The Ambulance Service Fund is used to account for transactions of the Hickman County Ambulance Service.

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

Adequate Facilities/Development Tax Fund – The Adequate Facilities/Development Tax Fund is used to account for the fee assessed on square footage on all new residential, industrial, and commercial buildings.

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.

# Debt Service Fund

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Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

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Education Debt Service Fund – The Education Debt Service Fund is used to account for the accumulation of resources for, and the payment of, education long-term debt principal, interest, and related costs.

Exhibit F-1

Hickman County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2006

	Special Revenue Funds				Debt Service Fund	Total Nonmajor Governmental Funds
	Ambulance Service	Drug Control	Adequate Facilities/ Development Tax	Total	Education Debt Service	
<u>ASSETS</u>						
Equity in Pooled Cash and Investments	\$ 36,733	\$ 30,788	\$ 600,084	\$ 667,605	\$ 30,313	\$ 697,918
Accounts Receivable	810,224	0	0	810,224	28,431	838,655
Allowance for Uncollectibles	(617,338)	0	0	(617,338)	0	(617,338)
<b>Total Assets</b>	<b>\$ 229,619</b>	<b>\$ 30,788</b>	<b>\$ 600,084</b>	<b>\$ 860,491</b>	<b>\$ 58,744</b>	<b>\$ 919,235</b>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Other Deferred Revenues	\$ 174,671	\$ 0	\$ 0	\$ 174,671	\$ 0	\$ 174,671
<b>Total Liabilities</b>	<b>\$ 174,671</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 174,671</b>	<b>\$ 0</b>	<b>\$ 174,671</b>
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 2,336	\$ 0	\$ 0	\$ 2,336	\$ 0	\$ 2,336
Unreserved	52,612	30,788	600,084	683,484	58,744	742,228
<b>Total Fund Balances</b>	<b>\$ 54,948</b>	<b>\$ 30,788</b>	<b>\$ 600,084</b>	<b>\$ 685,820</b>	<b>\$ 58,744</b>	<b>\$ 744,564</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 229,619</b>	<b>\$ 30,788</b>	<b>\$ 600,084</b>	<b>\$ 860,491</b>	<b>\$ 58,744</b>	<b>\$ 919,235</b>

Exhibit F-2

Hickman County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2006

	Special Revenue Funds					Debt Service Fund	Total Nonmajor Governmental Funds
	Ambulance Service	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Total	Education Debt Service	
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 0	\$ 271,907	\$ 0	\$ 271,907	\$ 304,773	\$ 576,680
Fines, Forfeitures, and Penalties	0	23,560	0	0	23,560	0	23,560
Charges for Current Services	587,066	0	0	352	587,418	0	587,418
Other Local Revenues	2,108	0	0	0	2,108	0	2,108
Total Revenues	\$ 589,174	\$ 23,560	\$ 271,907	\$ 352	\$ 884,993	\$ 304,773	\$ 1,189,766
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 0	\$ 2,737	\$ 0	\$ 2,737	\$ 0	\$ 2,737
Administration of Justice	0	0	0	325	325	0	325
Public Safety	0	1,320	0	27	1,347	0	1,347
Public Health and Welfare	898,589	0	0	0	898,589	0	898,589
Debt Service:							
Principal on Debt	0	0	0	0	0	388,000	388,000
Interest on Debt	0	0	0	0	0	217,053	217,053
Other Debt Service	0	0	0	0	0	33,324	33,324
Total Expenditures	\$ 898,589	\$ 1,320	\$ 2,737	\$ 352	\$ 902,998	\$ 638,377	\$ 1,541,375
Excess (Deficiency) of Revenues Over Expenditures	\$ (309,415)	\$ 22,240	\$ 269,170	\$ 0	\$ (18,005)	\$ (333,604)	\$ (351,609)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 254,731	\$ 0	\$ 0	\$ 0	\$ 254,731	\$ 323,169	\$ 577,900
Total Other Financing Sources (Uses)	\$ 254,731	\$ 0	\$ 0	\$ 0	\$ 254,731	\$ 323,169	\$ 577,900
Net Change in Fund Balances	\$ (54,684)	\$ 22,240	\$ 269,170	\$ 0	\$ 236,726	\$ (10,435)	\$ 226,291
Fund Balance, July 1, 2005	109,632	8,548	330,914	0	449,094	69,179	518,273
Fund Balance, June 30, 2006	\$ 54,948	\$ 30,788	\$ 600,084	\$ 0	\$ 685,820	\$ 58,744	\$ 744,564

Exhibit F-3

Hickman County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Ambulance Service Fund  
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 587,066	\$ 0	\$ 587,066	\$ 660,000	\$ 660,000	\$ (72,934)
Other Local Revenues	2,108	0	2,108	0	0	2,108
Total Revenues	<u>\$ 589,174</u>	<u>\$ 0</u>	<u>\$ 589,174</u>	<u>\$ 660,000</u>	<u>\$ 660,000</u>	<u>\$ (70,826)</u>
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Ambulance/Emergency Medical Services	\$ 898,589	\$ 2,336	\$ 900,925	\$ 914,731	\$ 914,731	\$ 13,806
Total Expenditures	<u>\$ 898,589</u>	<u>\$ 2,336</u>	<u>\$ 900,925</u>	<u>\$ 914,731</u>	<u>\$ 914,731</u>	<u>\$ 13,806</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (309,415)</u>	<u>\$ (2,336)</u>	<u>\$ (311,751)</u>	<u>\$ (254,731)</u>	<u>\$ (254,731)</u>	<u>\$ (57,020)</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 254,731	\$ 0	\$ 254,731	\$ 254,731	\$ 254,731	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 254,731</u>	<u>\$ 0</u>	<u>\$ 254,731</u>	<u>\$ 254,731</u>	<u>\$ 254,731</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (54,684)	\$ (2,336)	\$ (57,020)	\$ 0	\$ 0	\$ (57,020)
Fund Balance, July 1, 2005	109,632	0	109,632	101,309	101,309	8,323
Fund Balance, June 30, 2006	<u>\$ 54,948</u>	<u>\$ (2,336)</u>	<u>\$ 52,612</u>	<u>\$ 101,309</u>	<u>\$ 101,309</u>	<u>\$ (48,697)</u>

Exhibit F-4

Hickman County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 23,560	\$ 2,000	\$ 2,000	\$ 21,560
Total Revenues	<u>\$ 23,560</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 21,560</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 1,320	\$ 0	\$ 1,600	\$ 280
Civil Defense	0	0	1,600	1,600
Total Expenditures	<u>\$ 1,320</u>	<u>\$ 0</u>	<u>\$ 3,200</u>	<u>\$ 1,880</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 22,240</u>	<u>\$ 2,000</u>	<u>\$ (1,200)</u>	<u>\$ 23,440</u>
Net Change in Fund Balance	\$ 22,240	\$ 2,000	\$ (1,200)	\$ 23,440
Fund Balance, July 1, 2005	<u>8,548</u>	<u>11,707</u>	<u>11,707</u>	<u>(3,159)</u>
Fund Balance, June 30, 2006	<u><u>\$ 30,788</u></u>	<u><u>\$ 13,707</u></u>	<u><u>\$ 10,507</u></u>	<u><u>\$ 20,281</u></u>

Exhibit F-5

Hickman County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Adequate Facilities/Development Tax Fund  
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 271,907	\$ 300,000	\$ 300,000	\$ (28,093)
Total Revenues	\$ 271,907	\$ 300,000	\$ 300,000	\$ (28,093)
<u>Expenditures</u>				
<u>General Government</u>				
Building	\$ 2,737	\$ 3,000	\$ 3,000	\$ 263
Total Expenditures	\$ 2,737	\$ 3,000	\$ 3,000	\$ 263
Excess (Deficiency) of Revenues Over Expenditures	\$ 269,170	\$ 297,000	\$ 297,000	\$ (27,830)
Net Change in Fund Balance	\$ 269,170	\$ 297,000	\$ 297,000	\$ (27,830)
Fund Balance, July 1, 2005	330,914	361,317	658,317	(327,403)
Fund Balance, June 30, 2006	\$ 600,084	\$ 658,317	\$ 955,317	\$ (355,233)

Exhibit F-6

Hickman County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Education Debt Service Fund  
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 304,773	\$ 290,000	\$ 290,000	\$ 14,773
Total Revenues	\$ 304,773	\$ 290,000	\$ 290,000	\$ 14,773
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 388,000	\$ 388,000	\$ 388,000	\$ 0
<u>Interest on Debt</u>				
Education	217,053	209,340	209,340	(7,713)
<u>Other Debt Service</u>				
General Government	4,475	2,800	2,800	(1,675)
Education	28,849	28,000	28,000	(849)
Total Expenditures	\$ 638,377	\$ 628,140	\$ 628,140	\$ (10,237)
Excess (Deficiency) of Revenues Over Expenditures	\$ (333,604)	\$ (338,140)	\$ (338,140)	\$ 4,536
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 323,169	\$ 338,140	\$ 338,140	\$ (14,971)
Total Other Financing Sources (Uses)	\$ 323,169	\$ 338,140	\$ 338,140	\$ (14,971)
Net Change in Fund Balance	\$ (10,435)	\$ 0	\$ 0	\$ (10,435)
Fund Balance, July 1, 2005	69,179	119,516	119,516	(50,337)
Fund Balance, June 30, 2006	\$ 58,744	\$ 119,516	\$ 119,516	\$ (60,772)

# 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 G

Hickman County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,089,834	\$ 1,668,326	\$ 1,668,326	\$ 421,508
Other Local Revenues	552,915	95,000	95,000	457,915
State of Tennessee	56,517	30,000	30,000	26,517
Total Revenues	<u>\$ 2,699,266</u>	<u>\$ 1,793,326</u>	<u>\$ 1,793,326</u>	<u>\$ 905,940</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 285,000	\$ 295,417	\$ 285,000	\$ 0
Highways and Streets	163,869	153,452	163,869	0
Education	435,552	441,103	441,103	5,551
<u>Interest on Debt</u>				
General Government	75,903	60,499	73,533	(2,370)
Highways and Streets	23,425	18,348	23,536	111
Education	253,453	357,650	339,428	85,975
<u>Other Debt Service</u>				
General Government	41,301	40,800	40,800	(501)
Education	31,393	0	0	(31,393)
Total Expenditures	<u>\$ 1,309,896</u>	<u>\$ 1,367,269</u>	<u>\$ 1,367,269</u>	<u>\$ 57,373</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,389,370</u>	<u>\$ 426,057</u>	<u>\$ 426,057</u>	<u>\$ 963,313</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 171,689	\$ 171,800	\$ 171,800	\$ (111)
Transfers Out	(509,246)	(338,140)	(338,140)	(171,106)
Total Other Financing Sources (Uses)	<u>\$ (337,557)</u>	<u>\$ (166,340)</u>	<u>\$ (166,340)</u>	<u>\$ (171,217)</u>
Net Change in Fund Balance	\$ 1,051,813	\$ 259,717	\$ 259,717	\$ 792,096
Fund Balance, July 1, 2005	1,116,073	540,514	540,514	575,559
Fund Balance, June 30, 2006	<u>\$ 2,167,886</u>	<u>\$ 800,231</u>	<u>\$ 800,231</u>	<u>\$ 1,367,655</u>

# Fiduciary 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 cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

Constitutional Officers - Agency Funds – 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 H-1

Hickman County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2006

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 637,184	\$ 637,184
Accounts Receivable	0	204	204
Due from Other Governments	110,279	0	110,279
Total Assets	<u>\$ 110,279</u>	<u>\$ 637,388</u>	<u>\$ 747,667</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 110,279	\$ 0	\$ 110,279
Due to Litigants, Heirs, and Others	0	637,388	637,388
Total Liabilities	<u>\$ 110,279</u>	<u>\$ 637,388</u>	<u>\$ 747,667</u>

Exhibit H-2

Hickman County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2006

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Due From Other Governments	\$ 110,279	\$ 634,874	\$ 634,874	\$ 110,279
Total Assets	\$ 110,279	\$ 634,874	\$ 634,874	\$ 110,279
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 110,279	\$ 634,874	\$ 634,874	\$ 110,279
Total Liabilities	\$ 110,279	\$ 634,874	\$ 634,874	\$ 110,279
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 437,516	\$ 5,912,026	\$ 5,712,358	\$ 637,184
Accounts Receivable	36	204	36	204
Total Assets	\$ 437,552	\$ 5,912,230	\$ 5,712,394	\$ 637,388
<u>Liabilities</u>				
Due to Other Funds	\$ 86	\$ 0	\$ 86	\$ 0
Due to Litigants, Heirs, and Others	437,466	5,912,026	5,712,104	637,388
Total Liabilities	\$ 437,552	\$ 5,912,026	\$ 5,712,190	\$ 637,388
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 437,516	\$ 5,912,026	\$ 5,712,358	\$ 637,184
Due From Other Governments	110,279	634,874	634,874	110,279
Accounts Receivable	36	204	36	204
Total Assets	\$ 547,831	\$ 6,547,104	\$ 6,347,268	\$ 747,667
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 110,279	\$ 634,874	\$ 634,874	\$ 110,279
Due to Other Funds	86	0	86	0
Due to Litigants, Heirs, and Others	437,466	5,912,026	5,712,104	637,388
Total Liabilities	\$ 547,831	\$ 6,546,900	\$ 6,347,064	\$ 747,667

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## MISCELLANEOUS SCHEDULES

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Exhibit I-1

Hickman County, Tennessee  
Schedule of Changes in Long-Term Notes, Other Loans, Capital Leases, and Bonds  
For the Year Ended June 30, 2006

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Adjustment to Beginning Balance	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-06
<b>NOTES PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
Asbestos Abatement	\$ 201,499	0	% 6-30-1989	6-30-06	\$ 12,747	\$ (7,195)	\$ 0	\$ 5,552	\$ 0
Refunded Highway Capital Outlay Notes	298,872	4	2-18-03	8-29-08	196,341	0	0	51,480	144,861
Refunded Highway Capital Outlay Notes	256,500	4	2-19-03	9-1-08	159,502	0	0	48,974	110,528
Refunded Highway Capital Outlay Notes	256,737	4	2-19-03	2-28-07	100,066	0	0	52,998	47,068
Highway Capital Outlay Note	125,000	4.15	8-2-04	8-2-16	125,000	0	0	10,417	114,583
East Hickman Library Capital Outlay Note	250,000	4	7-6-05	7-6-17	0	0	250,000	0	250,000
East Hickman EMS Capital Outlay Note	500,000	4	10-25-05	10-25-17	0	0	500,000	0	500,000
Total Notes Payable					\$ 593,656	\$ (7,195)	\$ 750,000	\$ 169,421	\$ 1,167,040
<b>OTHER LOANS PAYABLE</b>									
<u>Payable through Education Debt Service Fund</u>									
School Construction	8,949,117	Variable	12-15-1997	5-25-18	\$ 6,927,117	\$ 0	\$ 0	\$ 388,000	\$ 6,539,117
<u>Payable through General Debt Service Fund</u>									
Court Facility	1,750,000	Variable	2-9-1998	5-25-18	1,242,000	0	0	75,000	1,167,000
School Construction	(1)	Variable	6-28-04	5-25-29	1,343,400	0	9,900,000	0	11,243,400
Jail Construction	(2)	Variable	10-27-05	5-25-30	0	0	1,992,860	0	1,992,860
Sewer Line	(3)	Variable	3-30-06	5-25-33	0	0	214,000	0	214,000
Total Other Loans Payable					\$ 9,512,517	\$ 0	\$ 12,106,860	\$ 463,000	\$ 21,156,377
<b>CAPITAL LEASES PAYABLE</b>									
<u>Payable through General Fund</u>									
Telephone System	17,625	20.49	6-13-02	6-13-07	\$ 8,906	\$ 0	\$ 0	\$ 4,222	\$ 4,684
Total Capital Leases Payable					\$ 8,906	\$ 0	\$ 0	\$ 4,222	\$ 4,684
<b>BONDS PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
General Obligation and Public Improvement	3,000,000	3.4 to 5	6-1-1994	6-1-06	\$ 210,000	\$ 0	\$ 0	\$ 210,000	\$ 0
School Refunding Bonds	2,975,000	4 to 4.4	9-2-1998	1-15-08	1,325,000	0	0	430,000	895,000
Total Bonds Payable					\$ 1,535,000	\$ 0	\$ 0	\$ 640,000	\$ 895,000

- (1) Total amount available for draws from the Montgomery County Public Building Authority is \$10,756,600 of an authorized \$22,000,000.  
(2) Total amount available for draws from the Montgomery County Public Building Authority is \$4,147,140 of an authorized \$6,140,000.  
(3) Total amount available for draws from the Montgomery County Public Building Authority is \$1,786,000 of an authorized \$2,000,000.

Exhibit I-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2007	\$ 440,000	\$ 39,160	\$ 479,160
2008	455,000	20,020	475,020
Total	<u>\$ 895,000</u>	<u>\$ 59,180</u>	<u>\$ 954,180</u>

Exhibit I-3

Hickman County, Tennessee  
Schedule of Notes Receivable  
June 30, 2006

Description	Debtor	Original Amount of Notes	Date of Issue	Date of Maturity	Interest Rate	Balance
<u>General Debt Service Fund</u>						
Agriculture Pavilion	Hickman County Agricultural Pavilion and Fairgrounds, Inc.	\$ 314,000	3-28-02	9-18-34	0 %	<u>\$ 314,000</u>
Total Notes Receivable						<u>\$ 314,000</u>

Agreement calls for 28 annual payments of \$11,000 beginning September 18, 2006,  
plus a final payment of \$6,000.

Exhibit I-4

Hickman County, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2006

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Public Library	Provide funds for operations	\$ 133,251
General Debt Service	Education Debt Service	Provide funds for debt retirement	323,169
General Debt Service	General Capital Projects	Provide funds for capital projects	186,077
General	Ambulance Service	Provide funds for operations	254,731
Highway/Public Works	General Debt Service	Provide funds for debt retirement	171,689
General	General Capital Projects	Provide funds for capital projects	180,332
Highway/Public Works	General	Provide funds for administrative costs	<u>27,434</u>
Total Transfers			<u>\$ 1,276,683</u>

Exhibit I-5

Hickman County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
For the Year Ended June 30, 2006

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 59,304 (1)	\$ 50,000	State Farm Fire and Casualty Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	56,470 (1)	100,000	United States Fidelity and Guaranty Company
Trustee	Section 8-24-102, <u>TCA</u>	51,548 (1)	785,500	State Farm Fire and Casualty Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	50,423 (4)	12,000	Auto Owners Mutual Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u>	51,548 (1)	50,000	Old Republic Surety Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	50,048	50,000	State Farm Fire and Casualty Company
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Judge	51,873 (2)	55,000	United States Fidelity and Guaranty Company
Register	Section 8-24-102, <u>TCA</u>	50,423 (4)	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	55,571 (3)	27,500	"
Finance Director	County Commission	47,818 (1)	50,000	Old Republic Surety Company
<u>Other Bonds</u>				
Employee Blanket Bond			150,000	Tennessee School Boards Risk Management Trust

(1) Includes \$1,500 as a certified training supplement.

(2) Includes \$1,500 as a certified training supplement and \$325 in special commissioner fees.

(3) Includes \$519 as a law enforcement training supplement.

(4) Includes \$375 as a certified training supplement.

Exhibit I-6

Hickman County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2006

	Special Revenue Funds					
	General	Ambulance Service	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 3,326,067	\$ 0	\$ 0	\$ 0	\$ 0	\$ 197,484
Trustee's Collections - Prior Year	156,870	0	0	0	0	10,201
Circuit/Clerk & Master Collections - Prior Years	127,807	0	0	0	0	7,680
Interest and Penalty	31,798	0	0	0	0	1,969
Payments in-Lieu-of Taxes - T.V.A.	6,128	0	0	0	0	365
Payments in-Lieu-of Taxes - Local Utilities	18,296	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	1,076	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Hotel/Motel Tax	17,346	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0
Litigation Tax - General	93,914	0	0	0	0	0
Litigation Tax - Special Purpose	13,443	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	33,810	0	0	0	0	0
Business Tax	31,940	0	0	0	0	1,972
Mineral Severance Tax	0	0	0	0	0	73,652
Adequate Facilities/Development Tax	0	0	0	271,907	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	52,325	0	0	0	0	0
Wholesale Beer Tax	188,700	0	0	0	0	0
Interstate Telecommunications Tax	574	0	0	0	0	0
Other Statutory Local Taxes	0	0	0	0	0	0
Total Local Taxes	\$ 4,100,094	\$ 0	\$ 0	\$ 271,907	\$ 0	\$ 293,323
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 14,616	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits	5,143	0	0	0	0	0
Building Permits	29,801	0	0	0	0	0
Total Licenses and Permits	\$ 49,560	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds					
	General	Ambulance Service	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 11,378	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	5,763	0	0	0	0	0
Drug Control Fines	0	0	14,888	0	0	0
Jail Fees	239	0	0	0	0	0
DUI Treatment Fines	2,838	0	0	0	0	0
Data Entry Fee - Circuit Court	340	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	22,685	0	0	0	0	0
Officers Costs	31,176	0	0	0	0	0
Game and Fish Fines	22	0	0	0	0	0
Drug Control Fines	0	0	5,869	0	0	0
Jail Fees	3,171	0	0	0	0	0
DUI Treatment Fines	6,250	0	0	0	0	0
Data Entry Fee - General Sessions Court	7,061	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	3,866	0	0	0	0	0
Data Entry Fee - Chancery Court	2,456	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Courtroom Security Fee	14	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	2,510	0	2,803	0	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 99,769</b>	<b>\$ 0</b>	<b>\$ 23,560</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0</b>
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 0	\$ 587,066	\$ 0	\$ 0	\$ 0	0
<u>Fees</u>						
Copy Fees	697	0	0	0	0	0
Vending Machine Collections	0	0	0	0	0	1,786
Constitutional Officers' Fees and Commissions	0	0	0	0	352	0
Data Processing Fee - Register	15,154	0	0	0	0	0
Probation Fees	2,349	0	0	0	0	0

Exhibit I-6

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

	Special Revenue Funds					
	General	Ambulance Service	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Data Processing Fee - Sheriff	\$ 344	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sexual Offender Registration Fees - Sheriff	1,865	0	0	0	0	0
Total Charges for Current Services	\$ 20,409	\$ 587,066	\$ 0	\$ 0	\$ 352	\$ 1,786
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	9,395	0	0	0	0	0
Miscellaneous Refunds	6,071	2,078	0	0	0	2,121
<u>Nonrecurring Items</u>						
Insurance Recovery	24,992	0	0	0	0	11,937
Sale of Equipment	0	0	0	0	0	20,073
Sale of Property	490	0	0	0	0	0
Contributions & Gifts	10,409	30	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	45,500	0	0	0	0	0
Total Other Local Revenues	\$ 96,857	\$ 2,108	\$ 0	\$ 0	\$ 0	\$ 34,131
<u>Fees Received from County Officials</u>						
<u>Fees-In-Lieu of Salary</u>						
County Clerk	\$ 224,114	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	265,363	0	0	0	0	0
Clerk and Master	144,011	0	0	0	0	0
Register	156,459	0	0	0	0	0
Sheriff	28,995	0	0	0	0	0
Trustee	280,754	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,099,696	\$ 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
State Reappraisal Grant	11,109	0	0	0	0	0

Exhibit I-6

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

	Special Revenue Funds					
	General	Ambulance Service	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Health Department Programs	\$ 180,342	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	293,593
State Aid Program	0	0	0	0	0	143,705
Litter Program	28,688	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	65,038	0	0	0	0	0
Beer Tax	17,212	0	0	0	0	0
Alcoholic Beverage Tax	28,491	0	0	0	0	0
State Revenue Sharing - T.V.A.	222,741	0	0	0	0	13,298
Contracted Prisoner Boarding	243,675	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,852,615
Petroleum Special Tax	0	0	0	0	0	16,440
Registrar's Salary Supplement	16,380	0	0	0	0	0
Other State Revenues	540	0	0	0	0	0
Total State of Tennessee	\$ 823,216	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,319,651
<u>Federal Government</u>						
<u>Federal Through State</u>						
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	47,882
Homeland Security Grants	188,598	0	0	0	0	0
Other Federal through State	237,254	0	0	0	0	0
Total Federal Government	\$ 425,852	\$ 0	\$ 0	\$ 0	\$ 0	47,882
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 60,000	\$ 0	\$ 0	\$ 0	\$ 0	0
Total Other Governments and Citizens Groups	\$ 60,000	\$ 0	\$ 0	\$ 0	\$ 0	0
Total	\$ 6,775,453	\$ 589,174	\$ 23,560	\$ 271,907	\$ 352	\$ 2,696,773

(Continued)

Exhibit I-6

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

	Debt Service Funds		Capital Projects Fund	Total
	General Debt Service	Education Debt Service	General Capital Projects	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 843,928	\$ 0	\$ 0	\$ 4,367,479
Trustee's Collections - Prior Year	38,859	0	0	205,930
Circuit/Clerk & Master Collections - Prior Years	30,200	0	0	165,687
Interest and Penalty	8,264	0	0	42,031
Payments in-Lieu-of Taxes - T.V.A.	1,557	0	0	8,050
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	18,296
Payments in-Lieu-of Taxes - Other	0	0	0	1,076
<u>County Local Option Taxes</u>				
Local Option Sales Tax	546,207	0	0	546,207
Hotel/Motel Tax	0	0	0	17,346
Wheel Tax	599,482	304,773	0	904,255
Litigation Tax - General	0	0	0	93,914
Litigation Tax - Special Purpose	0	0	0	13,443
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	33,810
Business Tax	8,127	0	0	42,039
Mineral Severance Tax	0	0	0	73,652
Adequate Facilities/Development Tax	0	0	0	271,907
<u>Statutory Local Taxes</u>				
Bank Excise Tax	0	0	0	52,325
Wholesale Beer Tax	0	0	0	188,700
Interstate Telecommunications Tax	0	0	0	574
Other Statutory Local Taxes	13,210	0	0	13,210
Total Local Taxes	\$ 2,089,834	\$ 304,773	\$ 0	\$ 7,059,931
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 14,616
<u>Permits</u>				
Beer Permits	0	0	0	5,143
Building Permits	0	0	0	29,801
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 49,560

(Continued)

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

	Debt Service Funds		Capital Projects Fund	Total
	General Debt Service	Education Debt Service	General Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$ 0	\$ 0	\$ 0	\$ 11,378
Officers Costs	0	0	0	5,763
Drug Control Fines	0	0	0	14,888
Jail Fees	0	0	0	239
DUI Treatment Fines	0	0	0	2,838
Data Entry Fee - Circuit Court	0	0	0	340
<u>General Sessions Court</u>				
Fines	0	0	0	22,685
Officers Costs	0	0	0	31,176
Game and Fish Fines	0	0	0	22
Drug Control Fines	0	0	0	5,869
Jail Fees	0	0	0	3,171
DUI Treatment Fines	0	0	0	6,250
Data Entry Fee - General Sessions Court	0	0	0	7,061
<u>Chancery Court</u>				
Officers Costs	0	0	0	3,866
Data Entry Fee - Chancery Court	0	0	0	2,456
<u>Judicial District Drug Program</u>				
Courtroom Security Fee	0	0	0	14
<u>Other Fines, Forfeitures, and Penalties</u>				
Proceeds from Confiscated Property	0	0	0	5,313
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 123,329
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 587,066
<u>Fees</u>				
Copy Fees	0	0	0	697
Vending Machine Collections	0	0	0	1,786
Constitutional Officers' Fees and Commissions	0	0	0	352
Data Processing Fee - Register	0	0	0	15,154
Probation Fees	0	0	0	2,349

(Continued)

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

	Debt Service Funds		Capital Projects Fund	Total
	General Debt Service	Education Debt Service	General Capital Projects	
<u>Charges for Current Services (Cont.)</u>				
<u>Fees (Cont.)</u>				
Data Processing Fee - Sheriff	\$ 0	\$ 0	\$ 0	\$ 344
Sexual Offender Registration Fees - Sheriff	0	0	0	1,865
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 609,613
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 552,915	\$ 0	\$ 0	\$ 552,915
Lease/Rentals	0	0	0	9,395
Miscellaneous Refunds	0	0	0	10,270
<u>Nonrecurring Items</u>				
Insurance Recovery	0	0	0	36,929
Sale of Equipment	0	0	0	20,073
Sale of Property	0	0	0	490
Contributions & Gifts	0	0	0	10,439
<u>Other Local Revenues</u>				
Other Local Revenues	0	0	3,900	49,400
Total Other Local Revenues	\$ 552,915	\$ 0	\$ 3,900	\$ 689,911
<u>Fees Received from County Officials</u>				
<u>Fees-In-Lieu of Salary</u>				
County Clerk	\$ 0	\$ 0	\$ 0	\$ 224,114
Circuit Court Clerk	0	0	0	265,363
Clerk and Master	0	0	0	144,011
Register	0	0	0	156,459
Sheriff	0	0	0	28,995
Trustee	0	0	0	280,754
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 1,099,696
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 9,000
State Reappraisal Grant	0	0	0	11,109

Exhibit I-6

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

	Debt Service Funds		Capital Projects Fund	Total
	General Debt Service	Education Debt Service	General Capital Projects	
<u>State of Tennessee (Cont.)</u>				
<u>Health and Welfare Grants</u>				
Health Department Programs	\$ 0	\$ 0	\$ 0	\$ 180,342
<u>Public Works Grants</u>				
Bridge Program	0	0	0	293,593
State Aid Program	0	0	0	143,705
Litter Program	0	0	0	28,688
<u>Other State Revenues</u>				
Income Tax	0	0	0	65,038
Beer Tax	0	0	0	17,212
Alcoholic Beverage Tax	0	0	0	28,491
State Revenue Sharing - T.V.A.	56,517	0	0	292,556
Contracted Prisoner Boarding	0	0	0	243,675
Gasoline and Motor Fuel Tax	0	0	0	1,852,615
Petroleum Special Tax	0	0	0	16,440
Registrar's Salary Supplement	0	0	0	16,380
Other State Revenues	0	0	0	540
Total State of Tennessee	\$ 56,517	\$ 0	\$ 0	\$ 3,199,384
<u>Federal Government</u>				
<u>Federal Through State</u>				
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 47,882
Homeland Security Grants	0	0	0	188,598
Other Federal through State	0	0	0	237,254
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 473,734
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 0	\$ 0	\$ 0	\$ 60,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 60,000
Total	\$ 2,699,266	\$ 304,773	\$ 3,900	\$ 13,365,158

Exhibit I-7

Hickman County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2006

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	50,710	
Accounting Services		982	
Audit Services		5,232	
Legal Notices, Recording, and Court Costs		3,908	
Travel		3,168	
Office Supplies		100	
Total County Commission			\$ 64,100

Board of Equalization

Board and Committee Members Fees	\$	1,300	
Total Board of Equalization			1,300

County Mayor/Executive

County Official/Administrative Officer	\$	59,304	
Secretary(ies)		21,740	
Legal Notices, Recording, and Court Costs		524	
Travel		4,419	
Other Contracted Services		2,517	
Office Supplies		1,527	
Office Equipment		757	
Total County Mayor/Executive			90,788

County Attorney

Legal Services	\$	5,830	
Total County Attorney			5,830

Election Commission

County Official/Administrative Officer	\$	42,541	
Deputy(ies)		17,348	
Part-time Personnel		411	
Election Commission		2,750	
Election Workers		13,881	
Data Processing Services		2,850	
Legal Notices, Recording, and Court Costs		1,209	
Maintenance & Repair Services - Office Equipment		995	
Rentals		1,105	
Travel		2,296	
Other Contracted Services		1,207	
Office Supplies		1,859	
Office Equipment		225,206	
Total Election Commission			313,658

(Continued)

Exhibit I-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	50,048	
Deputy(ies)		21,358	
Salary Supplements		1,125	
Clerical Personnel		19,177	
Data Processing Services		17,456	
Maintenance & Repair Services - Office Equipment		836	
Travel		704	
Other Contracted Services		1,800	
Office Supplies		1,403	
Office Equipment		3,362	
Total Register of Deeds			\$ 117,269

Planning

Supervisor/Director	\$	17,077	
Board and Committee Members Fees		1,980	
In-Service Training		440	
Contracts with Government Agencies		8,500	
Legal Notices, Recording, and Court Costs		309	
Travel		1,120	
Office Supplies		1,992	
Other Supplies and Materials		587	
Office Equipment		7,936	
Total Planning			39,941

County Buildings

Supervisor/Director	\$	36,050
Custodial Personnel		20,665
Communication		115,022
Data Processing Services		819
Maintenance & Repair Services - Buildings		43,886
Maintenance & Repair Services - Equipment		70
Maintenance & Repair Services - Vehicles		464
Pest Control		2,750
Rentals		8,955
Custodial Supplies		4,209
Electricity		84,930
Gasoline		1,214
Office Supplies		92
Uniforms		3,007
Utilities		45,257

(Continued)

Exhibit I-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Other Charges	\$	259	
Total County Buildings			\$ 367,649

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	47,818	
Deputy(ies)		22,673	
Accountants/Bookkeepers		20,754	
Data Processing Personnel		19,499	
Salary Supplements		3,000	
Clerical Personnel		14,743	
In-Service Training		100	
Data Processing Services		7,470	
Legal Notices, Recording, and Court Costs		2,170	
Printing, Stationery, and Forms		4,584	
Travel		724	
Office Supplies		7,385	
Premiums on Corporate Surety Bonds		487	
Office Equipment		3,862	
Total Accounting and Budgeting			155,269

Property Assessor's Office

County Official/Administrative Officer	\$	50,423	
Assistant(s)		17,946	
Deputy(ies)		25,785	
Salary Supplements		1,125	
Secretary(ies)		17,651	
Clerical Personnel		18,667	
In-Service Training		425	
Contracts with Private Agencies		71,214	
Data Processing Services		9,411	
Legal Notices, Recording, and Court Costs		100	
Maintenance & Repair Services - Office Equipment		3,130	
Travel		8,088	
Other Contracted Services		9,786	
Office Supplies		5,722	
Office Equipment		2,217	
Total Property Assessor's Office			241,690

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	50,048	
Deputy(ies)		22,077	
Salary Supplements		2,250	
Clerical Personnel		18,762	
Part-time Personnel		14,395	
Data Processing Services		4,572	
Legal Notices, Recording, and Court Costs		190	
Travel		677	
Office Supplies		2,150	
Office Equipment		11,208	
Total County Trustee's Office			\$ 126,329

County Clerk's Office

County Official/Administrative Officer	\$	50,048	
Deputy(ies)		20,809	
Salary Supplements		1,500	
Secretary(ies)		16,464	
Clerical Personnel		59,241	
Data Processing Services		10,055	
Printing, Stationery, and Forms		2,140	
Travel		626	
Office Supplies		3,401	
Office Equipment		8,455	
Total County Clerk's Office			172,739

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	50,048	
Deputy(ies)		116,781	
Part-time Personnel		3,907	
Other Salaries & Wages		9,538	
Jury and Witness Fees		11,102	
Data Processing Services		7,534	
Legal Notices, Recording, and Court Costs		480	
Maintenance & Repair Services - Office Equipment		2,780	
Travel		982	
Office Supplies		6,494	
Premiums on Corporate Surety Bonds		50	
Office Equipment		14,931	
Total Circuit Court			224,627

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Judge(s)	\$	67,954	
Guidance Personnel		50,048	
Salary Supplements		1,500	
Secretary(ies)		21,989	
Travel		3,283	
Other Contracted Services		314	
Library Books/Media		1,182	
Office Supplies		441	
Office Equipment		1,571	
Total General Sessions Court			\$ 148,282

Chancery Court

County Official/Administrative Officer	\$	50,048	
Assistant(s)		21,153	
Deputy(ies)		21,779	
Salary Supplements		1,500	
Part-time Personnel		3,241	
Data Processing Services		6,239	
Legal Notices, Recording, and Court Costs		1,411	
Travel		1,519	
Office Supplies		5,548	
Office Equipment		6,212	
Total Chancery Court			118,650

Judicial Commissioners

Part-time Personnel	\$	407	
Other Salaries & Wages		14,221	
Travel		501	
Total Judicial Commissioners			15,129

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	55,052	
Deputy(ies)		501,647	
Salary Supplements		10,374	
Dispatchers/Radio Operators		150,387	
Secretary(ies)		21,350	
Clerical Personnel		18,544	
Overtime Pay		7,694	
Other Salaries & Wages		26,076	

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

In-Service Training	\$	10,955	
Data Processing Services		3,803	
Legal Services		11	
Maintenance & Repair Services - Buildings		61	
Maintenance & Repair Services - Equipment		220	
Maintenance & Repair Services - Vehicles		27,235	
Matching Share		20,000	
Medical and Dental Services		9,586	
Postal Charges		87	
Travel		1,892	
Gasoline		70,979	
Law Enforcement Supplies		22,872	
Office Supplies		4,369	
Tires and Tubes		6,796	
Uniforms		11,156	
Premiums on Corporate Surety Bonds		922	
Motor Vehicles		70,788	
Total Sheriff's Department			\$ 1,052,856

Jail

Guards	\$	166,935	
Part-time Personnel		4,461	
Overtime Pay		6,674	
Other Salaries & Wages		34,545	
Maintenance & Repair Services - Buildings		4,452	
Medical and Dental Services		113,549	
Travel		484	
Custodial Supplies		6,371	
Drugs and Medical Supplies		26,623	
Food Preparation Supplies		18	
Food Supplies		61,335	
Office Supplies		587	
Prisoners Clothing		2,708	
Other Supplies and Materials		80	
Total Jail			428,822

Fire Prevention and Control

Contracts with Government Agencies	\$	2,000	
Total Fire Prevention and Control			2,000

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense

Supervisor/Director	\$	45,610	
Other Salaries & Wages		12,035	
Operating Lease Payments		750	
Maintenance & Repair Services - Equipment		11,444	
Maintenance & Repair Services - Vehicles		5,684	
Drugs and Medical Supplies		357	
Office Supplies		409	
Other Supplies and Materials		174,380	
Communication Equipment		12,461	
Total Civil Defense			\$ 263,130

Rescue Squad

Contributions	\$	10,000	
Maintenance & Repair Services - Vehicles		5,810	
Total Rescue Squad			15,810

County Coroner/Medical Examiner

Medical Personnel	\$	2,438	
Other Contracted Services		18,300	
Premiums on Corporate Surety Bonds		200	
Total County Coroner/Medical Examiner			20,938

Public Health and Welfare

Local Health Center

Contributions	\$	44,231	
Maintenance & Repair Services - Office Equipment		1,678	
Other Contracted Services		200	
Office Supplies		135	
Other Supplies and Materials		386	
Other Charges		100	
Office Equipment		48	
Total Local Health Center			46,778

Other Local Health Services

Medical Personnel	\$	86,824	
Educational Assistants		64,477	
Travel		16,576	
Other Supplies and Materials		101	
Total Other Local Health Services			167,978

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 10,500	
Total Senior Citizens Assistance		\$ 10,500

Other Social, Cultural, and Recreational

Contributions	\$ 3,440	
Total Other Social, Cultural, and Recreational		3,440

Agriculture & Natural Resources

Agriculture Extension Service

Contributions	\$ 40,368	
Maintenance & Repair Services - Office Equipment	681	
Custodial Supplies	86	
Office Supplies	897	
Total Agriculture Extension Service		42,032

Soil Conservation

Secretary(ies)	\$ 23,626	
Total Soil Conservation		23,626

Other Operations

Tourism

Contributions	\$ 200	
Other Supplies and Materials	5,000	
Total Tourism		5,200

Industrial Development

Contributions	\$ 51,890	
Total Industrial Development		51,890

Other Economic and Community Development

Other Charges	\$ 2,291	
Total Other Economic and Community Development		2,291

Other Charges

Consultants	\$ 10,725	
Liability Insurance	210,995	
Trustee's Commission	92,892	
Workers' Compensation Insurance	69,895	
Total Other Charges		384,507

(Continued)

Exhibit I-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Social Security	\$	209,766	
State Retirement		205,523	
Life Insurance		25,276	
Medical Insurance		343,525	
Unemployment Compensation		9,512	
Total Employee Benefits			\$ 793,602

Miscellaneous

Contracts with Government Agencies	\$	11,460	
Contributions		11,000	
Dues and Memberships		10,249	
Postal Charges		41,710	
Other Supplies and Materials		100	
Other Charges		227	
Total Miscellaneous			74,746

Highways

Litter and Trash Collection

Assistant(s)	\$	138	
Supervisor/Director		1,364	
Total Litter and Trash Collection			1,502

Support Services

Adult Programs

Contracts with Private Agencies	\$	41,229	
Total Adult Programs			41,229

Principal on Debt

General Government

Principal on Capital Leases	\$	4,222	
Total General Government			4,222

Interest on Debt

General Government

Interest on Capital Leases	\$	1,443	
Total General Government			1,443

Total General Fund \$ 5,641,792

(Continued)

Exhibit I-7

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

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Deputy(ies)	\$	24,313	
Medical Personnel		426,924	
Part-time Personnel		53,497	
Overtime Pay		91,478	
In-Service Training		8,490	
Social Security		43,133	
State Retirement		46,879	
Medical Insurance		65,417	
Dues and Memberships		160	
Laundry Service		5,201	
Maintenance & Repair Services - Buildings		557	
Maintenance & Repair Services - Equipment		6,817	
Maintenance & Repair Services - Vehicles		29,762	
Travel		764	
Other Contracted Services		15,735	
Custodial Supplies		1,220	
Diesel Fuel		34,641	
Drugs and Medical Supplies		21,021	
Office Supplies		3,558	
Tires and Tubes		2,863	
Uniforms		4,057	
Other Supplies and Materials		5,290	
Trustee's Commission		6,487	
Other Charges		325	
Total Ambulance/Emergency Medical Services			\$ 898,589

Total Ambulance Service Fund \$ 898,589

Drug Control Fund

Public Safety

Sheriff's Department

Other Charges	\$	1,320	
Total Sheriff's Department			\$ 1,320

Total Drug Control Fund 1,320

Adequate Facilities/Development Tax Fund

General Government

Building

Trustee's Commission	\$	2,737	
Total Building			\$ 2,737

Total Adequate Facilities/Development Tax Fund 2,737

(Continued)

Exhibit I-7

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

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 325	
Total Chancery Court		\$ 325

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$ 27	
Total Sheriff's Department		27

Total Constitutional Officers - Fees Fund		\$ 352
---	--	--------

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 56,470	
Salary Supplements	1,375	
Secretary(ies)	24,868	
Overtime Pay	3,019	
Board and Committee Members Fees	16,300	
In-Service Training	1,785	
Contributions	8,500	
Dues and Memberships	2,565	
Legal Notices, Recording, and Court Costs	112	
Travel	3,329	
Other Contracted Services	5,618	
Office Supplies	956	
Office Equipment	476	
Total Administration		\$ 125,373

Highway and Bridge Maintenance

Foremen	\$ 173,068
Equipment Operators	266,230
Laborers	162,746
Overtime Pay	10,841
Explosive and Drilling Services	1,375
Asphalt - Cold Mix	31,705
Asphalt - Liquid	189,983
Crushed Stone	81,493
General Construction Materials	159
Other Road Supplies	33,470
Pipe	20,276

(Continued)

Exhibit I-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Road Signs	\$	14,599	
Small Tools		888	
Wood Products		1,650	
Total Highway and Bridge Maintenance			\$ 988,483

Operation and Maintenance of Equipment

Foremen	\$	25,067	
Mechanic(s)		23,740	
Overtime Pay		227	
Laundry Service		6,204	
Diesel Fuel		98,539	
Equipment and Machinery Parts		67,425	
Garage Supplies		35,532	
Gasoline		26,722	
Lubricants		8,956	
Tires and Tubes		27,337	
Total Operation and Maintenance of Equipment			319,749

Other Charges

Communication	\$	4,639	
Legal Services		2,700	
Electricity		4,372	
Water and Sewer		3,427	
Liability Insurance		27,816	
Trustee's Commission		24,016	
Total Other Charges			66,970

Employee Benefits

Social Security	\$	54,790	
State Retirement		84,557	
Employee and Dependent Insurance		237,391	
Unemployment Compensation		8,031	
Workers' Compensation Insurance		93,479	
Other Charges		6,356	
Total Employee Benefits			484,604

Capital Outlay

Bridge Construction	\$	248,102	
Highway Construction		114,944	
Highway Equipment		10,384	

(Continued)

Exhibit I-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay (Cont.)

Motor Vehicles	\$ 73,200	
Total Capital Outlay	<u>446,630</u>	\$ 446,630

Total Highway/Public Works Fund \$ 2,431,809

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 210,000	
Principal on Other Loans	<u>75,000</u>	
Total General Government		\$ 285,000

Highways and Streets

Principal on Notes	\$ 163,869	
Total Highways and Streets		163,869

Education

Principal on Bonds	\$ 430,000	
Principal on Notes	<u>5,552</u>	
Total Education		435,552

Interest on Debt

General Government

Interest on Bonds	\$ 10,500	
Interest on Other Loans	<u>65,403</u>	
Total General Government		75,903

Highways and Streets

Interest on Notes	\$ 23,425	
Total Highways and Streets		23,425

Education

Interest on Bonds	\$ 57,650	
Interest on Other Loans	<u>195,803</u>	
Total Education		253,453

Other Debt Service

General Government

Trustee's Commission	\$ 28,829	
Other Debt Service	<u>12,472</u>	
Total General Government		41,301

(Continued)

Exhibit I-7

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

General Debt Service Fund (Cont.)

Other Debt Service (Cont.)

Education

Other Debt Service	\$ 31,393	
Total Education		\$ 31,393

Total General Debt Service Fund \$ 1,309,896

Education Debt Service Fund

Principal on Debt

Education

Principal on Other Loans	\$ 388,000	
Total Education		\$ 388,000

Interest on Debt

Education

Interest on Other Loans	\$ 217,053	
Total Education		217,053

Other Debt Service

General Government

Trustee's Commission	\$ 4,475	
Total General Government		4,475

Education

Other Debt Service	\$ 28,849	
Total Education		28,849

Total Education Debt Service Fund 638,377

General Capital Projects Fund

Capital Projects

Administration of Justice Projects

Other Debt Issuance Charges	\$ 42,980	
Building Construction	2,119,050	
Total Administration of Justice Projects		\$ 2,162,030

Public Health and Welfare Projects

Building Construction	\$ 510,794	
Total Public Health and Welfare Projects		510,794

Social, Cultural, and Recreation Projects

Building Purchases	\$ 248,299	
Total Social, Cultural, and Recreation Projects		248,299

(Continued)

Exhibit I-7

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

<u>General Capital Projects Fund (Cont.)</u>		
<u>Capital Projects (Cont.)</u>		
<u>Public Utility Projects</u>		
Other Debt Issuance Charges	\$ 14,000	
Building Construction	<u>163,059</u>	
Total Public Utility Projects		\$ 177,059
 <u>Highway &amp; Street Capital Projects</u>		
Bridge Construction	\$ <u>5,691</u>	
Total Highway & Street Capital Projects		5,691
 <u>Education Capital Projects</u>		
Architects	\$ 1,016,492	
Building Construction	<u>9,877,049</u>	
Total Education Capital Projects		<u>10,893,541</u>
Total General Capital Projects Fund		\$ <u>13,997,414</u>
Total Governmental Funds - Primary Government		\$ <u><u>24,922,286</u></u>

Hickman County, Tennessee  
Schedule of Detailed Revenues and Expenses  
Solid Waste Disposal Fund (Enterprise Fund)  
For the Year Ended June 30, 2006

	Proprietary Fund Type
	Solid Waste Disposal Fund
<u>Revenues</u>	
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
<u>General Service Charges</u>	
Commercial and Industrial Waste Collections	\$ 114,674
Residential Waste Collection Charge	132,593
Transfer Waste Station Collection Charge	112
Tipping Fees	22,674
Solid Waste Disposal Fee	711,816
Total Charges for Current Services	<u>\$ 981,869</u>
<u>Other Local Revenues</u>	
<u>Recurring Items</u>	
Lease/Rentals	\$ 3,874
Sale of Recycled Materials	37,309
Total Other Local Revenues	<u>\$ 41,183</u>
Total Operating Revenues	<u>\$ 1,023,052</u>
<u>Nonoperating Revenues</u>	
Investment Income	\$ 22,528
Insurance Recovery	391
Sale of Equipment	2,353
Solid Waste Grants	20,859
Total Nonoperating Revenues	<u>\$ 46,131</u>
Total Revenues	<u>\$ 1,069,183</u>

(Continued)

Hickman County, Tennessee  
Schedule of Detailed Revenues and Expenses  
Solid Waste Disposal Fund (Enterprise Fund) (Cont.)

	Proprietary Fund Type
	<u>Solid Waste Disposal Fund</u>
<u>Expenses</u>	
<u>Operating Expenses</u>	
<u>Sanitation Management</u>	
Supervisor/Director	\$ 37,683
Deputies	23,022
Data Processing Personnel	20,442
Equipment Operators	21,967
Equipment Operators - Heavy	26,249
Laborers	99,457
Clerical Personnel	21,162
Part-time Personnel	2,477
Overtime Pay	371
Social Security	19,395
State Retirement	27,140
Medical Insurance	42,904
Advertising	378
Communication	6,065
Data Processing Services	6,500
Debt Collection Services	14,784
Maintenance and Repair Services - Buildings	4,536
Maintenance and Repair Services - Equipment	20,247
Pest Control	175
Postal Charges	2,760
Printing, Stationery, and Forms	533
Rentals	892
Travel	1,344
Disposal Fees	263,915
Other Contracted Services	293
Custodial Supplies	760
Diesel Fuel	22,183

(Continued)

Hickman County, Tennessee  
Schedule of Detailed Revenues and Expenses  
Solid Waste Disposal Fund (Enterprise Fund) (Cont.)

	Proprietary Fund Type
	<u>Solid Waste Disposal Fund</u>
<u>Expenses (Cont.)</u>	
<u>Operating Expenses (Cont.)</u>	
<u>Sanitation Management (Cont.)</u>	
Electricity	\$ 7,432
Fertilizer, Lime, and Seed	850
Gasoline	1,468
Lubricants	462
Office Supplies	1,512
Other Road Supplies	480
Tires and Tubes	11,882
Uniforms	2,592
Utilities	666
Wire	946
Testing	9,091
Other Supplies and Materials	3,647
Trustee's Commission	9,516
Depreciation	59,741
Surcharge	4,000
Amortization	24
Office Equipment	696
Solid Waste Equipment	29,894
Total Sanitation Management	<u>\$ 832,533</u>
 <u>Litter and Trash Collection</u>	
Assistant	\$ 3,461
Supervisor/Director	17,249
Advertising	1,800
Communication	545
Maintenance and Repair - Vehicles	1,202
Gasoline	3,388
Instructional Supplies and Materials	4,537
Total Litter and Trash Collections	<u>\$ 32,182</u>
Total Operating Expenses	<u>\$ 864,715</u>
 <u>Nonoperating Expenses</u>	
<u>General Government Debt Service</u>	
Interest on Note	\$ 7,602
Total Nonoperating Expenses	<u>\$ 7,602</u>
 Total Expenses	 <u><u>\$ 872,317</u></u>

Exhibit I-9

Hickman County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2006

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 634,874
Total Cash Receipts	<u>\$ 634,874</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 628,525
Trustee's Commission	6,349
Total Cash Disbursements	<u>\$ 634,874</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2005	<u>0</u>
 Cash Balance, June 30, 2006	 <u><u>\$ 0</u></u>

**ANNUAL FINANCIAL REPORT**  
**HICKMAN COUNTY SCHOOL DEPARTMENT**  
**A COMPONENT UNIT OF HICKMAN COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2006**

*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*

*JEFF BAILEY, CPA, CGFM, CFE*  
*Audit Manager*

*JERRY DURHAM, CPA, CGFM, CFE*  
*Auditor 4*

*ROBIN BATES, CFE*  
*DONYA WADE*  
*WENDY HEATH, CFE*  
*State Auditors*

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

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

Annual Financial Report  
Hickman County School Department  
For the Year Ended June 30, 2006

## ***Scope***

We have audited the financial statements of the major fund and the aggregate remaining fund information of the Hickman County School Department as of and for the year ended June 30, 2006.

## ***Results***

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

Our audit resulted in two findings and recommendations, which we have reviewed with Hickman County School Department management. Detailed findings, recommendations, and management's responses are included in the Single Audit Report.

## ***Findings***

The following are summaries of the audit findings:

### **HICKMAN COUNTY SCHOOL DEPARTMENT**

- ◆ 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 DIRECTOR OF SCHOOLS**

- ◆ The cash balance in the Central Cafeteria Fund exceeded the allowable amount established by the U. S. Office of Management and Budget by \$433,678.

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# INTRODUCTORY SECTION

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Hickman County School Officials  
June 30, 2006

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**Official**

Jerry Nash, Director of Schools

**Board of Education**

Jackie Deitmen, Chairman  
Wayne Thomasson  
Dwight Sullivan  
Pat Smith

Jewell Prince  
Steven Armstrong  
Doyle Totty

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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 31, 2006

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

To the Director of Schools and Board of Education:

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Hickman County School Department, a component unit of Hickman County, Tennessee, as of and for the year ended June 30, 2006, as shown on pages 15 through 28, which collectively comprise a portion of the Hickman County School Department's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Hickman 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 standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

reported in government-wide financial statements for the School Department's governmental activities are not reasonably determinable.

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

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Hickman County School Department as of June 30, 2006, 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 the major fund and the aggregate remaining fund information of the Hickman County School Department as of June 30, 2006, 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.

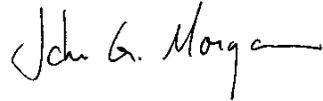
In accordance with Government Auditing Standards, we have also issued our report dated August 31, 2006, on our consideration of the Hickman County School Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

The budgetary comparison information on pages 31 through 33 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hickman 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,

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

John G. Morgan  
Comptroller of the Treasury

JGM/sb

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Hickman County, Tennessee  
Balance Sheet - Governmental Funds  
Hickman County School Department  
June 30, 2006

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<b><u>ASSETS</u></b>			
Cash	\$ 0	\$ 3,592	\$ 3,592
Equity in Pooled Cash and Investments	7,408,828	938,401	8,347,229
Due from Other Governments	276,447	12,051	288,498
Property Taxes Receivable	3,078,343	0	3,078,343
Allowance for Uncollectible Property Taxes	(160,404)	0	(160,404)
Total Assets	<u>\$ 10,603,214</u>	<u>\$ 954,044</u>	<u>\$ 11,557,258</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<u>Liabilities</u>			
Deferred Revenue - Current Property Taxes	\$ 2,794,779	\$ 0	\$ 2,794,779
Deferred Revenue - Delinquent Property Taxes	110,692	0	110,692
Other Deferred Revenues	103,038	0	103,038
Total Liabilities	<u>\$ 3,008,509</u>	<u>\$ 0</u>	<u>\$ 3,008,509</u>
<u>Fund Balances</u>			
Other Local Education Reserves	\$ 15,001	\$ 0	\$ 15,001
Reserved for Basic Education Program	920,113	0	920,113
Reserved for Title I Grants to Local Education Agencies	0	53,364	53,364
Reserved for Special Education - Grants to States	0	2,970	2,970
Other Federal Reserves	0	9,492	9,492
Unreserved, Reported In:			
General Fund	6,659,591	0	6,659,591
Special Revenue Funds	0	888,218	888,218
Total Fund Balances	<u>\$ 7,594,705</u>	<u>\$ 954,044</u>	<u>\$ 8,548,749</u>
Total Liabilities and Fund Balances	<u>\$ 10,603,214</u>	<u>\$ 954,044</u>	<u>\$ 11,557,258</u>

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

Exhibit B

Hickman County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Hickman County School Department  
For the Year Ended June 30, 2006

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 4,043,262	\$ 0	\$ 4,043,262
Licenses and Permits	1,596	0	1,596
Charges for Current Services	112,848	781,476	894,324
Other Local Revenues	77,332	11,039	88,371
State of Tennessee	18,033,346	0	18,033,346
Federal Government	213,744	2,756,279	2,970,023
Total Revenues	<u>\$ 22,482,128</u>	<u>\$ 3,548,794</u>	<u>\$ 26,030,922</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 13,846,954	\$ 1,524,047	\$ 15,371,001
Support Services	6,524,791	472,781	6,997,572
Operation of Non-Instructional Services	343,918	1,666,646	2,010,564
Capital Outlay	350,239	0	350,239
Total Expenditures	<u>\$ 21,065,902</u>	<u>\$ 3,663,474</u>	<u>\$ 24,729,376</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,416,226</u>	<u>\$ (114,680)</u>	<u>\$ 1,301,546</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 5,557	\$ 0	\$ 5,557
Transfers Out	0	(5,557)	(5,557)
Total Other Financing Sources (Uses)	<u>\$ 5,557</u>	<u>\$ (5,557)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 1,421,783	\$ (120,237)	\$ 1,301,546
Fund Balance, July 1, 2005	6,172,922	1,074,281	7,247,203
Fund Balance, June 30, 2006	<u>\$ 7,594,705</u>	<u>\$ 954,044</u>	<u>\$ 8,548,749</u>

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

**HICKMAN COUNTY SCHOOL DEPARTMENT  
A COMPONENT UNIT OF HICKMAN COUNTY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Hickman County School Department's financial statements are not presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

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

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

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

**A. Reporting Entity**

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

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

Fund financial statements of the School Department are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. However, the School Department does not have any proprietary or fiduciary funds to report. An emphasis is placed on major funds within the governmental category.

Separate financial statements are provided for governmental 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School Department considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. The School Department considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

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 School Department receives cash.

The School Department reports the following major governmental fund:

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

Additionally, the School Department reports the following fund type:

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

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

1. **Deposits and Investments**

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

The county trustee maintains a cash and internal investment pool that is used by all Hickman County primary government funds and School Department funds. Each fund's portion of this pool is displayed on the balance sheets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to Hickman County's General Debt Service Fund. Hickman County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. **Receivables and Payables**

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to three 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. The School Department 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, the School Department does not present government-wide statements.

**4. Compensated Absences**

The School Department permits professional personnel (teachers) to accumulate an unlimited amount of unused sick leave days. There is 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. 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 specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2006.

<u>Fund/Purpose</u>	<u>Amount</u>
General Purpose School:	
New high school construction	\$ 1,200,000
Other costs for new high school	412,623
Capital outlay for school	2,600,000

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

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds. All annual appropriations lapse at fiscal year end.

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 Hickman 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: Instruction – Regular Instruction Program, Support Services – Attendance, Operation of Non-Instructional Services – Food Service, etc.). Management may make revisions within major categories, but only the Hickman County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

**B. Budget Deficit**

The budget and subsequent amendments submitted to and approved by the Hickman County Commission for the Central Cafeteria Fund resulted in

appropriations exceeding available funding creating a budget deficit of \$89,265.

**C. Excess Cash Balance**

For several years, the Central Cafeteria Fund has maintained excessive cash balances. The United States Office of Management and Budget (OMB) established compliance requirements for Child Nutrition Programs. These requirements prohibit the accumulation of cash exceeding three month's expenditures unless they are operating under a plan approved by the state Department of Education. At June 30, 2005, the cash balance in the Central Cafeteria Fund (\$925,749) exceeded three month's expenditures (\$417,659) by \$508,090. The School Department submitted a plan to the State Department of Education in August 2005 to reduce this excess cash balance; however, the School Department failed to follow their plan. At June 30, 2006, the cash balance in the Central Cafeteria Fund (\$888,218) exceeded three month's expenditures (\$454,540) by \$433,678.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

**Deposits**

**Legal Provisions.** All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for 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.** Hickman County, the School Department’s primary government, is authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county’s own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase.

**Investment Balances.** As of June 30, 2006, Hickman County had the following investments carried at fair value or cost. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Hickman County and the School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value or Cost</u>
State Treasurer's Investment Pool	Daily	\$ 15,088,581

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

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. The county has no investment policy that would further limit its investment choices. As of June 30, 2006, Hickman County's investment in the State Treasurer's Investment Pool was unrated.

**B. Interfund Transfers**

Interfund transfers for the year ended June 30, 2006, consisted of the following amount:

<u>Transfers Out</u>	<u>Transfers In</u> General Purpose School Fund
Nonmajor governmental fund	\$ <u>5,557</u>

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

**IV. OTHER INFORMATION**

**A. Risk Management**

The School Department is a member of 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.

The School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. The School Department pays an annual premium to the TSB-RMT for its general liability, property, casualty insurance, and workers'

compensation coverage. The creation of the TSB-RMT provides for it to be self-sustaining through member premiums. The TSB-RMT reinsures through commercial insurance companies for property claims exceeding \$100,000, liability claims exceeding \$200,000, and workers' compensation claims exceeding \$500,000.

**B. Accounting Changes**

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries became effective for the year ended June 30, 2006. GASB Statement No. 42 requires governments to report the effects of capital asset impairments in their financial statements when they occur rather than as a part of the ongoing depreciation expense for the capital asset or upon disposal of the capital asset. In addition, GASB Statement No. 42 clarifies and establishes accounting requirements for insurance recoveries. GASB Statement No. 42 had no effect on the financial statements for the year ended June 30, 2006, since no capital asset impairment and insurance recoveries occurred. However, it is reasonably expected that capital asset impairment and insurance recoveries may occur in subsequent years that will be subject to the provisions of Statement No. 42.

The provisions of GASB Statement No. 44, Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1) became effective for the year ended June 30, 2006. GASB Statement No. 44 applies to the preparation of the statistical section. State and local governments may, but are not required to, prepare a statistical section to accompany basic financial statements. However, a statistical section is required to accompany a comprehensive annual financial report. Since the county is not presenting a comprehensive annual financial report, it has elected not to prepare a statistical section. GASB Statement No. 44 amends guidance related to the preparation of the statistical section. This statement improves the understandability and usefulness of statistical information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local governments required by GASB Statement No. 34. GASB Statement No. 44 establishes the objectives of the statistical section and the five categories it contains: financial trends, revenue capacity, debt capacity, demographic and economic, and operating. It is reasonably expected that the county will prepare and present a statistical section in subsequent years that follows the requirements of GASB Statement No. 44.

The provisions of GASB Statement No. 46, Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34 became effective for the year ended June 30, 2006. GASB Statement No. 46 provides guidance to determine when net assets have been restricted to a particular use by the passage of enabling legislation and specifies how those net assets should be reported in financial statements when there are changes in the circumstances

surrounding such legislation. The statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation as of the end of the reporting period. The School Department had no net assets restricted by enabling legislation to disclose as of June 30, 2006. But it is reasonably expected that the School Department will be required to disclose net assets restricted by enabling legislation in subsequent years.

The provisions of GASB Statement No. 47, Accounting for Termination Benefits became effective for the year ended June 30, 2006. GASB Statement No. 47 provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees who are involuntarily terminated. Statement No. 47 specifies when governments should recognize the cost of termination benefits they offer in accrual basis financial statements. The School Department was not offering any termination benefits to employees as of June 30, 2006. But it is reasonably expected that the School Department will offer termination benefits in subsequent years subject to the accounting and reporting requirements of GASB Statement No. 47.

**C. Contingent Liabilities**

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

**D. Retirement Commitments**

**Plan Description**

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

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

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

Since the Hickman County School Department participates in Hickman County's plan, retirement information for the Hickman 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. H. of the Annual Financial Report of Hickman County, Tennessee.

## SCHOOL TEACHERS

### **Plan Description**

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.treasury.state.tn.us](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 Hickman County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2006, was 5.5 percent of annual covered payroll. The employer contribution requirement for the Hickman 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, 2006, 2005, and 2004, were \$612,453, \$592,202, and \$355,847, respectively, equal to the required contributions for each year.

### **E. Office of Central Accounting, Budgeting, and Purchasing**

The School Department operates under provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. The act provides for the creation of a Finance Department operated under the direction of the finance director.

### **F. Purchasing Law**

Purchasing procedures for the School Department are governed by purchasing laws of the County Financial Management System of 1981, which provides for the finance director or a deputy appointed by her to serve as the purchasing agent. The finance director serves as the purchasing agent for Hickman County and the School Department. Purchases exceeding \$10,000 for the School Department are required to be competitively bid.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit C

Hickman County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Hickman County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,043,262	\$ 4,081,452	\$ 4,081,452	\$ (38,190)
Licenses and Permits	1,596	1,500	1,500	96
Charges for Current Services	112,848	104,100	104,100	8,748
Other Local Revenues	77,332	93,000	93,000	(15,668)
State of Tennessee	18,033,346	16,661,300	16,712,816	1,320,530
Federal Government	213,744	122,500	183,425	30,319
Total Revenues	<u>\$ 22,482,128</u>	<u>\$ 21,063,852</u>	<u>\$ 21,176,293</u>	<u>\$ 1,305,835</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 11,218,910	\$ 11,435,500	\$ 11,435,500	\$ 216,590
Alternative Instruction Program	133,912	140,600	140,600	6,688
Special Education Program	1,698,165	1,700,000	1,700,000	1,835
Vocational Education Program	704,739	708,900	708,900	4,161
Adult Education Program	91,228	49,900	107,925	16,697
<u>Support Services</u>				
Attendance	101,509	102,600	102,600	1,091
Health Services	94,413	96,100	96,100	1,687
Other Student Support	634,031	650,700	650,700	16,669
Regular Instruction Program	825,871	914,000	914,000	88,129
Alternative Instruction Program	364	600	600	236
Special Education Program	100,370	100,800	100,800	430
Vocational Education Program	98,098	99,200	99,200	1,102
Adult Programs	69,096	69,000	69,500	404
Board of Education	363,900	379,700	379,700	15,800
Director of Schools	218,754	227,900	227,900	9,146
Office of the Principal	597,941	602,500	602,500	4,559
Operation of Plant	1,371,729	1,401,000	1,401,000	29,271
Maintenance of Plant	593,141	597,900	597,900	4,759
Transportation	1,282,388	1,310,300	1,310,300	27,912
Central and Other	173,186	178,600	178,600	5,414
<u>Operation of Non-Instructional Services</u>				
Food Service	19,849	20,100	20,100	251
Community Services	138,653	153,600	153,600	14,947
Early Childhood Education	185,416	131,500	185,416	0
<u>Capital Outlay</u>				
Regular Capital Outlay	350,239	355,000	355,000	4,761
Total Expenditures	<u>\$ 21,065,902</u>	<u>\$ 21,426,000</u>	<u>\$ 21,538,441</u>	<u>\$ 472,539</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,416,226</u>	<u>\$ (362,148)</u>	<u>\$ (362,148)</u>	<u>\$ 1,778,374</u>

(Continued)

Exhibit C

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 5,557	\$ 15,000	\$ 15,000	\$ (9,443)
Total Other Financing Sources (Uses)	<u>\$ 5,557</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ (9,443)</u>
Net Change in Fund Balance	\$ 1,421,783	\$ (347,148)	\$ (347,148)	\$ 1,768,931
Fund Balance, July 1, 2005	<u>6,172,922</u>	<u>4,891,003</u>	<u>4,891,003</u>	<u>1,281,919</u>
Fund Balance, June 30, 2006	<u>\$ 7,594,705</u>	<u>\$ 4,543,855</u>	<u>\$ 4,543,855</u>	<u>\$ 3,050,850</u>

**HICKMAN COUNTY SCHOOL DEPARTMENT  
A COMPONENT UNIT OF HICKMAN COUNTY, TENNESSEE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2006**

**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 Hickman 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: Instruction-Regular Instruction Program, Support Services-Attendance, and Operation of Non-Instructional Services-Food Service, etc.). Management may make revisions within major categories, but only the Hickman County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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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 education programs.

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

Hickman County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Hickman County School Department  
June 30, 2006

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 3,592	\$ 3,592
Equity in Pooled Cash and Investments	53,775	884,626	938,401
Due from Other Governments	12,051	0	12,051
Total Assets	<u>\$ 65,826</u>	<u>\$ 888,218</u>	<u>\$ 954,044</u>
<u>FUND BALANCES</u>			
Reserved for Title I Grants to Local Education Agencies	\$ 53,364	\$ 0	\$ 53,364
Reserved for Special Education - Grants to States	2,970	0	2,970
Other Federal Reserves	9,492	0	9,492
Unreserved	0	888,218	888,218
Total Fund Balances	<u>\$ 65,826</u>	<u>\$ 888,218</u>	<u>\$ 954,044</u>

Exhibit D-2

Hickman County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Hickman County School Department  
For the Year Ended June 30, 2006

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 781,476	\$ 781,476
Other Local Revenues	0	11,039	11,039
Federal Government	1,919,679	836,600	2,756,279
Total Revenues	<u>\$ 1,919,679</u>	<u>\$ 1,629,115</u>	<u>\$ 3,548,794</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,524,047	\$ 0	\$ 1,524,047
Support Services	472,781	0	472,781
Operation of Non-Instructional Services	0	1,666,646	1,666,646
Total Expenditures	<u>\$ 1,996,828</u>	<u>\$ 1,666,646</u>	<u>\$ 3,663,474</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (77,149)</u>	<u>\$ (37,531)</u>	<u>\$ (114,680)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (5,557)	\$ 0	\$ (5,557)
Total Other Financing Sources (Uses)	<u>\$ (5,557)</u>	<u>\$ 0</u>	<u>\$ (5,557)</u>
Net Change in Fund Balances	\$ (82,706)	\$ (37,531)	\$ (120,237)
Fund Balance, July 1, 2005	148,532	925,749	1,074,281
Fund Balance, June 30, 2006	<u>\$ 65,826</u>	<u>\$ 888,218</u>	<u>\$ 954,044</u>

Exhibit D-3

Hickman County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Hickman County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,919,679	\$ 2,176,894	\$ 2,127,811	\$ (208,132)
Total Revenues	\$ 1,919,679	\$ 2,176,894	\$ 2,127,811	\$ (208,132)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 825,820	\$ 876,085	\$ 919,078	\$ 93,258
Special Education Program	587,734	552,338	590,204	2,470
Vocational Education Program	110,493	59,850	110,604	111
<u>Support Services</u>				
Other Student Support	10,274	23,000	10,800	526
Regular Instruction Program	242,952	262,777	270,764	27,812
Special Education Program	219,555	395,894	219,799	244
Total Expenditures	\$ 1,996,828	\$ 2,169,944	\$ 2,121,249	\$ 124,421
Excess (Deficiency) of Revenues Over Expenditures	\$ (77,149)	\$ 6,950	\$ 6,562	\$ (83,711)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (5,557)	\$ (6,950)	\$ (6,562)	\$ 1,005
Total Other Financing Sources (Uses)	\$ (5,557)	\$ (6,950)	\$ (6,562)	\$ 1,005
Net Change in Fund Balance	\$ (82,706)	\$ 0	\$ 0	\$ (82,706)
Fund Balance, July 1, 2005	148,532	148,532	148,532	0
Fund Balance, June 30, 2006	\$ 65,826	\$ 148,532	\$ 148,532	\$ (82,706)

Exhibit D-4

Hickman County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Hickman County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 781,476	\$ 705,000	\$ 705,000	\$ 76,476
Other Local Revenues	11,039	3,500	3,500	7,539
Federal Government	836,600	645,000	645,000	191,600
Total Revenues	<u>\$ 1,629,115</u>	<u>\$ 1,353,500</u>	<u>\$ 1,353,500</u>	<u>\$ 275,615</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,666,646	\$ 1,638,100	\$ 1,898,100	\$ 231,454
Total Expenditures	<u>\$ 1,666,646</u>	<u>\$ 1,638,100</u>	<u>\$ 1,898,100</u>	<u>\$ 231,454</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (37,531)</u>	<u>\$ (284,600)</u>	<u>\$ (544,600)</u>	<u>\$ 507,069</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 16,600	\$ 16,600	\$ (16,600)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 16,600</u>	<u>\$ 16,600</u>	<u>\$ (16,600)</u>
Net Change in Fund Balance	\$ (37,531)	\$ (268,000)	\$ (528,000)	\$ 490,469
Fund Balance, July 1, 2005	<u>925,749</u>	<u>438,735</u>	<u>438,735</u>	<u>487,014</u>
Fund Balance, June 30, 2006	<u>\$ 888,218</u>	<u>\$ 170,735</u>	<u>\$ (89,265)</u>	<u>\$ 977,483</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit E-1

Hickman County, Tennessee  
Schedule of Transfers  
Hickman County School Department  
For the Year Ended June 30, 2006

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ <u>5,557</u>
Total Transfers			\$ <u>5,557</u>

Exhibit E-2

Hickman County, Tennessee  
Schedule of Salary and Official Bonds of Principal Officials  
Hickman County School Department  
For the Year Ended June 30, 2006

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
Director of Schools	State Board of Education and Local Board of Education	\$ 88,210 (1)	(2)	
Employee Blanket Bond Coverage: School Employees			\$ 150,000	Tennessee School Boards Risk Management Trust

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

(2) The director of schools is covered under the department's blanket bond.

Exhibit E-3

Hickman County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Hickman County School Department  
For the Year Ended June 30, 2006

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,579,768	\$ 0	\$ 0	\$ 2,579,768
Trustee's Collections - Prior Year	123,567	0	0	123,567
Circuit/Clerk & Master Collections - Prior Years	91,060	0	0	91,060
Interest and Penalty	25,025	0	0	25,025
Payments in-Lieu-of Taxes - T.V.A.	4,753	0	0	4,753
Payments in-Lieu-of Taxes - Local Utilities	6,000	0	0	6,000
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,181,611	0	0	1,181,611
Business Tax	24,765	0	0	24,765
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	6,713	0	0	6,713
<b>Total Local Taxes</b>	<b>\$ 4,043,262</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,043,262</b>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,596	\$ 0	\$ 0	\$ 1,596
<b>Total Licenses and Permits</b>	<b>\$ 1,596</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,596</b>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Summer School	\$ 600	\$ 0	\$ 0	\$ 600
Tuition - Other	39,477	0	0	39,477
Lunch Payments - Children	0	0	291,295	291,295
Lunch Payments - Adults	0	0	70,847	70,847
Income from Breakfast	0	0	58,442	58,442
A la carte Sales	0	0	360,892	360,892
School Based Health Services - FFS	659	0	0	659
Receipts from Individual Schools	68,931	0	0	68,931
Community Service Fees - Adults	589	0	0	589
TBI Criminal Background Fees	2,592	0	0	2,592
<b>Total Charges for Current Services</b>	<b>\$ 112,848</b>	<b>\$ 0</b>	<b>\$ 781,476</b>	<b>\$ 894,324</b>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 9,695	\$ 9,695
Lease/Rentals	100	0	0	100
Miscellaneous Refunds	43,485	0	0	43,485
<u>Nonrecurring Items</u>				
Insurance Recovery	20,197	0	0	20,197
Sale of Equipment	9,382	0	1,344	10,726
Damages Recovered from Individuals	1,568	0	0	1,568
Contributions & Gifts	850	0	0	850
<u>Other Local Revenues</u>				
Other Local Revenues	1,750	0	0	1,750
<b>Total Other Local Revenues</b>	<b>\$ 77,332</b>	<b>\$ 0</b>	<b>\$ 11,039</b>	<b>\$ 88,371</b>

(Continued)

Exhibit E-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 17,186,834	\$ 0	\$ 0	\$ 17,186,834
School Food Service	20,327	0	0	20,327
Driver Education	15,827	0	0	15,827
Other State Education Funds	370,200	0	0	370,200
Career Ladder Program	166,859	0	0	166,859
Career Ladder - Extended Contract	93,705	0	0	93,705
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	172,874	0	0	172,874
Other State Grants	6,720	0	0	6,720
Total State of Tennessee	\$ 18,033,346	\$ 0	\$ 0	\$ 18,033,346
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 622,700	\$ 622,700
Breakfast	0	0	213,900	213,900
Adult Education State Grant Program	91,930	0	0	91,930
Vocational Education - Basic Grants to States	0	110,754	0	110,754
Title I Grants to Local Education Agencies	0	725,000	0	725,000
Innovative Education Program Strategies	0	12,757	0	12,757
Special Education - Grants to States	547	774,704	0	775,251
Special Education Preschool Grants	0	21,864	0	21,864
Eisenhower Professional Development State Grants	0	214,834	0	214,834
Job Training Partnership Act	0	36,312	0	36,312
Other Federal through State	75,382	23,454	0	98,836
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	45,885	0	0	45,885
Total Federal Government	\$ 213,744	\$ 1,919,679	\$ 836,600	\$ 2,970,023
Total	\$ 22,482,128	\$ 1,919,679	\$ 1,629,115	\$ 26,030,922

Hickman County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Hickman County School Department  
For the Year Ended June 30, 2006

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 6,673,105	
Career Ladder Program	155,689	
Career Ladder Extended Contracts	106,234	
Homebound Teachers	18,780	
Educational Assistants	345,665	
Other Salaries & Wages	223,945	
Non-certified Substitute Teachers	121,096	
Social Security	569,550	
State Retirement	422,454	
Medical Insurance	1,139,210	
Other Fringe Benefits	675	
Maintenance & Repair Services - Equipment	43,482	
Instructional Supplies and Materials	334,977	
Textbooks	204,837	
Other Supplies and Materials	34,864	
Other Charges	215	
Regular Instruction Equipment	824,132	
Total Regular Instruction Program		\$ 11,218,910

Alternative Instruction Program

Other Salaries & Wages	\$ 100,668	
Social Security	7,210	
State Retirement	6,337	
Medical Insurance	13,500	
Other Contracted Services	5,445	
Instructional Supplies and Materials	208	
Other Supplies and Materials	544	
Total Alternative Instruction Program		133,912

Special Education Program

Teachers	\$ 1,200,594
Educational Assistants	61,636
Non-certified Substitute Teachers	8,295
Social Security	95,501
State Retirement	72,402
Medical Insurance	150,000
Contracts with Parents	1,471
Other Contracted Services	90,688
Instructional Supplies and Materials	12,586

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Special Education Equipment	\$ 4,992	
Total Special Education Program		\$ 1,698,165

Vocational Education Program

Teachers	\$ 510,973	
Educational Assistants	12,730	
Non-certified Substitute Teachers	7,740	
Social Security	39,166	
State Retirement	29,515	
Medical Insurance	83,000	
Instructional Supplies and Materials	21,615	
Total Vocational Education Program		704,739

Adult Education Program

Teachers	\$ 22,111	
Other Salaries & Wages	26,522	
In-Service Training	2,668	
Social Security	3,836	
State Retirement	3,051	
Medical Insurance	3,400	
Instructional Supplies and Materials	18,840	
Other Charges	10,800	
Total Adult Education Program		91,228

Support Services

Attendance

Supervisor/Director	\$ 60,450	
Other Salaries & Wages	17,861	
Social Security	5,908	
State Retirement	5,064	
Medical Insurance	7,200	
Travel	3,530	
Other Supplies and Materials	996	
Other Charges	500	
Total Attendance		101,509

Health Services

Medical Personnel	\$ 70,418
Social Security	5,387

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

State Retirement	\$	2,957	
Medical Insurance		6,300	
Other Contracted Services		2,348	
Drugs and Medical Supplies		4,552	
Other Supplies and Materials		502	
Other Charges		491	
Health Equipment		1,458	
Total Health Services			\$ 94,413

Other Student Support

Guidance Personnel	\$	368,114	
Other Salaries & Wages		42,397	
Social Security		30,247	
State Retirement		22,465	
Medical Insurance		52,200	
Evaluation and Testing		25,794	
Travel		1,638	
Other Contracted Services		42,675	
Other Supplies and Materials		30,067	
In Service/Staff Development		16,773	
Other Charges		1,661	
Total Other Student Support			634,031

Regular Instruction Program

Supervisor/Director	\$	63,740	
Librarians		255,332	
Secretary(ies)		108,985	
Clerical Personnel		108,718	
In-Service Training		43,349	
Social Security		41,309	
State Retirement		40,020	
Medical Insurance		63,000	
Maintenance & Repair Services - Equipment		395	
Travel		2,332	
Other Contracted Services		4,807	
Library Books/Media		35,000	
Other Supplies and Materials		14,369	
In Service/Staff Development		33,989	
Other Charges		7,026	

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Equipment	\$ 3,500	
Total Regular Instruction Program		\$ 825,871

Alternative Instruction Program

Travel	\$ 364	
Total Alternative Instruction Program		364

Special Education Program

Supervisor/Director	\$ 56,608	
Assessment Personnel	18,337	
In-Service Training	168	
Social Security	4,724	
State Retirement	3,396	
Medical Insurance	5,000	
Maintenance & Repair Services - Equipment	6,945	
Travel	4,955	
Other Contracted Services	237	
Total Special Education Program		100,370

Vocational Education Program

Supervisor/Director	\$ 60,018	
Secretary(ies)	12,730	
Social Security	5,565	
State Retirement	4,605	
Medical Insurance	6,700	
Maintenance & Repair Services - Equipment	3,626	
Travel	354	
Other Charges	4,500	
Total Vocational Education Program		98,098

Adult Programs

Supervisor/Director	\$ 54,654	
Social Security	3,986	
State Retirement	3,150	
Medical Insurance	5,500	
Travel	1,806	
Total Adult Programs		69,096

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Board and Committee Members Fees	\$	7,861	
In-Service Training		6,593	
Social Security		601	
Audit Services		10,678	
Dues and Memberships		12,047	
Legal Services		22,042	
Liability Insurance		90,000	
Trustee's Commission		105,459	
Workers' Compensation Insurance		102,091	
Refund to Applicant for Criminal Investigation		6,528	
Total Board of Education			\$ 363,900

Director of Schools

County Official/Administrative Officer	\$	88,210	
Secretary(ies)		49,440	
Other Salaries & Wages		18,984	
Social Security		10,500	
State Retirement		10,557	
Medical Insurance		8,000	
Communication		16,654	
Postal Charges		749	
Travel		3,703	
Office Supplies		276	
Other Charges		11,681	
Total Director of Schools			218,754

Office of the Principal

Principals	\$	406,749	
Assistant Principals		60,259	
Social Security		34,881	
State Retirement		25,685	
Medical Insurance		47,000	
Travel		1,886	
Administration Equipment		21,481	
Total Office of the Principal			597,941

Operation of Plant

Other Contracted Services	\$	418,029	
Custodial Supplies		2,640	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Electricity	\$	615,103	
Natural Gas		144,243	
Water and Sewer		112,469	
Other Supplies and Materials		400	
Boiler Insurance		2,000	
Building and Contents Insurance		30,150	
Plant Operation Equipment		46,695	
Total Operation of Plant			\$ 1,371,729

Maintenance of Plant

Supervisor/Director	\$	37,442	
Secretary(ies)		6,781	
Other Salaries & Wages		96,396	
Social Security		7,702	
State Retirement		8,117	
Maintenance & Repair Services - Buildings		220,683	
Maintenance & Repair Services - Equipment		54,724	
Travel		755	
Other Contracted Services		138,149	
Equipment and Machinery Parts		15,397	
Gasoline		6,446	
Other Supplies and Materials		549	
Total Maintenance of Plant			593,141

Transportation

Supervisor/Director	\$	53,703	
Mechanic(s)		74,852	
Bus Drivers		446,385	
Secretary(ies)		6,781	
Other Salaries & Wages		5,356	
Social Security		44,509	
State Retirement		58,482	
Other Contracted Services		6,588	
Diesel Fuel		162,862	
Equipment and Machinery Parts		1,653	
Garage Supplies		5,076	
Gasoline		19,526	
Lubricants		4,963	
Tires and Tubes		41,098	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Vehicle Parts	\$	54,934	
Vehicle and Equipment Insurance		49,420	
Other Charges		3,036	
Transportation Equipment		243,164	
Total Transportation			\$ 1,282,388

Central and Other

Medical Insurance	\$	4,417	
Unemployment Compensation		689	
Other Fringe Benefits		34,475	
Contributions		65,000	
Other Contracted Services		68,605	
Total Central and Other			173,186

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	16,500	
Social Security		1,049	
Travel		300	
In Service/Staff Development		2,000	
Total Food Service			19,849

Community Services

Supervisor/Director	\$	47,548	
Part-time Personnel		28,525	
Other Salaries & Wages		20,374	
Social Security		6,765	
State Retirement		7,158	
Medical Insurance		3,600	
Travel		1,000	
Other Supplies and Materials		15,461	
Other Charges		6,822	
Other Equipment		1,400	
Total Community Services			138,653

Early Childhood Education

Teachers	\$	65,592	
Educational Assistants		23,958	
Non-certified Substitute Teachers		5,157	

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Social Security	\$	6,830	
State Retirement		5,732	
Medical Insurance		13,020	
Travel		166	
Other Contracted Services		1,908	
Food Supplies		2,690	
Instructional Supplies and Materials		36,697	
Other Supplies and Materials		23,666	
Total Early Childhood Education	\$		185,416

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$	350,239	
Total Regular Capital Outlay			350,239

Total General Purpose School Fund \$ 21,065,902

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	518,310	
Other Salaries & Wages		3,623	
Non-certified Substitute Teachers		12,000	
Social Security		38,417	
State Retirement		28,578	
Medical Insurance		109,607	
Unemployment Compensation		2,000	
Maintenance & Repair Services - Equipment		30,000	
Travel		309	
Other Contracted Services		1,658	
Instructional Supplies and Materials		19,510	
In Service/Staff Development		61,808	
Total Regular Instruction Program	\$		825,820

Special Education Program

Teachers	\$	40,012	
Educational Assistants		297,388	
Non-certified Substitute Teachers		30,000	
Social Security		25,930	

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

State Retirement	\$	30,583	
Medical Insurance		35,510	
Unemployment Compensation		4,925	
Tuition		8,799	
Other Contracted Services		114,587	
Total Special Education Program			\$ 587,734

Vocational Education Program

Educational Assistants	\$	15,998	
Social Security		1,233	
State Retirement		806	
Medical Insurance		2,400	
Unemployment Compensation		100	
Travel		5,550	
Other Contracted Services		3,392	
Other Supplies and Materials		18,455	
Vocational Instruction Equipment		62,559	
Total Vocational Education Program			110,493

Support Services

Other Student Support

Other Salaries & Wages	\$	10,000	
Social Security		274	
Total Other Student Support			10,274

Regular Instruction Program

Supervisor/Director	\$	59,054	
Secretary(ies)		16,068	
Other Salaries & Wages		14,828	
In-Service Training		3,669	
Social Security		6,577	
State Retirement		4,893	
Medical Insurance		7,000	
Unemployment Compensation		400	
Consultants		8,547	
Travel		5,322	
Other Supplies and Materials		21,429	
In Service/Staff Development		84,239	
Other Charges		10,926	
Total Regular Instruction Program			242,952

(Continued)

Exhibit E-4

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program

Supervisor/Director	\$	5,146	
Assessment Personnel		123,720	
Clerical Personnel		19,570	
Other Salaries & Wages		37,343	
Social Security		4,474	
State Retirement		4,642	
Medical Insurance		6,780	
Unemployment Compensation		600	
Consultants		14,280	
Other Contracted Services		3,000	
Total Special Education Program			\$ 219,555

Total School Federal Projects Fund \$ 1,996,828

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	11,137	
Accountants/Bookkeepers		108,977	
Cafeteria Personnel		362,457	
Social Security		36,904	
State Retirement		36,512	
Medical Insurance		34,000	
Unemployment Compensation		1,300	
Communication		2,257	
Maintenance & Repair Services - Equipment		37,632	
Transportation - Other than Students		8,433	
Travel		1,165	
Other Contracted Services		31,462	
Food Supplies		682,468	
Utilities		104,999	
Other Supplies and Materials		59,359	
Other Charges		30,539	
Food Service Equipment		117,045	
Total Food Service			\$ 1,666,646

Total Central Cafeteria Fund 1,666,646

Total Governmental Funds - Hickman County School Department \$ 24,729,376

**ANNUAL FINANCIAL REPORT**  
**HICKMAN COUNTY HEALTH FOUNDATION**  
**A COMPONENT UNIT OF HICKMAN COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2006**

***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***

***JEFF BAILEY, CPA, CGFM, CFE***  
***Audit Manager***

***JERRY DURHAM, CPA, CGFM, CFE***  
***Auditor 4***

***ROBIN BATES, CFE***  
***DONYA WADE***  
***WENDY HEATH, CFE***  
***State Auditors***

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

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**HICKMAN COUNTY HEALTH FOUNDATION  
A COMPONENT UNIT OF HICKMAN COUNTY, TENNESSEE  
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# ***Audit Highlights***

Annual Financial Report  
Hickman County Health Foundation  
For the Year Ended June 30, 2006

## ***Scope***

We have audited the financial statements of the governmental activities and the major fund of the Hickman County Health Foundation as of and for the year ended June 30, 2006.

## ***Results***

Our report on the Hickman County Health Foundation's financial statements expresses an unqualified opinion and resulted in no findings and recommendations.

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## INTRODUCTORY SECTION

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Hickman County Health Foundation Officials  
June 30, 2006

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**Board of Directors**

Lynette Harris, Chairman  
Jack Keller  
Mickey Bunn  
Charles Booker

Brad Leeper  
Betty Holland  
Steve Hethcote

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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 31, 2006

Hickman County Health Foundation  
Hickman County, Tennessee

To the Board of Directors:

We have audited the accompanying financial statements of the governmental activities and the major fund of the Hickman County Health Foundation, a component unit of Hickman County, Tennessee, as of and for the year ended June 30, 2006, as shown on pages 13 through 19, which collectively comprise the Hickman County Health Foundation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Hickman County Health Foundation's management. Our responsibility is to express an opinion 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Hickman County Health Foundation as of June 30, 2006, and the respective changes in financial position 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 31, 2006, on our consideration of the Hickman County Health Foundation'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.

The management of the Hickman County Health Foundation did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hickman County Health Foundation's basic financial statements. The introductory section and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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,

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/sb

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Hickman County, Tennessee  
Statement of Net Assets and Governmental Fund Balance Sheet  
Hickman County Health Foundation  
June 30, 2006

	General Fund	Adjustments	Statement of Net Assets
<u>ASSETS</u>			
Cash	\$ 2,111,671	\$ 0	\$ 2,111,671
Total Assets	<u>\$ 2,111,671</u>	<u>\$ 0</u>	<u>\$ 2,111,671</u>
<u>FUND BALANCE/NET ASSETS</u>			
Fund Balance:			
Unreserved	\$ 2,111,671	\$ (2,111,671)	\$ 0
Total Fund Balance	<u>\$ 2,111,671</u>	<u>\$ (2,111,671)</u>	<u>\$ 0</u>
Total Fund Balance	<u><u>\$ 2,111,671</u></u>		
Net Assets:			
Unrestricted		\$ 2,111,671	\$ 2,111,671
Total Net Assets		<u><u>\$ 2,111,671</u></u>	<u><u>\$ 2,111,671</u></u>

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

Exhibit B

Hickman County, Tennessee  
Statement of Activities and Governmental Fund Revenues, Expenditures,  
and Changes in Fund Balance/Net Assets  
Hickman County Health Foundation  
For the Year Ended June 30, 2006

	General Fund	Adjustments	Statement of Activities
<b>Expenditures/Expenses:</b>			
<b>General Government</b>			
County Commission	\$ 769	\$ 0	\$ 769
<b>Public Health and Welfare:</b>			
Ambulance/Emergency Medical Services	11,480	0	11,480
Other Public Health and Welfare	125,570	0	125,570
<b>Total Expenditures/Expenses</b>	<b>\$ 137,819</b>	<b>\$ 0</b>	<b>\$ 137,819</b>
<b>Program Revenues:</b>			
<b>Operating Grants and Contributions:</b>			
Public Health and Welfare	\$ 100,000	\$ 0	\$ 100,000
<b>Net Program Expense</b>			<b>\$ 37,819</b>
<b>General Revenues:</b>			
Investment Income	\$ 73,820	\$ 0	\$ 73,820
<b>Total General Revenues</b>	<b>\$ 73,820</b>	<b>\$ 0</b>	<b>\$ 73,820</b>
<b>Excess of Revenues over Expenditures</b>	<b>\$ 36,001</b>	<b>\$ (36,001)</b>	<b>\$ 0</b>
<b>Change in Net Assets</b>	<b>0</b>	<b>36,001</b>	<b>36,001</b>
<b>Fund Balance/Net Assets:</b>			
July 1, 2005	2,075,670	0	2,075,670
June 30, 2006	\$ 2,111,671	\$ 0	\$ 2,111,671

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

**HICKMAN COUNTY HEALTH FOUNDATION  
A COMPONENT UNIT OF HICKMAN COUNTY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2006**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Hickman County Health Foundation'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 foundation:

**A. Reporting Entity**

The foundation was created as a result of litigation involving the Hickman County Hospital. The purpose of the foundation is to promote and advance the health, medical care, general well being, and quality of life for residents of Hickman County. The foundation is a Section 501(c)(3) nonprofit corporation and a component unit of Hickman County, the primary government. The foundation is governed by a seven-member board appointed by the Hickman County Commission. The foundation is funded primarily from contributions from Baptist Hospital and interest earnings and is accounted for in a single governmental fund.

**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 foundation.

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. Other items not properly included among program revenues are reported instead as general revenues.

**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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 foundation considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. The foundation considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Interest is considered to be susceptible to accrual and has been recognized as revenue of the current period. All other revenue items are considered to be measurable and available only when the foundation receives cash.

The foundation reports the following governmental fund:

**General Fund** – This is the foundation’s only operating fund. It accounts for all financial resources of the foundation.

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.

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

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

**1. Deposits**

Cash consisted entirely of demand deposits and certificates of deposit.

**2. 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.

In the fund financial statements, the governmental fund reports 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. The foundation had no reservations of fund balance at year-end.

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

The Hickman County Health Foundation did not have capital assets, debt, and accruals or deferrals to report; therefore, the only reconciling items from the governmental fund financial statements to the government-wide financial statements were reclassifications and are noted on the face of the basic financial statements.

**III. STEWARDSHIP AND ACCOUNTABILITY**

As previously noted, the foundation was created pursuant to a lawsuit settlement agreement related to the sale of the Hickman County Hospital. During the year ended June 30, 1999, the Hickman County Health Foundation received net funds related to the sale of the Hickman County Hospital to Baptist Hospital. The settlement agreement required these funds to be used for health-related projects in Hickman County and administered by a Board of Directors. In addition to the initial amounts paid, Baptist Hospital agreed to make annual contributions of \$100,000 per year to the foundation for 15 years. The foundation agreed to pay Baptist Hospital \$37,500 for the first five years and \$20,000 for each of the next ten years for indigent care. The Hickman County Finance Office maintains the books and records of the foundation in a separate governmental fund at no cost to the foundation.

**IV. DETAILED NOTES**

**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.

V. **OTHER INFORMATION**

A. **Accounting Changes**

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries became effective for the year ended June 30, 2006. GASB Statement No. 42 requires governments to report the effects of capital asset impairments in their financial statements when they occur rather than as a part of the ongoing depreciation expense for the capital asset or upon disposal of the capital asset. In addition, GASB Statement No. 42 clarifies and establishes accounting requirements for insurance recoveries. GASB Statement No. 42 had no effect on the financial statements for the year ended June 30, 2006, since no capital asset impairment and insurance recoveries occurred. However, it is reasonably expected that capital asset impairment and insurance recoveries may occur in subsequent years that will be subject to the provisions of Statement No. 42.

The provisions of GASB Statement No. 44, Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1) became effective for the year ended June 30, 2006. GASB Statement No. 44 applies to the preparation of the statistical section. State and local governments may, but are not required to, prepare a statistical section to accompany basic financial statements. However, a statistical section is required to accompany a comprehensive annual financial report. Since the county is not presenting a comprehensive annual financial report, it has elected not to prepare a statistical section. GASB Statement No. 44 amends guidance related to the preparation of the statistical section. This statement improves the understandability and usefulness of statistical information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local governments required by GASB Statement No. 34. GASB Statement No. 44 establishes the objectives of the statistical section and the five categories it contains: financial trends, revenue capacity, debt capacity, demographic and economic, and operating. It is reasonably expected that the county will prepare and present a statistical section in subsequent years that follows the requirements of GASB Statement No. 44.

The provisions of GASB Statement No. 46, Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34 became effective for the year ended June 30, 2006. GASB Statement No. 46 provides guidance to determine when net assets have been restricted to a particular use by the passage of enabling legislation and specifies how those net assets should be reported in financial statements when there are changes in the circumstances surrounding such legislation. The statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation as of the end of the reporting period. The Health Foundation had no net assets restricted by enabling legislation to disclose as of June 30, 2006. But it is reasonably expected that the Health Foundation will be required to disclose net assets restricted by enabling legislation in subsequent years.

The provisions of GASB Statement No. 47, Accounting for Termination Benefits became effective for the year ended June 30, 2006. GASB Statement No. 47 provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees who are involuntarily terminated. Statement No. 47 specifies when governments should recognize the cost of termination benefits they offer in accrual basis financial statements. The Health Foundation was not offering any termination benefits to employees as of June 30, 2006. But it is reasonably expected that the Health Foundation will offer termination benefits in subsequent years subject to the accounting and reporting requirements of GASB Statement No. 47.

**B. Contingent Liabilities**

Foundation officials advised that there was no litigation pending against the foundation at June 30, 2006.

**C. Financial Policy**

The foundation has the general policy of requiring all bank account decisions and all disbursements to be individually approved at meetings of the Board of Directors.

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## MISCELLANEOUS SCHEDULES

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Exhibit C-1

Hickman County, Tennessee  
Schedule of Detailed Revenues -  
Governmental Fund Type  
Hickman County Health Foundation  
For the Year Ended June 30, 2006

<u>Other Local Revenues</u>	
<u>Recurring Items</u>	
Investment Income	\$ 73,820
<u>Nonrecurring Items</u>	
Contributions & Gifts	100,000
Total Other Local Revenues	<u>\$ 173,820</u>
 Total Revenues	 <u><u>\$ 173,820</u></u>

Exhibit C-2

Hickman County, Tennessee  
Schedule of Detailed Expenditures -  
Governmental Fund Type  
Hickman County Health Foundation  
For the Year Ended June 30, 2006

<u>Public Health and Welfare</u>		
<u>County Commission</u>		
Audit Services	\$ 749	
Legal Notices, Recording, and Court Costs	20	
Total County Commission		\$ 769
<u>Ambulance/Emergency Medical Services</u>		
Inservice Training	\$ 4,125	
Drugs and Medical Supplies	7,355	
Total Ambulance/Emergency Medical Services		11,480
<u>Other Public Health and Welfare</u>		
Contracts with Private Agencies	\$ 570	
Contributions	125,000	
Total Other Public Health and Welfare		<u>125,570</u>
Total Expenditures/Expenses		<u>\$ 137,819</u>

**SINGLE AUDIT REPORT**  
**HICKMAN COUNTY, TENNESSEE**  
**HICKMAN COUNTY SCHOOL DEPARTMENT**  
**AND**  
**HICKMAN COUNTY HEALTH FOUNDATION**  
**FOR THE YEAR ENDED JUNE 30, 2006**

*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*

*JEFF BAILEY, CPA, CGFM, CFE*  
*Audit Manager*

*JERRY DURHAM, CPA, CGFM, CFE*  
*Auditor 4*

*ROBIN BATES, CFE*  
*DONYA WADE*  
*WENDY HEATH, CFE*  
*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  
PHONE (615) 401-7841**

**REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

August 31, 2006

Hickman County Mayor, Board of County Commissioners,  
Director of Schools, Board of Education, and Health Foundation Board of Directors  
Hickman County, Tennessee

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

We have audited the financial statements of each major fund and the aggregate remaining fund information of Hickman County, Tennessee, and the Hickman County School Department, and we have audited the financial statements of the governmental activities and the major fund of the Hickman County Health Foundation, as of and for the year ended June 30, 2006, which collectively comprise a portion of Hickman County's, the Hickman County School Department's, and the Hickman County Health Foundation's basic financial statements and have issued our reports thereon dated August 31, 2006. Our reports on the financial statements of Hickman County, Tennessee, and the Hickman County School Department express adverse opinions because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. Our report on the financial statements of the Hickman County Health Foundation expresses an unqualified opinion. 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 Hickman County's, the Hickman County School Department's, and the Hickman County Health Foundation'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 Hickman County's, the Hickman County School Department's, and the Hickman County Health Foundation'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 06.02, 06.03(B), 06.05(A,B), and 06.07.

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hickman County's, the Hickman County School Department's, and the Hickman County Health Foundation's statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as items 06.01, 06.03(A), 06.04, 06.05(C), and 06.06.

We also noted certain matters that we reported to the management of Hickman County and the Hickman 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, Health Foundation Board of Directors, 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/sb



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 31, 2006

Hickman County Mayor, Board of County Commissioners,  
Director of Schools, Board of Education, and Health Foundation Board of Directors  
Hickman County, Tennessee

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

Compliance

We have audited the compliance of Hickman County, the Hickman County School Department, and the Hickman County Health Foundation with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of their major federal programs for the year ended June 30, 2006. Hickman County's, the Hickman County School Department's, and the Hickman County Health Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of their major federal programs is the responsibility of Hickman County's, the Hickman County School Department's, and the Hickman County Health Foundation's management. Our responsibility is to express an opinion on Hickman County's, the Hickman County School Department's, and the Hickman County Health Foundation'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 Hickman County's, the Hickman County School Department's, and the Hickman County Health Foundation'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 Hickman County's, the Hickman County School Department's, and the Hickman County Health Foundation's compliance with those requirements.

As described in items 06.04 and 06.08 in the accompanying Schedule of Findings and Questioned Costs, the Hickman County School Department did not comply with requirements regarding Special Tests and Provisions that are applicable to its Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555). Compliance with such requirements is necessary, in our opinion, for the Hickman County School Department to comply with requirements applicable to that program.

In our opinion, except for the effects of the noncompliance described in the preceding paragraph, Hickman County, the Hickman County School Department, and the Hickman County Health Foundation 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, 2006.

#### Internal Control Over Compliance

The management of Hickman County, the Hickman County School Department, and the Hickman County Health Foundation 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 Hickman County's, the Hickman County School Department's, and the Hickman County Health Foundation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards

We have audited the financial statements of each major fund and the aggregate remaining fund information of Hickman County and the Hickman County School Department, and we have audited the financial statements of the governmental activities and the major fund of the Hickman County Health Foundation, as of and for the year ended June 30, 2006, and have issued our reports thereon dated August 31, 2006. Our reports on the financial statements of Hickman County and the Hickman County School Department express adverse opinions because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. Our report on the financial statements of the Hickman County Health Foundation expresses an unqualified opinion. 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, Health Foundation Board of Directors, 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/sb

Hickman County, Tennessee, Hickman County School Department,  
and the Hickman County Health Foundation  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2006

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Distribution (noncash assistance)	10.550	(2)	\$ 67,261
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	213,900
National School Lunch Program	10.555	(2)	622,700
Total U.S. Department of Agriculture			\$ 903,861
U.S. Department of Justice:			
Passed-through State Department of Finance and Administration:			
Edward Byrne Memorial Formula Grant Program	16.579	Z9908845700	\$ 30,754
Total U.S. Department of Justice			\$ 30,754
U.S. Department of Labor:			
Passed-through South Central Tennessee Workforce Alliance:			
WIA Youth Activities	17.259	03-10-999-101-98-82	\$ 44,068
Passed-through State Department of Labor and Workforce Development:			
Incentive Grants - WIA Section 503	17.267	Z060390600	2,300
Total U.S. Department of Labor			\$ 46,368
National Endowment for the Arts:			
Passed-through Tennessee Arts Commission:			
Promotion of the Arts - Partnership Agreements	45.025	Z0502304600	\$ 6,000
Total National Endowment for the Arts			\$ 6,000
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(3)	\$ 89,630
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	777,415
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	788,393
Special Education - Preschool Grants	84.173	N/A	21,864
Vocational Education - Basic Grants to States	84.048	N/A	110,642
Safe and Drug Free Schools and Communities - State Grants	84.186	(2)	23,916
State Grants for Innovative Programs	84.298	N/A	14,402
Education Technology State Grants	84.318	(2)	17,761
Improving Teacher Quality State Grants	84.367	N/A	212,467
Total U.S. Department of Education			\$ 2,056,490
U.S. Elections Assistance Commission:			
Passed-through Tennessee Secretary of State			
Help America Vote Act Requirements Payments	90.401	Z0603295600	\$ 206,500
Total U.S. Elections Assistance Commission:			\$ 206,500
U.S. Department of Health and Human Services:			
Passed-through State Department of Labor and Workforce Development:			
Temporary Assistance for Needy Families	93.558	Z0602719200	\$ 14,322
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Z0602788300	44,976
Total U.S. Department of Health and Human Services			\$ 59,298

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z0301789400	\$ 47,882
Emergency Management Performance Grants	97.042	Z0603285300	12,918
Homeland Security Cluster:			
Homeland Security Grant Program	97.004	(4)	137,465
Homeland Security Grant Program	97.067	Z0502517000	50,123
Total U.S. Department of Homeland Security			<u>\$ 248,388</u>
Total Expenditures of Federal Grants			<u>\$ 3,557,659</u>
<u>State Grants</u>			
		<u>Contract Number</u>	
Family Resource Grant - State Department of Education	N/A	(2)	\$ 66,600
Early Childhood Education - State Department of Education	N/A	(2)	185,416
Safe Schools Act - State Department of Education	N/A	(2)	26,249
Tech Prep - Columbia State Community College	N/A	(2)	1,000
Temporary Assistance for Needy Families - State Department of Labor and Workforce Development	N/A	Z0602719200	8,767
Adult Education - State Department of Labor and Workforce Development	N/A	Z0602778300	17,203
Adult Education - State Department of Labor and Workforce Development	N/A	Z0502223000	6,623
Block Grants for Prevention and Treatment of Substance Abuse - State Department of Health	N/A	Z0602788300	6,720
Optional Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	11,580
Local Health Services - State Department of Health	N/A	Z0502055500	24,659
Local Health Services - State Department of Health	N/A	Z0602598100	155,683
Litter Grant - State Department of Transportation	N/A	Z0602797100	28,240
Litter Grant - State Department of Transportation	N/A	Z0502151000	9,727
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	11,109
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	Z0600260700	<u>9,000</u>
Total State Grants			<u>\$ 568,576</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Z0602778300: \$64,715; Z0502223000: \$24,915.
- (4) Z0402010702: \$6,541; Z0402018600: \$7,676; Z0402005600: \$640; Z0402245500: \$110,700; (2): \$11,908.

Hickman County, Tennessee, the Hickman County School Department,  
and the Hickman County Health Foundation  
Schedule of Audit Findings Not Corrected  
June 30, 2006

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 Hickman County, Tennessee, the Hickman County School Department, and the Hickman County Health Foundation for the year ended June 30, 2005, which have not been corrected.

**HICKMAN COUNTY AND HICKMAN COUNTY SCHOOL DEPARTMENT**

Finding Number	Page Number	Subject
05.01	12	Government-wide financial statements were not presented in accordance with generally accepted accounting principles

**OFFICE OF FINANCE DIRECTOR**

Finding Number	Page Number	Subject
05.02(A,B)	13	The office had deficiencies in purchasing procedures
05.03(B)	15	The office had deficiencies in budget operations

**OFFICE OF DIRECTOR OF SCHOOLS**

Finding Number	Page Number	Subject
05.05	16	The cash balance in the Central Cafeteria Fund exceeded federal guidelines

**OTHER FINDING**

Finding Number	Page Number	Subject
05.08	18	Duties were not segregated adequately in the Ambulance Service, Solid Waste Department, and the Offices of Trustee and Clerk and Master

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**HICKMAN COUNTY, TENNESSEE  
HICKMAN COUNTY SCHOOL DEPARTMENT  
AND  
HICKMAN COUNTY HEALTH FOUNDATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2006**

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

1. Adverse opinions were issued on the financial statements of Hickman County, Tennessee, and the Hickman County School Department. An unqualified opinion was issued on the financial statements of the Hickman County Health Foundation.
2. The audit of the financial statements of Hickman County and the Hickman County School Department disclosed reportable conditions in internal control. None of these conditions were considered to be a material weakness.
3. The audit disclosed three instances of noncompliance that are material to the financial statements of Hickman County and two instances of noncompliance that are material to the financial statements of the Hickman County School Department. The Hickman County Health Foundation did not have any instances of noncompliance.
4. The audit disclosed no reportable conditions in internal control over major programs.
5. A qualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Title 1 Grants to Local Educational Agencies (CFDA No. 84.010), and the Special Education Cluster: Special Education - Grants to States and Special Education - Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Hickman County, the Hickman County School Department, and the Hickman County Health Foundation 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 have reviewed these findings and recommendations with management to provide an opportunity for their response. The director of school's and the circuit and general sessions courts clerk's written responses are 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.

### **HICKMAN COUNTY AND HICKMAN COUNTY SCHOOL DEPARTMENT**

**FINDING 06.01**      **GOVERNMENT-WIDE FINANCIAL STATEMENTS WERE NOT PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**  
(Material Noncompliance Under Government Auditing Standards)

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

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

### **RECOMMENDATION**

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

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS (DIRECT QUOTE)

Our school system operates under the County Financial Management System of 1981 which was adopted by the County Commission several years ago. The Act creates a Finance Office operated under a Finance Director who is responsible for all accounting, budgeting, and purchasing for the County including the school system. The Hickman County School System has acted upon and fully cooperated with every request the Finance Office has made to the school system regarding GASB No. 34. The Hickman County School System was not informed by the Hickman County Finance Office that the school system continued to be out of compliance with GASB No. 34 during the 2005-2006 school year. The Hickman County School System will continue to do whatever is necessary to comply with GASB No. 34 provided the Finance Office, which is responsible for the county's compliance with GASB No. 34, informs the school system, in writing, what the Finance Office needs from the school system to comply with GASB No. 34.

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**OFFICE OF FINANCE DIRECTOR**

**FINDING 06.02      THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**  
(Internal Control – Reportable Condition Under Government Auditing Standards)

Our examination of purchasing procedures revealed the following deficiencies:

- A.     The office did not issue purchase orders for some applicable purchases. Purchases orders are necessary to control who has purchasing authority for the office and to document purchasing commitments.
  
- B.     In some instances, documentation that goods had been received or services had been rendered was not maintained. However, our audit indicated that these goods had been received and services had been rendered.

**RECOMMENDATION**

The office should ensure that purchase orders are issued for all applicable purchases. Documentation should be obtained to confirm that goods have been received or services have been rendered before invoices are paid.

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**FINDING 06.03      THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**  
(A. – Material Noncompliance Under Government Auditing Standards); B. – Internal Control – Reportable Condition Under Government Auditing Standards)

Our examination revealed the following deficiencies in budget operations:

- A. Expenditures exceeded appropriations approved by the County Commission in the major appropriation categories (the legal level of control) of the funds listed below:

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
<u>General</u>	
Litter and Trash Collection	\$ 1,502
Adult Programs	6,229
Transfers Out	180,332
<u>General Debt Service</u>	
General Government - Interest	2,370
General Government - Other Debt Service	501
Education - Other Debt Service	31,393
Transfers Out	171,106
<u>Education Debt Service</u>	
Education - Interest	7,713
General Government - Other Debt Service	1,675
Education - Other Debt Service	849

- B. The budget and subsequent amendments submitted to and approved by the County Commission for the Central Cafeteria Fund resulted in appropriations exceeding available funding causing a budget deficit of \$89,265.

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

#### RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission, as required by state statute. Appropriations that exceed estimated available funds should not be submitted to or approved by the County Commission.

#### MANAGEMENT’S RESPONSE TO 06.03(B) – DIRECTOR OF SCHOOLS (DIRECT QUOTE)

This finding, as explained, is technically correct according to the letter of the law. However, it is really incorrect. It is without question that funds existed to cover all appropriations made regarding the Central Cafeteria. However, since the Finance Office could not determine the correct amount of the Central Cafeteria’s Fund Balance to list on the official budget document when approved (because the amount was not known at the time of budget

submittal), and subsequently the Finance Office failed to amend the correct amount of Fund Balance when the actual amount became known, when an amendment was made to take funds from the Central Cafeteria's Fund Balance, it exceeded the amount on the budget document but did not exceed the actual funds which were in Fund Balance with the Trustee.

### REBUTTAL

The budget and subsequent amendments submitted to and approved by the County Commission exceeded estimated available funding. While the Finance Office is the accounting office for the county and should accurately maintain all financial records, School Department personnel should monitor their school funds for errors.

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### OFFICE OF DIRECTOR OF SCHOOLS

#### FINDING 06.04      **THE CASH BALANCE IN THE CENTRAL CAFETERIA FUND EXCEEDED FEDERAL GUIDELINES** (Material Noncompliance Under OMB Circular A-133)

For several years, the Central Cafeteria Fund has maintained excessive cash balances. The United States Office of Management and Budget (OMB) established compliance requirements for the Child Nutrition Programs. These requirements prohibit the accumulation of cash exceeding three month's expenditure requirements unless the program is operating in accordance with an exception plan approved by the State Department of Education. At June 30, 2005, the cash balance in the Central Cafeteria Fund (\$925,749) exceeded three month's expenditures (\$417,659) by \$508,090. The School Department submitted a plan to the State Department of Education in August 2005 to spend their excess cash balance during the 2005-06 year. However, the School Department failed to follow their own plan and at June 30, 2006, the cash balance in the Central Cafeteria Fund (\$888,218) exceeded three month's expenditures (\$454,540) by \$433,678. It should be noted that the School Department has submitted another exception plan to the State Department of Education to expend their excess cash balance during the 2006-07 year.

### RECOMMENDATION

Excess cash should be disbursed in compliance with the spending plan submitted to the State Department of Education. The school nutrition director should establish a meal-pricing schedule that will prevent the accumulation of excess cash balances in the Child Nutrition Programs.

### MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS (DIRECT QUOTE)

For several years, the Central Cafeteria Fund has been increasing its cash balance in anticipation of the opening of East Hickman High School. This management practice is the only way to have funds on hand when the time comes to purchase the equipment and items necessary to open the new cafeteria and still have a rainy day fund for emergencies. We will be purchasing these items during the 2006-2007 school year since the cafeteria opens in

August 2007. Thus, the excess cash balance will be spent and it will not exist at the end of the 2006-2007 school year. Although the amount of funds on hand currently exceeds federal guidelines, the same guidelines do provide a mechanism which allows the Central Cafeteria fund to exceed the fund ceiling guidelines. The Central Cafeteria fund has submitted the appropriate paperwork to request the ceiling exception and approval is expected shortly. The school system believes it has acted prudently and done what any reasonable person would do in such a situation – save up the money in order to pay for the items when needed and not ask the taxpayers to pay for something that good management could provide by prudent management practices.

**REBUTTAL**

The Central Cafeteria Fund’s cash balances have continued to exceed federal guidelines for several years. Management has received an approved exception plan each year from the State Department of Education to spend the excess cash balance during the ensuing fiscal year; however, management has not followed these approved plans. Management’s practices should comply with federal guidelines and the approved exception plans.

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

**FINDING 06.05**

**THE OFFICE HAD ACCOUNTING DEFICIENCIES**

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

Our audit revealed the following accounting deficiencies that indicate management is not comparing the general ledger with basic accounting records monthly:

- A. Attempts were made each month to reconcile bank statements with the general ledger; however, these reconciliations did not balance. Reconciling items and unidentified errors were not investigated and corrected.
- B. Litigant investment account balances were inaccurate as shown in the following table:

	Balance Per Record	Balance Per Audit	Difference
Circuit	\$ 15	\$ 13,425	\$ (13,410)
General Sessions	477	18,260	(17,783)

- C. At June 30, 2006, 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 amounts in Circuit Court (\$20,486) or in General Sessions Court (\$2,351). Therefore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act,

Section 66-29-101, 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

Monthly bank statements should be reconciled with the general ledger, and any errors noted should be corrected promptly. General ledger investment accounts should be reconciled with litigant investment statements monthly. The execution docket trial balances should be reconciled with cash journal accounts. Any funds held by the court 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 – CIRCUIT AND GENERAL SESSIONS COURTS CLERK (DIRECT QUOTE)

The bank accounts in both courts have been reconciled as of August 30, 2006. The docket trial balance reports and investment accounts are being researched and will be corrected.

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#### OTHER FINDINGS AND RECOMMENDATIONS

##### FINDING 06.06      **THE COUNTY VIOLATED THE CONFLICT OF INTEREST STATUTE AND MADE PURCHASES FROM A BUSINESS OWNED BY A COUNTY COMMISSIONER** (Material Noncompliance Under Government Auditing Standards)

During the year, the county made payments totaling \$45,982 to a general construction business owned by James Hassell, a member of the Hickman County Commission. These payments to a business owned by a member of the County Commission violate the state conflict of interest statute, Section 12-4-101(a)(1), Tennessee Code Annotated. This statute states that "it is unlawful for any officer, committee member, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county ... shall or may be interested, to be directly interested in any such contract."

#### RECOMMENDATION

County officials should review these payments and resolve the conflict of interest.

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FINDING 06.07      **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE  
AMBULANCE SERVICE, SOLID WASTE DEPARTMENT,  
PLANNING AND ZONING DEPARTMENT, AND THE OFFICES  
OF TRUSTEE AND CLERK AND MASTER**  
(Internal Control – Reportable Condition Under Government Auditing  
Standards)

Duties were not segregated adequately among the officials and employees in the Ambulance Service, Solid Waste Department, Planning and Zoning Department, and the Offices of Trustee and Clerk and Master. Employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds.

RECOMMENDATION

To strengthen internal controls over operations, officials in these departments and offices should segregate duties adequately among employees.

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

Federal/Pass-through Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Agriculture: Passed through State Department of Education: Child Nutrition Cluster	6.08	10.553 10.555	Circular A-133, Section 300 (C)	Material Noncompliance, see Finding 06.04: The Cash Balance in the Central Cafeteria Fund Exceeded Federal Guidelines	\$ 0

**HICKMAN COUNTY, TENNESSEE  
HICKMAN COUNTY SCHOOL DEPARTMENT  
AND  
HICKMAN COUNTY HEALTH FOUNDATION  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2006**

There were two audit findings relative to federal awards presented in the current audit's Schedule of Findings and Questioned Costs and two audit findings relative to federal awards presented in the prior audit's Schedule of Findings and Questioned Costs.

**Director of Schools – Corrective Action Plan for Current-year Findings**

**FINDING 06.04 and 06.08**

Contact Person: Jerry Nash

Corrective action plan: For several years, the Central Cafeteria Fund has been increasing its cash balance in anticipation of the opening of East Hickman High School. This management practice is the only way to have funds on hand when the time comes to purchase the equipment and items necessary to open the new cafeteria and still have a rainy day fund for emergencies. We will be purchasing these items during the 2006-2007 school year since the cafeteria opens in August 2007. Thus, the excess cash balance will be spent, and it will not exist at the end of the 2006-2007 school year. Although the amount of funds on hand currently exceed federal guidelines, the same guidelines do provide a mechanism which allows the Central Cafeteria Fund to exceed the fund ceiling guidelines. The Central Cafeteria Fund has submitted the appropriate paperwork to request the ceiling exception and approval is expected shortly. The school system believes it has acted prudently and done what any reasonable person would do in such a situation – save up the money in order to pay for the items when needed and not ask the taxpayers to pay for something that good management could provide by prudent management practices.

Anticipated completion date: 2006-07

**Director of Schools – Summary Schedule of Prior-Year Findings**

**FINDINGS 05.05 and 05.09**

The cash balance in the Central Cafeteria Fund exceeded federal guidelines at June 30, 2005, was not corrected and is repeated for the year ended June 30, 2006.