



ANNUAL FINANCIAL REPORT MEIGS COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2013



ANNUAL FINANCIAL REPORT
MEIGS COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2013

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

MEIGS COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Meigs County, Tennessee
For the Year Ended June 30, 2013

Scope

We have audited the financial statements of Meigs County as of and for the year ended June 30, 2013.

Results

Our report on Meigs County's financial statements is unmodified.

Our audit resulted in 20 findings and recommendations, which we have reviewed with Meigs County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings and Best Practices

The following are summaries of the audit findings and best practices:

OFFICE OF DIRECTOR OF FINANCE

- ◆ The General Fund required material audit adjustments for proper financial statement presentation.
- ◆ Deficiencies were noted in posting receivables and payables.
- ◆ Deficiencies were noted in the administration of payroll deductions, liabilities, benefits, and payroll tax clearing bank accounts.
- ◆ Interfund receivables and payables were not liquidated on a current basis.
- ◆ Fund balances were not classified properly.
- ◆ The office had deficiencies in budget operations.
- ◆ The office had deficiencies in purchasing procedures.
- ◆ The office did not reconcile fuel purchases/usage for various county vehicles.
- ◆ The office had deficiencies in the administration of payroll records.
- ◆ A deficiency was noted in the maintenance of capital asset records.
- ◆ The office did not maintain adequate records for state and federal grants.
- ◆ The office did not always provide documentation/records for auditors to review on a timely basis.
- ◆ The office did not implement adequate controls to protect its information resources.

OFFICE OF ROAD SUPERVISOR

- ◆ A complete county road list was not submitted to the County Commission for approval.
-

OFFICES OF TRUSTEE AND CLERK AND MASTER

- ◆ Multiple employees operated from the same cash drawer.
-

OFFICE OF TRUSTEE

- ◆ A username and password were shared by employees.
 - ◆ The application did not assign consecutive receipt numbers.
-

OFFICE OF CLERK AND MASTER

- ◆ The accounting records did not adequately reflect the financial activity of the office.
-

OFFICE OF SHERIFF

- ◆ Some collections were not deposited within three days.
-

OFFICES OF FINANCE DIRECTOR, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER OF DEEDS, SHERIFF, AND THE AMBULANCE SERVICE DEPARTMENT

- ◆ Duties were not segregated adequately.
-

BEST PRACTICES

The Division of Local Government Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Meigs County.

- Meigs County should adopt a central system of accounting, budgeting, and purchasing.
- Meigs County should appoint an Audit Committee.

INTRODUCTORY SECTION

Meigs County Officials

June 30, 2013

Officials

Garland Lankford, County Mayor
Jerry Shoemaker, Highway Superintendent
Donald Roberts, Director of Schools
Carolyn Wattenbarger, Trustee
Billy Breeden, Assessor of Property
Janie Myers, County Clerk
Darrell Davis, Circuit and General Sessions Courts Clerk
Tim Proffitt, Clerk and Master
Janie Stiner, Register of Deeds
Jackie Melton, Sheriff
Connie Allen, Interim Director of Finance

Board of County Commissioners

Brad McKenzie, Chairman	Carter Nelson
Bill Allen	Doug O'Daniel
Harrell Bidwell	Billy Ogle
Betty Davis	Stanley Welch
Pete Jennings	Mark Vance
Dewayne Murphy	

Financial Management Committee

Mark Vance, Chairman
Garland Lankford, County Mayor
Jerry Shoemaker, Highway Superintendent
Pete Jennings
Brad McKenzie
Dewayne Murphy
Carter Nelson

Board of Education

Chris Clark, Chairman	Rueben McKenzie
Andy Andrews	Tessa Perkinson
Ross Irwin	

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Meigs County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Meigs County, Tennessee, as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note V.B., Meigs County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*, which became effective for the year ended June 30, 2013. Meigs County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic

financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of funding progress – pension plan and other postemployment benefit plan on pages 60-62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Meigs County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Meigs County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

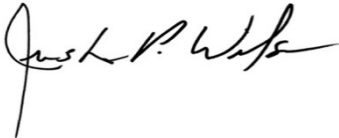
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Meigs County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Meigs County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2014, on our consideration of Meigs County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Meigs County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical line extending from the bottom of the "J".

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 13, 2014

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

Meigs County, Tennessee
Statement of Net Position
June 30, 2013

	Primary Government Governmental Activities	Component Unit Meigs County School Department
<u>ASSETS</u>		
Cash	\$ 525	\$ 0
Equity in Pooled Cash and Investments	4,472,358	3,337,332
Accounts Receivable	151,693	304
Allowance for Uncollectibles	(34,543)	0
Due from Other Governments	376,313	230,805
Prepaid Items	13,096	0
Property Taxes Receivable	2,647,538	1,367,509
Allowance for Uncollectible Property Taxes	(100,532)	(51,927)
Capital Assets:		
Assets Not Depreciated:		
Land	325,905	354,462
Construction in Progress	0	154,565
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	5,989,611	5,078,255
Infrastructure	4,225,309	0
Other Capital Assets	717,468	839,826
Total Assets	<u>\$ 18,784,741</u>	<u>\$ 11,311,131</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 2,485	\$ 0
Total Deferred Inflows of Resources	<u>\$ 2,485</u>	<u>\$ 0</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 19,959	\$ 21,433
Accrued Payroll	0	5,478
Payroll Deductions Payable	22,483	0
Due to State of Tennessee	4,545	0
Accrued Interest Payable	3,148	0
Noncurrent Liabilities:		
Due Within One Year	596,136	0
Due in More Than One Year (net of unamortized premium on debt)	3,988,681	378,687
Total Liabilities	<u>\$ 4,634,952</u>	<u>\$ 405,598</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 2,386,169	\$ 1,232,506
Total Deferred Inflows of Resources	<u>\$ 2,386,169</u>	<u>\$ 1,232,506</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 8,249,411	\$ 6,427,108
Restricted for:		
General Purposes	417,014	160,371
Solid Waste/Sanitation	64,051	0
Drug Control	44,823	0
Highway/Public Works	862,223	0
Debt Service	51,873	0
Central Cafeteria	0	241,295
Other Education Special Revenue	0	240,049
Unrestricted	2,076,710	2,604,204
Total Net Position	<u>\$ 11,766,105</u>	<u>\$ 9,673,027</u>

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

Meigs County, Tennessee
Statement of Activities
June 30, 2013

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Component Unit	
						Meigs County School Department	
Primary Government:							
Governmental Activities:							
General Government	\$ 1,055,546	\$ 71,017	\$ 18,955	\$ 76,102	\$ (889,472)	\$ 0	0
Finance	538,734	259,577	0	0	(279,157)	0	0
Administration of Justice	426,680	380,370	9,000	0	(37,310)	0	0
Public Safety	1,847,136	162,793	191,196	5,385	(1,487,762)	0	0
Public Health and Welfare	722,502	262,510	135,479	0	(324,513)	0	0
Social, Cultural, and Recreational Services	187,323	0	46,728	0	(140,595)	0	0
Agriculture and Natural Resources	104,705	0	0	0	(104,705)	0	0
Other Operations	544,020	0	0	398,803	(145,217)	0	0
Highways/Public Works	1,058,910	0	1,279,215	242,617	462,922	0	0
Interest on Long-term Debt	189,217	0	0	0	(189,217)	0	0
Other Debt Service	4,225	0	0	0	(4,225)	0	0
Total Governmental Activities	\$ 6,678,998	\$ 1,136,267	\$ 1,680,573	\$ 722,907	\$ (3,139,251)	\$ 0	0
Total Primary Government	\$ 6,678,998	\$ 1,136,267	\$ 1,680,573	\$ 722,907	\$ (3,139,251)	\$ 0	0
Component Unit:							
Meigs County School Department	\$ 15,034,926	\$ 201,748	\$ 2,668,219	\$ 0	\$ (12,164,959)		
Total Component Unit	\$ 15,034,926	\$ 201,748	\$ 2,668,219	\$ 0	\$ (12,164,959)		

(Continued)

Exhibit B

Meigs County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position			
		Program Revenues		Primary	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Meigs County School Department
				Governmental Total	
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes		\$		2,360,971	\$ 1,475,003
Property Taxes Levied for Debt Service				283,401	0
Local Option Sales Taxes				256,444	402,531
Hotel/Motel Tax				8,483	0
Litigation Tax - General				27,377	0
Litigation Tax - Special Purpose				37,706	0
Litigation Tax - Jail, Workhouse, or Courthouse				3,059	0
Business Tax				30,650	0
Wholesale Beer Tax				81,935	48,086
Mineral Severance Tax				21,177	0
Other Local Taxes				11,213	957
Grants and Contributions Not Restricted to Specific Programs				1,434,062	10,378,349
Unrestricted Investment Income				0	15,391
Miscellaneous				42,498	46,093
Total General Revenues				\$ 4,598,976	\$ 12,366,410
Change in Net Position					
Net Position, July 1, 2012		\$		1,459,725	\$ 201,451
Restatement				10,336,408	9,471,576
				(30,028)	0
Net Position, June 30, 2013		\$		11,766,105	\$ 9,673,027

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

Exhibit C-1

Meigs County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2013

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 525	\$ 525
Equity in Pooled Cash and Investments	1,598,966	630,404	1,592,709	650,279	4,472,358
Accounts Receivable	151,256	437	0	0	151,693
Allowance for Uncollectibles	(34,543)	0	0	0	(34,543)
Due from Other Governments	117,075	237,977	21,261	0	376,313
Due from Other Funds	2,452	0	1,940	5,649	10,041
Property Taxes Receivable	2,208,338	0	299,746	139,454	2,647,538
Allowance for Uncollectible Property Taxes	(84,966)	0	(11,382)	(4,184)	(100,532)
Prepaid Items	13,096	0	0	0	13,096
Total Assets	\$ 3,971,674	\$ 868,818	\$ 1,904,274	\$ 791,723	\$ 7,536,489
<u>LIABILITIES</u>					
Accounts Payable	\$ 19,959	\$ 0	\$ 0	\$ 0	\$ 19,959
Payroll Deductions Payable	22,483	0	0	0	22,483
Due to Other Funds	0	3,867	5,649	525	10,041
Due to State of Tennessee	1,817	2,728	0	0	4,545
Total Liabilities	\$ 44,259	\$ 6,595	\$ 5,649	\$ 525	\$ 57,028
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 1,980,745	\$ 0	\$ 270,154	\$ 135,270	\$ 2,386,169
Deferred Delinquent Property Taxes	134,335	0	17,151	0	151,486
Other Deferred/Unavailable Revenue	106,270	119,916	8,965	0	235,151
Total Deferred Inflows of Resources	\$ 2,221,350	\$ 119,916	\$ 296,270	\$ 135,270	\$ 2,772,806
<u>FUND BALANCES</u>					
Nonspendable:					
Prepaid Items	\$ 13,096	\$ 0	\$ 0	\$ 0	\$ 13,096
Restricted:					
Restricted for General Government	204,877	0	0	0	204,877
Restricted for Administration of Justice	180,142	0	0	0	180,142
Restricted for Public Safety	18,899	0	0	44,823	63,722
Restricted for Public Health and Welfare	0	0	0	64,051	64,051
Restricted for Highways/Public Works	0	742,307	0	0	742,307
Restricted for Debt Service	0	0	1,602,355	0	1,602,355
Committed:					
Committed for Public Health and Welfare	165,000	0	0	0	165,000
Committed for Capital Outlay	0	0	0	547,054	547,054
Unassigned	1,124,051	0	0	0	1,124,051
Total Fund Balances	\$ 1,706,065	\$ 742,307	\$ 1,602,355	\$ 655,928	\$ 4,706,655
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,971,674	\$ 868,818	\$ 1,904,274	\$ 791,723	\$ 7,536,489

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

Exhibit C-2

Meigs County, Tennessee

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 4,706,655
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Add: land	\$ 325,905	
Add: buildings and improvements net of accumulated depreciation	5,989,611	
Add: infrastructure net of accumulated depreciation	4,225,309	
Add: other capital assets net of accumulated depreciation	<u>717,468</u>	11,258,293
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Add: deferred amount on refunding	\$ 2,485	
Less: other deferred revenue - premium on debt	(34,975)	
Less: notes payable	(76,500)	
Less: bonds payable	(2,798,479)	
Less: other loans payable	(98,928)	
Less: interest accrued on notes, capital leases, and bonds	(3,148)	
Less: interest accreted on bonds	<u>(1,575,935)</u>	(4,585,480)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>386,637</u>
Net position of governmental activities (Exhibit A)		<u>\$ 11,766,105</u>

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

Exhibit C-3

Meigs County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>					
Local Taxes	\$ 2,917,420	\$ 21,177	\$ 462,517	\$ 0	\$ 3,401,114
Licenses and Permits	20,581	0	0	0	20,581
Fines, Forfeitures, and Penalties	199,124	0	0	49,693	248,817
Charges for Current Services	365,408	0	0	9,493	374,901
Other Local Revenues	105,785	2,058	0	20,705	128,548
Fees Received from County Officials	434,202	0	0	0	434,202
State of Tennessee	477,586	1,519,271	7,367	953,819	2,958,043
Federal Government	503,384	0	0	46,528	549,912
Other Governments and Citizens Groups	85,000	0	0	0	85,000
Total Revenues	\$ 5,108,490	\$ 1,542,506	\$ 469,884	\$ 1,080,238	\$ 8,201,118
<u>Expenditures</u>					
Current:					
General Government	\$ 727,090	\$ 0	\$ 0	\$ 145,000	\$ 872,090
Finance	538,734	0	0	0	538,734
Administration of Justice	417,187	0	0	9,493	426,680
Public Safety	1,818,758	0	0	10,876	1,829,634
Public Health and Welfare	556,108	0	0	148,709	704,817
Social, Cultural, and Recreational Services	122,389	0	0	56,455	178,844
Agriculture and Natural Resources	70,562	0	0	0	70,562
Other Operations	523,919	0	0	20,100	544,019
Highways	0	1,117,954	0	0	1,117,954
Debt Service:					
Principal on Debt	0	51,109	756,062	0	807,171
Interest on Debt	0	8,074	35,928	0	44,002
Other Debt Service	0	400	9,965	0	10,365
Capital Projects	9,832	0	0	79,754	89,586
Total Expenditures	\$ 4,784,579	\$ 1,177,537	\$ 801,955	\$ 470,387	\$ 7,234,458
Excess (Deficiency) of Revenues Over Expenditures	\$ 323,911	\$ 364,969	\$ (332,071)	\$ 609,851	\$ 966,660
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 162,417	\$ 20,000	\$ 20,000	\$ 0	\$ 202,417
Transfers Out	(20,000)	(20,000)	0	(162,417)	(202,417)
Total Other Financing Sources (Uses)	\$ 142,417	\$ 0	\$ 20,000	\$ (162,417)	\$ 0
Net Change in Fund Balances	\$ 466,328	\$ 364,969	\$ (312,071)	\$ 447,434	\$ 966,660
Fund Balance, July 1, 2012	1,239,737	377,338	1,914,426	208,494	3,739,995
Fund Balance, June 30, 2013	\$ 1,706,065	\$ 742,307	\$ 1,602,355	\$ 655,928	\$ 4,706,655

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

Exhibit C-4

Meigs County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	966,660
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	389,478	
Less: current-year depreciation expense		(488,557)	(99,079)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: loss on disposal of capital assets			(13,556)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Less: deferred delinquent property taxes and other deferred June 30, 2012	\$	(449,032)	
Add: deferred delinquent property taxes and other deferred June 30, 2013		386,637	(62,395)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Less: deferred amount on refunding	\$	(3,065)	
Add: principal payments on notes		35,519	
Add: principal payments on capital leases		15,590	
Add: principal payments on bonds		450,000	
Add: principal payments on other loans		306,062	
Add: change in premium on debt issuance		9,204	813,310
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	30,992	
Change in accreted interest payable		(176,207)	(145,215)
Change in net position of governmental activities (Exhibit B)			<u>\$ 1,459,725</u>

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

Exhibit C-5

Meigs County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,917,420	\$ 2,677,889	\$ 2,685,389	\$ 232,031
Licenses and Permits	20,581	14,300	14,300	6,281
Fines, Forfeitures, and Penalties	199,124	124,243	124,243	74,881
Charges for Current Services	365,408	311,400	316,400	49,008
Other Local Revenues	105,785	13,800	49,792	55,993
Fees Received from County Officials	434,202	440,000	440,000	(5,798)
State of Tennessee	477,586	625,587	506,366	(28,780)
Federal Government	503,384	54,764	413,257	90,127
Other Governments and Citizens Groups	85,000	75,000	85,000	0
Total Revenues	\$ 5,108,490	\$ 4,336,983	\$ 4,634,747	\$ 473,743
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 35,615	\$ 52,918	\$ 52,918	\$ 17,303
Board of Equalization	250	400	400	150
County Mayor/Executive	94,270	94,655	94,856	586
County Attorney	13,098	13,080	13,100	2
Election Commission	131,701	140,907	140,949	9,248
Register of Deeds	87,988	99,388	104,388	16,400
Planning	28,640	30,473	30,473	1,833
Geographical Information Systems	12,104	23,019	23,019	10,915
County Buildings	323,424	296,608	344,402	20,978
<u>Finance</u>				
Accounting and Budgeting	97,086	120,280	122,370	25,284
Property Assessor's Office	101,376	101,013	102,151	775
Reappraisal Program	20,172	23,382	23,382	3,210
County Trustee's Office	115,446	114,534	115,446	0
County Clerk's Office	140,916	147,894	148,312	7,396
Other Finance	63,738	55,300	64,913	1,175
<u>Administration of Justice</u>				
Circuit Court	178,004	173,182	190,798	12,794
General Sessions Court	121,082	120,368	121,082	0
Chancery Court	118,101	105,476	144,917	26,816
<u>Public Safety</u>				
Sheriff's Department	746,319	570,240	750,114	3,795
Jail	607,868	586,967	610,134	2,266
Juvenile Services	23,569	25,489	25,489	1,920
Fire Prevention and Control	66,344	70,340	70,340	3,996
Civil Defense	86,373	101,520	101,520	15,147
Rescue Squad	2,713	6,000	6,000	3,287
County Coroner/Medical Examiner	31,053	19,000	31,053	0
Other Public Safety	254,519	244,311	254,795	276
<u>Public Health and Welfare</u>				
Local Health Center	40,356	32,888	44,021	3,665
Ambulance/Emergency Medical Services	324,810	337,158	337,550	12,740
Crippled Children Services	500	500	500	0
Other Local Health Services	102,867	110,527	113,921	11,054

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Appropriation to State	\$ 6,000	\$ 28,000	\$ 17,000	\$ 11,000
Sanitation Management	48,447	16,414	49,480	1,033
Sanitation Education/Information	33,128	46,089	45,447	12,319
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	17,110	19,263	19,323	2,213
Libraries	43,656	43,671	43,671	15
Parks and Fair Boards	6,750	14,090	14,090	7,340
Other Social, Cultural, and Recreational	54,873	12,375	66,180	11,307
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	70,362	65,288	70,437	75
Soil Conservation	200	200	200	0
<u>Other Operations</u>				
Tourism	12,807	18,738	19,816	7,009
Other Economic and Community Development	398,803	0	398,803	0
Veterans' Services	16,073	17,425	17,425	1,352
Other Charges	72,270	65,808	72,271	1
Contributions to Other Agencies	14,800	10,500	15,500	700
Employee Benefits	9,166	20,000	15,630	6,464
<u>Capital Projects</u>				
Public Safety Projects	9,832	0	9,832	0
Total Expenditures	\$ 4,784,579	\$ 4,195,678	\$ 5,058,418	\$ 273,839
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 323,911	\$ 141,305	\$ (423,671)	\$ 747,582
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 162,417	\$ 63,990	\$ 213,807	\$ (51,390)
Transfers Out	(20,000)	(265,000)	(30,000)	10,000
Total Other Financing Sources	\$ 142,417	\$ (201,010)	\$ 183,807	\$ (41,390)
Net Change in Fund Balance				
Fund Balance, July 1, 2012	\$ 466,328	\$ (59,705)	\$ (239,864)	\$ 706,192
	1,239,737	1,477,850	1,477,850	(238,113)
Fund Balance, June 30, 2013				
	\$ 1,706,065	\$ 1,418,145	\$ 1,237,986	\$ 468,079

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

Exhibit C-6

Meigs County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 21,177	\$ 30,000	\$ 30,000	\$ (8,823)
Other Local Revenues	2,058	0	0	2,058
State of Tennessee	1,519,271	1,534,721	1,973,880	(454,609)
Total Revenues	<u>\$ 1,542,506</u>	<u>\$ 1,564,721</u>	<u>\$ 2,003,880</u>	<u>\$ (461,374)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 100,853	\$ 144,024	\$ 143,174	\$ 42,321
Highway and Bridge Maintenance	441,788	572,955	583,403	141,615
Operation and Maintenance of Equipment	156,488	239,109	239,109	82,621
Other Charges	75,796	79,636	81,128	5,332
Employee Benefits	69,693	116,000	106,052	36,359
Capital Outlay	273,336	410,647	849,807	576,471
<u>Principal on Debt</u>				
Highways and Streets	51,109	94,845	90,930	39,821
<u>Interest on Debt</u>				
Highways and Streets	8,074	5,769	9,634	1,560
<u>Other Debt Service</u>				
General Government	400	0	400	0
Total Expenditures	<u>\$ 1,177,537</u>	<u>\$ 1,662,985</u>	<u>\$ 2,103,637</u>	<u>\$ 926,100</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 364,969</u>	<u>\$ (98,264)</u>	<u>\$ (99,757)</u>	<u>\$ 464,726</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 20,000	\$ 20,000	\$ 20,000	\$ 0
Transfers Out	(20,000)	(20,000)	(20,000)	0
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 364,969	\$ (98,264)	\$ (99,757)	\$ 464,726
Fund Balance, July 1, 2012	<u>377,338</u>	<u>135,183</u>	<u>135,183</u>	<u>242,155</u>
Fund Balance, June 30, 2013	<u><u>\$ 742,307</u></u>	<u><u>\$ 36,919</u></u>	<u><u>\$ 35,426</u></u>	<u><u>\$ 706,881</u></u>

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

Exhibit D

Meigs County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>
 <u>ASSETS</u>	
Cash	\$ 400,815
Due from Other Governments	<u>35,465</u>
Total Assets	<u><u>\$ 436,280</u></u>
 <u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 35,465
Due to Litigants, Heirs, and Others	<u>400,815</u>
Total Liabilities	<u><u>\$ 436,280</u></u>

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

MEIGS COUNTY, TENNESSEE

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MEIGS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Meigs County is a public municipal corporation governed by an elected 11-member board. As required by GAAP, these financial statements present Meigs County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Meigs County School Department operates the public school system in the county, and the voters of Meigs County elect its board. The School Department is fiscally dependent on the county because it may not issue debt and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

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

The Meigs County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of

contents. Although required by GAAP, the financial statements of the Meigs County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Meigs County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

B. Government-wide and Fund Financial Statements

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

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

Meigs County issues all debt for the discretely presented Meigs County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2013.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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

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

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

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

Meigs County reports the following major governmental funds:

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

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

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

Additionally, Meigs County reports the following fund types:

Capital Projects Fund – The Other Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

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

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

Additionally, the Meigs County School Department reports the following fund type:

Special Revenue Funds – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

D. Assets, Liabilities, Deferred Outflows/Inflows or Resources, and Net Position/Fund Balance

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; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

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

Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. 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.

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 a deferred inflow of resources 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 as a deferred inflow of resources 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.

Most payables are disaggregated on the face of the financial statements.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepaids are offset in the nonspendable fund balance account in governmental funds.

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets, except for land, are defined by the primary government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than three years. Land is capitalized by the primary government no matter what the cost. Capital assets are defined by the School Department as assets with an initial, individual cost of \$5,000 or more and an estimated useful life exceeding five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Primary Government:	
Building and Improvements	40
Other Capital Assets	5 - 20
Infrastructure	25 - 50
Discretely Presented School Department:	
Buildings and Improvements	40
Vehicles and Equipment	5 - 20
Other Capital Assets	10 - 20

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenue, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Compensated Absences

Primary Government

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

Discretely Presented Meigs County School Department

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

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

8. Net Position and Fund Balance

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

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of restricted or net investment in capital assets.

On the government-wide Statement of Net Position (Exhibit A), the account Restricted for General Purposes for the primary government consists of various restrictions totaling \$417,014, with the primary restrictions being for: (1) litigation tax - Jail, Workhouse, or Courthouse (\$140,842); (2) computer systems for various offices (\$117,892); (3) courthouse and jail maintenance (\$42,233); (4) alcohol and drug treatment (\$60,470); and (5) drug court (\$24,751). For the discretely presented School Department, the account balance in Restricted for General Purposes totaling \$160,371 consists of restrictions for various programs, primarily career ladder programs (\$27,936) and other grants (\$132,435).

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the Budget/Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

9. Restatement

Prior to July 1, 2012, debt issuances costs were deferred and amortized over the life of the debt; however, with the implementation of Governmental Accounting Standards Board Statement No. 65, debt issuance costs became period costs. An adjustment to beginning net position totaling \$30,028 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

Discretely Presented Meigs County School Department

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Meigs County School Department

Exhibit I-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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 Other Capital Projects Fund, which adopts 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 County Uniform Chart of Accounts as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the 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 schedule.

At June 30, 2013, the Meigs County School Department reported the following significant encumbrances:

Fund	Description	Amount
Major Fund:		
General Purpose School	Buses	\$ 167,272
"	Classroom additions	363,202

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Meigs County and the Meigs County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected in the balance sheets or statement of net position 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; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; 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 Comptroller's Office 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 fair value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2013.

B. Capital Assets

Capital assets activity for the year ended June 30, 2013, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets				
Not Depreciated:				
Land	\$ 325,905	\$ 0	\$ 0	\$ 325,905
Construction in Progress	13,556	0	(13,556)	0
Total Capital Assets				
Not Depreciated	\$ 339,461	\$ 0	\$ (13,556)	\$ 325,905
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 7,856,833	\$	\$ 0	\$ 7,856,833
Infrastructure	5,663,414	286,892	0	5,950,306
Other Capital Assets	1,904,780	102,586	0	2,007,366
Total Capital Assets				
Depreciated	\$ 15,425,027	\$ 389,478	\$ 0	\$ 15,814,505
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 1,673,935	\$ 193,287	\$ 0	\$ 1,867,222
Infrastructure	1,571,312	153,685	0	1,724,997
Other Capital Assets	1,148,313	141,585	0	1,289,898
Total Accumulated				
Depreciation	\$ 4,393,560	\$ 488,557	\$ 0	\$ 4,882,117
Total Capital Assets				
Depreciated, Net	\$ 11,031,467	\$ (99,079)	\$ 0	\$ 10,932,388
Governmental Activities				
Capital Assets, Net	\$ 11,370,928	\$ (99,079)	\$ (13,556)	\$ 11,258,293

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

Governmental Activities:

General Government	\$ 103,702
Public Safety	110,256
Public Health and Welfare	17,685
Social, Cultural, and Recreational Services	8,479
Agriculture and Natural Resources	34,143
Highways	214,292
Total Depreciation Expense - Governmental Activities	<u>\$ 488,557</u>

Discretely Presented Meigs County School Department**Governmental Activities:**

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets				
Not Depreciated:				
Land	\$ 354,462	\$ 0	\$ 0	\$ 354,462
Construction in Progress	9,522	154,565	(9,522)	154,565
Total Capital Assets				
Not Depreciated	<u>\$ 363,984</u>	<u>\$ 154,565</u>	<u>\$ (9,522)</u>	<u>\$ 509,027</u>
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 10,170,723	\$ 210,659	\$ (56,800)	\$ 10,324,582
Other Capital Assets	2,038,352	263,840	(87,997)	2,214,195
Total Capital Assets				
Depreciated	<u>\$ 12,209,075</u>	<u>\$ 474,499</u>	<u>\$ (144,797)</u>	<u>\$ 12,538,777</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 5,040,648	\$ 235,476	\$ (29,797)	\$ 5,246,327
Other Capital Assets	1,322,648	139,718	(87,997)	1,374,369
Total Accumulated				
Depreciation	<u>\$ 6,363,296</u>	<u>\$ 375,194</u>	<u>\$ (117,794)</u>	<u>\$ 6,620,696</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 5,845,779</u>	<u>\$ 99,305</u>	<u>\$ (27,003)</u>	<u>\$ 5,918,081</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 6,209,763</u>	<u>\$ 253,870</u>	<u>\$ (36,525)</u>	<u>\$ 6,427,108</u>

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

Governmental Activities:

Instruction	\$ 186,290
Support Services	174,255
Operation of Non-Instructional Services	<u>14,649</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 375,194</u></u>

C. Construction Commitments

At June 30, 2013, the discretely presented Meigs School Department had uncompleted construction contracts of approximately \$363,202 for the construction of four classrooms at an elementary school. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 525
"	Highway/Public Works	1,927
General Debt Service	"	1,940
Nonmajor governmental	General Debt Service	5,649

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2013, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		
	General Fund	Highway/ Public Works Fund	General Debt Service Fund
General Fund	\$ 0	\$ 20,000	\$ 0
Highway/Public Works Fund	0	0	20,000
Nonmajor governmental funds	162,417	0	0
Total	\$ 162,417	\$ 20,000	\$ 20,000

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

E. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Meigs County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. 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 the other loan were issued for original terms of up to 24 years for bonds, up to six years for notes, and five years for the other loan. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans will be retired from the General Debt Service Fund, and all notes will be retired from the Highway/Public Works Fund.

General obligation bonds, capital outlay notes, the other loan, and capital leases outstanding as of June 30, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
General Obligation (CAB) Bonds	4.8 to 5.15 %	5-1-26	\$ 2,088,479	\$ 2,088,479
Accreted Interest on (CAB) Bonds	4.8 to 5.15	5-1-26	N/A	1,575,935
General Obligation Bonds - Refunding	2.5	5-1-17	2,350,000	710,000
Capital Outlay Notes	4.35	1-17-15	214,191	76,500
Other Loan	Variable	10-25-13	839,990	98,928

In prior years, Meigs County entered into a loan agreement with the Montgomery County Public Building Authority. This loan agreement provided for the authority to make \$875,000 available for loan to Meigs County on an as-needed basis for various renovation and construction projects as well as equipment. As of June 30, 2013, Meigs County had borrowed \$839,990 of this loan and does not intend to borrow any more. This loan is repayable at an interest rate that is a tax-exempt variable rate 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, 2013, the variable interest rate was .49 percent, and other fees totaled approximately .25 percent (letter of credit), of the outstanding principal, and .08 percent (remarketing) of the original principal per month, plus \$85 per month (trustee).

During the 2001-02 year, Meigs County issued Capital Appreciation Bonds (CABs) totaling \$2,088,479. These bonds accrete interest that is paid at bond maturity. Maturity dates for these bonds range from 2015 through 2026. As of June 30, 2013, approximately \$1,575,935 of interest had accreted on the bonds.

The annual requirements to amortize all general obligation bonds, notes, and the other loan outstanding as of June 30, 2013, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 460,000	\$ 18,890	\$ 478,890
2015	340,143	144,943	485,086
2016	262,502	223,985	486,487
2017	250,249	235,541	485,790
2018	203,459	246,542	450,001
2019-2023	865,935	1,384,065	2,250,000
2024-2026	416,191	933,808	1,349,999
Total	\$ 2,798,479	\$ 3,187,774	\$ 5,986,253

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 37,208	\$ 2,520	\$ 39,728
2015	39,292	869	40,161
Total	\$ 76,500	\$ 3,389	\$ 79,889

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
2014	\$ 98,928	\$ 1,372	\$ 644	\$ 100,944
Total	\$ 98,928	\$ 1,372	\$ 644	\$ 100,944

There is \$1,602,355 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, the other loan, and capital leases totaled \$253, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2013, was as follows:

Governmental Activities:

	Bonds	Accreted Interest on (CAB) Bonds	Other Loan
Balance, July 1, 2012	\$ 3,248,479	\$ 1,399,728	\$ 404,990
Additions	0	176,207	0
Reductions	(450,000)	0	(306,062)
Balance, June 30, 2013	\$ 2,798,479	\$ 1,575,935	\$ 98,928
Balance Due Within One Year	\$ 460,000	\$ 0	\$ 98,928

	Capital Leases	Notes
Balance, July 1, 2012	\$ 15,590	\$ 112,019
Reductions	(15,590)	(35,519)
Balance, June 30, 2013	\$ 0	\$ 76,500
Balance Due Within One Year	\$ 0	\$ 37,208

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 4,549,842
Less: Balance Due Within One Year	(596,136)
Less: Deferred Amount on Refunding	(2,485)
Add: Unamortized Premium on Debt	34,975
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,986,196</u>

Discretely Presented Meigs County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Meigs County School Department for the year ended June 30, 2013, was as follows:

Governmental Activities:

	Other Postemployment Benefits
Balance, July 1, 2012	\$ 290,776
Additions	167,285
Reductions	(79,374)
Balance, June 30, 2013	<u>\$ 378,687</u>
Balance Due Within One Year	<u>\$ 0</u>

Other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

F. On-Behalf Payments

Discretely Presented Meigs County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Meigs County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2013, were \$41,322 and \$13,760, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Meigs County and the discretely presented Meigs County School Department participate in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. Meigs County and the School Department pay annual premiums to the TN-RMT for their general liability, property, workers' compensation, and casualty insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

Meigs County provides employee health insurance coverage through a commercial insurance company. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Pre-65 age retirees are not allowed to stay on the county insurance after they retire.

The discretely presented Meigs County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *Tennessee Code Annotated (TCA)*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62,

Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Meigs County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the

nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

C. Subsequent Event

Interim Director of Finance Connie Allen left employment on November 21, 2013. As of the date of this report a replacement has not been hired.

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. Change in Administration

On August 31, 2012, Wanda Bryant left the Office of Assessor of Property and was succeeded by Billy Breeden.

F. Joint Venture

The Meigs County/Decatur Industrial Development Board is operated through a joint operating agreement approved November 7, 2007, between Meigs County and the City of Decatur. The agreement created a joint board of directors comprised of seven members, three of whom are appointed by the Meigs County Commission, three by the City of Decatur, and one jointly appointed by Meigs County and the City of Decatur. Meigs County and the City of Decatur gave Meigs County/Decatur Industrial Development Board startup funds of \$25,000 and \$25,000, respectively. The city of Decatur gave an additional \$25,000 since startup.

The Ninth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Ninth Judicial District; Roane, Loudon, Meigs, and Morgan counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors, which includes the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Meigs County made no contributions to the DTF for the year ended June 30, 2013.

Meigs County does not have any equity interest in any of the above-noted joint ventures. Financial information for the Meigs County/Decatur Industrial Development Board and the DTF can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Meigs County/Decatur Industrial Development Board
C/O Meigs County-Decatur Chamber of Commerce
P.O. Box 1301
Decatur, Tennessee 37322

Office of District Attorney General
Ninth Judicial District
P.O. Box 703
Kingston, TN 37763

G. Retirement Commitments

Plan Description

Meigs County withdrew from the Tennessee Consolidated Retirement System (TCRS) effective July 1, 1984. Employees hired after the date of withdrawal are not eligible to participate in TCRS. Employees active as of the withdrawal date will continue to accrue salary and service credit in TCRS. The employer remains responsible for the pension liability for employees that were active as of the withdrawal date and for retirees of the employer.

Employees of Meigs County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 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 Meigs County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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 <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Meigs County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was zero percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2013, Meigs County's annual pension cost of zero to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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 three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 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 ten-year period. The 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, 2011, was one year. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-13	\$0	100%	\$0
6-30-12	0	100	0
6-30-11	0	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 100 percent funded. The actuarial accrued liability for benefits was \$.66 million, and the actuarial value of assets was \$.66 million, resulting in an unfunded actuarial accrued liability (UAAL) of zero. The covered payroll (annual payroll of active employees covered by the plan) was zero, and the ratio of the UAAL to the covered payroll was zero percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SCHOOL TEACHERS

Plan Description

The Meigs 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.tn.gov/treasury/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 School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2013, was 8.88 percent of annual covered payroll. The employer contribution requirement for the 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, 2013, 2012, and 2011, were \$648,513, \$652,056, and \$648,755, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

The Meigs County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated*, for teachers. Prior to reaching the age of 65, all members now have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. School Department retirees' contributions vary depending on the insurance options they select, ranging from \$282 to \$1,038 per month for their insurance. During the year, expenditures totaling \$79,374 were recognized by the School Department for postemployment health care premiums.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
ARC	\$ 168,000
Interest on the NOPEBO	11,631
Adjustment to the ARC	(12,346)
Annual OPEB cost	\$ 167,285
Amount of contribution	(79,374)
Increase/decrease in NOPEBO	\$ 87,911
Net OPEB obligation, 7-1-12	290,776
Net OPEB obligation, 6-30-13	\$ 378,687

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Local Education Group	\$ 112,398	72.64 %	\$ 200,747
6-30-12	"	165,506	45.60	290,776
6-30-13	"	167,285	47.45	378,687

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	Local Education Group Plan
Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	\$ 1,490,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,490,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 5,808,171
UAAL as a % of covered payroll	25.65%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and

actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2011, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.75 percent for fiscal year 2013. The trend rate will decrease to 8.25 percent in fiscal year 2014 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

I. Office of Central Accounting and Budgeting – Primary Government

The Meigs County primary government operates under provisions of The Meigs County Financial Management Act of 2007, Chapter 28, Private Acts of 2007. This act provides for a central system of accounting and budgeting covering all funds administered by the county mayor and highway superintendent. These funds are maintained in the Finance Department under the supervision of a director of finance.

The discretely presented School Department maintains its own records.

J. Purchasing Laws

Offices of County Mayor and Highway Superintendent

The Meigs County Financial Management Act of 2007, Chapter 28, Private Acts of 2007, created the Finance Department. The director of the Finance Department is required to make purchases for all county funds and to obtain competitive bids on all purchases of any one class exceeding \$10,000. Purchasing procedures for the Highway Department are also governed by

provisions of the Uniform Road Law, Section 54-7-113, *Tennessee Code Annotated (TCA)*.

Office of Director of Schools

Purchasing procedures for the Meigs County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires that competitive bids be solicited through newspaper advertisement on all purchases exceeding \$10,000.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit E-1

Meigs County, Tennessee

Schedule of Funding Progress – Pension Plan

Primary Government and Discretely Presented Meigs County School Department

June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 660	\$ 660	\$ 0	100 %	\$ 0	0 %
7-1-09	605	605	0	100	0	0
7-1-07	631	631	0	100	0	0

Exhibit E-2

Meigs County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Meigs County School Department
June 30, 2013

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Projected Unit Credit (b)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-09	\$	1,207	\$	1,207	0	\$ 5,405	22.33 %
"	7-1-10	0	1,248		1,248	0	5,627	22.18
"	7-1-11	0	1,490		1,490	0	5,808	25.65

MEIGS COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2013

BUDGETARY INFORMATION

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

Special Purpose Fund – The Special Purpose Fund is used to account for transactions involving the Retired Senior Volunteer Program. This fund closed during the year.

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

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

Capital Projects Fund

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for various capital purchases/projects for the county.

Meigs County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds				Capital Projects Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	Other Capital Projects		
ASSETS							
Cash	\$ 0 \$	0 \$	525 \$	525 \$	0 \$		525
Equity in Pooled Cash and Investments	64,051	44,823	0	108,874	541,405		650,279
Due from Other Funds	0	0	0	0	5,649		5,649
Property Taxes Receivable	139,454	0	0	139,454	0		139,454
Allowance for Uncollectible Property Taxes	(4,184)	0	0	(4,184)	0		(4,184)
Total Assets	\$ 199,321 \$	44,823 \$	525 \$	244,669 \$	547,054 \$		791,723
LIABILITIES							
Due to Other Funds	\$ 0 \$	0 \$	525 \$	525 \$	0 \$		525
Total Liabilities	\$ 0 \$	0 \$	525 \$	525 \$	0 \$		525
DEFERRED INFLOWS OF RESOURCES							
Deferred Current Property Taxes	\$ 135,270 \$	0 \$	0 \$	135,270 \$	0 \$		135,270
Total Deferred Inflows of Resources	\$ 135,270 \$	0 \$	0 \$	135,270 \$	0 \$		135,270
FUND BALANCES							
Restricted:							
Restricted for Public Safety	\$ 0 \$	44,823 \$	0 \$	44,823 \$	0 \$		44,823
Restricted for Public Health and Welfare	64,051	0	0	64,051	0		64,051
Committed:							
Committed for Capital Outlay	0	0	0	0	547,054		547,054
Total Fund Balances	\$ 64,051 \$	44,823 \$	0 \$	108,874 \$	547,054 \$		655,928
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 199,321 \$	44,823 \$	525 \$	244,669 \$	547,054 \$		791,723

Exhibit F-2

Meigs County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Funds					Capital Projects Fund	
	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Total	Other Capital Projects	Total Nonmajor Governmental Funds
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 49,693	\$ 0	\$ 49,693	\$ 0	\$ 49,693
Charges for Current Services	0	0	0	9,493	9,493	0	9,493
Other Local Revenues	1,286	1,502	867	0	3,655	17,050	20,705
State of Tennessee	205,000	0	0	0	205,000	748,819	953,819
Federal Government	0	46,528	0	0	46,528	0	46,528
Total Revenues	\$ 206,286	\$ 48,030	\$ 50,560	\$ 9,493	\$ 314,369	\$ 765,869	\$ 1,080,238
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 145,000	\$ 145,000
Administration of Justice	0	0	0	9,493	9,493	0	9,493
Public Safety	0	0	10,876	0	10,876	0	10,876
Public Health and Welfare	148,709	0	0	0	148,709	0	148,709
Social, Cultural, and Recreational Services	0	56,455	0	0	56,455	0	56,455
Other Operations	0	0	0	0	0	20,100	20,100
Capital Projects	0	0	0	0	0	79,754	79,754
Total Expenditures	\$ 148,709	\$ 56,455	\$ 10,876	\$ 9,493	\$ 225,533	\$ 244,854	\$ 470,387
Excess (Deficiency) of Revenues Over Expenditures	\$ 57,577	\$ (8,425)	\$ 39,684	\$ 0	\$ 88,836	\$ 521,015	\$ 609,851
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ 0	\$ 0	\$ (35,000)	\$ 0	\$ (35,000)	\$ (127,417)	\$ (162,417)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ (35,000)	\$ 0	\$ (35,000)	\$ (127,417)	\$ (162,417)
Net Change in Fund Balances	\$ 57,577	\$ (8,425)	\$ 4,684	\$ 0	\$ 53,836	\$ 393,598	\$ 447,434
Fund Balance, July 1, 2012	6,474	8,425	40,139	0	55,038	153,456	208,494
Fund Balance, June 30, 2013	\$ 64,051	\$ 0	\$ 44,823	\$ 0	\$ 108,874	\$ 547,054	\$ 655,928

Exhibit F-3

Meigs County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 1,286	\$ 0	\$ 0	\$ 1,286
State of Tennessee	205,000	0	205,000	0
Total Revenues	<u>\$ 206,286</u>	<u>\$ 0</u>	<u>\$ 205,000</u>	<u>\$ 1,286</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 148,709	\$ 245,000	\$ 245,000	\$ 96,291
Total Expenditures	<u>\$ 148,709</u>	<u>\$ 245,000</u>	<u>\$ 245,000</u>	<u>\$ 96,291</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 57,577</u>	<u>\$ (245,000)</u>	<u>\$ (40,000)</u>	<u>\$ 97,577</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 245,000	\$ 40,000	\$ (40,000)
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 245,000</u>	<u>\$ 40,000</u>	<u>\$ (40,000)</u>
Net Change in Fund Balance	\$ 57,577	\$ 0	\$ 0	\$ 57,577
Fund Balance, July 1, 2012	<u>6,474</u>	<u>39,310</u>	<u>39,310</u>	<u>(32,836)</u>
Fund Balance, June 30, 2013	<u>\$ 64,051</u>	<u>\$ 39,310</u>	<u>\$ 39,310</u>	<u>\$ 24,741</u>

Exhibit F-4

Meigs County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Special Purpose Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 1,502	\$ 6,708	\$ 6,708	\$ (5,206)
Federal Government	46,528	80,799	80,799	(34,271)
Total Revenues	<u>\$ 48,030</u>	<u>\$ 87,507</u>	<u>\$ 87,507</u>	<u>\$ (39,477)</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	\$ 56,455	\$ 75,039	\$ 75,039	\$ 18,584
Total Expenditures	<u>\$ 56,455</u>	<u>\$ 75,039</u>	<u>\$ 75,039</u>	<u>\$ 18,584</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (8,425)</u>	<u>\$ 12,468</u>	<u>\$ 12,468</u>	<u>\$ (20,893)</u>
Net Change in Fund Balance	\$ (8,425)	\$ 12,468	\$ 12,468	\$ (20,893)
Fund Balance, July 1, 2012	<u>8,425</u>	<u>(5,486)</u>	<u>(5,486)</u>	<u>13,911</u>
Fund Balance, June 30, 2013	<u>\$ 0</u>	<u>\$ 6,982</u>	<u>\$ 6,982</u>	<u>\$ (6,982)</u>

Exhibit F-5

Meigs County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 49,693	\$ 11,845	\$ 11,845	\$ 37,848
Other Local Revenues	867	0	0	867
Total Revenues	<u>\$ 50,560</u>	<u>\$ 11,845</u>	<u>\$ 11,845</u>	<u>\$ 38,715</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 10,876	\$ 5,411	\$ 12,104	\$ 1,228
Total Expenditures	<u>\$ 10,876</u>	<u>\$ 5,411</u>	<u>\$ 12,104</u>	<u>\$ 1,228</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 39,684</u>	<u>\$ 6,434</u>	<u>\$ (259)</u>	<u>\$ 39,943</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (35,000)	0	\$ (35,000)	0
Total Other Financing Sources	<u>\$ (35,000)</u>	<u>0</u>	<u>\$ (35,000)</u>	<u>0</u>
Net Change in Fund Balance	\$ 4,684	\$ 6,434	\$ (35,259)	\$ 39,943
Fund Balance, July 1, 2012	<u>40,139</u>	<u>40,318</u>	<u>40,318</u>	<u>(179)</u>
Fund Balance, June 30, 2013	<u>\$ 44,823</u>	<u>\$ 46,752</u>	<u>\$ 5,059</u>	<u>\$ 39,764</u>

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Exhibit G

Meigs County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 462,517	\$ 467,411	\$ 467,411	\$ (4,894)
State of Tennessee	7,367	3,000	3,000	4,367
Total Revenues	<u>\$ 469,884</u>	<u>\$ 470,411</u>	<u>\$ 470,411</u>	<u>\$ (527)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 756,062	\$ 592,300	\$ 756,062	\$ 0
<u>Interest on Debt</u>				
General Government	35,928	62,938	62,938	27,010
<u>Other Debt Service</u>				
General Government	9,965	16,203	16,873	6,908
Total Expenditures	<u>\$ 801,955</u>	<u>\$ 671,441</u>	<u>\$ 835,873</u>	<u>\$ 33,918</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (332,071)</u>	<u>\$ (201,030)</u>	<u>\$ (365,462)</u>	<u>\$ 33,391</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 20,000	\$ 192,550	\$ 192,550	\$ (172,550)
Total Other Financing Sources	<u>\$ 20,000</u>	<u>\$ 192,550</u>	<u>\$ 192,550</u>	<u>\$ (172,550)</u>
Net Change in Fund Balance	\$ (312,071)	\$ (8,480)	\$ (172,912)	\$ (139,159)
Fund Balance, July 1, 2012	<u>1,914,426</u>	<u>1,996,250</u>	<u>1,996,250</u>	<u>(81,824)</u>
Fund Balance, June 30, 2013	<u><u>\$ 1,602,355</u></u>	<u><u>\$ 1,987,770</u></u>	<u><u>\$ 1,823,338</u></u>	<u><u>\$ (220,983)</u></u>

Fiduciary Funds

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

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

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

Exhibit H-1

Meigs County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>		
	Cities -	Constitu-	
	Sales	tional	
	Tax	Officers -	
		Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 400,815	\$ 400,815
Due from Other Governments	35,465	0	35,465
Total Assets	<u>\$ 35,465</u>	<u>\$ 400,815</u>	<u>\$ 436,280</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 35,465	\$ 0	\$ 35,465
Due to Litigants, Heirs, and Others	0	400,815	400,815
Total Liabilities	<u>\$ 35,465</u>	<u>\$ 400,815</u>	<u>\$ 436,280</u>

Exhibit H-2

Meigs County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 184,292	\$ 184,292	\$ 0
Due from Other Governments	17,405	35,465	17,405	35,465
Total Assets	\$ 17,405	\$ 219,757	\$ 201,697	\$ 35,465
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 17,405	\$ 219,757	\$ 201,697	\$ 35,465
Total Liabilities	\$ 17,405	\$ 219,757	\$ 201,697	\$ 35,465
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 459,052	\$ 2,414,304	\$ 2,472,541	\$ 400,815
Accounts Receivable	1,396	0	1,396	0
Total Assets	\$ 460,448	\$ 2,414,304	\$ 2,473,937	\$ 400,815
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 460,448	\$ 2,414,304	\$ 2,473,937	\$ 400,815
Total Liabilities	\$ 460,448	\$ 2,414,304	\$ 2,473,937	\$ 400,815
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 459,052	\$ 2,414,304	\$ 2,472,541	\$ 400,815
Equity in Pooled Cash and Investments	0	184,292	184,292	0
Accounts Receivable	1,396	0	1,396	0
Due from Other Governments	17,405	35,465	17,405	35,465
Total Assets	\$ 477,853	\$ 2,634,061	\$ 2,675,634	\$ 436,280
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 17,405	\$ 219,757	\$ 201,697	\$ 35,465
Due to Litigants, Heirs, and Others	460,448	2,414,304	2,473,937	400,815
Total Liabilities	\$ 477,853	\$ 2,634,061	\$ 2,675,634	\$ 436,280

Meigs County School Department

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

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

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

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

Other Education Special Revenue Fund – The Other Education Special Revenue Fund is used to account for various taxes to be used for education operations and/or projects.

Exhibit I-1

Meigs County, Tennessee
Statement of Activities
Discretely Presented Meigs County School Department
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 9,437,160	\$ 13,272	\$ 1,944,535	\$ (7,479,353)
Support Services	4,145,884	17,528	0	(4,128,356)
Operation of Non-Instructional Services	1,451,882	170,948	723,684	(557,250)
Total Governmental Activities	\$ 15,034,926	\$ 201,748	\$ 2,668,219	\$ (12,164,959)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,475,003
Local Option Sales Taxes				402,531
Wholesale Beer Tax				48,086
Other Local Taxes				957
Grants and Contributions Not Restricted to Specific Programs				10,378,349
Unrestricted Investment Earnings				15,391
Miscellaneous				46,093
Total General Revenues				\$ 12,366,410
Change in Net Position				\$ 201,451
Net Position, July 1, 2012				9,471,576
Net Position, June 30, 2013				\$ 9,673,027

Meigs County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Meigs County School Department
June 30, 2013

	Major Fund	Nonmajor Funds	
	General	Other	
	Purpose	Govern-	Total
	School	mental	Governmental
		Funds	Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 2,836,034	\$ 501,298	\$ 3,337,332
Accounts Receivable	304	0	304
Due from Other Governments	230,759	46	230,805
Property Taxes Receivable	1,367,509	0	1,367,509
Allowance for Uncollectible Property Taxes	(51,927)	0	(51,927)
Total Assets	<u>\$ 4,382,679</u>	<u>\$ 501,344</u>	<u>\$ 4,884,023</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 21,433	\$ 0	\$ 21,433
Accrued Payroll	5,478	0	5,478
Total Liabilities	<u>\$ 26,911</u>	<u>\$ 0</u>	<u>\$ 26,911</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,232,506	\$ 0	\$ 1,232,506
Deferred Delinquent Property Taxes	78,246	0	78,246
Other Deferred/Unavailable Revenue	46,922	0	46,922
Total Deferred Inflows of Resources	<u>\$ 1,357,674</u>	<u>\$ 0</u>	<u>\$ 1,357,674</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 160,371	\$ 481,344	\$ 641,715
Committed:			
Committed for Education	0	20,000	20,000
Assigned:			
Assigned for Education	1,122,192	0	1,122,192
Unassigned	1,715,531	0	1,715,531
Total Fund Balances	<u>\$ 2,998,094</u>	<u>\$ 501,344</u>	<u>\$ 3,499,438</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,382,679</u>	<u>\$ 501,344</u>	<u>\$ 4,884,023</u>

Exhibit I-3

Meigs County, Tennessee

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

Discretely Presented Meigs County School Department

June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	3,499,438
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in in the governmental funds.			
Add: land	\$	354,462	
Add: construction in progress		154,565	
Add: buildings and improvements net of accumulated depreciation		5,078,255	
Add: other capital assets net of accumulated depreciation		<u>839,826</u>	6,427,108
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other postemployment benefits liability			(378,687)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>125,168</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>9,673,027</u></u>

Meigs County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Meigs County School Department
For the Year Ended June 30, 2013

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern- mental	Governmental
	School	Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 2,329,761	\$ 12,021	\$ 2,341,782
Licenses and Permits	446	0	446
Charges for Current Services	1,925	182,084	184,009
Other Local Revenues	215,197	357	215,554
State of Tennessee	10,077,996	9,450	10,087,446
Federal Government	256,630	2,135,281	2,391,911
Total Revenues	<u>\$ 12,881,955</u>	<u>\$ 2,339,193</u>	<u>\$ 15,221,148</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 7,868,121	\$ 1,100,864	\$ 8,968,985
Support Services	3,932,911	320,183	4,253,094
Operation of Non-Instructional Services	518,050	919,183	1,437,233
Capital Outlay	508,237	0	508,237
Total Expenditures	<u>\$ 12,827,319</u>	<u>\$ 2,340,230</u>	<u>\$ 15,167,549</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 54,636</u>	<u>\$ (1,037)</u>	<u>\$ 53,599</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Capital Assets	\$ 3,189	\$ 0	\$ 3,189
Total Other Financing Sources (Uses)	<u>\$ 3,189</u>	<u>\$ 0</u>	<u>\$ 3,189</u>
Net Change in Fund Balances	\$ 57,825	\$ (1,037)	\$ 56,788
Fund Balance, July 1, 2012	2,940,269	502,381	3,442,650
Fund Balance, June 30, 2013	<u>\$ 2,998,094</u>	<u>\$ 501,344</u>	<u>\$ 3,499,438</u>

Exhibit I-5

Meigs County, Tennessee

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Discretely Presented Meigs County School Department

For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	56,788
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	629,064	
Less: current-year depreciation expense		<u>(375,194)</u>	253,870
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position			
Less: loss on disposal of capital assets			(36,525)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$	125,168	
Less: deferred delinquent property taxes and other deferred June 30, 2012		<u>(109,939)</u>	15,229
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in other postemployment benefits liability			<u>(87,911)</u>
Change in net position of governmental activities (Exhibit B)		\$	<u>201,451</u>

Meigs County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Meigs County School Department
June 30, 2013

	Special Revenue Funds			Total
	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Nonmajor Governmental Funds
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 19,954	\$ 241,295	\$ 240,049	\$ 501,298
Due from Other Governments	46	0	0	46
Total Assets	<u>\$ 20,000</u>	<u>\$ 241,295</u>	<u>\$ 240,049</u>	<u>\$ 501,344</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 0	\$ 241,295	\$ 240,049	\$ 481,344
Committed:				
Committed for Education	20,000	0	0	20,000
Total Fund Balances	<u>\$ 20,000</u>	<u>\$ 241,295</u>	<u>\$ 240,049</u>	<u>\$ 501,344</u>

Meigs County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Meigs County School Department
For the Year Ended June 30, 2013

	Special Revenue Funds			Total
	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Nonmajor Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 0	\$ 12,021	\$ 12,021
Charges for Current Services	0	182,084	0	182,084
Other Local Revenues	0	357	0	357
State of Tennessee	0	9,450	0	9,450
Federal Government	1,421,047	714,234	0	2,135,281
Total Revenues	<u>\$ 1,421,047</u>	<u>\$ 906,125</u>	<u>\$ 12,021</u>	<u>\$ 2,339,193</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 1,100,864	\$ 0	\$ 0	\$ 1,100,864
Support Services	320,183	0	0	320,183
Operation of Non-Instructional Services	0	919,183	0	919,183
Total Expenditures	<u>\$ 1,421,047</u>	<u>\$ 919,183</u>	<u>\$ 0</u>	<u>\$ 2,340,230</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ (13,058)</u>	<u>\$ 12,021</u>	<u>\$ (1,037)</u>
Net Change in Fund Balances	\$ 0	(13,058)	12,021	(1,037)
Fund Balance, July 1, 2012	20,000	254,353	228,028	502,381
Fund Balance, June 30, 2013	<u>\$ 20,000</u>	<u>\$ 241,295</u>	<u>\$ 240,049</u>	<u>\$ 501,344</u>

Meigs County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Meigs County School Department
General Purpose School Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 2,329,761	\$ 0	\$ 0	\$ 2,329,761	\$ 2,097,000	\$ 2,097,000	\$ 232,761
Licenses and Permits	446	0	0	446	0	0	446
Charges for Current Services	1,925	0	0	1,925	2,000	2,000	(75)
Other Local Revenues	215,197	0	0	215,197	130,400	242,500	(27,303)
State of Tennessee	10,077,996	0	0	10,077,996	9,988,590	10,074,872	3,124
Federal Government	256,630	0	0	256,630	155,655	282,368	(25,738)
Total Revenues	\$ 12,881,955	\$ 0	\$ 0	\$ 12,881,955	\$ 12,373,645	\$ 12,698,740	\$ 183,215

Expenditures							
Instruction							
Regular Instruction Program	\$ 6,560,412	\$ (5,092)	\$ 11,619	\$ 6,566,939	\$ 7,005,515	\$ 6,868,446	\$ 301,507
Alternative Instruction Program	66,536	0	0	66,536	58,550	67,815	1,279
Special Education Program	881,977	0	0	881,977	907,740	908,230	26,253
Vocational Education Program	322,825	0	0	322,825	285,165	325,035	2,210
Adult Education Program	36,371	(459)	58	35,970	18,791	36,641	671
Support Services							
Attendance	34,934	0	0	34,934	34,055	37,698	2,764
Health Services	117,665	(2,218)	2,285	117,732	120,310	120,310	2,578
Other Student Support	439,395	(4,161)	3,878	439,112	413,345	449,845	10,733
Regular Instruction Program	260,246	0	0	260,246	255,265	271,992	11,746
Alternative Instruction Program	54,391	(742)	0	53,649	33,020	73,519	19,870
Special Education Program	96,981	0	0	96,981	108,255	100,555	3,574
Vocational Education Program	59,662	0	0	59,662	59,960	60,490	828
Adult Programs	93,404	0	0	93,404	88,929	93,664	260
Other Programs	55,082	0	0	55,082	0	55,082	0
Board of Education	206,188	(12,407)	10,145	203,926	216,735	216,735	12,809
Director of Schools	174,557	(521)	951	174,987	164,510	180,210	5,223
Office of the Principal	468,794	0	0	468,794	436,470	472,470	3,676

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 47,052	\$ 0	\$ 0	\$ 47,052	\$ 44,600	\$ 47,450	\$ 398
Operation of Plant	799,770	(3,211)	2,372	798,931	811,155	822,785	23,854
Maintenance of Plant	171,427	(800)	0	170,627	145,435	173,710	3,083
Transportation	761,031	(95,822)	168,272	833,481	791,480	876,910	43,429
Central and Other	92,332	0	634	92,966	88,515	98,702	5,736
<u>Operation of Non-Instructional Services</u>							
Community Services	95,992	(1,437)	0	94,555	90,000	94,600	45
Early Childhood Education	422,058	(7,783)	964	415,239	415,240	415,241	2
Capital Outlay							
Regular Capital Outlay	508,237	(205,953)	371,014	673,298	566,995	766,995	93,697
Total Expenditures	\$ 12,827,319	\$ (340,606)	\$ 572,192	\$ 13,058,905	\$ 13,160,035	\$ 13,635,130	\$ 576,225
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ 54,636	\$ 340,606	\$ (572,192)	\$ (176,950)	\$ (786,390)	\$ (936,390)	\$ 759,440
<u>Other Financing Sources (Uses)</u>							
Proceeds from Sale of Capital Assets	\$ 3,189	\$ 0	\$ 0	\$ 3,189	\$ 0	\$ 0	\$ 3,189
Total Other Financing Sources	\$ 3,189	\$ 0	\$ 0	\$ 3,189	\$ 0	\$ 0	\$ 3,189
Net Change in Fund Balance	\$ 57,825	\$ 340,606	\$ (572,192)	\$ (173,761)	\$ (786,390)	\$ (936,390)	\$ 762,629
Fund Balance, July 1, 2012	2,940,269	(340,606)	0	2,599,663	2,938,642	2,938,642	(338,979)
Fund Balance, June 30, 2013	\$ 2,998,094	\$ 0	\$ (572,192)	\$ 2,425,902	\$ 2,152,252	\$ 2,002,252	\$ 423,650

Exhibit I-9

Meigs County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Meigs County School Department
School Federal Projects Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,421,047	\$ 1,747,385	\$ 1,779,909	\$ (358,862)
Total Revenues	\$ 1,421,047	\$ 1,747,385	\$ 1,779,909	\$ (358,862)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 761,877	\$ 815,272	\$ 858,980	\$ 97,103
Special Education Program	313,041	518,676	451,901	138,860
Vocational Education Program	25,946	19,008	25,946	0
<u>Support Services</u>				
Other Student Support	55,112	74,497	55,406	294
Regular Instruction Program	119,529	123,497	124,694	5,165
Special Education Program	129,462	171,899	238,411	108,949
Vocational Education Program	1,273	1,500	1,273	0
Transportation	14,807	23,034	23,299	8,492
Total Expenditures	\$ 1,421,047	\$ 1,747,383	\$ 1,779,910	\$ 358,863
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 2	\$ (1)	\$ 1
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 72,374	\$ 0	\$ 0
Transfers Out	0	(72,374)	0	0
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 0	\$ 2	\$ (1)	\$ 1
Fund Balance, July 1, 2012	20,000	20,000	20,000	0
Fund Balance, June 30, 2013	\$ 20,000	\$ 20,002	\$ 19,999	\$ 1

Exhibit I-10

Meigs County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Meigs County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>						
Charges for Current Services	\$ 182,084	\$ 0	\$ 182,084	\$ 227,000	\$ 227,000	\$ (44,916)
Other Local Revenues	357	0	357	1,500	1,500	(1,143)
State of Tennessee	9,450	0	9,450	0	0	9,450
Federal Government	714,234	0	714,234	695,000	733,725	(19,491)
Total Revenues	\$ 906,125	\$ 0	\$ 906,125	\$ 923,500	\$ 962,225	\$ (56,100)
<u>Expenditures</u>						
Operation of Non-Instructional Services						
Food Service	\$ 919,183	\$ 964	\$ 920,147	\$ 963,500	\$ 1,002,225	\$ 82,078
Total Expenditures	\$ 919,183	\$ 964	\$ 920,147	\$ 963,500	\$ 1,002,225	\$ 82,078
Excess (Deficiency) of Revenues Over Expenditures	\$ (13,058)	\$ (964)	\$ (14,022)	\$ (40,000)	\$ (40,000)	\$ 25,978
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (13,058)	\$ (964)	\$ (14,022)	\$ (40,000)	\$ (40,000)	\$ 25,978
	254,353	0	254,353	254,353	254,353	0
Fund Balance, June 30, 2013	\$ 241,295	\$ (964)	\$ 240,331	\$ 214,353	\$ 214,353	\$ 25,978

Exhibit I-11

Meigs County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Meigs County School Department
Other Education Special Revenue Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 12,021	\$ 12,000	\$ 12,000	\$ 21
Total Revenues	\$ 12,021	\$ 12,000	\$ 12,000	\$ 21
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 0	\$ 12,000	\$ 12,000	\$ 12,000
Total Expenditures	\$ 0	\$ 12,000	\$ 12,000	\$ 12,000
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,021	\$ 0	\$ 0	\$ 12,021
Net Change in Fund Balance	\$ 12,021	\$ 0	\$ 0	\$ 12,021
Fund Balance, July 1, 2012	228,028	228,028	228,028	0
Fund Balance, June 30, 2013	\$ 240,049	\$ 228,028	\$ 228,028	\$ 12,021

MISCELLANEOUS SCHEDULES

Exhibit J-1

Meigs County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, Bonds, and Other Loans
For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Paid and/or	
						Matured During Period	Outstanding 6-30-13
<u>GOVERNMENTAL ACTIVITIES</u>							
<u>NOTES PAYABLE</u>							
Payable through Highway/Public Works Fund							
Graders - Extension of Note Maturity	\$ 139,191	4.35%	6-5-08	7-25-14	\$ 43,205	\$ 20,229	\$ 22,976
Grader	75,000	4.35	1-17-12	1-17-15	68,814	15,290	53,524
Total Notes Payable					<u>\$ 112,019</u>	<u>\$ 35,519</u>	<u>\$ 76,500</u>
<u>CAPITAL LEASES PAYABLE</u>							
Payable through Highway/Public Works Fund							
Asphalt Zipper	77,950	5	10-1-07	10-1-12	\$ 15,590	\$ 15,590	\$ 0
Total Capital Leases Payable					<u>\$ 15,590</u>	<u>\$ 15,590</u>	<u>\$ 0</u>
<u>BONDS PAYABLE</u>							
Payable through General Debt Service Fund							
General Obligation (CAB) Bonds, Series 2002A - II	(1) 2,088,479	4.8 to 5.15	2-7-02	5-1-26	\$ 2,088,479	\$ 0	\$ 2,088,479
General Obligation Refunding Bonds, Series 2010	2,350,000	2.5	12-10-10	5-1-17	1,160,000	450,000	710,000
Total Bonds Payable					<u>\$ 3,248,479</u>	<u>\$ 450,000</u>	<u>\$ 2,798,479</u>
<u>OTHER LOANS PAYABLE</u>							
Payable through General Debt Service Fund							
Community Centers, Renovations, and Equipment	(2) 839,990	Variable	12-23-09	10-25-13	\$ 404,990	\$ 306,062	\$ 98,928
Total Other Loans Payable					<u>\$ 404,990</u>	<u>\$ 306,062</u>	<u>\$ 98,928</u>

(1) These (CAB) bonds accrete interest that is paid at bond maturity. As of June 30, 2013, approximately \$1,575,935 of interest has accreted on the bonds.

(2) This Other Loan Payable was scheduled to be paid off on 5-25-17, however the county paid it off on 10-25-13.

Exhibit J-2

Meigs County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 37,208	\$ 2,520	\$ 39,728
2015	39,292	869	40,161
Total	<u>\$ 76,500</u>	<u>\$ 3,389</u>	<u>\$ 79,889</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 460,000	\$ 18,890	\$ 478,890
2015	340,143	144,943	485,086
2016	262,502	223,985	486,487
2017	250,249	235,541	485,790
2018	203,459	246,542	450,001
2019	192,128	257,873	450,001
2020	182,871	267,129	450,000
2021	172,435	277,564	449,999
2022	164,043	285,957	450,000
2023	154,458	295,542	450,000
2024	146,871	303,129	450,000
2025	138,082	311,917	449,999
2026	131,238	318,762	450,000
Total	<u>\$ 2,798,479</u>	<u>\$ 3,187,774</u>	<u>\$ 5,986,253</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2014	\$ 98,928	\$ 1,372	\$ 644	\$ 100,944
Total	\$ 98,928	\$ 1,372	\$ 644	\$ 100,944

Exhibit J-3

Meigs County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2013

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Highway/Public Works	Road repairs	\$ 20,000
Drug Control	General	Reimbursement	35,000
Other Capital Projects	"	"	127,417
Highway/Public Works	General Debt Service	Debt repayment	<u>20,000</u>
Total Transfers Primary Government			<u><u>\$ 202,417</u></u>

Meigs County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Meigs County School Department
For the Year Ended June 30, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 61,491	\$ 25,000	Travelers Casualty and Surety
Highway Superintendent	Section 8-24-102, TCA	58,563	100,000	"
Director of Schools	State Board of Education and County Board of Education	97,795 (1)	100,000	Western Surety Company
Trustee	Section 8-24-102, TCA	53,239	532,700	Travelers Casualty and Surety
Assessor of Property;				
Wanda Bryant (7-1-12 through 8-31-12)	Section 8-24-102, TCA	8,873	10,000	"
Billy Breedon (9-1-12 through 6-30-13)	Section 8-24-102, TCA	44,366	50,000	"
County Clerk	Section 8-24-102, TCA	53,239	25,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	53,239	25,000	"
Clerk and Master	Section 8-24-102, TCA	53,239	25,000	"
Register of Deeds	Section 8-24-102, TCA	53,239	15,000	"
Sheriff	Section 8-24-102, TCA	58,563 (2)	25,000	"
Director of Finance	County Commission	42,000	50,000	"
Blanket Bond:				
All County Employees			150,000	Tennessee Risk Management Trust
All School Employees			150,000	"

- (1) Does not include a travel allowance of \$7,655. Includes longevity pay of \$1,400, \$1,000 for a chief executive officer training supplement, and \$1,000 for career ladder.
(2) Does not include a law enforcement training supplement of \$600.

Meigs County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2013

	Special Revenue Funds						Debt Service Fund		Capital Projects Fund	
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects	Total	
<u>Local Taxes</u>										
<u>County Property Taxes</u>										
Current Property Tax	\$ 1,985,063	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 253,437	\$ 0	\$ 2,238,500	
Trustee's Collections - Prior Year	135,610	0	0	0	0	0	10,220	0	145,830	
Circuit/Clerk & Master Collections - Prior Years	121,395	0	0	0	0	0	14,593	0	135,988	
Interest and Penalty	22,071	0	0	0	0	0	2,897	0	24,968	
Pick-up Taxes	62,431	0	0	0	0	0	7,971	0	70,402	
Payments in-Lieu-of Taxes - T.V.A.	1,935	0	0	0	0	0	46,859	0	48,794	
Payments in-Lieu-of Taxes - Local Utilities	197,367	0	0	0	0	0	25,198	0	222,565	
<u>County Local Option Taxes</u>										
Local Option Sales Tax	181,332	0	0	0	0	0	101,342	0	282,674	
Hotel/Motel Tax	8,483	0	0	0	0	0	0	0	8,483	
Litigation Tax - General	27,377	0	0	0	0	0	0	0	27,377	
Litigation Tax - Special Purpose	37,706	0	0	0	0	0	0	0	37,706	
Litigation Tax - Jail, Workhouse, or Courthouse	3,059	0	0	0	0	0	0	0	3,059	
Litigation Tax - Courtroom Security	954	0	0	0	0	0	0	0	954	
Business Tax	30,650	0	0	0	0	0	0	0	30,650	
Mineral Severance Tax	0	0	0	0	0	21,177	0	0	21,177	
Other County Local Option Taxes	9,521	0	0	0	0	0	0	0	9,521	
<u>Statutory Local Taxes</u>										
Bank Excise Tax	9,743	0	0	0	0	0	0	0	9,743	
Wholesale Beer Tax	81,935	0	0	0	0	0	0	0	81,935	
Interstate Telecommunications Tax	788	0	0	0	0	0	0	0	788	
Total Local Taxes	\$ 2,917,420	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,177	\$ 462,517	\$ 0	\$ 3,401,114	
<u>Licenses and Permits</u>										
<u>Licenses</u>										
Marriage Licenses	\$ 470	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 470	
Cable TV Franchise	4,497	0	0	0	0	0	0	0	4,497	
<u>Permits</u>										
Beer Permits	1,354	0	0	0	0	0	0	0	1,354	
Building Permits	10,875	0	0	0	0	0	0	0	10,875	
Other Permits	3,385	0	0	0	0	0	0	0	3,385	
Total Licenses and Permits	\$ 20,581	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,581	
<u>Fines, Forfeitures, and Penalties</u>										
<u>Circuit Court</u>										
Officers Costs	\$ 2,625	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,625	

(Continued)

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

	Special Revenue Funds						Debt Service Fund		Capital Projects Fund		Total
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>											
<u>Criminal Court</u>											
Fines	\$ 1,984	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,984
Officers Costs	884	0	0	0	0	0	0	0	0	0	884
Drug Control Fines	0	0	0	5,225	0	0	0	0	0	0	5,225
Drug Court Fees	532	0	0	0	0	0	0	0	0	0	532
DUI Treatment Fines	380	0	0	0	0	0	0	0	0	0	380
Data Entry Fee - Criminal Court	7,597	0	0	0	0	0	0	0	0	0	7,597
<u>General Sessions Court</u>											
Fines	49,709	0	0	0	0	0	0	0	0	0	49,709
Fines for Littering	47	0	0	0	0	0	0	0	0	0	47
Officers Costs	23,646	0	0	0	0	0	0	0	0	0	23,646
Game and Fish Fines	989	0	0	0	0	0	0	0	0	0	989
Drug Control Fines	0	0	0	29,841	0	0	0	0	0	0	29,841
Drug Court Fees	6,035	0	0	0	0	0	0	0	0	0	6,035
Jail Fees	3,975	0	0	0	0	0	0	0	0	0	3,975
Data Entry Fee - General Sessions Court	25,580	0	0	0	0	0	0	0	0	0	25,580
<u>Chancery Court</u>											
Officers Costs	1,826	0	0	0	0	0	0	0	0	0	1,826
Data Entry Fee - Chancery Court	1,536	0	0	0	0	0	0	0	0	0	1,536
<u>Other Courts - In-county</u>											
Fines	56,482	0	0	0	0	0	0	0	0	0	56,482
<u>Judicial District Drug Program</u>											
Drug Task Force Forfeitures and Seizures	0	0	0	3,544	0	0	0	0	0	0	3,544
Data Entry Fee - Other Courts	14,085	0	0	0	0	0	0	0	0	0	14,085
<u>Other Fines, Forfeitures, and Penalties</u>											
Proceeds from Confiscated Property	0	0	0	11,083	0	0	0	0	0	0	11,083
Other Fines, Forfeitures, and Penalties	1,212	0	0	0	0	0	0	0	0	0	1,212
Total Fines, Forfeitures, and Penalties	\$ 199,124	\$ 0	\$ 0	\$ 49,693	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	248,817
<u>Charges for Current Services</u>											
<u>General Service Charges</u>											
Patient Charges	\$ 346,801	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	346,801
Other General Service Charges	125	0	0	0	0	0	0	0	0	0	125
<u>Fees</u>											
Copy Fees	853	0	0	0	0	0	0	0	0	0	853
Telephone Commissions	8,833	0	0	0	0	0	0	0	0	0	8,833
Constitutional Officers' Fees and Commissions	0	0	0	0	9,493	0	0	0	0	0	9,493

(Continued)

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

	Special Revenue Funds					Debt Service Fund		Capital Projects Fund	
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects	Total
Charges for Current Services (Cont.)									
<u>Fees (Cont.)</u>									
Data Processing Fee - Register	\$ 4,084	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,084
Data Processing Fee - Sheriff	1,718	0	0	0	0	0	0	0	1,718
Sexual Offender Registration Fees - Sheriff	2,400	0	0	0	0	0	0	0	2,400
Data Processing Fee - County Clerk	594	0	0	0	0	0	0	0	594
Total Charges for Current Services	\$ 365,408	\$ 0	\$ 0	\$ 0	\$ 9,493	\$ 0	\$ 0	\$ 0	\$ 374,901
Other Local Revenues									
<u>Recurring Items</u>									
Lease/Rentals	\$ 1,800	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,800
Commissary Sales	17,139	0	0	0	0	0	0	0	17,139
Sale of Recycled Materials	679	1,286	0	0	0	0	0	0	1,965
Miscellaneous Refunds	20,467	0	150	867	0	2,058	0	0	23,542
<u>Nonrecurring Items</u>									
Contributions and Gifts	57,700	0	1,352	0	0	0	0	17,050	76,102
Other Local Revenues	8,000	0	0	0	0	0	0	0	8,000
Total Other Local Revenues	\$ 105,785	\$ 1,286	\$ 1,502	\$ 867	\$ 0	\$ 2,058	\$ 0	\$ 17,050	\$ 128,548
Fees Received from County Officials									
<u>Fees in-Lieu-of Salary</u>									
County Clerk	\$ 113,363	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	113,363
Circuit Court Clerk	11,755	0	0	0	0	0	0	0	11,755
General Sessions Court Clerk	59,391	0	0	0	0	0	0	0	59,391
Clerk and Master	50,914	0	0	0	0	0	0	0	50,914
Register	47,429	0	0	0	0	0	0	0	47,429
Sheriff	5,606	0	0	0	0	0	0	0	5,606
Trustee	145,744	0	0	0	0	0	0	0	145,744
Total Fees Received from County Officials	\$ 434,202	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 434,202
State of Tennessee									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000
Public Safety Grants	7,200	0	0	0	0	0	0	0	7,200
Law Enforcement Training Programs									
Health and Welfare Grants	101,314	0	0	0	0	0	0	0	101,314
Health Department Programs									

(Continued)

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

	Special Revenue Funds						Debt Service Fund		Capital Projects Fund	
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects	Total	
State of Tennessee (Cont.)										
Public Works Grants										
State Aid Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 242,617	\$ 0	\$ 0	\$ 242,617	
Litter Program	34,165	0	0	0	0	0	0	0	34,165	
Other State Revenues										
Income Tax	26,348	0	0	0	0	0	7,367	0	33,715	
Beer Tax	18,586	0	0	0	0	0	0	0	18,586	
Alcoholic Beverage Tax	22,484	0	0	0	0	0	0	0	22,484	
State Revenue Sharing - T.V.A.	105,460	205,000	0	0	0	0	0	748,819	1,059,279	
Contracted Prisoner Boarding	126,503	0	0	0	0	0	0	0	126,503	
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,268,174	0	0	1,268,174	
Petroleum Special Tax	0	0	0	0	0	8,480	0	0	8,480	
Registrar's Salary Supplement	18,955	0	0	0	0	0	0	0	18,955	
Other State Revenues	7,571	0	0	0	0	0	0	0	7,571	
Total State of Tennessee	\$ 477,586	\$ 205,000	\$ 0	\$ 0	\$ 0	\$ 1,519,271	\$ 7,367	\$ 748,819	\$ 2,958,043	
Federal Government										
Federal Through State										
Community Development	\$ 398,803	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	398,803	
Civil Defense Reimbursement	33,286	0	0	0	0	0	0	0	33,286	
Law Enforcement Grants	5,385	0	0	0	0	0	0	0	5,385	
Other Federal through State	65,710	0	0	0	0	0	0	0	65,710	
Direct Federal Revenue										
Other Direct Federal Revenue	200	0	46,528	0	0	0	0	0	46,728	
Total Federal Government	\$ 503,384	\$ 0	\$ 46,528	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 549,912	
Other Governments and Citizens Groups										
Other Governments										
Contracted Services	\$ 85,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 85,000	
Total Other Governments and Citizens Groups	\$ 85,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 85,000	
Total	\$ 5,108,490	\$ 206,286	\$ 48,030	\$ 50,560	\$ 9,493	\$ 1,542,506	\$ 469,884	\$ 765,869	\$ 8,201,118	

Exhibit J-6

Meigs County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Meigs County School Department
For the Year Ended June 30, 2013

	Special Revenue Funds					
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Total	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,161,063	\$ 0	\$ 0	\$ 0	\$ 1,161,063	
Trustee's Collections - Prior Year	81,903	0	0	0	81,903	
Circuit/Clerk & Master Collections - Prior Years	60,733	0	0	0	60,733	
Interest and Penalty	12,855	0	0	0	12,855	
Pick-up Taxes	36,364	0	0	0	36,364	
Payments in-Lieu-of Taxes - T.V.A.	421,734	0	0	0	421,734	
Payments in-Lieu-of Taxes - Local Utilities	114,960	0	0	0	114,960	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	403,127	0	0	0	403,127	
<u>Statutory Local Taxes</u>						
Wholesale Beer Tax	36,065	0	0	12,021	48,086	
Interstate Telecommunications Tax	957	0	0	0	957	
Total Local Taxes	\$ 2,329,761	\$ 0	\$ 0	\$ 12,021	\$ 2,341,782	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 446	\$ 0	\$ 0	\$ 0	\$ 446	
Total Licenses and Permits	\$ 446	\$ 0	\$ 0	\$ 0	\$ 446	
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Regular Day Students	\$ 1,875	\$ 0	\$ 0	\$ 0	\$ 1,875	
Receipts from Individual Schools	0	0	170,948	0	170,948	
<u>Other Charges for Services</u>						
Other Charges for Services	50	0	11,136	0	11,186	
Total Charges for Current Services	\$ 1,925	\$ 0	\$ 182,084	\$ 0	\$ 184,009	
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 15,034	\$ 0	\$ 357	\$ 0	\$ 15,391	
Lease/Rentals	5,900	0	0	0	5,900	
Sale of Materials and Supplies	442	0	0	0	442	
Refund of Telecommunication & Internet Fees (E-Rate)	11,397	0	0	0	11,397	
Miscellaneous Refunds	31,293	0	0	0	31,293	
<u>Nonrecurring Items</u>						
Sale of Equipment	1,600	0	0	0	1,600	
Contributions and Gifts	149,500	0	0	0	149,500	
<u>Other Local Revenues</u>						
Other Local Revenues	31	0	0	0	31	
Total Other Local Revenues	\$ 215,197	\$ 0	\$ 357	\$ 0	\$ 215,554	
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-Behalf Contributions for OPEB	\$ 55,082	\$ 0	\$ 0	\$ 0	\$ 55,082	
<u>State Education Funds</u>						
Basic Education Program	9,346,616	0	0	0	9,346,616	
Early Childhood Education	415,239	0	0	0	415,239	
School Food Service	0	0	9,450	0	9,450	
Driver Education	8,351	0	0	0	8,351	
Other State Education Funds	105,238	0	0	0	105,238	
Career Ladder Program	67,587	0	0	0	67,587	
Career Ladder - Extended Contract	30,600	0	0	0	30,600	
<u>Other State Revenues</u>						
Income Tax	17,414	0	0	0	17,414	
Other State Grants	18,700	0	0	0	18,700	

(Continued)

Exhibit J-6

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

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Other State Revenues	\$ 13,169	\$ 0	\$ 0	\$ 0	\$ 13,169
Total State of Tennessee	\$ 10,077,996	\$ 0	\$ 9,450	\$ 0	\$ 10,087,446
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 482,788	\$ 0	\$ 482,788
USDA - Commodities	0	0	38,725	0	38,725
Breakfast	0	0	192,721	0	192,721
Adult Education State Grant Program	107,197	0	0	0	107,197
Vocational Education - Basic Grants to States	0	34,432	0	0	34,432
Title I Grants to Local Education Agencies	0	643,538	0	0	643,538
Special Education - Grants to States	0	443,112	0	0	443,112
Special Education Preschool Grants	0	14,198	0	0	14,198
Rural Education	0	34,197	0	0	34,197
Appalachian Regional Commission	48,500	0	0	0	48,500
Eisenhower Professional Development State Grants	0	95,909	0	0	95,909
Race-to-the-Top - ARRA	0	155,661	0	0	155,661
Other Federal through State	100,933	0	0	0	100,933
Total Federal Government	\$ 256,630	\$ 1,421,047	\$ 714,234	\$ 0	\$ 2,391,911
Total	\$ 12,881,955	\$ 1,421,047	\$ 906,125	\$ 12,021	\$ 15,221,148

Exhibit J-7

Meigs County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2013

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	19,968	
Social Security		1,454	
Employee and Dependent Insurance		1,988	
Unemployment Compensation		79	
Audit Services		4,126	
Dues and Memberships		7,128	
Legal Services		292	
Travel		415	
Other Supplies and Materials		165	
Total County Commission			\$ 35,615

Board of Equalization

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

County Mayor/Executive

County Official/Administrative Officer	\$	61,491	
Assistant(s)		20,964	
Other Salaries and Wages		2,220	
Social Security		6,478	
Unemployment Compensation		343	
Travel		1,946	
Office Supplies		828	
Total County Mayor/Executive			94,270

County Attorney

Social Security	\$	918	
Unemployment Compensation		180	
Legal Services		12,000	
Total County Attorney			13,098

Election Commission

County Official/Administrative Officer	\$	47,915	
Part-time Personnel		14,900	
Election Commission		7,515	
Election Workers		15,175	
In-Service Training		2,950	
Social Security		4,805	
Unemployment Compensation		357	
Legal Notices, Recording, and Court Costs		3,800	
Maintenance Agreements		2,900	
Printing, Stationery, and Forms		2,222	
Travel		1,232	
Other Contracted Services		6,360	
Data Processing Supplies		16,857	
Office Supplies		4,713	
Total Election Commission			131,701

Register of Deeds

County Official/Administrative Officer	\$	53,239	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)General Government (Cont.)Register of Deeds (Cont.)

Deputy(ies)	\$	15,566	
Part-time Personnel		4,076	
Social Security		5,575	
Employee and Dependent Insurance		2,789	
Unemployment Compensation		177	
Data Processing Supplies		4,206	
Office Supplies		2,360	
Total Register of Deeds			\$ 87,988

Planning

Part-time Personnel	\$	13,591	
Social Security		1,040	
Employee and Dependent Insurance		3,406	
Unemployment Compensation		180	
Dues and Memberships		7,750	
Travel		1,563	
Office Supplies		1,110	
Total Planning			28,640

Geographical Information Systems

Other Salaries and Wages	\$	11,077	
Social Security		847	
Unemployment Compensation		180	
Total Geographical Information Systems			12,104

County Buildings

Custodial Personnel	\$	13,207	
Social Security		953	
Unemployment Compensation		188	
Communication		19,987	
Maintenance Agreements		2,187	
Maintenance and Repair Services - Buildings		17,500	
Maintenance and Repair Services - Equipment		6,844	
Pest Control		1,585	
Postal Charges		23,504	
Custodial Supplies		5,953	
Diesel Fuel		36,063	
Duplicating Supplies		7,298	
Electricity		64,468	
Gasoline		105,258	
Natural Gas		15,286	
Water and Sewer		3,143	
Total County Buildings			323,424

FinanceAccounting and Budgeting

Supervisor/Director	\$	42,000	
Accountants/Bookkeepers		20,833	
Clerical Personnel		4,269	
Social Security		4,975	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Finance (Cont.)Accounting and Budgeting (Cont.)

Employee and Dependent Insurance	\$	6,554	
Unemployment Compensation		553	
Legal Notices, Recording, and Court Costs		1,612	
Maintenance Agreements		7,098	
Travel		1,150	
Data Processing Supplies		2,193	
Office Supplies		5,674	
Premiums on Corporate Surety Bonds		175	
Total Accounting and Budgeting			\$ 97,086

Property Assessor's Office

County Official/Administrative Officer	\$	53,239	
Deputy(ies)		20,964	
Social Security		5,537	
Employee and Dependent Insurance		3,493	
Unemployment Compensation		180	
Audit Services		5,000	
Data Processing Services		5,262	
Dues and Memberships		1,100	
Maintenance Agreements		1,750	
Travel		2,500	
Office Supplies		884	
Other Supplies and Materials		500	
Premiums on Corporate Surety Bonds		569	
Data Processing Equipment		398	
Total Property Assessor's Office			101,376

Reappraisal Program

Clerical Personnel	\$	18,209	
Social Security		1,388	
Unemployment Compensation		294	
Travel		231	
Office Supplies		50	
Total Reappraisal Program			20,172

County Trustee's Office

County Official/Administrative Officer	\$	53,239	
Deputy(ies)		20,964	
Part-time Personnel		21,168	
Social Security		7,265	
Unemployment Compensation		456	
Maintenance Agreements		7,174	
Travel		767	
Office Supplies		4,413	
Total County Trustee's Office			115,446

County Clerk's Office

County Official/Administrative Officer	\$	53,239	
Deputy(ies)		58,476	
Part-time Personnel		4,422	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Finance (Cont.)County Clerk's Office (Cont.)

Social Security	\$	8,836	
Employee and Dependent Insurance		4,730	
Unemployment Compensation		629	
Legal Notices, Recording, and Court Costs		261	
Travel		837	
Other Contracted Services		7,349	
Office Supplies		877	
Office Equipment		1,260	
Total County Clerk's Office			\$ 140,916

Other Finance

Trustee's Commission	\$	63,738	
Total Other Finance			63,738

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	53,239	
Deputy(ies)		72,224	
Jury and Witness Expense		2,962	
Other Per Diem and Fees		803	
Social Security		9,549	
Employee and Dependent Insurance		19,621	
Unemployment Compensation		915	
Communication		632	
Maintenance Agreements		8,970	
Travel		700	
Data Processing Supplies		6,048	
Office Supplies		2,341	
Total Circuit Court			178,004

General Sessions Court

Judge(s)	\$	89,685	
Probation Officer(s)		14,325	
In-Service Training		1,889	
Social Security		7,957	
Employee and Dependent Insurance		4,744	
Unemployment Compensation		62	
Data Processing Supplies		2,420	
Total General Sessions Court			121,082

Chancery Court

County Official/Administrative Officer	\$	53,239	
Deputy(ies)		20,964	
Clerical Personnel		25,091	
Social Security		7,475	
Employee and Dependent Insurance		1,941	
Unemployment Compensation		468	
Maintenance Agreements		1,264	
Travel		866	
Data Processing Supplies		2,475	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Administration of Justice (Cont.)Chancery Court (Cont.)

Office Supplies	\$	4,218	
Premiums on Corporate Surety Bonds		100	
Total Chancery Court			\$ 118,101

Public SafetySheriff's Department

County Official/Administrative Officer	\$	58,563	
Deputy(ies)		412,513	
Detective(s)		45,084	
Salary Supplements		7,800	
In-Service Training		2,000	
Social Security		39,971	
Employee and Dependent Insurance		18,053	
Unemployment Compensation		2,903	
Maintenance and Repair Services - Vehicles		31,778	
Printing, Stationery, and Forms		705	
Travel		1,652	
Law Enforcement Supplies		9,803	
Office Supplies		1,487	
Tires and Tubes		5,307	
Uniforms		4,098	
Data Processing Equipment		1,000	
Motor Vehicles		103,602	
Total Sheriff's Department			746,319

Jail

Assistant(s)	\$	28,313	
Guards		212,726	
Other Salaries and Wages		26,028	
Social Security		20,546	
Employee and Dependent Insurance		13,687	
Unemployment Compensation		2,125	
Communication		5,209	
Maintenance Agreements		17,075	
Maintenance and Repair Services - Buildings		16,256	
Medical and Dental Services		100,036	
Travel		2,255	
Custodial Supplies		14,343	
Food Preparation Supplies		3,000	
Food Supplies		83,562	
Office Supplies		2,638	
Uniforms		475	
Utilities		58,002	
Other Supplies and Materials		576	
Data Processing Equipment		1,016	
Total Jail			607,868

Juvenile Services

Youth Service Officer(s)	\$	20,964	
Social Security		1,604	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Juvenile Services (Cont.)

Unemployment Compensation	\$	118	
Other Contracted Services		132	
Office Supplies		357	
Office Equipment		394	
Total Juvenile Services			\$ 23,569

Fire Prevention and Control

Maintenance and Repair Services - Equipment	\$	7,791	
Maintenance and Repair Services - Vehicles		25,435	
Uniforms		10,669	
Utilities		14,149	
Motor Vehicles		8,300	
Total Fire Prevention and Control			66,344

Civil Defense

Supervisor/Director	\$	38,823	
Social Security		3,098	
Employee and Dependent Insurance		4,312	
Unemployment Compensation		180	
Maintenance and Repair Services - Equipment		16,468	
Maintenance and Repair Services - Vehicles		946	
Travel		384	
Natural Gas		657	
Utilities		16,508	
Other Supplies and Materials		4,997	
Total Civil Defense			86,373

Rescue Squad

Other Per Diem and Fees	\$	643	
Communication		449	
Maintenance and Repair Services - Equipment		121	
Maintenance and Repair Services - Vehicles		1,500	
Total Rescue Squad			2,713

County Coroner/Medical Examiner

Other Contracted Services	\$	31,053	
Total County Coroner/Medical Examiner			31,053

Other Public Safety

Supervisor/Director	\$	26,028	
Dispatchers/Radio Operators		196,419	
Social Security		16,152	
Employee and Dependent Insurance		9,776	
Unemployment Compensation		1,894	
Maintenance and Repair Services - Buildings		1,292	
Office Supplies		2,958	
Total Other Public Safety			254,519

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Health and WelfareLocal Health Center

Custodial Personnel	\$	5,603	
Other Salaries and Wages		4,800	
Social Security		890	
Unemployment Compensation		386	
Maintenance and Repair Services - Buildings		488	
Office Supplies		200	
Utilities		9,413	
Other Supplies and Materials		18,576	
Total Local Health Center			\$ 40,356

Ambulance/Emergency Medical Services

Supervisor/Director	\$	4,845	
Paraprofessionals		233,760	
Salary Supplements		2,046	
Clerical Personnel		24,344	
Social Security		19,890	
Employee and Dependent Insurance		10,614	
Unemployment Compensation		1,960	
Communication		637	
Licenses		1,344	
Maintenance and Repair Services - Equipment		453	
Maintenance and Repair Services - Vehicles		9,039	
Printing, Stationery, and Forms		961	
Custodial Supplies		943	
Drugs and Medical Supplies		9,903	
Office Supplies		877	
Uniforms		1,741	
Other Supplies and Materials		1,453	
Total Ambulance/Emergency Medical Services			324,810

Crippled Children Services

Contributions	\$	500	
Total Crippled Children Services			500

Other Local Health Services

Medical Personnel	\$	37,244	
Clerical Personnel		32,371	
Other Salaries and Wages		16,135	
Social Security		6,466	
Employee and Dependent Insurance		6,009	
Unemployment Compensation		559	
Travel		3,864	
Office Supplies		219	
Total Other Local Health Services			102,867

Appropriation to State

Contracts with Government Agencies	\$	6,000	
Total Appropriation to State			6,000

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Sanitation Management

Part-time Personnel	\$	44,315	
Social Security		3,390	
Unemployment Compensation		742	
Total Sanitation Management			\$ 48,447

Sanitation Education/Information

Guards	\$	20,464	
Social Security		1,989	
Unemployment Compensation		114	
Instructional Supplies and Materials		3,797	
Other Supplies and Materials		6,764	
Total Sanitation Education/Information			33,128

Social, Cultural, and Recreational ServicesSenior Citizens Assistance

Supervisor/Director	\$	13,346	
Social Security		969	
Unemployment Compensation		253	
Communication		790	
Travel		153	
Other Supplies and Materials		1,599	
Total Senior Citizens Assistance			17,110

Libraries

Assistant(s)	\$	8,092	
Librarians		18,210	
Social Security		2,012	
Unemployment Compensation		342	
Contributions		15,000	
Total Libraries			43,656

Parks and Fair Boards

Site Development	\$	6,750	
Total Parks and Fair Boards			6,750

Other Social, Cultural, and Recreational

Communication	\$	274	
Other Contracted Services		51,225	
Electricity		2,150	
Water and Sewer		1,224	
Total Other Social, Cultural, and Recreational			54,873

Agriculture and Natural ResourcesAgriculture Extension Service

Assistant(s)	\$	9,173	
Supervisor/Director		26,415	
Secretary(ies)		5,241	
Other Salaries and Wages		12,000	
Social Security		4,020	
State Retirement		2,446	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Agriculture and Natural Resources (Cont.)Agriculture Extension Service (Cont.)

Unemployment Compensation	\$	180	
Other Fringe Benefits		3,982	
Communication		3,620	
Maintenance and Repair Services - Buildings		524	
Travel		961	
Office Supplies		1,800	
Total Agriculture Extension Service	\$		70,362

Soil Conservation

Dues and Memberships	\$	200	
Total Soil Conservation			200

Other OperationsTourism

Part-time Personnel	\$	11,058	
Social Security		846	
Unemployment Compensation		190	
Advertising		713	
Total Tourism			12,807

Other Economic and Community Development

Remittance of Revenue Collected	\$	398,803	
Total Other Economic and Community Development			398,803

Veterans' Services

Other Salaries and Wages	\$	13,240	
Social Security		1,013	
Unemployment Compensation		180	
Communication		19	
Maintenance and Repair Services - Vehicles		1,439	
Office Supplies		182	
Total Veterans' Services			16,073

Other Charges

Liability Insurance	\$	47,575	
Workers' Compensation Insurance		24,695	
Total Other Charges			72,270

Contributions to Other Agencies

Contributions	\$	14,800	
Total Contributions to Other Agencies			14,800

Employee Benefits

Employee and Dependent Insurance	\$	9,166	
Total Employee Benefits			9,166

Capital ProjectsPublic Safety Projects

Building Construction	\$	9,832	
Total Public Safety Projects			9,832

Total General Fund \$ 4,784,579

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation FundPublic Health and WelfareSanitation Management

Communication	\$	1,270	
Maintenance and Repair Services - Buildings		4,755	
Maintenance and Repair Services - Equipment		124	
Other Contracted Services		140,344	
Electricity		1,875	
Water and Sewer		341	
Total Sanitation Management			\$ 148,709

Total Solid Waste/Sanitation Fund \$ 148,709

Special Purpose FundSocial, Cultural, and Recreational ServicesAdult Activities

Supervisor/Director	\$	29,729	
Accountants/Bookkeepers		15,933	
Social Security		3,493	
Employee and Dependent Insurance		2,272	
Unemployment Compensation		44	
Communication		1,734	
Dues and Memberships		75	
Postal Charges		180	
Travel		1,994	
Gasoline		137	
Office Supplies		69	
Other Charges		795	
Total Adult Activities			\$ 56,455

Total Special Purpose Fund 56,455

Drug Control FundPublic SafetyDrug Enforcement

Confidential Drug Enforcement Payments	\$	1,500	
Maintenance Agreements		2,680	
Other Contracted Services		300	
Instructional Supplies and Materials		844	
Other Supplies and Materials		2,790	
Trustee's Commission		354	
Motor Vehicles		2,408	
Total Drug Enforcement			\$ 10,876

Total Drug Control Fund 10,876

Constitutional Officers - Fees FundAdministration of JusticeChancery Court

Constitutional Officers' Operating Expenses	\$	9,493	
Total Chancery Court			\$ 9,493

Total Constitutional Officers - Fees Fund 9,493

(Continued)

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	58,563	
Assistant(s)		3,290	
Secretary(ies)		26,489	
Social Security		6,674	
Unemployment Compensation		599	
Dues and Memberships		2,185	
Evaluation and Testing		225	
Legal Notices, Recording, and Court Costs		500	
Travel		146	
Other Contracted Services		308	
Office Supplies		700	
Premiums on Corporate Surety Bonds		400	
Data Processing Equipment		774	
Total Administration			\$ 100,853

Highway and Bridge Maintenance

Equipment Operators	\$	163,561	
Truck Drivers		25,584	
Laborers		103,707	
Social Security		21,614	
Employee and Dependent Insurance		12,872	
Unemployment Compensation		2,841	
Rentals		599	
Asphalt - Liquid		59,388	
Crushed Stone		37,244	
Other Road Supplies		9,332	
Pipe		3,039	
Road Signs		2,007	
Total Highway and Bridge Maintenance			441,788

Operation and Maintenance of Equipment

Mechanic(s)	\$	52,832	
Social Security		3,804	
Unemployment Compensation		540	
Diesel Fuel		40,075	
Equipment and Machinery Parts		18,973	
Garage Supplies		4,108	
Gasoline		22,102	
Lubricants		1,249	
Tires and Tubes		12,805	
Total Operation and Maintenance of Equipment			156,488

Other Charges

Communication	\$	2,339	
Other Contracted Services		7,029	
Electricity		3,565	
Water and Sewer		1,966	
Liability Insurance		29,770	
Premiums on Corporate Surety Bonds		284	
Trustee's Commission		12,960	
Workers' Compensation Insurance		17,883	
Total Other Charges			75,796

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Employee Benefits

Employee and Dependent Insurance	\$ 69,693	
Total Employee Benefits		\$ 69,693

Capital Outlay

Bridge Construction	\$ 273,336	
Total Capital Outlay		273,336

Principal on DebtHighways and Streets

Principal on Notes	\$ 35,519	
Principal on Capital Leases	15,590	
Total Highways and Streets		51,109

Interest on DebtHighways and Streets

Interest on Notes	\$ 4,209	
Interest on Capital Leases	3,865	
Total Highways and Streets		8,074

Other Debt ServiceGeneral Government

Bank Charges	\$ 400	
Total General Government		400

Total Highway/Public Works Fund \$ 1,177,537

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Bonds	\$ 450,000	
Principal on Other Loans	306,062	
Total General Government		\$ 756,062

Interest on DebtGeneral Government

Interest on Bonds	\$ 32,388	
Interest on Other Loans	3,540	
Total General Government		35,928

Other Debt ServiceGeneral Government

Bank Charges	\$ 2,187	
Trustee's Commission	7,778	
Total General Government		9,965

Total General Debt Service Fund 801,955

(Continued)

Exhibit J-7

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

Other Capital Projects FundGeneral GovernmentCounty Mayor/Executive

Contributions	\$	145,000	
Total County Mayor/Executive			\$ 145,000

Other OperationsIndustrial Development

Other Contracted Services	\$	18,000	
Site Development		2,100	
Total Industrial Development			20,100

Capital ProjectsGeneral Administration Projects

Engineering Services	\$	28,500	
Other Contracted Services		43,766	
Total General Administration Projects			72,266

Other General Government Projects

Trustee's Commission	\$	7,488	
Total Other General Government Projects			7,488

Total Other Capital Projects Fund			\$ 244,854
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Total Governmental Funds - Primary Government			\$ 7,234,458
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Meigs County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Meigs County School Department
For the Year Ended June 30, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	4,517,451	
Career Ladder Program		31,000	
Career Ladder Extended Contracts		28,500	
Clerical Personnel		31,620	
Educational Assistants		159,513	
Bonus Payments		10,000	
Other Salaries and Wages		29,735	
Certified Substitute Teachers		12,477	
Non-certified Substitute Teachers		37,256	
Social Security		283,710	
State Retirement		404,488	
Life Insurance		8,640	
Medical Insurance		554,931	
Unemployment Compensation		122	
Employer Medicare		66,353	
Contributions		6,000	
Tuition		2,315	
Other Contracted Services		10,814	
Instructional Supplies and Materials		112,932	
Textbooks		123,413	
Other Supplies and Materials		6,982	
Fee Waivers		6,500	
Regular Instruction Equipment		115,660	
Total Regular Instruction Program			\$ 6,560,412

Alternative Instruction Program

Teachers	\$	49,481	
Social Security		2,755	
State Retirement		4,394	
Medical Insurance		9,262	
Employer Medicare		644	
Total Alternative Instruction Program			66,536

Special Education Program

Teachers	\$	623,380	
Career Ladder Program		8,000	
Educational Assistants		55,203	
Certified Substitute Teachers		178	
Non-certified Substitute Teachers		4,080	
Social Security		40,647	
State Retirement		56,067	
Medical Insurance		83,666	
Employer Medicare		9,506	
Instructional Supplies and Materials		1,250	
Total Special Education Program			881,977

Vocational Education Program

Teachers	\$	239,945	
Certified Substitute Teachers		510	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Instruction (Cont.)Vocational Education Program (Cont.)

Non-certified Substitute Teachers	\$	2,218	
Social Security		13,966	
State Retirement		21,307	
Medical Insurance		39,863	
Employer Medicare		3,266	
Instructional Supplies and Materials		1,750	
Total Vocational Education Program			\$ 322,825

Adult Education Program

Teachers	\$	18,499	
Clerical Personnel		5,381	
Social Security		344	
State Retirement		359	
Employer Medicare		345	
Instructional Supplies and Materials		5,345	
Other Supplies and Materials		2,640	
Other Charges		3,458	
Total Adult Education Program			36,371

Support ServicesAttendance

Supervisor/Director	\$	21,152	
Career Ladder Program		2,000	
Social Security		1,339	
State Retirement		2,056	
Medical Insurance		2,729	
Employer Medicare		313	
Travel		702	
Other Contracted Services		4,643	
Total Attendance			34,934

Health Services

Medical Personnel	\$	101,453	
Social Security		6,192	
State Retirement		3,490	
Employer Medicare		1,448	
Other Fringe Benefits		880	
Other Contracted Services		2,402	
Drugs and Medical Supplies		1,800	
Total Health Services			117,665

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		274,960	
Social Security		17,199	
State Retirement		24,594	
Medical Insurance		35,662	
Employer Medicare		4,022	
Contributions		39,560	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Other Student Support (Cont.)

Evaluation and Testing	\$	4,054	
Other Supplies and Materials		3,017	
Other Charges		33,166	
Other Equipment		1,161	
Total Other Student Support			\$ 439,395

Regular Instruction Program

Supervisor/Director	\$	109,385	
Career Ladder Program		5,000	
Librarians		80,628	
In-Service Training		1,000	
Social Security		11,633	
State Retirement		17,317	
Medical Insurance		15,970	
Employer Medicare		2,721	
Travel		12,301	
In Service/Staff Development		4,291	
Total Regular Instruction Program			260,246

Alternative Instruction Program

Other Salaries and Wages	\$	1,025	
Social Security		62	
Employer Medicare		14	
Travel		623	
Other Contracted Services		6,852	
Other Supplies and Materials		10,211	
Other Charges		35,604	
Total Alternative Instruction Program			54,391

Special Education Program

Supervisor/Director	\$	28,208	
Career Ladder Program		2,000	
Assessment Personnel		47,980	
Social Security		4,612	
State Retirement		6,892	
Medical Insurance		6,210	
Employer Medicare		1,079	
Total Special Education Program			96,981

Vocational Education Program

Clerical Personnel	\$	6,076	
Other Salaries and Wages		10,844	
Social Security		1,011	
Medical Insurance		497	
Employer Medicare		236	
Other Charges		40,998	
Total Vocational Education Program			59,662

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Adult Programs

Supervisor/Director	\$	72,155	
Career Ladder Program		3,000	
Other Salaries and Wages		800	
Social Security		4,581	
State Retirement		6,674	
Medical Insurance		4,873	
Employer Medicare		1,071	
Travel		250	
Total Adult Programs			\$ 93,404

Other Programs

On-Behalf Payments to OPEB	\$	55,082	
Total Other Programs			55,082

Board of Education

Other Salaries and Wages	\$	1,050	
Board and Committee Members Fees		11,595	
Social Security		767	
Life Insurance		510	
Employer Medicare		179	
Audit Services		7,500	
Dues and Memberships		8,653	
Legal Services		310	
Travel		8,959	
Other Contracted Services		5,972	
Liability Insurance		18,690	
Trustee's Commission		52,011	
Workers' Compensation Insurance		64,440	
Criminal Investigation of Applicants - TBI		420	
Refund to Applicant for Criminal Investigation		252	
Other Charges		24,880	
Total Board of Education			206,188

Director of Schools

County Official/Administrative Officer	\$	104,450	
Career Ladder Program		1,000	
Secretary(ies)		26,117	
Social Security		8,067	
State Retirement		9,364	
Medical Insurance		15,673	
Employer Medicare		1,887	
Communication		4,500	
Postal Charges		288	
Office Supplies		3,211	
Total Director of Schools			174,557

Office of the Principal

Principals	\$	273,415	
Career Ladder Program		4,000	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Office of the Principal (Cont.)

Secretary(ies)	\$	96,457	
Social Security		21,929	
State Retirement		24,634	
Medical Insurance		36,006	
Employer Medicare		5,129	
Communication		3,840	
Travel		3,384	
Total Office of the Principal			\$ 468,794

Fiscal Services

Accountants/Bookkeepers	\$	34,354	
Secretary(ies)		7,020	
Social Security		2,354	
Medical Insurance		2,774	
Employer Medicare		550	
Total Fiscal Services			47,052

Operation of Plant

Supervisor/Director	\$	32,260	
Custodial Personnel		252,246	
Other Salaries and Wages		444	
Social Security		16,717	
Medical Insurance		11,618	
Employer Medicare		3,910	
Disposal Fees		5,373	
Other Contracted Services		2,650	
Electricity		353,852	
Natural Gas		22,162	
Water and Sewer		14,561	
Other Supplies and Materials		65,552	
Building and Contents Insurance		18,425	
Total Operation of Plant			799,770

Maintenance of Plant

Maintenance Personnel	\$	57,750	
Other Salaries and Wages		2,369	
Social Security		3,544	
Medical Insurance		3,271	
Employer Medicare		829	
Communication		8,045	
Maintenance and Repair Services - Buildings		47,448	
Other Contracted Services		46,171	
Other Charges		2,000	
Total Maintenance of Plant			171,427

Transportation

Supervisor/Director	\$	32,260	
Mechanic(s)		19,314	
Bus Drivers		313,966	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Transportation (Cont.)

Other Salaries and Wages	\$	11,952	
Social Security		23,157	
Medical Insurance		4,578	
Employer Medicare		5,416	
Communication		886	
Maintenance and Repair Services - Vehicles		81,979	
Medical and Dental Services		3,075	
Travel		635	
Gasoline		147,155	
Tires and Tubes		13,516	
Vehicle and Equipment Insurance		10,000	
In Service/Staff Development		259	
Other Charges		362	
Transportation Equipment		92,521	
Total Transportation			\$ 761,031

Central and Other

Supervisor/Director	\$	9,975	
Other Salaries and Wages		3,384	
Social Security		822	
State Retirement		886	
Employer Medicare		192	
Travel		9,190	
Other Contracted Services		34,681	
Other Supplies and Materials		18,239	
Other Charges		14,963	
Total Central and Other			92,332

Operation of Non-Instructional ServicesCommunity Services

Supervisor/Director	\$	53,310	
Other Salaries and Wages		2,061	
Social Security		3,225	
State Retirement		4,734	
Medical Insurance		7,580	
Employer Medicare		754	
Travel		4,335	
Other Contracted Services		2,206	
Other Supplies and Materials		14,511	
Other Charges		1,717	
Other Equipment		1,559	
Total Community Services			95,992

Early Childhood Education

Supervisor/Director	\$	30,000	
Teachers		179,575	
Educational Assistants		87,012	
Other Salaries and Wages		3,446	
Non-certified Substitute Teachers		4,800	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Operation of Non-Instructional Services (Cont.)Early Childhood Education (Cont.)

Social Security	\$	18,031	
State Retirement		18,617	
Medical Insurance		28,518	
Employer Medicare		4,217	
Other Fringe Benefits		410	
Maintenance and Repair Services - Equipment		4,000	
Travel		2,872	
Other Contracted Services		800	
Instructional Supplies and Materials		26,300	
Other Supplies and Materials		2,744	
In Service/Staff Development		1,853	
Other Charges		863	
Other Equipment		8,000	
Total Early Childhood Education			\$ 422,058

Capital OutlayRegular Capital Outlay

Architects	\$	35,953	
Building Improvements		401,282	
Other Capital Outlay		71,002	
Total Regular Capital Outlay			508,237

Total General Purpose School Fund \$ 12,827,319

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	403,069	
Educational Assistants		112,375	
Other Salaries and Wages		7,350	
Non-certified Substitute Teachers		4,284	
Social Security		30,127	
State Retirement		36,090	
Medical Insurance		85,214	
Employer Medicare		7,046	
Other Contracted Services		24,319	
Instructional Supplies and Materials		36,051	
Other Supplies and Materials		13,952	
Other Charges		2,000	
Total Regular Instruction Program			\$ 761,877

Special Education Program

Homebound Teachers	\$	792	
Educational Assistants		189,787	
Social Security		10,739	
State Retirement		46	
Medical Insurance		13,023	
Employer Medicare		2,512	
Contracts with Private Agencies		5,170	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)Instruction (Cont.)Special Education Program (Cont.)

Maintenance and Repair Services - Equipment	\$	500	
Other Contracted Services		59,875	
Instructional Supplies and Materials		19,156	
Textbooks		669	
Other Supplies and Materials		8,745	
Special Education Equipment		2,027	
Total Special Education Program			\$ 313,041

Vocational Education Program

Other Supplies and Materials	\$	10,946	
Vocational Instruction Equipment		15,000	
Total Vocational Education Program			25,946

Support ServicesOther Student Support

Other Salaries and Wages	\$	16,046	
Social Security		988	
State Retirement		1,344	
Employer Medicare		231	
Travel		6,419	
Other Contracted Services		9,540	
Other Supplies and Materials		400	
In Service/Staff Development		4,244	
Other Charges		15,900	
Total Other Student Support			55,112

Regular Instruction Program

Supervisor/Director	\$	43,645	
Secretary(ies)		13,658	
Other Salaries and Wages		8,140	
Social Security		4,005	
State Retirement		4,599	
Medical Insurance		1,343	
Employer Medicare		937	
Travel		7,358	
Library Books/Media		9,000	
Other Supplies and Materials		1,652	
In Service/Staff Development		25,192	
Total Regular Instruction Program			119,529

Special Education Program

Supervisor/Director	\$	24,316	
Secretary(ies)		38,752	
Social Security		3,705	
State Retirement		2,159	
Medical Insurance		5,364	
Employer Medicare		867	
Maintenance and Repair Services - Equipment		1,000	
Travel		8,481	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)Support Services (Cont.)Special Education Program (Cont.)

Other Contracted Services	\$	33,040	
Other Supplies and Materials		4,413	
In Service/Staff Development		4,365	
Other Equipment		3,000	
Total Special Education Program			\$ 129,462

Vocational Education Program

In Service/Staff Development	\$	1,273	
Total Vocational Education Program			1,273

Transportation

Bus Drivers	\$	13,755	
Social Security		853	
Employer Medicare		199	
Total Transportation			<u>14,807</u>

Total School Federal Projects Fund \$ 1,421,047

Central Cafeteria FundOperation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	21,055	
Clerical Personnel		23,090	
Cafeteria Personnel		307,019	
Other Salaries and Wages		12,268	
Social Security		21,869	
Life Insurance		936	
Medical Insurance		11,303	
Unemployment Compensation		29	
Employer Medicare		5,114	
Other Fringe Benefits		8,000	
Maintenance and Repair Services - Equipment		7,886	
Transportation - Other than Students		1,831	
Travel		1,371	
Other Contracted Services		6,336	
Food Supplies		381,525	
Utilities		38,869	
USDA - Commodities		38,725	
Other Supplies and Materials		25,606	
In Service/Staff Development		285	
Other Charges		2,079	
Food Service Equipment		3,987	
Total Food Service			<u>\$ 919,183</u>

Total Central Cafeteria Fund 919,183

Total Governmental Funds - Meigs County School Department \$ 15,167,549

Exhibit J-9

Meigs County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance – City Agency Fund
For the Year Ended June 30, 2013

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 184,292
Total Cash Receipts	<u>\$ 184,292</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 182,449
Trustee's Commission	1,843
Total Cash Disbursements	<u>\$ 184,292</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2012	<u>0</u>
Cash Balance, June 30, 2013	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the 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, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Meigs County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Meigs County's basic financial statements, and have issued our report thereon dated January 13, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Meigs County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Meigs County's internal control. Accordingly, we do not express an opinion on the effectiveness of Meigs County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a

deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 2013-001 and 2013-018.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2013-002, 2013-003, 2013-004, 2013-007, 2013-008, 2013-009, 2013-010, 2013-011, 2013-012, 2013-013, 2013-015, 2013-016, and 2013-020.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meigs County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2013-005, 2013-006, 2013-014, 2013-017, and 2013-019.

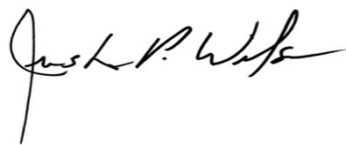
Meigs County's Responses to Findings

Meigs County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Meigs County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Meigs County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 13, 2014

JPW/kp



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Meigs County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Meigs County's major federal programs for the year ended June 30, 2013. Meigs County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Meigs County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and*

Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Meigs County's 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Meigs County's compliance.

Opinion on Each Major Federal Program

In our opinion, Meigs County's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Meigs County's is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Meigs County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Meigs County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

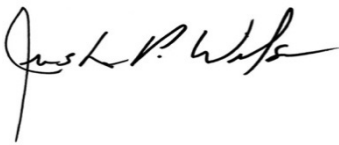
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Meigs County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Meigs County's basic financial statements. We issued our report thereon dated January 13, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical line extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 13, 2014

JPW/kp

Meigs County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2013

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:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 38,725 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	192,721
National School Lunch Program	10.555	N/A	482,788 (3)
Total U.S. Department of Agriculture			<u>\$ 714,234</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants	14.228	GG-12-38494-00	\$ 398,803
Total U.S. Department of Housing and Urban Development			<u>\$ 398,803</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	HPP-6100(20)	\$ 49,260
Alcohol Open Container Requirements	20.607	(2)	5,385
Total U.S. Department of Transportation			<u>\$ 54,645</u>
Appalachian Regional Commission:			
Passed-through Marshall University:			
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	(2)	\$ 48,500
			<u>\$ 48,500</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 643,538
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	443,112
Special Education - Preschool Grants	84.173	N/A	14,198
Career and Technical Education - Basic Grants to States	84.048	N/A	34,432
Rural Education	84.358	N/A	34,197
Improving Teacher Quality State Grants	84.367	N/A	95,909
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	256,594
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	N/A	107,197
Total U.S. Department of Education			<u>\$ 1,629,177</u>
U.S. Department of Health and Human Services:			
Passed-through State Commission on Aging:			
Special Program for Aging - Title III, Part C - Nutrition Services	93.045	N/A	\$ 16,450
Total U.S. Department of Health and Human Services			<u>\$ 16,450</u>
U.S. Corporation for National and Community Service:			
Direct Program:			
Retired and Senior Volunteer Program	94.002	N/A	\$ 46,528
Total U.S. Corporation for National and Community Service			<u>\$ 46,528</u>

(Continued)

Meigs County, TennesseeSchedule 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:			
Emergency Management Performance Grants	97.042	N/A	\$ 33,286
Total U.S. Department of Homeland Security			<u>\$ 33,286</u>
Total Expenditures of Federal Awards			<u>\$ 2,941,623</u>
		Contract Number	
<u>State Grants</u>			
Rural Local Health Services - State Department of Health	N/A	(2)	\$ 101,314
Litter Program - State Department of Transportation	N/A	(2)	34,165
Juvenile Justice State Supplement Funds - State Commission on Children and Youth	N/A	(2)	9,000
Early Childhood Education - Pilot/State - Department of Education	N/A	(2)	415,239
Driver's Education - Department of Education	N/A	(2)	8,351
Safe and Supportive Schools Climate Grant - State Department of Education	N/A	(2)	18,700
Coordinated School Health - State Department of Education	N/A	(2)	89,995
Statewide Student Management System - State Department of Education	N/A	(2)	10,600
Safe Schools Act - State Department of Education	N/A	(2)	<u>4,643</u>
Total State Grants			<u>\$ 692,007</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) Number not available.

(3) Total for CFDA No. 10.555 is \$521,513.

Meigs County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2013

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Meigs County, Tennessee, for the year ended June 30, 2012, which have not been corrected.

OFFICE OF DIRECTOR OF FINANCE

Finding Number	Page Number	Subject
12.01	143	The General Fund required material audit adjustments for proper financial statement presentation
12.02(C)	143	Deficiencies were noted in determining and recording receivables and payables
12.04	145	Payroll liability accounts were not reconciled monthly
12.05	145	Interfund receivables and payables were not liquidated on a current basis
12.06	145	Fund balances were not classified properly
12.07(C)	146	The office had deficiencies in budget operations
12.08(A,B,C)	147	The office had deficiencies in purchasing procedures
12.09	148	The office did not reconcile Fuelman fuel purchases/usage for various county vehicles
12.10(B)	148	The office had deficiencies in the administration of payroll records
12.11(A)	149	Deficiencies were noted in the maintenance of capital asset records
12.12	149	The office did not maintain adequate records for state and federal grants
12.14	150	The office did not always provide documentation/records for auditors to review on a timely basis
12.16	151	The office did not implement adequate controls to protect its information resources

OFFICE OF TRUSTEE

Finding Number	Page Number	Subject
12.17	152	Usernames and passwords were shared by employees

OFFICES OF TRUSTEE AND CLERK AND MASTER

Finding Number	Page Number	Subject
12.18	152	Multiple employees operated from the same cash drawer

OFFICES OF FINANCE DIRECTOR, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER OF DEEDS, SHERIFF, AND THE AMBULANCE SERVICE DEPARTMENT

Finding Number	Page Number	Subject
12.21	154	Duties were not segregated adequately

MEIGS COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Meigs County is unmodified.
2. The audit of the financial statements of Meigs County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Meigs County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Community Development Block Grants/State's Program and Non-Entitlement Grants (CFDA No. 14.228), the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), and the State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Meigs County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The clerk and master provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF DIRECTOR OF FINANCE

FINDING 2013-001

THE GENERAL FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION

(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2013, certain general ledger account balances in the General Fund were not materially correct. Audit adjustments totaling \$291,654 were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Meigs County to have adequate internal controls over the maintenance of its accounting records. The material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency can be attributed to the failure of management to adequately monitor and reconcile their general ledger accounts and the failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Meigs County should have appropriate processes in place to ensure that its general ledgers are materially correct.

FINDING 2013-002

DEFICIENCIES WERE NOTED IN POSTING RECEIVABLES AND PAYABLES

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Some receivables and payables posted to the General Fund were not correct. Additional audit procedures were performed to properly determine receivables and payables at June 30, 2013. Audit adjustments for receivables (\$56,144) and payables (\$12,595) were presented to management for their consideration and posting to the financial records of the General Fund. These deficiencies can be attributed to the failure of management to adequately monitor and review financial transactions and the failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Receivables and payables should be properly determined and recorded on the accounting records each June 30.

FINDING 2013-003

DEFICIENCIES WERE NOTED IN THE ADMINISTRATION OF PAYROLL DEDUCTIONS, LIABILITIES, BENEFITS, AND PAYROLL TAX CLEARING BANK ACCOUNTS

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The county pays a portion of the employees' health insurance and 100 percent of the life insurance benefits for individuals. The Highway Department pays 80 percent of employees' health insurance and 100 percent of the life insurance benefits for individuals. Employees that desire dental, disability, cancer, and accident insurance pay 100 percent of their premiums. We noted the following deficiencies related to the deductions and expenditures for these benefits and premiums:

- A. General ledger payroll liability accounts for employee deductions in the General and Highway/Public Works funds were not reconciled with subsidiary payroll records, invoices, and payments. As a result, unidentified balances accumulated in the liability accounts for all payroll deductions, and expenditures for employee benefits were misstated. Sound business practices dictate that payroll liability accounts should be reconciled with billings monthly. The failure to regularly reconcile payroll liability accounts is a significant deficiency that increases the risk that errors will not be discovered and corrected in a timely manner.
- B. There were several employees who did not have payroll deductions withheld from their checks for the optional dental, disability, cancer, and accident insurance, but were on the respective insurance billings. Therefore, the county was erroneously paying these employees premiums for this optional insurance.
- C. Several employee deduction amounts were miscalculated by management, resulting in over/under payments of some deductions by these employees. Auditors performed an analysis of the over/under deduction payments for the year and determined that these errors were immaterial to the financial statements of this report. No adjustments were presented to management; however, auditors presented the conclusions of the analysis to management for their disposition. Subsequent to our analysis, management adjusted employee withholding amounts to correct these errors.
- D. Employee payroll records were inadequate. Documentation was not always on file to support when employees would add/drop benefits. Some employees

pay was being garnished, but court orders were not available to support these garnishments.

- E. Bank statements for the payroll tax clearing accounts were not reconciled. The Highway Department payroll tax clearing account was overdrawn for the entire year resulting in \$1,386 in overdraft fees.

These deficiencies exist due to a lack of management oversight and the failure to correct finding A. above, which was noted in the prior-year audit report.

RECOMMENDATION

General ledger payroll liability accounts and benefits should be reconciled monthly with payroll records and invoices before payments are made, and any errors discovered should be corrected promptly. Management should ensure the correct amount of withholding is calculated for all employees participating in the optional insurance plans. Management should review any remaining over/under balances. Employee records should include documentation for any additions and cancellations for any payroll withholding. Bank statements should be reconciled with the general ledger monthly, and any errors discovered should be corrected promptly.

FINDING 2013-004

INTERFUND RECEIVABLES AND PAYABLES WERE NOT LIQUIDATED ON A CURRENT BASIS

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Management did not liquidate interfund balances in a timely manner. Financial statements dated June 30, 2011, and June 30, 2012, reflected \$5,649 due to the Other Capital Projects Fund from the General Debt Service Fund and \$1,940 due to the General Debt Service Fund from the Highway/Public Works Fund. These interfund balances still existed at June 30, 2013, and have not been liquidated as of the date of this report. These interfund balances are the result of the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

All interfund receivables and payables should be liquidated on a current basis.

FINDING 2013-005

FUND BALANCES WERE NOT CLASSIFIED PROPERLY (Noncompliance Under *Government Auditing Standards*)

The office did not attempt to analyze revenues and expenditures for fund balance classifications as required by Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. An analysis of fund balance classifications is necessary to determine the ranking based primarily on the

extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance classifications at June 30, 2013, were determined by alternative auditing procedures. The failure to properly classify fund equity was the result of a lack of knowledge of generally accepted accounting principles and the failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

County officials should determine the fund balance classifications each June 30.

FINDING 2013-006

THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

(Noncompliance Under *Government Auditing Standards*)

We noted the following deficiencies in the budget operations of the office:

- A. The Special Purpose Fund's actual beginning fund balance at July 1, 2012, was \$8,425. The budget presented to and approved by the County Commission included a negative beginning estimated fund balance of \$5,486. Sound business practices dictate that realistic estimates of beginning fund balances should be presented to the County Commission during the budget process. This deficiency is due to management's failure to properly estimate the actual ending fund balance for June 30, 2012.
- B. Salaries exceeded line-item appropriations in the Highway and Bridge Maintenance – Laborers category of the Highway/Public Works Fund by \$29,451. The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will not exceed appropriations that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission. 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." This deficiency exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures and the failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Estimates of the beginning fund balance should be made on a more realistic basis to provide county officials with accurate information upon which to base funding decisions. County

officials should ensure that expenditures are held within appropriations approved by the County Commission.

FINDING 2013-007

THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

(Internal Control – Significant Deficiency Under *Governmental Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 39 disbursements totaling \$181,382 from a population of 12,442 vendor checks totaling \$4,096,409. Our examination revealed the following deficiencies, which are the result of a lack of management oversight and management's failure to correct the deficiencies noted in the prior-year audit report.

- A. Our sample revealed that purchase orders were not issued in three of 21 applicable purchases. Purchase orders are necessary to control who has purchasing authority for the county and to document purchase commitments. This deficiency could result in unapproved purchases, purchases made without adequate appropriation, and undocumented purchasing commitments.
- B. In four of 18 instances where purchase orders were issued, the purchase orders issued did not have an authorizing signature. Sound business practices dictate supervisory review evidenced by an authorized signature.
- C. In four of 18 instances where purchase orders were issued, the purchase orders were issued after the purchases were made. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase.
- D. Invoices were paid without documentation that goods had been received and/or services had been rendered in ten of 30 applicable purchases. This practice weakens controls over the purchasing process and increases the risks of paying for something that was never received.
- E. The county's travel policy was not always followed. In two of five instances, different mileage reimbursement rates were used to calculate reimbursements paid to employees.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders evidenced by an authorizing signature for all applicable purchases before purchases are made and should maintain documentation that goods have been received or services have been rendered before invoices are paid. The county's travel policy should be followed for calculating employee reimbursements.

FINDING 2013-008

THE OFFICE DID NOT RECONCILE FUEL PURCHASES/USAGE FOR VARIOUS COUNTY VEHICLES
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The office uses the Fuelman fuel system to dispense gasoline and diesel into various vehicles used by the county. Monthly statements provided by Fuelman for fuel purchases/usage were not reviewed by an official or appropriate financial personnel to determine that the fuel system is not being abused. During our examination of the Fuelman system, auditors noted that one employee's fuel card was being used for several vehicles, and one vehicle was filled more than once a day. This deficiency can be attributed to the failure of management to adequately monitor Fuelman transactions and the failure to correct the finding noted in the prior-year audit report. Without proper review and supervision, the Fuelman purchasing system could be abused.

RECOMMENDATION

The office should review and reconcile monthly Fuelman statements for fuel purchases/usage for the various vehicles that use the Fuelman fuel system. Significant variances should be investigated. Management should review the propriety of the above-noted employee's use of his fuel card to fuel several vehicles.

FINDING 2013-009

THE OFFICE HAD DEFICIENCIES IN THE ADMINISTRATION OF PAYROLL RECORDS
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our examination of payroll procedures revealed the following deficiencies. These deficiencies can be attributed to the failure of management to adequately monitor payroll procedures and the failure to correct the findings reported in the prior-year audit report.

- A. Each county office/department has its own leave policy and either maintains leave records for their respective employees or allows their employees to maintain their own leave. Therefore, records documenting accrued leave balances at June 30, 2013, were not centrally filed with the Finance Department.
- B. On June 26, 2013, the office paid two Sheriff's Department retirees for leave balances. One employee was paid \$4,169 for 336 hours of unused vacation time and \$964 for 80 hours of unused compensatory time. The only documentation for these payments was a "Payroll Adjustment" form signed by the sheriff, a "Vacation Time" form for 2010 that reflected 92 hours for vacation, and a time sheet for 80 hours for the pay period of September 1, 2010, through September 11, 2010. It should also be noted that the sheriff's personnel policy states that "If an employee leaves or is terminated, the employee will NOT be paid for their unused comp time." The

other employee was paid \$1,253 for what appears to be 84 hours of either unused vacation and/or unused compensatory time. The only documentation for this payment was a time sheet for 84 hours for the pay period of December 6, 2010, through December 19, 2010. According to the county mayor, the finance director was instructed not to pay these retirees until the Finance Committee approved the payments. The Finance Committee never approved the payments to these retirees.

RECOMMENDATION

The Finance Department should maintain summary accrued leave information by account function for all county offices and departments. These records should reflect the dollar value of the leave at the beginning of the year, amount earned, amount used, and the value of the leave at year-end. Employees that leave the employment of the county should be paid for any leave as provided by the county's personnel policy. Leave records should adequately document all leave that each employee is due.

FINDING 2013-010

A DEFICIENCY WAS NOTED IN THE MAINTENANCE OF CAPITAL ASSET RECORDS

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

A bridge constructed during the year for \$286,892 was omitted from the department's capital asset records. Generally accepted accounting principles require accountability for all county owned assets, such as equipment, furniture, and vehicles. This deficiency can be attributed in part to a lack of management oversight. We provided management with audit adjustments that they accepted to properly present capital assets in the financial statements of this report. Without accurate inventory records, the county cannot adequately control its assets.

RECOMMENDATION

The office should maintain accurate capital asset records for all county owned assets as required by generally accepted accounting principles.

FINDING 2013-011

THE OFFICE DID NOT MAINTAIN ADEQUATE RECORDS FOR STATE AND FEDERAL GRANTS

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The office did not maintain adequate records for state and federal grants received by the county. The office could not provide auditors with a list of the federal awards and their Catalog of Federal Domestic Assistance (CFDA) numbers. We obtained the grant information for the Schedule of Expenditures of Federal Awards and State Grants from revenue transmittals, direct deposit information maintained by the county trustee, and

state pass-through agencies. This deficiency can be attributed to the failure of management to correct the finding reported in the prior-year audit report.

RECOMMENDATION

The Finance Department should maintain a list of federal grants received and each grant's corresponding CFDA number.

FINDING 2013-012

THE OFFICE DID NOT ALWAYS PROVIDE DOCUMENTATION/RECORDS FOR AUDITORS TO REVIEW ON A TIMELY BASIS

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The office did not always provide documentation/records for auditors to review on a timely basis, resulting in unnecessary delays for the audit process. In some instances, documentation had to be obtained from banks and/or other departments. The interim director of finance seemed unable and/or unwilling to assist in providing these documents. This deficiency can be attributed to the failure of management to correct the finding reported in the prior-year audit report.

RECOMMENDATION

Documentation/records should be provided to auditors on a timely basis. County employees should assist in document retrieval to avoid unnecessary delays in performance of the audit.

FINDING 2013-013

THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated*. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur. This deficiency was the result of management's failure to correct the finding noted in the prior year audit report.

RECOMMENDATION

The office should ensure that adequate controls over its information systems and the resources associated with those systems are implemented.

OFFICE OF ROAD SUPERVISOR

FINDING 2013-014

A COMPLETE COUNTY ROAD LIST WAS NOT SUBMITTED TO THE COUNTY COMMISSION FOR APPROVAL

(Noncompliance Under *Government Auditing Standards*)

The road supervisor submitted the required list of county roads to the County Commission; however, this list did not include all required information or a summary of changes from the prior year. Section 54-10-103, *Tennessee Code Annotated*, requires the road supervisor to submit a list of county roads to the County Commission for its approval at the January session each year. The list must include the classification, width, and distance of each county-maintained road, and a summary of all changes from the prior year's road list. Highway Department officials need a current approved list of county roads to determine which roads the department is authorized to work.

RECOMMENDATION

The road supervisor should submit to the County Commission a list of county roads that includes the classification, width and distance of each road, and a summary of changes as required by state statute.

OFFICES OF TRUSTEE AND CLERK AND MASTER

FINDING 2013-015

MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Multiple employees operated from the same cash drawer in the Offices of Trustee and Clerk and Master. Sound internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of each day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision resulting in a loss of control over assets. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Management should assign each employee their own cash drawer.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

Our employees began working in separate cash journals in July 2013.

OFFICE OF TRUSTEE

FINDING 2013-016

A USERNAME AND PASSWORD WERE SHARED BY EMPLOYEES

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Although each employee had been assigned a unique username and password for accessing the office's accounting software, employees also used a shared username and password when processing transactions. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because of the shared username. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight and management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The shared username and password should be removed from the application. Each employee should access the application using his or her unique username and password to ensure transactions are properly identified to that employee.

FINDING 2013-017

THE APPLICATION DID NOT ASSIGN CONSECUTIVE RECEIPT NUMBERS

(Noncompliance Under *Government Auditing Standards*)

In-lieu-of using prenumbered receipt stock, the office generated receipts on plain paper. Because the receipting software required the users to enter the next receipt number, a gap in receipt numbers could be created. This is a violation of Section 9-2-104, *Tennessee Code Annotated*, which provides for receipts to be prenumbered consecutively. In-lieu-of prenumbered receipts, computer-generated receipts may be printed on plain paper only if the receipt number is generated by the software and cannot be manipulated. Sound business practices dictate that proper application controls be implemented. Since the software did not have the proper controls, inappropriate system activity could occur if prenumbered receipt stock was not used. This deficiency was corrected during the fiscal year when brought to the attention of management.

OFFICE OF CLERK AND MASTER

FINDING 2013-018

THE ACCOUNTING RECORDS DID NOT ADEQUATELY REFLECT THE FINANCIAL ACTIVITY OF THE OFFICE (Internal Control – Material Weakness Under *Government Auditing Standards*)

The general ledger did not adequately reflect the financial activity of the office for the year ended June 30, 2013. Sound accounting procedures dictate that accounting records should be maintained currently and should accurately reflect the account balances. We noted numerous errors in account balances reflected on the general ledger during the period under audit. These deficiencies were attributable in part to the failure of management to accurately post and reconcile items with the general ledger application timely, and the failure to promptly correct any errors discovered. Inaccurate accounting records increase the risk of misstatement and errors in the presentation of financial information. Management corrected these errors in July 2013. The account balances are properly reflected in the financial statements of this report.

- A. The office did not properly reconcile the general ledger with the bank accounts. While monthly bank reconciliations were performed, the balances were not reconciled with general ledger balances. Instead, balances were reconciled with bank statement activity. At June 30, 2013, the bank account did not reconcile with the general ledger by \$116,857. Bank statements should be reconciled with the general ledger monthly to ensure errors are identified and corrected promptly. The failure to regularly reconcile the general ledger cash accounts increases the risk that errors may occur and not be detected.
- B. The office did not properly reconcile short-term investment account activity with the general ledger. As a result, the general ledger short-term investment accounts reflected on the accounting records were understated by \$4,750 on June 30, 2013. Sound business practices dictate that accounting records accurately reflect account and bank statement activity.

RECOMMENDATION

The office should ensure that the official bank accounts and short-term investment accounts are reconciled monthly with the general ledger, and any errors that are detected should be corrected promptly. Management should have appropriate processes in place to ensure that the general ledgers are materially correct.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

For most of the 2013 audit year, the books were maintained using the general ledger functionality of a court computer software. Because we did not use the case management module of this software, there were many problems and errors. In July 2013, we began using the entire court software system that includes case management. This change should allow us to correct errors that we had encountered.

At no time has there ever been an accounting problem or issue with our investments.

OFFICE OF SHERIFF

FINDING 2013-019

SOME COLLECTIONS WERE NOT DEPOSITED WITHIN THREE DAYS

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for obtaining reasonable assurance that funds were deposited to the bank account within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected the month of May to examine receipts and deposits. The office did not deposit some funds to the bank account within three days of collection in three of eight deposits made during this month. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

RECOMMENDATION

All funds should be deposited within three days of collection as required by state statute.

OFFICES OF FINANCE DIRECTOR, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER OF DEEDS, SHERIFF, AND THE AMBULANCE SERVICE DEPARTMENT

FINDING 2012-020

DUTIES WERE NOT SEGREGATED ADEQUATELY

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among the officials and employees in the offices of Finance Director, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register of Deeds, Sheriff, and the Ambulance Service Department. Employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

The duties in this office have been segregated for the last two years. Each employee has their own duties.

AUDITOR'S COMMENT

The clerk and master did not provide auditors with documentation of the duties of each employee; therefore, auditors could not test the internal controls, which related to the segregation of duties of the employees. Auditors did observe employees performing duties that were not properly segregated from other duties the employees performed.

BEST PRACTICES

The Division of Local Government Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Meigs County.

ITEM 1. MEIGS COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Meigs County does not have a central system of accounting, budgeting, and purchasing for all departments. Meigs County operates under the provisions of the Meigs County Financial Management Act of 2007, Chapter 28, Private Acts of 2007. This act provides for a central system of accounting and budgeting covering all funds administered by the county mayor and highway superintendent, but excludes the School Department. Sound business practices dictate that establishing a central system of accounting, budgeting, and purchasing for all departments would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

ITEM 2. MEIGS COUNTY SHOULD APPOINT AN AUDIT COMMITTEE

Meigs County does not have an Audit Committee. An Audit Committee can assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks. Subsequent to June 30, 2013, county officials adopted a resolution to establish an Audit Committee; however, no committee has been appointed as of the date of this report. County officials should appoint members to an Audit Committee.

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

There were no findings and questioned costs for federal awards.

**MEIGS COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2013**

There were no audit findings relative to federal awards presented in the prior- or current-years' Schedules of Findings and Questioned Costs.