ANNUAL FINANCIAL REPORT
HENDERSON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2009

TENNESSEE
COMPTROLLER
OF THE TREASURY

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ANNUAL FINANCIAL REPORT

HENDERSON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2009

DEPARTMENT OF AUDIT
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Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
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State Auditors

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Audit Highlights

Annual Financial Report
Henderson County, Tennessee
For the Year Ended June 30, 2009

Scope

We have audited the basic financial statements of Henderson County as of and for the year ended June 30, 2009.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include a component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund and the aggregate remaining fund information is unqualified.

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

Findings

The following are summaries of the audit findings:

OFFICE OF FINANCE DIRECTOR

- Henderson County does not have the resources to produce financial statements and notes to the financial statements.
- Designated situs-based taxes were not sufficient to fund rural fire protection.
- An employee of the Finance Department remains delinquent ($1,006.89) in reimbursing the county for an overpayment she received in 2001-02 while employed by the Office of County Mayor.
- Expenditures exceeded appropriations at the major category level (the legal level of control) in the General and Highway/Public Works funds.

OFFICES OF COUNTY CLERK, CIRCUIT COURT CLERK, AND CLERK AND MASTER

- The county clerk, circuit court clerk, and clerk and master did not report and pay excess fees to the county in compliance with state statute.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- The courts' execution docket trial balances did not reconcile with cash journal accounts by substantial amounts.
- The courts' software did not have adequate application controls. Receipts could be deleted.

OFFICES OF FINANCE DIRECTOR, ROAD SUPERVISOR, CIRCUIT COURT CLERK, AND ASSESSOR OF PROPERTY

- The official bonds of the finance director, road supervisor, circuit court clerk, and assessor of property were not filed with the State Comptroller's Office.

OTHER FINDING

- Duties were not segregated adequately among the officials and employees in the Offices of County Clerk, Juvenile Court Clerk, and Sheriff.

INTRODUCTORY SECTION

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Henderson County Officials
June 30, 2009

Officials

Dennis Ray McDaniel, County Mayor
Harold Hensley, Road Supervisor
Steve Wilkinson, Director of Schools
David Frizzell, Trustee
Danny Garner, Assessor of Property
Carolyn Holmes, County Clerk
Beverly Dunaway, Circuit, General Sessions, and Juvenile Courts Clerk
Leigh Milam, Clerk and Master
Denny Phillips, Register
Brian Duke, Sheriff
Ann Grant, Finance Director

Board of County Commissioners

Dennis Ray McDaniel, County Mayor, Chairman
Terry Stewart
Celia Barrow
Waylon Buck
Steve Crownover
Johnny Fesmire
Jimmy Gourley
Mack Maness
Wanda Powers
Larry Rhodes
Timothy Rogers
Joe Ross
Gary Stewart
Tony Walker
Aaron Wood

Board of Education

Jim Grant, Chairman
Van Bledsoe
Jeff Camper
Tommy Gordon
Bobby Harrington
Daniel Lewis
John Wood

Financial Management Committee

Timothy Rogers, Chairman
Celia Barrow
Jimmy Gourley
Mack Maness
Harold Hensley, Road Supervisor
Dennis Ray McDaniel, County Mayor
Steve Wilkinson, Director of Schools

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FINANCIAL SECTION

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

November 5, 2009

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

To the County Mayor and Board of County Commissioners:

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 Henderson County, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise Henderson County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Henderson County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements of the Henderson County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units referred to above do not include the amounts for the Henderson County Emergency Communications District, which should be included to conform with accounting

principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Henderson County Emergency Communications District, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Henderson County, Tennessee, as of June 30, 2009, and the results of operations of the aggregate discretely presented component units for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Henderson County, Tennessee, as of June 30, 2009, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 5, 2009, on our consideration of Henderson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Henderson County has adopted the provisions of Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution and Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

The management of Henderson County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison, pension, and other postemployment benefits information on pages 71 through 79 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Henderson 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 Henderson 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 Henderson County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

Justin P. Wilson
Comptroller of the Treasury

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Basic Financial Statements

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Exhibit A

Henderson County, Tennessee
Statement of Net Assets
June 30, 2009

	Primary Government Governmental Activities	Component Unit Henderson County School Department
ASSETS		
Cash	$ 868,529	$ 0
Equity in Pooled Cash and Investments	11,980,388	2,718,463
Accounts Receivable	77,364	108
Due from Other Governments	535,838	821,103
Property Taxes Receivable	4,756,079	2,335,827
Allowance for Uncollectible Property Taxes	(95,909)	(54,908)
Deferred Charges - Debt Issuance Costs	352,876	0
Capital Assets:		
Assets Not Depreciated:		
Land	2,133,209	679,161
Construction in Progress	4,536,310	68,237
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	803,275	16,725,699
Infrastructure	1,703,434	0
Other Capital Assets	1,004,610	510,006
Total Assets	$ 28,656,003	$ 23,803,696
LIABILITIES		
Accounts Payable	$ 1,550	$ 14,246
Contracts Payable	603,102	68,237
Retainage Payable	31,455	0
Accrued Interest Payable	448,699	1,067
Other Payables from Restricted Assets	4,146	0
Deferred Revenue - Current Property Taxes	4,477,535	2,176,364
Noncurrent Liabilities:		
Due Within One Year	1,977,028	13,333
Due in More Than One Year (net of deferred amount on refunding)	27,899,550	350,339
Total Liabilities	$ 35,443,065	$ 2,623,586

(Continued)

Exhibit A

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

	Primary Government	Component Unit
	Governmental Activities	Henderson County School Department
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	$ 5,491,975	$ 17,956,436
Restricted for:		
Solid Waste/Sanitation	188,228	0
Drug Control	110,579	0
Constitutional Officers - Fees	899,410	0
Highway/Public Works	919,203	0
Debt Service	4,841,194	0
Capital Projects	4,446,310	0
Jail, Workhouse, and Courthouse	116,525	0
Alcohol and Drug Treatment	94,484	0
School Federal Projects	0	113,995
School Transportation	0	260,317
Other Purposes	99,393	106,429
Unrestricted	(23,994,363)	2,742,933
Total Net Assets	$ (6,787,062)	$ 21,180,110

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

Exhibit B

Henderson County, Tennessee
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Component Unit: Henderson County School Department
Primary Government:					
Governmental Activities:					
General Government	$ 661,475	$ 120,657	$ 17,112	$ (523,706)	$ 0
Finance	930,341	593,611	10,775	(325,955)	0
Administration of Justice	875,767	1,065,497	9,180	198,910	0
Public Safety	2,783,729	379,167	75,860	(2,328,702)	0
Public Health and Welfare	650,218	15,388	115,441	(519,389)	0
Social, Cultural, and Recreational Services	80,569	0	0	(80,569)	0
Agriculture and Natural Resources	97,484	0	0	(97,484)	0
Other Operations	267,875	0	0	(267,875)	0
Highways	2,019,514	0	1,734,441	(285,073)	0
Interest on Long-term Debt	1,266,805	0	288,900	(977,905)	0
Other Debt Service	74,237	0	0	(74,237)	0
Total Primary Government	$ 9,708,014	$ 2,174,320	$ 2,251,709	$ (5,281,985)	$ 0
Component Unit:					
Henderson County School Department	$ 27,332,343	$ 106,674	$ 3,655,545	$ 0	$ (23,570,124)
Total Component Unit	$ 27,332,343	$ 106,674	$ 3,655,545	$ 0	$ (23,570,124)

(Continued)

Exhibit B

Henderson County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Component Unit: Henderson County School Department
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				$ 3,095,675	$ 2,740,044
Property Taxes Levied for Debt Service				1,688,708	0
Local Option Sales Taxes				630,553	2,315,442
Wheel Taxes				874,820	0
Other Local Taxes				583,838	301,840
Grants and Contributions Not Restricted to Specific Programs				301,353	16,963,586
Unrestricted Investment Earnings				245,508	0
Miscellaneous				38,521	175,754
Total General Revenues				$ 7,458,976	$ 22,496,666
Change in Net Assets				$ 2,176,991	$ (1,073,458)
Net Assets, July 1, 2008				(8,964,053)	22,253,568
Net Assets, June 30, 2009				$ (6,787,062)	$ 21,180,110

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

Exhibit C-1

Henderson County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2009

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern-mental Funds	Total Govern-mental Funds
ASSETS						
Cash	$ 0	$ 0	$ 0	$ 0	$ 868,529	$ 868,529
Equity in Pooled Cash and Investments	1,148,622	613,148	3,822,376	5,080,867	1,315,375	11,980,388
Accounts Receivable	44,663	49	538	0	32,114	77,364
Due from Other Governments	123,795	314,585	0	0	97,458	535,838
Due from Other Funds	236	0	0	0	0	236
Property Taxes Receivable	2,587,866	174,856	1,678,616	0	314,741	4,756,079
Allowance for Uncollectible Property Taxes	(52,186)	(3,526)	(33,850)	0	(6,347)	(95,909)
Total Assets	$ 3,852,996	$ 1,099,112	$ 5,467,680	$ 5,080,867	$ 2,621,870	$ 18,122,525
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	$ 0	$ 1,550	$ 0	$ 0	$ 0	$ 1,550
Contracts Payable	0	0	0	603,102	0	603,102
Retainage Payable	0	0	0	31,455	0	31,455
Due to Other Funds	0	0	0	0	236	236
Current Liabilities Payable from Restricted Assets:						
Other Payables from Restricted Assets	4,146	0	0	0	0	4,146
Deferred Revenue - Current Property Taxes	2,436,306	164,615	1,580,307	0	296,307	4,477,535
Deferred Revenue - Delinquent Property Taxes	89,776	6,064	58,143	0	10,917	164,900
Other Deferred Revenues	57,079	154,839	0	0	48,669	260,587
Total Liabilities	$ 2,587,307	$ 327,068	$ 1,638,450	$ 634,557	$ 356,129	$ 5,543,511
Fund Balances						
Reserved for Encumbrances	$ 21,934	$ 2,850	$ 0	$ 9,348,210	$ 1,585	$ 9,374,579
Reserved for Alcohol and Drug Treatment	94,484	0	0	0	0	94,484
Reserved for Litigation Tax - Jail, Workhouse, or	116,525	0	0	0	0	116,525
Reserved for Drug Court	22,749	0	0	0	0	22,749
Reserved for Sexual Offender Registration	10,365	0	0	0	0	10,365

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern-mental Funds	Total Govern-mental Funds
LIABILITIES AND FUND BALANCES (Cont.)						
Fund Balances (Cont.)						
Reserved for Courtroom Security	$ 10,889	$ 0	$ 0	$ 0	$ 0	$ 10,889
Reserved for Computer System - Register	34,444	0	0	0	0	34,444
Reserved for Automation Purposes - Sheriff	20,946	0	0	0	0	20,946
Unreserved, Reported In:						
General Fund	933,353	0	0	0	0	933,353
Special Revenue Funds	0	769,194	0	0	1,185,715	1,954,909
Debt Service Funds	0	0	3,829,230	0	1,078,441	4,907,671
Capital Projects Funds (Deficit)	0	0	0	(4,901,900)	0	(4,901,900)
Total Fund Balances	$ 1,265,689	$ 772,044	$ 3,829,230	$ 4,446,310	$ 2,265,741	$ 12,579,014
Total Liabilities and Fund Balances	$ 3,852,996	$ 1,099,112	$ 5,467,680	$ 5,080,867	$ 2,621,870	$ 18,122,525

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

Exhibit C-2

Henderson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2009

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		$ 12,579,014
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	$ 2,133,209	
Add: construction in progress	4,536,310	
Add: buildings and improvements net of accumulated depreciation	803,275	
Add: infrastructure net of accumulated depreciation	1,703,434	
Add: other capital assets net of accumulated depreciation	1,004,610	10,180,838
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	$ (1,455,000)	
Less: capital lease payable	(57,399)	
Less: bonds payable	(28,435,000)	
Add: deferred amount on refunding	272,927	
Add: deferred charges - debt issuance costs	352,876	
Add: deferred charges - discount on debt issued	10,425	
Less: compensated absences payable	(80,060)	
Less: landfill closure/postclosure care costs	(113,402)	
Less: other postemployment benefits liability	(19,069)	
Less: accrued interest on notes and bonds	(448,699)	(29,972,401)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		425,487
Net assets of governmental activities (Exhibit A)		$ (6,787,062)

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

Exhibit C-3

Henderson County, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern-mental Funds	Total Governmental Funds
Revenues						
Local Taxes	$ 3,365,300	$ 182,548	$ 2,627,501	$ 0	$ 876,687	$ 7,052,036
Licenses and Permits	950	0	0	0	0	950
Fines, Forfeitures, and Penalties	293,811	0	0	0	60,552	354,363
Charges for Current Services	58,200	0	0	0	1,097,426	1,155,626
Other Local Revenues	118,929	17,111	82,972	51,210	29,795	300,017
Fees Received from County Officials	318,425	0	0	0	0	318,425
State of Tennessee	347,810	1,729,432	0	0	16,223	2,093,465
Federal Government	66,052	0	0	0	0	66,052
Other Governments and Citizens Groups	255,465	0	288,900	0	0	544,365
Total Revenues	$ 4,824,942	$ 1,929,091	$ 2,999,373	$ 51,210	$ 2,080,683	$ 11,885,299
Expenditures						
Current:						
General Government	$ 628,514	$ 0	$ 0	$ 0	$ 0	$ 628,514
Finance	526,098	0	0	0	419,851	945,949
Administration of Justice	275,621	0	0	0	554,381	830,002
Public Safety	2,419,550	0	0	0	48,539	2,468,089
Public Health and Welfare	159,434	0	0	0	393,990	553,424
Social, Cultural, and Recreational Services	80,569	0	0	0	0	80,569
Agriculture and Natural Resources	96,793	0	0	0	0	96,793
Other Operations	473,110	0	0	0	0	473,110
Highways	0	1,836,835	0	0	0	1,836,835
Debt Service:						
Principal on Debt	59,850	15,580	1,356,983	0	495,000	1,927,413
Interest on Debt	12,117	3,024	698,135	0	226,180	939,456
Other Debt Service	0	0	46,176	0	6,422	52,598
Capital Projects	0	0	0	4,745,658	0	4,745,658
Total Expenditures	$ 4,731,656	$ 1,855,439	$ 2,101,294	$ 4,745,658	$ 2,144,363	$ 15,578,410
Excess (Deficiency) of Revenues Over Expenditures	$ 93,286	$ 73,652	$ 898,079	$ (4,694,448)	$ (63,680)	$ (3,693,111)

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern-mental Funds	Total Governmental Funds
Other Financing Sources (Uses)						
Bonds Issued	$ 0	$ 0	$ 0	$ 9,500,000	$ 0	$ 9,500,000
Insurance Recovery	15,244	15,000	0	0	0	30,244
Transfers In	0	0	600,000	0	0	600,000
Transfers Out	0	0	0	(600,000)	0	(600,000)
Discounts on Debt Issued	0	0	0	(10,742)	0	(10,742)
Total Other Financing Sources (Uses)	$ 15,244	$ 15,000	$ 600,000	$ 8,889,258	$ 0	$ 9,519,502
Net Change in Fund Balances	$ 108,530	$ 88,652	$ 1,498,079	$ 4,194,810	$ (63,680)	$ 5,826,391
Fund Balance, July 1, 2008	1,157,159	683,392	2,331,151	251,500	2,329,421	6,752,623
Fund Balance, June 30, 2009	$ 1,265,689	$ 772,044	$ 3,829,230	$ 4,446,310	$ 2,265,741	$ 12,579,014

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

Exhibit C-4

Henderson 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, 2009

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)		$ 5,826,391
(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	$ 4,624,715	
Less: current year depreciation expense	(557,974)	4,066,741
(2) 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, 2009	$ 425,487	
Less: deferred delinquent property taxes and other deferred June 30, 2008	(425,781)	(294)
(3) The issuance of long-term debt (e.g., bonds, notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Less: bond proceeds	$ (9,500,000)	
Less: change in deferred amount on refunding debt	(40,909)	
Add: change in deferred debt issuance costs	187,583	
Add: change in discount on debt issued	10,425	
Add: principal payments on bonds	1,280,000	
Add: principal payments on notes	631,833	
Add: principal payments on capital lease	15,580	(7,415,488)
(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 accrued interest payable	$ (286,440)	
Change in closure/postclosure care costs	(5,569)	
Change in compensated absences payable	1,656	
Change in other postemployment benefits liability	(10,006)	(300,359)
Change in net assets of governmental activities (Exhibit B)		$ 2,176,991

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

Exhibit D

Henderson County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2009

	Agency Funds
ASSETS	
Cash	$ 1,851,183
Equity in Pooled Cash and Investments	87,879
Accounts Receivable	2,525
Due from Other Governments	617,399
Taxes Receivable	418,683
Allowance for Uncollectible Taxes	(10,678)
Total Assets	$ 2,966,991
LIABILITIES	
Due to Other Taxing Units	$ 1,113,430
Due to Litigants, Heirs, and Others	1,853,561
Total Liabilities	$ 2,966,991

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

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Henderson 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 Henderson County:

A. Reporting Entity

Henderson County is a public municipal corporation governed by an elected 14-member board. As required by GAAP, these financial statements present Henderson 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 Henderson County School Department operates the public school system in the county, and the voters of Henderson County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Henderson County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Henderson County, and the Henderson 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 Henderson County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Henderson 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

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

Administrative Office:

Henderson County Emergency Communications District
35 East Wilson Street
Lexington, TN 38351

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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 Henderson 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 Henderson 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.

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

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, as are the fiduciary fund financial statements, except for agency funds, which have no measurement focus. 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 Henderson County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary; however, Henderson 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. Henderson County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

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

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

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.

Henderson County reports the following major governmental funds:

> **General Fund** – This is the county's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> **Highway/Public Works Fund** – This fund accounts for transactions of the county's Highway Department.
>
> **General Debt Service Fund** – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
>
> **General Capital Projects Fund** – This fund accounts for transactions involving the construction of a new criminal justice complex.

Additionally, Henderson County reports the following fund type:

> **Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Henderson County, and the city school system's share of educational revenues. 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 Henderson County School Department reports the following major governmental funds:

> **General Purpose School Fund** – This fund is the primary operating fund for the School Department. It accounts for general operations of the School Department.
>
> **School Transportation Fund** – This fund accounts for the transportation of students in the county.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial

statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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 funds and the discretely presented Henderson County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General and General Debt Service funds. Henderson County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other

investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

Property taxes receivables are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.01 percent of total taxes levied.

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

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

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

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

Retainage payable in the primary government's General Capital Projects Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These

amounts are held by the county trustee as Equity in Pooled Cash and Investments in the General Capital Projects Fund.

3. **Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of $10,000 or more (except for double-surface treatment roads $12,000/mile, asphalt roads $40,000/mile, and bridges $30,000) and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

Assets	Years
Buildings and Improvements	25
Other Capital Assets	5-15
Infrastructure:	
Roads	10-20
Bridges	15-30

4. **Compensated Absences**

It is the county's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Henderson County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have

matured, for example, as a result of employee resignations and retirements.

5. **Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized 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 compensated absences, landfill postclosure care costs, and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. **Net Assets and Fund Equity**

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

a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other

governments or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2009, Henderson County had $20,080,650 in outstanding debt issued for capital purposes of the discretely presented Henderson County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Lexington School System) based on an average daily attendance proration. This debt is a liability of Henderson County, but the capital assets acquired are reported in the financial statements of the Henderson County School Department and the City of Lexington School System. Therefore, Henderson County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2009:

Fund/Purpose	Amount
General:	
Tourism	$ 55,561
Industrial Purposes	100,594

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

Exhibit C-2 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 assets.

Discretely Presented Henderson 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 assets.

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 assets of governmental activities reported in the government-wide statement of activities.

Discretely Presented Henderson 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 assets of governmental activities reported in the government-wide statement of activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

B. Fund Deficit

The General Capital Projects Fund had a deficit in unreserved fund balance of $4,901,900 at June 30, 2009. This deficit resulted from the unperformed portions of construction contracts of $9,348,210 being reserved as encumbrances. Funding for these future expenditures is expected to be received from the issuance of debt.

C. Expenditures and Encumbrances Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the following funds' major appropriation categories (the legal level of control):

Fund	Major Appropriation Category	Amount Overspent
General	Tourism	$ 6,750
General	Industrial Development	26,029
Highway/Public Works	Principal on Debt	1,326
Highway/Public Works	Interest on Debt	224

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balances.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer.

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 director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2009, Henderson County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Henderson County and the discretely presented Henderson County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Cost
State Treasurer's Investment Pool	Daily	$ 3,542,601

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Henderson County has no investment policy that would further limit its investment choices. As of June 30, 2009, Henderson County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Capital assets activity for the year ended June 30, 2009, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Not Depreciated:			
Land	$ 2,133,209	$ 0	$ 2,133,209
Construction in Progress	0	4,536,310	4,536,310
Total Capital Assets Not Depreciated	$ 2,133,209	$ 4,536,310	$ 6,669,519
Capital Assets Depreciated:			
Buildings and Improvements	$ 2,635,330	$ 0	$ 2,635,330
Infrastructure	2,279,907	0	2,279,907
Other Capital Assets	4,523,559	88,405	4,611,964
Total Capital Assets Depreciated	$ 9,438,796	$ 88,405	$ 9,527,201
Less Accumulated Depreciation For:			
Buildings and Improvements	$ 1,777,954	$ 54,101	$ 1,832,055
Infrastructure	439,487	136,986	576,473

Governmental Activities (Cont.):

	Balance 7-1-08	Increases	Balance 6-30-09
Less Accumulated Depreciation For (Cont.):			
Other Capital Assets	$ 3,240,467	$ 366,887	$ 3,607,354
Total Accumulated Depreciation	$ 5,457,908	$ 557,974	$ 6,015,882
Total Capital Assets Depreciated, Net	$ 3,980,888	$ (469,569)	$ 3,511,319
Governmental Activities Capital Assets, Net	$ 6,114,097	$ 4,066,741	$ 10,180,838

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

Governmental Activities:

General Government	$ 2,588
Finance	3,717
Public Safety	249,633
Public Health and Welfare	76,419
Highways	225,617
Total Depreciation Expense - Governmental Activities	$ 557,974

Discretely Presented Henderson County School Department

Governmental Activities:

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Not Depreciated:			
Land	$ 679,161	$ 0	$ 679,161
Construction in Progress	0	68,237	68,237
Total Capital Assets Not Depreciated	$ 679,161	$ 68,237	$ 747,398
Capital Assets Depreciated:			
Building and Improvements	$ 36,357,178	$ 79,255	$ 36,436,433
Other Capital Assets	754,107	77,800	831,907
Total Capital Assets Depreciated	$ 37,111,285	$ 157,055	$ 37,268,340

Governmental Activities (Cont.):

	Balance 7-1-08	Increases	Balance 6-30-09
Less Accumulated Depreciation For:			
Building and Improvements	$ 18,465,743	$ 1,244,991	$ 19,710,734
Other Capital Assets	247,558	74,343	321,901
Total Accumulated Depreciation	$ 18,713,301	$ 1,319,334	$ 20,032,635
Total Capital Assets Depreciated, Net	$ 18,397,984	$ (1,162,279)	$ 17,235,705
Governmental Activities Capital Assets, Net	$ 19,077,145	$ (1,094,042)	$ 17,983,103

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

Governmental Activities:

Instruction	$ 1,116,197
Support Services	132,519
Operation of Non-Instructional Services	70,618
Total Depreciation Expense - Governmental Activities	$ 1,319,334

C. Construction Commitments

At June 30, 2009, the General Capital Projects Fund had uncompleted construction contracts of $9,348,210 for the construction of a criminal justice complex. Funding for these future expenditures is expected to be received from bond proceeds.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2009, is as follows:

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	$ 236

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2009, consisted of the following amounts:

Primary Government

Transfer Out	Transfer In General Debt Service Fund
General Capital Projects Fund	$ 600,000

Discretely Presented Henderson County School Department

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental funds	$ 4,714

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.

E. Capital Lease

On November 7, 2007, Henderson County entered into a five-year lease-purchase agreement for highway equipment. The terms of the agreement require total lease payments of $82,975 plus interest of 4.59 percent. Title to the equipment transfers to Henderson County at the end of the lease period. The lease payments are made from the Highway/Public Works Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Year Ending June 30		Governmental Funds
2010	$	18,603
2011		18,604
2012		18,603
2013		6,201
Total Minimum Lease Payments	$	62,011
Less: Amount Representing Interest		(4,612)
Present Value of Minimum Lease Payments	$	57,399

F. Long-term Debt

Primary Government

General Obligation Bonds and Notes

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 21 years for bonds and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2009, will be retired from the General Debt Service, Rural Debt Service, and General funds.

General obligation bonds, capital outlay notes, and capital leases outstanding as of June 30, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
General Obligation Bonds	2 to 6%	$ 22,340,000	$ 16,850,000
General Obligation Bonds - Refunding	2 to 5	13,130,000	11,585,000
Capital Outlay Notes	2.45 to 4.5	1,590,000	1,000,000
Capital Outlay Notes - Refunding	3.45 to 3.95	765,000	455,000
Capital Lease	4.59	82,975	57,399

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2009, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2010	$ 1,600,000	$ 1,349,239	$ 2,949,239
2011	1,750,000	1,153,708	2,903,708
2012	1,870,000	1,084,263	2,954,263
2013	1,980,000	1,006,824	2,986,824
2014	2,135,000	923,397	3,058,397
2015-2019	9,105,000	3,222,745	12,327,745
2020-2024	5,870,000	1,947,465	7,817,465
2025-2029	4,125,000	1,493,185	5,618,185
Total	$ 28,435,000	$ 12,180,826	$ 40,615,826

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	$ 280,000	$ 55,818	$ 335,818
2011	240,000	47,097	287,097
2012	260,000	37,768	297,768
2013	265,000	27,497	292,497
2014	150,000	16,750	166,750
2015-2017	260,000	21,000	281,000
Total	$ 1,455,000	$ 205,930	$ 1,660,930

There is $4,907,671 available in the debt service funds to service long-term debt. Bonded debt per capita totaled $1,114, based on the 2000 federal

census. Debt per capita, including bonds, notes, and capital leases totaled $1,173, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

Governmental Activities:	Bonds	Notes	Leases
Balance, July 1, 2008	$ 20,215,000	$ 2,086,833	$ 72,979
Additions	9,500,000	0	0
Deductions	(1,280,000)	(631,833)	(15,580)
Balance, June 30, 2009	$ 28,435,000	$ 1,455,000	$ 57,399
Balance Due Within One Year	$ 1,600,000	$ 280,000	$ 16,309

	Compensated Absences	Landfill Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2008	$ 81,716	$ 107,833	9,063
Additions	104,898	5,569	15,661
Deductions	(106,554)	0	(5,655)
Balance, June 30, 2009	$ 80,060	$ 113,402	$ 19,069
Balance Due Within One Year	$ 77,719	$ 3,000	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	$ 30,159,930
Less: Balance Due Within One Year	(1,977,028)
Less: Deferred Discount on Debt	(10,425)
Less: Deferred Amount on Refunding	(272,927)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 27,899,550

Compensated absences and other postemployment benefits payable will be paid from the employing funds, primarily the General and Highway/Public Works funds. Landfill postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

Discretely Presented Henderson County School Department

Note

Henderson County issues capital outlay notes for the School Department to fund capital facilities and other capital outlay purchases, such as equipment.

Capital outlay notes are direct obligations and pledge the full faith and credit of the primary government. The capital outlay note outstanding was issued for an original term of up to three years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The note included in long-term debt as of June 30, 2009, will be retired from the General Purpose School Fund.

The capital outlay note outstanding as of June 30, 2009, is as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
Capital Outlay Note	4.8%	$ 40,000 %	26,667

The annual requirements to amortize the capital outlay note outstanding as of June 30, 2009, including interest payments, is presented in the following table:

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	$ 13,333	$ 1,280	$ 14,613
2011	13,334	640	13,974
Total	$ 26,667	$ 1,920	$ 28,587

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Henderson County School Department for the year ended June 30, 2009, was as follows:

Governmental Activities:

	Note	Other Postemployment Benefits
Balance, July 1, 2008	$ 40,000	$ 154,360
Additions	0	267,150
Deductions	(13,333)	(84,505)
Balance, June 30, 2009	$ 26,667	$ 337,005
Balance Due Within One Year	$ 13,333	$ 0

Analysis of Noncurrent Liabilites Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	$ 363,672
Less: Balance Due Within One Year	(13,333)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 350,339

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

G. On-Behalf Payments – Discretely Presented Henderson County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Henderson 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, 2009, were $90,501 and $28,653, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Internal Financing

In-lieu-of issuing debt with financial institutions, Henderson County often chooses to internally finance various projects with idle county funds. These debt issues that will be repaid from the same fund in which the loan was obtained are reflected as transfers (not notes receivable) in the financial statements. Internally reported notes receivable from idle funds loaned from the General Debt Service Fund that were paid by the General Debt Service Fund are reflected below:

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
Judicial Complex	$ 600,000	0 %	3-10-08	12-17-08

	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
Judicial Complex	$ 600,000	$ 0	$ (600,000)	$ 0

The above debt was originally scheduled to be retired by the General Debt Service Fund over a three-year period ending June 30, 2011, but instead was retired on December 17, 2008, from bond proceeds received by General Capital Projects Fund and transferred to the General Debt Service Fund.

I. Short-term Debt

Primary Government

Henderson County issued a tax anticipation note in advance of property tax collections and deposited the proceeds in the General Fund. This note was necessary because funds were not available for operating expenses coming due before current tax collections. Short-term debt activity for the year ended June 30, 2009, was as follows:

	Balance 7-1-08	Issued	Redeemed	Balance 6-30-09
Tax Anticipation Note	$ 0	$ 600,000	$ (600,000)	$ 0

Discretely Presented Henderson County School Department

Henderson County issued a tax anticipation note in advance of property tax collections and deposited the proceeds in the School Transportation Fund. This note was necessary because funds were not available for operating expenses coming due before current tax collections. Short-term debt activity for the year ended June 30, 2009, was as follows:

	Balance 7-1-08	Issued	Redeemed	Balance 6-30-09
Tax Anticipation Note	$ 0	$ 200,000	$ (200,000)	$ 0

V. OTHER INFORMATION

A. Risk Management

Henderson County

Employee Health Insurance

Henderson County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated (TCA), all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Workers' Compensation Insurance

Henderson County participates in the Local Government Workers' Compensation Fund (LGWCF), a public entity risk pool established under the provisions of Section 29-20-401, TCA, by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays an annual premium to the LGWCF for its workers' compensation insurance coverage. The LGWCF reinsures through commercial insurance companies for claims exceeding $300,000.

Liability, Property, and Casualty

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

Discretely Presented Henderson County School Department

The discretely presented Henderson 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, 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.

The School Department participates 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. The School Department pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums. The TN-RMT reinsures through commercial insurance companies for claims exceeding $100,000 for each insured event.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments became effective for the year ended June 30, 2009.

GASB Statement No. 49 requires county governments to measure and report their pollution remediation liabilities. A county has a pollution remediation problem if one of five obligating events occurs. The statement requires governments to restate beginning net assets in government-wide and proprietary fund financial statements for pollution remediation liabilities that existed as of July 1, 2008. Previous to GASB Statement No. 49, counties were not required to measure and record pollution remediation liabilities. GASB Statement No. 49 had no effect on the financial statements of Henderson County for the year ended June 30, 2009, since the county had none of the obligating events. However, it is reasonably expected that Henderson County could have pollution remediation liabilities in subsequent years.

GASB Statement No. 52 requires endowments to report land and other real estate investments at fair value. Previous to Statement No. 52, land and other real estate held by endowments were reported at historical cost. Changes in fair value between years will be reported as investment income (loss). GASB Statement No. 52 had no effect on the financial statements of Henderson County for the year ended June 30, 2009, since the county had no endowment investments. However, it is reasonably expected that Henderson County could have endowment investments in subsequent years.

C. Subsequent Events

On October 27, 2009, Henderson County issued general obligation bonds totaling $5,400,000 for the construction of a justice complex.

On October 27, 2009, Henderson County sold general obligation refunding bonds totaling $2,815,000.

D. Contingent Liabilities

The county is involved in two 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

Director of Schools George Reel, resigned effective December 31, 2008, and was succeeded by Steve Wilkinson effective January 1, 2009.

F. Landfill Closure/Postclosure Care Costs

Henderson County and the City of Lexington have an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The city and county have provided financial assurances for estimated closure and postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the city and county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Henderson County and the City of Lexington closed its sanitary landfill 1997. The $113,402 reported as postclosure care liability at June 30, 2009, represents the county's 50 percent share of the amounts based on what it would cost to perform all postclosure care in 2009. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. Joint Ventures

The Henderson County/Lexington Indigent Care Trust Fund was created by Henderson County and the City of Lexington and is governed by the Board of Trustees. The Board of Trustees comprises three members, two of whom are appointed by the Henderson County Commission. The City of Lexington's Board of City Aldermen and mayor appoint the remaining member. The hospital administrator of the Henderson County Community Hospital serves as an ex-officio nonvoting member. Henderson County and the City of Lexington have contributed monies to the Indigent Care Trust Fund. In accordance with the Indigent Care Trust Agreement, the city and county will

not be responsible for any additional deposits to the Indigent Care Trust Fund. The trust fund will satisfy in full any obligations of the county and city for indigent care. The trust's funds were invested until August 15, 2005, when the treasury bill matured and the funds were placed in the bank account under the control of the Indigent Care Board. The income from the trust fund will be available for payment solely to the hospital for treatment rendered to indigent patients from the hospital service area. Payments to the hospital from the trust fund shall be made semi-annually following the receipt by the trustees of a statement depicting the amount of care rendered by the hospital to indigent patients.

The Beech River Regional Airport was established through a joint operations agreement between Decatur County, Henderson County, the City of Parsons, and the City of Lexington. The agreement created the Beech River Regional Airport Board to plan, develop, and maintain a regional airport that will economically benefit all residents of the two-county area. The board comprises nine members, two from each governmental unit and one appointed by the governmental entities on a one-year rotation basis. Each participant retains a 25 percent ownership in the airport; however, participants do not retain an equity interest in the airport. During the year ended June 30, 2009, the county appropriated an operating subsidy of $29,125 to the airport.

Complete financial statements for the Henderson County/Lexington Indigent Care Trust Fund and the Beech River Regional Airport can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Henderson County Community Hospital
200 West Church Street
Lexington, TN 38351

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

H. Retirement Commitments

Employees

Plan Description

County Officials

Employees of Henderson County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System

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

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

General County Employees

Employees of Henderson 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 the Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Henderson County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

County Officials

Henderson County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 5.81 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Henderson County is established and may be amended by the TCRS Board of Trustees.

General County Employees

Henderson County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 9.07 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Henderson County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

County Officials

For the year ended June 30, 2009, Henderson County's annual pension cost of $42,755 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Henderson 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, 2007, was ten years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-09	$42,755	100%	$0
6-30-08	55,710	100	0
6-30-07	54,361	100	0

General County Employees

For the year ended June 30, 2009, Henderson County's annual pension cost of $481,686 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Henderson 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, 2007, was 15 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-09	$481,686	100%	$0
6-30-08	466,679	100	0
6-30-07	437,942	100	0

Funded Status and Funding Progress

County Officials

As of July 1, 2007, the most recent actuarial valuation date, the plan was 89.75 percent funded. The actuarial accrued liability for benefits was $1.03 million, and the actuarial value of assets was $.92 million, resulting in an unfunded actuarial accrued liability (UAAL) of $.11 million. The covered

payroll (annual payroll of active employees covered by the plan) was $1 million, and the ratio of the UAAL to the covered payroll was 17.85 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

General County Employees

As of July 1, 2007, the most recent actuarial valuation date, the plan was 79.92 percent funded. The actuarial accrued liability for benefits was $4.29 million, and the actuarial value of assets was $3.43 million, resulting in an unfunded actuarial accrued liability (UAAL) of $.86 million. The covered payroll (annual payroll of active employees covered by the plan) was $5 million, and the ratio of the UAAL to the covered payroll was 18.81 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

School Teachers

Plan Description

The Henderson 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.

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 Henderson County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2009, was 6.42 percent of annual covered payroll. The employer contribution requirement for the Henderson County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2009, 2008, and 2007, were $784,098, $727,037, and $707,206, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Plan Description

Henderson County and the Henderson County School Department participate in the state-administered Local Government Group Insurance Plan and Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by

Section 8-27-302, Tennessee Code Annotated (TCA), for local education employees and Section 8-27-207, TCA, for local governments. Prior to reaching age 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) 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://tn.gov/finance/act/cafr.html.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are 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 a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide 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. During the year ended June 30, 2009, Henderson County and the discretely presented Henderson County School Department contributed $5,258 and $77,744, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	$ 15,253	$ 260,204
Interest on the NPO	408	6,946
Adjustment to the ARC	(397)	(6,761)
Annual OPEB cost	$ 15,264	$ 260,389
Less: Amount of contribution	(5,258)	(77,744)
Increase/decrease in NPO	$ 10,006	$ 182,645
Net OPEB obligation, 7-1-08	9,063	154,360
Net OPEB obligation, 6-30-09	$ 19,069	$ 337,005

Fiscal Year Ended*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Government Group	$ 14,651	38%	$ 9,063
6-30-09	"	15,264	34	19,069
6-30-08	Local Education Group	245,896	37	154,360
6-30-09	"	260,389	30	337,005

* Data only available for two years.

Funding Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-07	7-1-07
Actuarial accrued liability (AAL)	$ 101,139	$ 2,788,853
Actuarial value of plan assets	$ 0	$ 0
Unfunded actuarial accrued liability (UAAL)	$ 101,139	$ 2,788,853
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	$ 3,842,695	$ 9,673,419
UAAL as a % of covered payroll	3%	29%

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 multiyear 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, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level of percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

J. Office of Central Accounting and Budgeting

Office of Director of Finance

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

K. Purchasing Law

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by her to serve as the county purchasing agent. The finance director serves as the purchasing agent for Henderson County. The Henderson County Financial Management Committee, with the assistance of the director of finance, established a purchasing system for the county that requires the issuance of purchase orders. The Financial Management Committee has also established that competitive bids are required to be solicited through newspaper advertisement on all purchases estimated to exceed $10,000.

Required Supplementary Information

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Exhibit E-1

Henderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 3,365,300	$ 0	$ 0	$ 3,365,300	$ 3,178,508	$ 3,222,002	$ 143,298
Licenses and Permits	950	0	0	950	1,500	1,500	(550)
Fines, Forfeitures, and Penalties	293,811	0	0	293,811	158,200	165,959	127,852
Charges for Current Services	58,200	0	0	58,200	14,500	22,060	36,140
Other Local Revenues	118,929	0	0	118,929	101,867	101,867	17,062
Fees Received from County Officials	318,425	0	0	318,425	447,000	447,000	(128,575)
State of Tennessee	347,810	0	0	347,810	313,566	388,380	(40,570)
Federal Government	66,052	0	0	66,052	19,600	54,996	11,056
Other Governments and Citizens Groups	255,465	0	0	255,465	329,803	329,803	(74,338)
Total Revenues	$ 4,824,942	$ 0	$ 0	$ 4,824,942	$ 4,564,544	$ 4,733,567	$ 91,375
Expenditures							
General Government							
County Commission	$ 78,706	$ 0	$ 0	$ 78,706	$ 77,049	$ 78,706	$ 0
Board of Equalization	1,300	0	0	1,300	1,500	1,500	200
County Mayor/Executive	116,788	0	0	116,788	115,131	119,250	2,462
County Attorney	7,336	0	0	7,336	7,509	7,509	173
Election Commission	154,176	0	206	154,382	161,690	160,032	5,650
Register of Deeds	143,694	(950)	0	142,744	144,796	150,706	7,962
County Buildings	126,514	(2,125)	1,600	125,989	134,094	134,095	8,106
Finance							
Accounting and Budgeting	266,219	(400)	4,878	270,697	269,656	281,424	10,727
Property Assessor's Office	177,962	(76)	0	177,886	181,741	181,741	3,855
Reappraisal Program	33,363	0	0	33,363	39,891	39,890	6,527
County Trustee's Office	20,079	0	4,405	24,484	22,350	26,726	2,242

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Finance (Cont.)							
County Clerk's Office	$ 28,475	$ 0	$ 0	$ 28,475	$ 30,808	$ 30,808	$ 2,333
Administration of Justice							
Circuit Court	44,513	(500)	299	44,312	47,582	47,581	3,269
General Sessions Court	154,208	0	0	154,208	157,815	157,815	3,607
Drug Court	7,759	0	0	7,759	0	7,759	0
Chancery Court	21,653	(207)	0	21,446	25,500	25,500	4,054
Juvenile Court	47,488	0	0	47,488	49,180	49,180	1,692
Public Safety							
Sheriff's Department	1,194,838	(25,060)	2,821	1,172,599	1,184,946	1,212,546	39,947
Administration of the Sexual Offender Registry	1,650	0	0	1,650	0	1,650	0
Workhouse	530,775	(1,715)	6,045	535,105	455,151	570,486	35,381
Fire Prevention and Control	200,512	(365)	338	200,485	213,970	213,366	12,881
Civil Defense	25,231	0	0	25,231	26,856	26,856	1,625
Rescue Squad	15,000	0	0	15,000	15,000	15,000	0
Other Emergency Management	9,164	0	0	9,164	8,802	9,285	121
County Coroner/Medical Examiner	19,564	0	0	19,564	48,013	48,013	28,449
Other Public Safety	422,816	0	0	422,816	388,968	427,716	4,900
Public Health and Welfare							
Local Health Center	94,913	0	0	94,913	36,280	97,962	3,049
Alcohol and Drug Programs	0	0	0	0	8,000	8,000	8,000
Other Local Health Services	4,000	0	0	4,000	4,000	4,000	0
Appropriation to State	9,974	0	0	9,974	12,300	12,300	2,326
General Welfare Assistance	5,125	0	0	5,125	5,125	5,125	0
Aid to Dependent Children	0	0	0	0	700	700	700

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Public Health and Welfare (Cont.)							
Sanitation Education/Information	$ 1,120	$ 0	$ 0	$ 1,120	$ 0	$ 1,120	$ 0
Waste Pickup	44,302	0	1,228	45,530	33,066	69,828	24,298
Social, Cultural, and Recreational Services							
Adult Activities	2,807	0	0	2,807	5,808	5,808	3,001
Senior Citizens Assistance	15,500	0	0	15,500	15,500	15,500	0
Libraries	47,857	0	0	47,857	40,000	47,966	109
Other Social, Cultural, and Recreational	14,405	0	0	14,405	16,000	16,000	1,595
Agriculture and Natural Resources							
Agriculture Extension Service	73,698	0	114	73,812	68,815	75,346	1,534
Soil Conservation	13,551	0	0	13,551	16,889	16,889	3,338
Flood Control	9,544	0	0	9,544	9,752	9,752	208
Other Operations							
Tourism	13,750	0	0	13,750	7,000	7,000	(6,750)
Industrial Development	33,029	0	0	33,029	7,000	7,000	(26,029)
Veterans' Services	39,278	0	0	39,278	43,817	43,817	4,539
Other Charges	207,169	0	0	207,169	250,261	214,435	7,266
Employee Benefits	8,604	0	0	8,604	28,168	16,588	7,984
Payments to Cities	19,782	0	0	19,782	20,572	20,572	790
Miscellaneous	151,498	(37,239)	0	114,259	122,917	121,026	6,767
Principal on Debt							
General Government	59,850	0	0	59,850	0	59,850	0
Interest on Debt							
General Government	12,117	0	0	12,117	0	12,117	0
Total Expenditures	$ 4,731,656	$ (68,637)	$ 21,934	$ 4,684,953	$ 4,559,968	$ 4,913,841	$ 228,888

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Excess (Deficiency) of Revenues Over Expenditures	$ 93,286	$ 68,637	$ (21,934)	$ 139,989	$ 4,576	$ (180,274)	$ 320,263
Other Financing Sources (Uses)							
Insurance Recovery	$ 15,244	$ 0	$ 0	$ 15,244	$ 0	$ 7,472	$ 7,772
Transfers In	0	0	0	0	0	41,290	(41,290)
Total Other Financing Sources (Uses)	$ 15,244	$ 0	$ 0	$ 15,244	$ 0	$ 48,762	$ (33,518)
Net Change in Fund Balance	$ 108,530	$ 68,637	$ (21,934)	$ 155,233	$ 4,576	$ (131,512)	$ 286,745
Fund Balance, July 1, 2008	1,157,159	(68,637)	0	1,088,522	392,395	392,395	696,127
Fund Balance, June 30, 2009	$ 1,265,689	$ 0	$ (21,934)	$ 1,243,755	$ 396,971	$ 260,883	$ 982,872

Exhibit E-2

Henderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Local Taxes	$ 182,548	$ 0	$ 182,548	$ 179,206	$ 179,206	$ 3,342
Other Local Revenues	17,111	0	17,111	0	0	17,111
State of Tennessee	1,729,432	0	1,729,432	2,317,537	2,317,537	(588,105)
Total Revenues	$ 1,929,091	$ 0	$ 1,929,091	$ 2,496,743	$ 2,496,743	$ (567,652)
Expenditures						
Highways						
Administration	$ 119,918	$ 0	$ 119,918	$ 117,061	$ 122,658	$ 2,740
Highway and Bridge Maintenance	1,115,587	0	1,115,587	1,286,047	1,280,449	164,862
Operation and Maintenance of Equipment	422,354	2,850	425,204	594,578	594,577	169,373
Other Charges	104,891	0	104,891	119,600	119,600	14,709
Employee Benefits	5,652	0	5,652	27,200	27,200	21,548
Capital Outlay	68,433	0	68,433	717,342	700,288	631,855
Principal on Debt						
Highways and Streets	15,580	0	15,580	0	14,254	(1,326)
Interest on Debt						
Highways and Streets	3,024	0	3,024	0	2,800	(224)
Total Expenditures	$ 1,855,439	$ 2,850	$ 1,858,289	$ 2,861,828	$ 2,861,826	$ 1,003,537
Excess (Deficiency) of Revenues Over Expenditures	$ 73,652	$ (2,850)	$ 70,802	$ (365,085)	$ (365,083)	$ 435,885
Other Financing Sources (Uses)						
Insurance Recovery	$ 15,000	$ 0	$ 15,000	$ 0	$ 0	$ 15,000
Total Other Financing Sources (Uses)	$ 15,000	$ 0	$ 15,000	$ 0	$ 0	$ 15,000
Net Change in Fund Balance	$ 88,652	$ (2,850)	$ 85,802	$ (365,085)	$ (365,083)	$ 450,885
Fund Balance, July 1, 2008	683,392	0	683,392	365,085	365,085	318,307
Fund Balance, June 30, 2009	$ 772,044	$ (2,850)	$ 769,194	$ 0	$ 2	$ 769,192

Exhibit E-3

Henderson County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and the Discretely Presented Henderson County School Department
June 30, 2009

(Dollar amounts in thousands)

	Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) 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)
County Officials	6-30-09	7-1-07	$ 928	$ 1,034	$ 106	89.75 %	$ 594	17.85 %
"	6-30-08	7-1-07	928	1,034	106	89.75	594	17.85
General County Employees	6-30-09	7-1-07	3,435	4,298	863	79.92	4,588	18.81
"	6-30-08	7-1-07	3,435	4,298	863	79.92	4,588	18.81

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the 2007-08 year; therefore, only two years of data are presented.

Exhibit E-4

Henderson County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and the Discretely Presented Henderson County School Department
June 30, 2009

(Dollar amounts in thousands)

	Fiscal Year Ended*	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
PRIMARY GOVERNMENT								
Local Government Group Plan	6-30-08	7-1-07	$ 0	$ 98	$ 98	0%	$ 1,759	6%
"	6-30-09	7-1-07	0	98	98	0	1,759	6
DISCRETELY PRESENTED HENDERSON COUNTY SCHOOL DEPARTMENT								
Local Education Group Plan	6-30-08	7-1-07	0	2,448	2,448	0	7,821	31
"	6-30-09	7-1-07	0	2,448	2,448	0	7,821	29

*Data only available for two years.

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HENDERSON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2009

A. BUDGETARY INFORMATION

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

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

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the following funds' major appropriation categories (the legal level of control):

Fund	Major Appropriation Category	Amount Overspent
General	Tourism	$ 6,750
General	Industrial Development	26,029
Highway/Public Works	Principal on Debt	1,326
Highway/Public Works	Interest on Debt	224

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balances.

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Combining and Individual Fund Financial Statements and Schedules

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Nonmajor Governmental Funds

Special Revenue Funds

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Henderson County's garbage collection operations.

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

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

Debt Service Fund

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

Rural Debt Service Fund – The Rural Debt Service Fund is used to account for the accumulation of resources for, and the payment of, rural school debt.

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Exhibit F-1

Henderson County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue Funds				Debt Service Fund	
	Solid Waste/ Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Rural Debt Service	Total Nonmajor Governmental Funds
ASSETS						
Cash	$ 0	$ 0	$ 868,529	$ 868,529	$ 0	$ 868,529
Equity in Pooled Cash and Investments	173,078	109,682	0	282,760	1,032,615	1,315,375
Accounts Receivable	100	897	31,117	32,114	0	32,114
Due from Other Governments	2,963	0	0	2,963	94,495	97,458
Property Taxes Receivable	314,741	0	0	314,741	0	314,741
Allowance for Uncollectible Property Taxes	(6,347)	0	0	(6,347)	0	(6,347)
Total Assets	$ 484,535	$ 110,579	$ 899,646	$ 1,494,760	$ 1,127,110	$ 2,621,870
LIABILITIES AND FUND BALANCES						
Liabilities						
Due to Other Funds	$ 0	$ 0	$ 236	$ 236	$ 0	$ 236
Deferred Revenue - Current Property Taxes	296,307	0	0	296,307	0	296,307
Deferred Revenue - Delinquent Property Taxes	10,917	0	0	10,917	0	10,917
Other Deferred Revenues	0	0	0	0	48,669	48,669
Total Liabilities	$ 307,224	$ 0	$ 236	$ 307,460	$ 48,669	$ 356,129
Fund Balances						
Reserved for Encumbrances	$ 51	$ 1,534	$ 0	$ 1,585	$ 0	$ 1,585
Unreserved	177,260	109,045	899,410	1,185,715	1,078,441	2,264,156
Total Fund Balances	$ 177,311	$ 110,579	$ 899,410	$ 1,187,300	$ 1,078,441	$ 2,265,741
Total Liabilities and Fund Balances	$ 484,535	$ 110,579	$ 899,646	$ 1,494,760	$ 1,127,110	$ 2,621,870

Exhibit F-2

Henderson County, Tennessee
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue Funds				Debt Service Fund	
	Solid Waste/ Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Rural Debt Service	Total Nonmajor Governmental Funds
Revenues						
Local Taxes	$ 328,591	$ 0	$ 0	$ 328,591	$ 548,096	$ 876,687
Fines, Forfeitures, and Penalties	0	60,552	0	60,552	0	60,552
Charges for Current Services	0	0	1,097,426	1,097,426	0	1,097,426
Other Local Revenues	15,443	676	0	16,119	13,676	29,795
State of Tennessee	15,029	1,194	0	16,223	0	16,223
Total Revenues	$ 359,063	$ 62,422	$ 1,097,426	$ 1,518,911	$ 561,772	$ 2,080,683
Expenditures						
Current:						
Finance	$ 0	$ 0	$ 419,851	$ 419,851	$ 0	$ 419,851
Administration of Justice	0	0	554,381	554,381	0	554,381
Public Safety	0	48,539	0	48,539	0	48,539
Public Health and Welfare	393,990	0	0	393,990	0	393,990
Debt Service:						
Principal on Debt	0	0	0	0	495,000	495,000
Interest on Debt	0	0	0	0	226,180	226,180
Other Debt Service	0	0	0	0	6,422	6,422
Total Expenditures	$ 393,990	$ 48,539	$ 974,232	$ 1,416,761	$ 727,602	$ 2,144,363
Excess (Deficiency) of Revenues Over Expenditures	$ (34,927)	$ 13,883	$ 123,194	$ 102,150	$ (165,830)	$ (63,680)
Net Change in Fund Balances	$ (34,927)	$ 13,883	$ 123,194	$ 102,150	$ (165,830)	$ (63,680)
Fund Balance, July 1, 2008	212,238	96,696	776,216	1,085,150	1,244,271	2,329,421
Fund Balance, June 30, 2009	$ 177,311	$ 110,579	$ 899,410	$ 1,187,300	$ 1,078,441	$ 2,265,741

Exhibit F-3

Henderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Local Taxes	$ 328,591	$ 0	$ 328,591	$ 315,431	$ 315,431	$ 13,160
Other Local Revenues	15,443	0	15,443	15,000	15,000	443
State of Tennessee	15,029	0	15,029	0	4,904	10,125
Total Revenues	$ 359,063	$ 0	$ 359,063	$ 330,431	$ 335,335	$ 23,728
Expenditures						
Public Health and Welfare						
Sanitation Education/Information	$ 393,990	$ 51	$ 394,041	$ 406,047	$ 410,951	$ 16,910
Total Expenditures	$ 393,990	$ 51	$ 394,041	$ 406,047	$ 410,951	$ 16,910
Excess (Deficiency) of Revenues Over Expenditures	$ (34,927)	$ (51)	$ (34,978)	$ (75,616)	$ (75,616)	$ 40,638
Net Change in Fund Balance	$ (34,927)	$ (51)	$ (34,978)	$ (75,616)	$ (75,616)	$ 40,638
Fund Balance, July 1, 2008	212,238	0	212,238	210,716	210,716	1,522
Fund Balance, June 30, 2009	$ 177,311	$ (51)	$ 177,260	$ 135,100	$ 135,100	$ 42,160

Exhibit F-4

Henderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Fines, Forfeitures, and Penalties	$ 60,552	$ 0	$ 0	$ 60,552	$ 36,000	$ 36,000	$ 24,552
Other Local Revenues	676	0	0	676	0	0	676
State of Tennessee	1,194	0	0	1,194	0	0	1,194
Total Revenues	$ 62,422	$ 0	$ 0	$ 62,422	$ 36,000	$ 36,000	$ 26,422
Expenditures							
Public Safety							
Drug Enforcement	$ 48,539	$ (768)	$ 1,534	$ 49,305	$ 35,100	$ 54,247	$ 4,942
Total Expenditures	$ 48,539	$ (768)	$ 1,534	$ 49,305	$ 35,100	$ 54,247	$ 4,942
Excess (Deficiency) of Revenues Over Expenditures	$ 13,883	$ 768	$ (1,534)	$ 13,117	$ 900	$ (18,247)	$ 31,364
Net Change in Fund Balance	$ 13,883	$ 768	$ (1,534)	$ 13,117	$ 900	$ (18,247)	$ 31,364
Fund Balance, July 1, 2008	96,696	(768)	0	95,928	88,015	88,015	7,913
Fund Balance, June 30, 2009	$ 110,579	$ 0	$ (1,534)	$ 109,045	$ 88,915	$ 69,768	$ 39,277

Exhibit F-5

Henderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Rural Debt Service Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 548,096	$ 400,000	$ 400,000	$ 148,096
Other Local Revenues	13,676	3,000	3,000	10,676
Total Revenues	$ 561,772	$ 403,000	$ 403,000	$ 158,772
Expenditures				
Principal on Debt				
Education	$ 495,000	$ 502,000	$ 495,000	$ 0
Interest on Debt				
Education	226,180	227,180	226,180	0
Other Debt Service				
Education	6,422	0	8,000	1,578
Total Expenditures	$ 727,602	$ 729,180	$ 729,180	$ 1,578
Excess (Deficiency) of Revenues Over Expenditures	$ (165,830)	$ (326,180)	$ (326,180)	$ 160,350
Other Financing Sources (Uses)				
Transfers In	$ 0	$ 290,000	$ 290,000	$ (290,000)
Total Other Financing Sources (Uses)	$ 0	$ 290,000	$ 290,000	$ (290,000)
Net Change in Fund Balance	$ (165,830)	$ (36,180)	$ (36,180)	$ (129,650)
Fund Balance, July 1, 2008	1,244,271	906,733	906,733	337,538
Fund Balance, June 30, 2009	$ 1,078,441	$ 870,553	$ 870,553	$ 207,888

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Major Governmental Fund
General Debt Service Fund

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

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Exhibit G

Henderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 2,627,501	$ 1,693,297	$ 1,693,297	$ 934,204
Other Local Revenues	82,972	70,000	70,000	12,972
Other Governments and Citizens Groups	288,900	0	0	288,900
Total Revenues	$ 2,999,373	$ 1,763,297	$ 1,763,297	$ 1,236,076
Expenditures				
Principal on Debt				
General Government	$ 406,833	$ 436,683	$ 620,122	$ 213,289
Education	950,150	1,243,483	1,250,300	300,150
Interest on Debt				
General Government	17,029	19,507	21,535	4,506
Education	681,106	693,895	777,942	96,836
Other Debt Service				
General Government	44,952	0	51,000	6,048
Education	1,224	0	4,000	2,776
Total Expenditures	$ 2,101,294	$ 2,393,568	$ 2,724,899	$ 623,605
Excess (Deficiency) of Revenues Over Expenditures	$ 898,079	$ (630,271)	$ (961,602)	$ 1,859,681
Other Financing Sources (Uses)				
Transfers In	$ 600,000	$ 0	$ 0	$ 600,000
Total Other Financing Sources (Uses)	$ 600,000	$ 0	$ 0	$ 600,000
Net Change in Fund Balance	$ 1,498,079	$ (630,271)	$ (961,602)	$ 2,459,681
Fund Balance, July 1, 2008	2,331,151	2,605,844	2,605,844	(274,693)
Fund Balance, June 30, 2009	$ 3,829,230	$ 1,975,573	$ 1,644,242	$ 2,184,988

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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 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.

City School ADA - Lexington Fund – The City School ADA - Lexington Fund is used to account for the city school system's share of education revenues collected by the county, which must be apportioned between the Henderson County School System and the City of Lexington School System on an average daily attendance basis. These collections are remitted to the Lexington City School System 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, general sessions, and juvenile courts clerk; clerk and master; register; and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

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Exhibit H-1

Henderson County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2009

	Agency Funds			
	Cities - Sales Tax	City School ADA - Lexington	Constitutional Officers - Agency	Total
ASSETS				
Cash	$ 0	$ 0	$ 1,851,183	$ 1,851,183
Equity in Pooled Cash and Investments	0	87,879	0	87,879
Accounts Receivable	0	147	2,378	2,525
Due from Other Governments	480,228	137,171	0	617,399
Taxes Receivable	0	418,683	0	418,683
Allowance for Uncollectible Taxes	0	(10,678)	0	(10,678)
Total Assets	$ 480,228	$ 633,202	$ 1,853,561	$ 2,966,991
LIABILITIES				
Due to Other Taxing Units	$ 480,228	$ 633,202	$ 0	$ 1,113,430
Due to Litigants, Heirs, and Others	0	0	1,853,561	1,853,561
Total Liabilities	$ 480,228	$ 633,202	$ 1,853,561	$ 2,966,991

Exhibit H-2

Henderson County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
Cities - Sales Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 0	$ 2,849,724	$ 2,849,724	$ 0
Due from Other Governments	506,713	480,228	506,713	480,228
Total Assets	$ 506,713	$ 3,329,952	$ 3,356,437	$ 480,228
Liabilities				
Due to Other Taxing Units	$ 506,713	$ 3,329,952	$ 3,356,437	$ 480,228
Total Liabilities	$ 506,713	$ 3,329,952	$ 3,356,437	$ 480,228
City School ADA - Lexington Fund				
Assets				
Equity in Pooled Cash and Investments	$ 97,756	$ 1,442,074	$ 1,451,951	$ 87,879
Accounts Receivable	186	147	186	147
Due from Other Governments	150,049	137,171	150,049	137,171
Taxes Receivable	516,496	418,683	516,496	418,683
Allowance for Uncollectible Taxes	(10,498)	(10,678)	(10,498)	(10,678)
Total Assets	$ 753,989	$ 1,987,397	$ 2,108,184	$ 633,202
Liabilities				
Due to Other Taxing Units	$ 753,989	$ 1,987,397	$ 2,108,184	$ 633,202
Total Liabilities	$ 753,989	$ 1,987,397	$ 2,108,184	$ 633,202
Constitutional Officers - Agency Fund				
Assets				
Cash	$ 1,483,399	$ 6,870,999	$ 6,503,215	$ 1,851,183
Accounts Receivable	2,137	2,378	2,137	2,378
Total Assets	$ 1,485,536	$ 6,873,377	$ 6,505,352	$ 1,853,561
Liabilities				
Due to Litigants, Heirs, and Others	$ 1,485,536	$ 6,873,377	$ 6,505,352	$ 1,853,561
Total Liabilities	$ 1,485,536	$ 6,873,377	$ 6,505,352	$ 1,853,561
Totals - All Agency Funds				
Assets				
Cash	$ 1,483,399	$ 6,870,999	$ 6,503,215	$ 1,851,183
Equity in Pooled Cash and Investments	97,756	4,291,798	4,301,675	87,879
Accounts Receivable	2,323	2,525	2,323	2,525
Due from Other Governments	656,762	617,399	656,762	617,399
Taxes Receivable	516,496	418,683	516,496	418,683
Allowance for Uncollectible Taxes	(10,498)	(10,678)	(10,498)	(10,678)
Total Assets	$ 2,746,238	$ 12,190,726	$ 11,969,973	$ 2,966,991
Liabilities				
Due to Other Taxing Units	$ 1,260,702	$ 5,317,349	$ 5,464,621	$ 1,113,430
Due to Litigants, Heirs, and Others	1,485,536	6,873,377	6,505,352	1,853,561
Total Liabilities	$ 2,746,238	$ 12,190,726	$ 11,969,973	$ 2,966,991

Henderson County School Department

This section presents combining and individual fund financial statements for the Henderson County School Department, a discretely presented component unit. The School Department uses a General Fund and two 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.

School Transportation Fund – The School Transportation Fund is used to account for transportation of all students in the county.

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Exhibit I-1

Henderson County, Tennessee
Statement of Activities
Discretely Presented Henderson County School Department
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Total Governmental Activities
Governmental Activities:				
Instruction	$ 17,313,939	$ 6,120	$ 1,767,451	$ (15,540,368)
Support Services	7,681,331	99,954	181,861	(7,399,516)
Operation of Non-Instructional Services	2,046,787	600	1,706,233	(339,954)
Interest on Long-term Debt	1,386	0	0	(1,386)
Other Debt Service	288,900	0	0	(288,900)
Total Governmental Activities	$ 27,332,343	$ 106,674	$ 3,655,545	$ (23,570,124)

General Revenues:	
Taxes:	
Property Taxes Levied for General Purposes	$ 2,740,044
Local Option Sales Taxes	2,315,442
Other Local Taxes	301,840
Grants and Contributions Not Restricted to Specific Programs	16,963,586
Miscellaneous	175,754
Total General Revenues	$ 22,496,666
Change in Net Assets	$ (1,073,458)
Net Assets, July 1, 2008	22,253,568
Net Assets, June 30, 2009	$ 21,180,110

Exhibit I-2

Henderson County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Henderson County School Department
June 30, 2009

	Major Funds		Nonmajor Fund	Total
	General Purpose School	School Transpor - tation	School Federal Projects	Govern- mental Funds
ASSETS				
Equity in Pooled Cash and Investments	$ 2,418,677	$ 226,710	$ 73,076	$ 2,718,463
Accounts Receivable	73	35	0	108
Due from Other Governments	780,184	0	40,919	821,103
Property Taxes Receivable	1,461,548	874,279	0	2,335,827
Allowance for Uncollectible Property Taxes	(37,277)	(17,631)	0	(54,908)
Total Assets	$ 4,623,205	$ 1,083,393	$ 113,995	$ 5,820,593
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ 14,246	$ 0	$ 0	$ 14,246
Contracts Payable	68,237	0	0	68,237
Deferred Revenue - Current Property Taxes	1,353,288	823,076	0	2,176,364
Deferred Revenue - Delinquent Property Taxes	64,109	30,301	0	94,410
Other Deferred Revenues	205,471	0	0	205,471
Total Liabilities	$ 1,705,351	$ 853,377	$ 0	$ 2,558,728
Fund Balances				
Reserved for Encumbrances	$ 225,147	$ 0	$ 0	$ 225,147
Reserved for Career Ladder - Extended Contract	92,716	0	0	92,716
Reserved for Career Ladder Program	14,780	0	0	14,780
Reserved for Title I Grants to Local Education Agencies	0	0	24,365	24,365
Reserved for Innovative Education Program Strategies	0	0	42,187	42,187
Reserved for Special Education - Grants to States	0	0	47,443	47,443
Unreserved, Reported In:				
General Fund	2,585,211	0	0	2,585,211
Special Revenue Funds	0	230,016	0	230,016
Total Fund Balances	$ 2,917,854	$ 230,016	$ 113,995	$ 3,261,865
Total Liabilities and Fund Balances	$ 4,623,205	$ 1,083,393	$ 113,995	$ 5,820,593

Exhibit I-3

Henderson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
Discretely Presented Henderson County School Department
June 30, 2009

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		$ 3,261,865
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	$ 679,161	
Add: construction in progress	68,237	
Add: buildings and improvements net of accumulated depreciation	16,725,699	
Add: other capital assets net of accumulated depreciation	510,006	17,983,103
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	$ (26,667)	
Less: accrued interest on notes	(1,067)	
Less: other postemployment benefits liability	(337,005)	(364,739)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		299,881
Net assets of governmental activities (Exhibit A)		$ 21,180,110

Exhibit I-4

Henderson County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Henderson County School Department
For the Year Ended June 30, 2009

	Major Funds		Nonmajor Fund	
	General Purpose School	School Transpor - tation	School Federal Projects	Total Governmental Funds
Revenues				
Local Taxes	$ 4,548,797	$ 912,807	$ 0	$ 5,461,604
Licenses and Permits	2,084	0	0	2,084
Charges for Current Services	98,625	0	0	98,625
Other Local Revenues	113,338	120,007	0	233,345
State of Tennessee	17,150,126	0	91,573	17,241,699
Federal Government	1,289,469	0	1,812,952	3,102,421
Total Revenues	$ 23,202,439	$ 1,032,814	$ 1,904,525	$ 26,139,778
Expenditures				
Current:				
Instruction	$ 14,544,100	$ 0	$ 1,390,512	$ 15,934,612
Support Services	6,240,238	901,945	580,158	7,722,341
Operation of Non-Instructional Services	1,744,789	0	0	1,744,789
Capital Outlay	228,233	0	0	228,233
Debt Service:				
Principal on Debt	0	13,333	0	13,333
Interest on Debt	0	1,920	0	1,920
Other Debt Service	288,900	0	0	288,900
Total Expenditures	$ 23,046,260	$ 917,198	$ 1,970,670	$ 25,934,128
Excess (Deficiency) of Revenues Over Expenditures	$ 156,179	$ 115,616	$ (66,145)	$ 205,650
Other Financing Sources (Uses)				
Insurance Recovery	$ 0	$ 5,735	$ 0	$ 5,735
Transfers In	4,714	0	0	4,714
Transfers Out	0	0	(4,714)	(4,714)
Total Other Financing Sources (Uses)	$ 4,714	$ 5,735	$ (4,714)	$ 5,735
Net Change in Fund Balances	$ 160,893	$ 121,351	$ (70,859)	$ 211,385
Fund Balance, July 1, 2008	2,756,961	108,665	184,854	3,050,480
Fund Balance, June 30, 2009	$ 2,917,854	$ 230,016	$ 113,995	$ 3,261,865

Exhibit I-5

Henderson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Discretely Presented Henderson County School Department
For the Year Ended June 30, 2009

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)		$ 211,385
(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	$ 225,292	
Less: current year depreciation expense	(1,319,334)	(1,094,042)
(2) 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, 2009	$ 299,881	
Less: deferred delinquent property taxes and other deferred June 30, 2008	(321,904)	(22,023)
(3) The issuance of long-term debt (e.g., notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Add: principal payments on notes		13,333
(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 accrued interest payable	$ 534	
Change in other postemployment benefits liability	(182,645)	(182,111)
Change in net assets of governmental activities (Exhibit B)		$ (1,073,458)

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

Exhibit I-6

Henderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Henderson County School Department
General Purpose School Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 4,548,797	$ 0	$ 0	$ 4,548,797	$ 4,420,214	$ 4,420,214	$ 128,583
Licenses and Permits	2,084	0	0	2,084	2,100	2,100	(16)
Charges for Current Services	98,625	0	0	98,625	120,000	120,000	(21,375)
Other Local Revenues	113,338	0	0	113,338	16,404	63,215	50,123
State of Tennessee	17,150,126	0	0	17,150,126	16,260,542	16,879,201	270,925
Federal Government	1,289,469	0	0	1,289,469	1,019,131	1,361,224	(71,755)
Total Revenues	$ 23,202,439	$ 0	$ 0	$ 23,202,439	$ 21,838,391	$ 22,845,954	$ 356,485
Expenditures							
Instruction							
Regular Instruction Program	$ 11,596,130	$ (635,527)	$ 77,764	$ 11,038,367	$ 11,433,549	$ 11,126,231	$ 87,864
Alternative Instruction Program	53,940	0	0	53,940	54,254	54,254	314
Special Education Program	1,852,689	(11,861)	0	1,840,828	1,812,162	1,844,028	3,200
Vocational Education Program	966,628	(4,510)	0	962,118	985,004	985,003	22,885
Adult Education Program	74,713	(1,095)	0	73,618	59,431	92,676	19,058
Support Services							
Attendance	79,054	0	0	79,054	80,317	80,317	1,263
Health Services	244,158	0	0	244,158	260,481	254,381	10,223
Other Student Support	593,888	0	915	594,803	670,427	614,427	19,624
Regular Instruction Program	876,171	(10,889)	0	865,282	871,923	871,923	6,641
Alternative Instruction Program	68,033	0	0	68,033	69,098	69,098	1,065
Special Education Program	287,507	(18,398)	0	269,109	285,424	272,502	3,393
Vocational Education Program	88,642	0	0	88,642	89,486	89,486	844
Adult Programs	72,538	0	0	72,538	72,951	72,952	414

(Continued)

Exhibit I-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Support Services (Cont.)							
Other Programs	$ 119,154	$ 0	$ 0	$ 119,154	$ 0	$ 119,154	$ 0
Board of Education	461,469	0	86	461,555	411,621	465,452	3,897
Director of Schools	142,704	0	0	142,704	143,150	145,150	2,446
Office of the Principal	872,135	0	0	872,135	1,029,469	903,469	31,334
Fiscal Services	86,312	0	137	86,449	93,262	93,263	6,814
Operation of Plant	1,820,030	(9,102)	9,177	1,820,105	1,750,520	1,826,219	6,114
Maintenance of Plant	353,360	(25,045)	10,369	338,684	304,408	339,408	724
Transportation	68,398	0	0	68,398	55,683	68,824	426
Central and Other	6,685	0	0	6,685	7,460	7,460	775
Operation of Non-Instructional Services							
Food Service	1,246,152	0	0	1,246,152	1,098,311	1,348,513	102,361
Early Childhood Education	498,637	(30,847)	0	467,790	0	482,764	14,974
Capital Outlay							
Regular Capital Outlay	228,233	(121,132)	126,699	233,800	200,000	465,000	231,200
Other Debt Service							
Education	288,900	0	0	288,900	0	290,000	1,100
Total Expenditures	$ 23,046,260	$ (868,406)	$ 225,147	$ 22,403,001	$ 21,838,391	$ 22,981,954	$ 578,953
Excess (Deficiency) of Revenues Over Expenditures	$ 156,179	$ 868,406	$ (225,147)	$ 799,438	$ 0	$ (136,000)	$ 935,438
Other Financing Sources (Uses)							
Transfers In	$ 4,714	$ 0	$ 0	$ 4,714	$ 0	$ 0	$ 4,714
Total Other Financing Sources (Uses)	$ 4,714	$ 0	$ 0	$ 4,714	$ 0	$ 0	$ 4,714
Net Change in Fund Balance	$ 160,893	$ 868,406	$ (225,147)	$ 804,152	$ 0	$ (136,000)	$ 940,152
Fund Balance, July 1, 2008	2,756,961	(868,406)	0	1,888,555	1,248,149	1,248,149	640,406
Fund Balance, June 30, 2009	$ 2,917,854	$ 0	$ (225,147)	$ 2,692,707	$ 1,248,149	$ 1,112,149	$ 1,580,558

Exhibit I-7

Henderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Henderson County School Department
School Federal Projects Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
State of Tennessee	$ 91,573	$ 0	$ 91,573	$ 0	$ 95,000	$ (3,427)
Federal Government	1,812,952	0	1,812,952	1,669,652	2,039,545	(226,593)
Total Revenues	$ 1,904,525	$ 0	$ 1,904,525	$ 1,669,652	$ 2,134,545	$ (230,020)
Expenditures						
Instruction						
Regular Instruction Program	$ 747,943	$ (45)	$ 747,898	$ 598,357	$ 893,072	$ 145,174
Special Education Program	548,858	0	548,858	513,286	590,448	41,590
Vocational Education Program	52,441	0	52,441	0	52,441	0
Adult Education Program	41,270	(4,274)	36,996	0	47,448	10,452
Support Services						
Health Services	96,347	(4,436)	91,911	0	95,000	3,089
Other Student Support	88,130	0	88,130	102,316	121,366	33,236
Regular Instruction Program	169,621	(200)	169,421	251,755	268,326	98,905
Special Education Program	44,539	0	44,539	46,455	49,093	4,554
Adult Programs	376	0	376	0	552	176
Transportation	181,145	(39)	181,106	152,180	182,489	1,383
Total Expenditures	$ 1,970,670	$ (8,994)	$ 1,961,676	$ 1,664,349	$ 2,300,235	$ 338,559
Excess (Deficiency) of Revenues Over Expenditures	$ (66,145)	$ 8,994	$ (57,151)	$ 5,303	$ (165,690)	$ 108,539
Other Financing Sources (Uses)						
Transfers Out	$ (4,714)	$ 0	$ (4,714)	$ (5,303)	$ (10,022)	$ 5,308
Total Other Financing Sources (Uses)	$ (4,714)	$ 0	$ (4,714)	$ (5,303)	$ (10,022)	$ 5,308
Net Change in Fund Balance	$ (70,859)	$ 8,994	$ (61,865)	$ 0	$ (175,712)	$ 113,847
Fund Balance, July 1, 2008	184,854	(8,994)	175,860	184,854	184,854	(8,994)
Fund Balance, June 30, 2009	$ 113,995	$ 0	$ 113,995	$ 184,854	$ 9,142	$ 104,853

Exhibit I-8

Henderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Henderson County School Department
School Transportation Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Local Taxes	$ 912,807	$ 0	$ 912,807	$ 899,325	$ 899,325	$ 13,482
Other Local Revenues	120,007	0	120,007	0	21,807	98,200
Total Revenues	$ 1,032,814	$ 0	$ 1,032,814	$ 899,325	$ 921,132	$ 111,682
Expenditures						
Support Services						
Board of Education	$ 17,978	$ 0	$ 17,978	$ 25,000	$ 25,000	$ 7,022
Transportation	883,967	(10,557)	873,410	874,325	886,613	13,203
Principal on Debt						
Education	13,333	0	13,333	0	13,333	0
Interest on Debt						
Education	1,920	0	1,920	0	1,920	0
Total Expenditures	$ 917,198	$ (10,557)	$ 906,641	$ 899,325	$ 926,866	$ 20,225
Excess (Deficiency) of Revenues Over Expenditures	$ 115,616	$ 10,557	$ 126,173	$ 0	$ (5,734)	$ 131,907
Other Financing Sources (Uses)						
Insurance Recovery	$ 5,735	$ 0	$ 5,735	$ 0	$ 5,735	$ 0
Total Other Financing Sources (Uses)	$ 5,735	$ 0	$ 5,735	$ 0	$ 5,735	$ 0
Net Change in Fund Balance	$ 121,351	$ 10,557	$ 131,908	$ 0	$ 1	$ 131,907
Fund Balance, July 1, 2008	108,665	(10,557)	98,108	93,875	93,875	4,233
Fund Balance, June 30, 2009	$ 230,016	$ 0	$ 230,016	$ 93,875	$ 93,876	$ 136,140

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MISCELLANEOUS SCHEDULES

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Exhibit J-1

Henderson County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, and Bonds
Primary Government and Discretely Presented Henderson County School Department
For the Year Ended June 30, 2009

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
PRIMARY GOVERNMENT								
NOTES PAYABLE								
Payable through General Fund								
Refunding Capital Outlay Note, Series 2005C	$ 435,000	3.45 to 3.95 %	6-30-05	4-1-13	$ 319,200	$ 0	$ 59,850	$ 259,350
Total Payable through General Fund					$ 319,200	$ 0	$ 59,850	$ 259,350
Payable through General Debt Service Fund								
School Capital Outlay Note, Series 2002B	640,000	2.45 to 4.5	12-19-02	4-1-14	$ 380,000	$ 0	$ 55,000	$ 325,000
Capital Outlay Note, Series 2005A	800,000	3.45 to 4	6-30-05	4-1-17	690,000	0	65,000	625,000
Refunding Capital Outlay Note, Series 2005B	855,000	3.2 to 3.55	6-30-05	4-1-09	275,000	0	275,000	0
Refunding Capital Outlay Note, Series 2005C	330,000	3.45 to 3.95	6-30-05	4-1-13	240,800	0	45,150	195,650
Capital Outlay Note, Series 2005D	245,500	3.52	11-2-05	11-1-08	81,833	0	81,833	0
Capital Outlay Note, Series 2006A	150,000	4.25	8-30-06	8-30-09	100,000	0	50,000	50,000
Total Payable through General Debt Service Fund					$ 1,767,633	$ 0	$ 571,983	$ 1,195,650
Total Notes Payable					$ 2,086,833	$ 0	$ 631,833	$ 1,455,000
CAPITAL LEASE								
Payable through Highway/Public Works Fund								
Excavator	82,975	4.59	11-7-07	10-15-12	$ 72,979	$ 0	$ 15,580	$ 57,399
Total Capital Lease					$ 72,979	$ 0	$ 15,580	$ 57,399

(Continued)

Exhibit J-1

Henderson County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, and Bonds
Primary Government and Discretely Presented Henderson County School Department (Cont.)

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
PRIMARY GOVERNMENT (CONT.)								
BONDS PAYABLE								
Payable through General Debt Service Fund								
High School Bonds	$ 3,000,000	4.7 to 5.375 %	2-1-00	4-1-11	$ 200,000	$ 0	$ 50,000	$ 150,000
High School Refunding Bonds, Series 2001	8,150,000	3.5 to 5	10-11-01	4-1-17	7,475,000	0	595,000	6,880,000
School Bonds, Series 2001	1,215,000	3.85 to 6	10-25-01	4-1-16	785,000	0	85,000	700,000
School Bonds, Series 2004	3,850,000	2 to 4.25	2-1-04	4-1-24	3,750,000	0	25,000	3,725,000
High School Refunding Bonds, Series 2004	2,840,000	2 to 3.875	4-1-04	4-1-20	2,725,000	0	30,000	2,695,000
G.O. Bonds, Series 2008	9,500,000	3.75 to 4.75	12-11-08	4-1-29	0	9,500,000	0	9,500,000
Total Payable through General Debt Service Fund					$ 14,935,000	$ 9,500,000	$ 785,000	$ 23,650,000
Payable through Rural Debt Service Fund								
Rural School Bonds, Series 1997	3,560,000	4.8 to 5	6-1-1997	4-1-09	$ 190,000	$ 0	$ 190,000	$ 0
Rural School Bonds, Series 1997A	4,775,000	3.9 to 5.1	9-1-1997	4-1-16	3,050,000	0	275,000	2,775,000
Rural School Refunding Bonds, Series 2004	2,140,000	2 to 3.6	4-1-04	4-1-17	2,040,000	0	30,000	2,010,000
Total Payable through Rural Debt Service Fund					$ 5,280,000	$ 0	$ 495,000	$ 4,785,000
Total Bonds Payable					$ 20,215,000	$ 9,500,000	$ 1,280,000	$ 28,435,000
DISCRETELY PRESENTED HENDERSON COUNTY SCHOOL DEPARTMENT								
NOTES PAYABLE								
Payable through School Transportation Fund								
School CON, Series 2002B	40,000	4.8	8-30-07	8-30-10	$ 40,000	$ 0	$ 13,333	$ 26,667
Total Notes Payable					$ 40,000	$ 0	$ 13,333	$ 26,667

Exhibit J-2

Henderson County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Henderson County School Department

PRIMARY GOVERNMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2010	$ 280,000	$ 55,818	$ 335,818
2011	240,000	47,097	287,097
2012	260,000	37,768	297,768
2013	265,000	27,497	292,497
2014	150,000	16,750	166,750
2015	85,000	10,400	95,400
2016	85,000	7,000	92,000
2017	90,000	3,600	93,600
Total	$ 1,455,000	$ 205,930	$ 1,660,930

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
2010	$ 16,309	$ 2,294	$ 18,603
2011	17,074	1,530	18,604
2012	17,874	729	18,603
2013	6,142	59	6,201
Total	$ 57,399	$ 4,612	$ 62,011

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2010	$ 1,600,000	$ 1,349,239	$ 2,949,239
2011	1,750,000	1,153,708	2,903,708
2012	1,870,000	1,084,263	2,954,263

(Continued)

Exhibit J-2

Henderson County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Henderson County School Department (Cont.)

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2013	$ 1,980,000	$ 1,006,824	$ 2,986,824
2014	2,135,000	923,397	3,058,397
2015	2,295,000	830,067	3,125,067
2016	2,225,000	728,918	2,953,918
2017	1,995,000	629,102	2,624,102
2018	1,215,000	541,190	1,756,190
2019	1,375,000	493,468	1,868,468
2020	1,375,000	439,743	1,814,743
2021	1,085,000	384,618	1,469,618
2022	1,125,000	338,649	1,463,649
2023	1,135,000	290,987	1,425,987
2024	1,150,000	493,468	1,643,468
2025	825,000	439,743	1,264,743
2026	825,000	384,618	1,209,618
2027	825,000	338,649	1,163,649
2028	825,000	290,987	1,115,987
2029	825,000	39,188	864,188
Total	$ 28,435,000	$ 12,180,826	$ 40,615,826

DISCRETELY PRESENTED HENDERSON COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2010	$ 13,333	$ 1,280	$ 14,613
2011	13,334	640	13,974
Total	$ 26,667	$ 1,920	$ 28,587

Exhibit J-3

Henderson County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Henderson County School Department
For the Year Ended June 30, 2009

From Fund	To Fund	Purpose	Amount
PRIMARY GOVERNMENT			
General Capital Projects	General Debt Service	Debt retirement	$ 600,000
Total Transfers Primary Government			$ 600,000
DISCRETELY PRESENTED HENDERSON COUNTY SCHOOL DEPARTMENT			
School Federal Projects	General Purpose School	Indirect costs	$ 4,714
Total Transfers Discretely Presented Henderson County School Department			$ 4,714

Exhibit J-4

Henderson County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Henderson County School Department
For the Year Ended June 30, 2009

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	$ 72,823 (1)	$ 50,000	State Automobile Mutual Insurance Company
Road Supervisor	Section 8-24-102, TCA	67,927	100,000	Western Surety Company
Director of Schools:				
George Reel (7-1-08 through 12-31-08)	State Board of Education and County Board of Education	49,250	150,000	Tennessee Risk Management Trust
Steve Wilkinson (1-1-09 through 6-30-09)	State Board of Education and County Board of Education	52,500	150,000	"
Trustee	Section 8-24-102, TCA, and County Commission	63,251 (1)	800,000	Auto-Owners Insurance Company
Assessor of Property	Section 8-24-102, TCA	61,751	25,000	Western Surety Company
Director of Finance	County Commission	63,250	50,000	"
County Clerk	Section 8-24-102, TCA, and County Commission	63,251 (1)	50,000	State Automobile Mutual Insurance Company
Circuit Court Clerk	Section 8-24-102, TCA, and County Commission	67,926 (2)	100,000	"
Clerk and Master	Section 8-24-102, TCA, and County Commission	69,426 (1,2)	100,000	"
Register	Section 8-24-102, TCA	61,751	25,000	"
Sheriff	Section 8-24-102, TCA	67,927 (3)	25,000	"
Employee Blanket Bonds:				
County Departments			50,000	State Automobile Mutual Insurance Company
County Departments and Highway Department			150,000	Local Government Property and Casualty Fund
School Department			150,000	Tennessee Risk Management Trust

(1) Includes certified public administrator supplement of $1,500.
(2) Includes additional compensation for multiple courts of $6,175.
(3) Does not include a law enforcement training supplement of $600.

Exhibit J-5

Henderson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2009

		Special Revenue Funds				Debt Service Funds		Capital Projects Fund	
	General	Solid Waste/ Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway/ Public Works	General Debt Service	Rural Debt Service	General Capital Projects	Total
Local Taxes									
County Property Taxes									
Current Property Tax	$ 2,451,549	$ 298,167	$ 0	$ 0	$ 165,635	$ 1,590,195	$ 0	$ 0	$ 4,505,546
Trustee's Collections - Prior Year	125,999	15,325	0	0	8,515	81,960	0	0	231,799
Circuit/Clerk & Master Collections - Prior Years	27,300	3,320	0	0	1,845	17,708	0	0	50,173
Interest and Penalty	18,526	2,254	0	0	1,251	12,019	0	0	34,050
Payments in-Lieu-of Taxes - Local Utilities	36,866	4,484	0	0	2,501	23,913	0	0	67,764
County Local Option Taxes									
Local Option Sales Tax	83,034	0	0	0	0	0	547,724	0	630,758
Hotel/Motel Tax	86,987	0	0	0	0	0	0	0	86,987
Wheel Tax	0	0	0	0	0	874,820	0	0	874,820
Litigation Tax - General	162,024	0	0	0	0	0	0	0	162,024
Litigation Tax - Jail, Workhouse, or Courthouse	77,064	0	0	0	0	0	0	0	77,064
Business Tax	189,329	0	0	0	0	0	0	0	189,329
Statutory Local Taxes									
Bank Excise Tax	41,449	5,041	0	0	2,801	26,886	0	0	76,177
Wholesale Beer Tax	63,499	0	0	0	0	0	0	0	63,499
Interstate Telecommunications Tax	1,674	0	0	0	0	0	372	0	2,046
Total Local Taxes	$ 3,365,300	$ 328,591	$ 0	$ 0	$ 182,548	$ 2,627,501	$ 548,096	$ 0	$ 7,052,036
Licenses and Permits									
Permits									
Beer Permits	$ 950	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 950
Total Licenses and Permits	$ 950	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 950
Fines, Forfeitures, and Penalties									
Circuit Court									
Fines	$ 20,220	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 20,220
Officers Costs	584	0	0	0	0	0	0	0	584
Game and Fish Fines	12	0	0	0	0	0	0	0	12
Drug Control Fines	1,532	0	6,751	0	0	0	0	0	8,283
DUI Treatment Fines	665	0	0	0	0	0	0	0	665

(Continued)

Exhibit J-5

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

		Special Revenue Funds				Debt Service Funds		Capital Projects Fund	
	General	Solid Waste/ Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway/ Public Works	General Debt Service	Rural Debt Service	General Capital Projects	Total
Fines, Forfeitures, and Penalties (Cont.)									
General Sessions Court									
Fines	$ 188,240	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 188,240
Officers Costs	31,341	0	0	0	0	0	0	0	31,341
Game and Fish Fines	103	0	0	0	0	0	0	0	103
Drug Control Fines	8,216	0	6,308	0	0	0	0	0	14,524
Drug Court Fees	10,309	0	0	0	0	0	0	0	10,309
Jail Fees	10,849	0	0	0	0	0	0	0	10,849
DUI Treatment Fines	9,500	0	0	0	0	0	0	0	9,500
Juvenile Court									
Fines	2,443	0	0	0	0	0	0	0	2,443
Chancery Court									
Officers Costs	473	0	0	0	0	0	0	0	473
Judicial District Drug Program									
Drug Task Force Forfeitures and Seizures	0	0	47,493	0	0	0	0	0	47,493
Courtroom Security Fee	9,324	0	0	0	0	0	0	0	9,324
Total Fines, Forfeitures, and Penalties	$ 293,811	$ 0	$ 60,552	$ 0	$ 0	$ 0	$ 0	$ 0	$ 354,363
Charges for Current Services									
General Service Charges									
Work Release Charges for Board	$ 980	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 980
Fees									
Copy Fees	772	0	0	0	0	0	0	0	772
Telephone Commissions	20,281	0	0	0	0	0	0	0	20,281
Vending Machine Collections	1,148	0	0	0	0	0	0	0	1,148
Constitutional Officers' Fees and Commissions	0	0	0	1,097,426	0	0	0	0	1,097,426
Data Processing Fee - Register	18,677	0	0	0	0	0	0	0	18,677
Data Processing Fee - Sheriff	12,313	0	0	0	0	0	0	0	12,313
Sexual Offender Registration Fees - Sheriff	4,029	0	0	0	0	0	0	0	4,029
Total Charges for Current Services	$ 58,200	$ 0	$ 0	$ 1,097,426	$ 0	$ 0	$ 0	$ 0	$ 1,155,626

(Continued)

Exhibit J-5

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

		Special Revenue Funds				Debt Service Funds		Capital Projects Fund	
	General	Solid Waste/ Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway/ Public Works	General Debt Service	Rural Debt Service	General Capital Projects	Total
Other Local Revenues									
Recurring Items									
Investment Income	$ 99,135	$ 0	$ 0	$ 0	$ 0	$ 82,911	$ 13,676	$ 49,786	$ 245,508
Lease/Rentals	600	0	0	0	0	0	0	0	600
Sale of Recycled Materials	0	15,388	0	0	0	0	0	0	15,388
Miscellaneous Refunds	10,094	55	676	0	7,984	61	0	0	18,870
Nonrecurring Items									
Sale of Equipment	6,205	0	0	0	6,601	0	0	1,424	14,230
Damages Recovered from Individuals	1,645	0	0	0	0	0	0	0	1,645
Contributions and Gifts	0	0	0	0	2,526	0	0	0	2,526
Other Local Revenues									
Other Local Revenues	1,250	0	0	0	0	0	0	0	1,250
Total Other Local Revenues	$ 118,929	$ 15,443	$ 676	$ 0	$ 17,111	$ 82,972	$ 13,676	$ 51,210	$ 300,017
Fees Received from County Officials									
Excess Fees									
County Clerk	$ 5,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 5,000
Circuit Court Clerk	85,000	0	0	0	0	0	0	0	85,000
Trustee	116,718	0	0	0	0	0	0	0	116,718
Fees in-Lieu-of Salary									
Register	99,390	0	0	0	0	0	0	0	99,390
Sheriff	12,317	0	0	0	0	0	0	0	12,317
Total Fees Received from County Officials	$ 318,425	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 318,425
State of Tennessee									
General Government Grants									
Juvenile Services Program	$ 9,180	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 9,180
State Reappraisal Grant	10,775	0	0	0	0	0	0	0	10,775
Public Works Grants									
Litter Program	26,643	0	0	0	0	0	0	0	26,643
Other State Revenues									
Income Tax	57,709	0	0	0	0	0	0	0	57,709

(Continued)

Exhibit J-5

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

		Special Revenue Funds				Debt Service Funds		Capital Projects Fund	
	General	Solid Waste/ Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway/ Public Works	General Debt Service	Rural Debt Service	General Capital Projects	Total
State of Tennessee (Cont.)									
Other State Revenues (Cont.)									
Beer Tax	$ 18,701	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 18,701
Alcoholic Beverage Tax	47,952	0	0	0	0	0	0	0	47,952
Mixed Drink Tax	4,088	0	0	0	0	0	0	0	4,088
Contracted Prisoner Boarding	73,267	0	0	0	0	0	0	0	73,267
Gasoline and Motor Fuel Tax	0	0	0	0	1,708,935	0	0	0	1,708,935
Petroleum Special Tax	0	0	0	0	20,497	0	0	0	20,497
Registrar's Salary Supplement	14,912	0	0	0	0	0	0	0	14,912
Other State Grants	10,814	15,029	1,194	0	0	0	0	0	60,228
Other State Revenues	73,769	0	0	0	0	0	0	0	40,578
Total State of Tennessee	$ 347,810	$ 15,029	$ 1,194	$ 0	$ 1,729,432	$ 0	$ 0	$ 0	$ 2,093,465
Federal Government									
Federal Through State									
Civil Defense Reimbursement	$ 63,852	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 63,852
Other Federal through State	2,200	0	0	0	0	0	0	0	2,200
Total Federal Government	$ 66,052	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 66,052
Other Governments and Citizens Groups									
Other Governments									
Contributions	$ 0	$ 0	$ 0	$ 0	$ 0	$ 288,900	$ 0	$ 0	$ 288,900
Contracted Services	57,500	0	0	0	0	0	0	0	57,500
Other									
Other	197,965	0	0	0	0	0	0	0	197,965
Total Other Governments and Citizens Groups	$ 255,465	$ 0	$ 0	$ 0	$ 0	$ 288,900	$ 0	$ 0	$ 544,365
Total	$ 4,824,942	$ 359,063	$ 62,422	$ 1,097,426	$ 1,929,091	$ 2,999,373	$ 561,772	$ 51,210	$ 11,885,299

Exhibit J-6

Henderson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Henderson County School Department
For the Year Ended June 30, 2009

	General Purpose School	School Federal Projects	School Transpor - tation	Total
Local Taxes				
County Property Taxes				
Current Property Tax	$ 1,751,134	$ 0	$ 831,497	$ 2,582,631
Trustee's Collections - Prior Year	90,183	0	39,367	129,550
Circuit/Clerk & Master Collections - Prior Years	19,324	0	9,223	28,547
Interest and Penalty	13,235	0	6,262	19,497
Payments in-Lieu-of Taxes - T.V.A.	366	0	0	366
Payments in-Lieu-of Taxes - Local Utilities	26,149	0	12,455	38,604
County Local Option Taxes				
Local Option Sales Tax	2,317,278	0	0	2,317,278
Wheel Tax	299,519	0	0	299,519
Statutory Local Taxes				
Bank Excise Tax	29,195	0	14,003	43,198
Interstate Telecommunications Tax	2,414	0	0	2,414
Total Local Taxes	$ 4,548,797	$ 0	$ 912,807	$ 5,461,604
Licenses and Permits				
Licenses				
Marriage Licenses	$ 1,805	$ 0	$ 0	$ 1,805
Permits				
Other Permits	279	0	0	279
Total Licenses and Permits	$ 2,084	$ 0	$ 0	$ 2,084
Charges for Current Services				
Education Charges				
Tuition - Regular Day Students	$ 2,625	$ 0	$ 0	$ 2,625
Contract for Instructional Services with Other LEAs	96,000	0	0	96,000
Total Charges for Current Services	$ 98,625	$ 0	$ 0	$ 98,625
Other Local Revenues				
Recurring Items				
Investment Income	$ 20,730	$ 0	$ 0	$ 20,730
Lease/Rentals	6,075	0	0	6,075
Sale of Materials and Supplies	1,695	0	0	1,695
Miscellaneous Refunds	29,479	0	21,807	51,286
Nonrecurring Items				
Sale of Equipment	4,538	0	98,200	102,738
Sale of Property	1,000	0	0	1,000
Contributions and Gifts	14,831	0	0	14,831
Other Local Revenues				
Other Local Revenues	34,990	0	0	34,990
Total Other Local Revenues	$ 113,338	$ 0	$ 120,007	$ 233,345
State of Tennessee				
General Government Grants				
On-Behalf Contributions for OPEB	$ 119,154	$ 0	$ 0	$ 119,154
State Education Funds				
Basic Education Program	15,261,370	0	0	15,261,370
Basic Education Program - ARRA	177,900	0	0	177,900
Early Childhood Education	468,062	0	0	468,062

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	School Transpor - tation	Total
State of Tennessee (Cont.)				
State Education Funds (Cont.)				
School Food Service	$ 20,357	$ 0	$ 0	$ 20,357
Driver Education	12,288	0	0	12,288
Other State Education Funds	131,629	91,573	0	223,202
Career Ladder Program	163,358	0	0	163,358
Career Ladder - Extended Contract	105,200	0	0	105,200
Other State Revenues				
Mixed Drink Tax	3,181	0	0	3,181
State Revenue Sharing - T.V.A.	678,128	0	0	678,128
Other State Grants	9,499	0	0	9,499
Total State of Tennessee	$ 17,150,126	$ 91,573	$ 0	$ 17,241,699
Federal Government				
Federal Through State				
USDA School Lunch Program	$ 753,640	$ 0	$ 0	$ 753,640
Breakfast	323,044	0	0	323,044
Adult Education State Grant Program	126,516	37,548	0	164,064
Vocational Education - Basic Grants to States	0	58,441	0	58,441
Title I Grants to Local Education Agencies	0	758,947	0	758,947
Special Education - Grants to States	0	754,218	0	754,218
Special Education Preschool Grants	25,986	26,199	0	52,185
English Language Acquisition Grants	0	2,255	0	2,255
Safe and Drug-Free Schools - State Grants	0	12,276	0	12,276
Eisenhower Professional Development State Grants	0	156,616	0	156,616
Other Federal through State	0	6,452	0	6,452
Direct Federal Revenue				
ROTC Reimbursement	60,283	0	0	60,283
Total Federal Government	$ 1,289,469	$ 1,812,952	$ 0	$ 3,102,421
Total	$ 23,202,439	$ 1,904,525	$ 1,032,814	$ 26,139,778

Exhibit J-7

Henderson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2009

General Fund		
General Government		
County Commission		
Board and Committee Members Fees	$ 66,000	
Social Security	4,092	
Employer Medicare	957	
Audit Services	7,657	
Total County Commission		$ 78,706
Board of Equalization		
Board and Committee Members Fees	$ 1,300	
Total Board of Equalization		1,300
County Mayor/Executive		
County Official/Administrative Officer	$ 72,823	
Secretary(ies)	21,519	
Social Security	5,540	
State Retirement	6,108	
Medical Insurance	1,903	
Unemployment Compensation	157	
Employer Medicare	1,299	
Communication	5,349	
Dues and Memberships	200	
Legal Notices, Recording, and Court Costs	122	
Postal Charges	329	
Travel	127	
Office Supplies	665	
Other Charges	647	
Total County Mayor/Executive		116,788
County Attorney		
Social Security	$ 372	
Unemployment Compensation	120	
Employer Medicare	87	
Dues and Memberships	100	
Legal Services	6,000	
Travel	657	
Total County Attorney		7,336
Election Commission		
County Official/Administrative Officer	$ 55,576	
Clerical Personnel	21,468	
Part-time Personnel	13,269	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
General Government (Cont.)		
Election Commission (Cont.)		
Election Commission	$ 2,865	
Election Workers	12,990	
In-Service Training	3,497	
Social Security	5,525	
State Retirement	5,176	
Medical Insurance	1,812	
Unemployment Compensation	603	
Employer Medicare	1,292	
Communication	1,299	
Data Processing Services	2,200	
Dues and Memberships	175	
Janitorial Services	180	
Legal Notices, Recording, and Court Costs	3,034	
Maintenance Agreements	514	
Maintenance and Repair Services - Office Equipment	786	
Postal Charges	2,230	
Printing, Stationery, and Forms	433	
Rentals	7,500	
Other Contracted Services	10,127	
Office Supplies	1,225	
Other Supplies and Materials	400	
Total Election Commission		$ 154,176
Register of Deeds		
County Official/Administrative Officer	$ 61,751	
Secretary(ies)	48,625	
Social Security	6,724	
State Retirement	7,998	
Medical Insurance	596	
Unemployment Compensation	280	
Employer Medicare	1,573	
Communication	1,933	
Data Processing Services	5,910	
Dues and Memberships	15	
Maintenance Agreements	1,772	
Postal Charges	356	
Office Supplies	4,225	
Other Charges	1,200	
Furniture and Fixtures	158	
Office Equipment	578	
Total Register of Deeds		143,694

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
General Government (Cont.)		
County Buildings		
Custodial Personnel	$ 20,361	
Social Security	1,262	
State Retirement	1,847	
Unemployment Compensation	140	
Employer Medicare	295	
Licenses	175	
Maintenance and Repair Services - Buildings	15,694	
Maintenance and Repair Services - Equipment	5,725	
Maintenance and Repair Services - Vehicles	439	
Pest Control	900	
Custodial Supplies	4,129	
Electricity	54,791	
Gasoline	4,183	
Natural Gas	6,323	
Water and Sewer	4,144	
Building Improvements	6,106	
Total County Buildings		$ 126,514
Finance		
Accounting and Budgeting		
County Official/Administrative Officer	$ 63,250	
Accountants/Bookkeepers	118,059	
Social Security	9,969	
State Retirement	16,445	
Medical Insurance	8,052	
Unemployment Compensation	672	
Employer Medicare	2,331	
Communication	5,820	
Data Processing Services	7,986	
Legal Notices, Recording, and Court Costs	933	
Maintenance Agreements	3,129	
Postal Charges	3,730	
Printing, Stationery, and Forms	3,632	
Rentals	15,600	
Travel	2,762	
Office Supplies	2,009	
Other Supplies and Materials	290	
Premiums on Corporate Surety Bonds	175	
Other Charges	1,375	
Total Accounting and Budgeting		266,219

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Finance (Cont.)		
Property Assessor's Office		
County Official/Administrative Officer	$ 61,751	
Clerical Personnel	48,735	
Part-time Personnel	9,893	
Social Security	6,953	
State Retirement	8,006	
Medical Insurance	4,209	
Unemployment Compensation	416	
Employer Medicare	1,626	
Communication	970	
Contracts with Private Agencies	12,200	
Data Processing Services	13,474	
Dues and Memberships	1,146	
Legal Notices, Recording, and Court Costs	90	
Maintenance Agreements	3,146	
Postal Charges	783	
Travel	568	
Office Supplies	923	
Premiums on Corporate Surety Bonds	340	
Office Equipment	2,733	
Total Property Assessor's Office		$ 177,962
Reappraisal Program		
Other Salaries and Wages	$ 27,501	
Social Security	1,676	
State Retirement	2,494	
Unemployment Compensation	140	
Employer Medicare	392	
Maintenance and Repair Services - Vehicles	342	
Gasoline	818	
Total Reappraisal Program		33,363
County Trustee's Office		
Communication	$ 2,452	
Data Processing Services	6,572	
Legal Notices, Recording, and Court Costs	215	
Maintenance Agreements	399	
Maintenance and Repair Services - Office Equipment	100	
Postal Charges	6,274	
Printing, Stationery, and Forms	1,678	
Office Supplies	1,718	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Finance (Cont.)		
County Trustee's Office (Cont.)		
Office Equipment	$ 671	
Total County Trustee's Office		$ 20,079
County Clerk's Office		
Communication	$ 3,991	
Data Processing Services	12,789	
Legal Notices, Recording, and Court Costs	89	
Maintenance Agreements	2,780	
Postal Charges	5,866	
Office Supplies	2,960	
Total County Clerk's Office		28,475
Administration of Justice		
Circuit Court		
Other Salaries and Wages	$ 10,200	
Board and Committee Members Fees	225	
Jury and Witness Fees	8,490	
Social Security	570	
State Retirement	925	
Medical Insurance	1,039	
Unemployment Compensation	44	
Employer Medicare	133	
Communication	3,877	
Dues and Memberships	521	
Legal Notices, Recording, and Court Costs	270	
Maintenance Agreements	4,513	
Maintenance and Repair Services - Office Equipment	150	
Postal Charges	3,454	
Office Supplies	9,394	
Premiums on Corporate Surety Bonds	350	
Furniture and Fixtures	358	
Total Circuit Court		44,513
General Sessions Court		
Judge(s)	$ 106,913	
Secretary(ies)	24,392	
Social Security	7,866	
State Retirement	8,424	
Medical Insurance	2,804	
Unemployment Compensation	106	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Administration of Justice (Cont.)		
General Sessions Court (Cont.)		
Employer Medicare	$ 1,875	
Communication	1,225	
Travel	175	
Office Supplies	428	
Total General Sessions Court		$ 154,208
Drug Court		
Drugs and Medical Supplies	$ 7,759	
Total Drug Court		7,759
Chancery Court		
Communication	$ 2,377	
Data Processing Services	5,181	
Dues and Memberships	521	
Legal Notices, Recording, and Court Costs	1,726	
Maintenance Agreements	1,293	
Maintenance and Repair Services - Office Equipment	800	
Postal Charges	2,430	
Office Supplies	6,325	
Office Equipment	1,000	
Total Chancery Court		21,653
Juvenile Court		
Guidance Personnel	$ 30,008	
Part-time Personnel	2,000	
In-Service Training	936	
Social Security	1,865	
State Retirement	2,903	
Medical Insurance	4,332	
Unemployment Compensation	140	
Employer Medicare	436	
Communication	2,722	
Contracts with Other Public Agencies	567	
Travel	1,151	
Office Supplies	428	
Total Juvenile Court		47,488
Public Safety		
Sheriff's Department		
County Official/Administrative Officer	$ 67,927	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Sheriff's Department (Cont.)		
Deputy(ies)	$ 632,858	
Salary Supplements	9,600	
Clerical Personnel	79,813	
Part-time Personnel	14,723	
In-Service Training	9,831	
Social Security	48,862	
State Retirement	64,754	
Medical Insurance	6,125	
Unemployment Compensation	3,883	
Employer Medicare	11,428	
Communication	25,023	
Dues and Memberships	700	
Legal Notices, Recording, and Court Costs	409	
Maintenance Agreements	9,120	
Maintenance and Repair Services - Equipment	10,367	
Maintenance and Repair Services - Vehicles	19,128	
Postal Charges	2,547	
Travel	58	
Gasoline	77,097	
Office Supplies	6,374	
Tires and Tubes	5,733	
Uniforms	9,375	
Other Charges	2,038	
Motor Vehicles	47,825	
Office Equipment	29,240	
Total Sheriff's Department		$ 1,194,838
Administration of the Sexual Offender Registry		
In-Service Training	$ 200	
Office Supplies	480	
Other Charges	970	
Total Administration of the Sexual Offender Registry		1,650
Workhouse		
Guards	$ 187,881	
Cafeteria Personnel	14,770	
Social Security	12,496	
State Retirement	15,502	
Medical Insurance	1,893	
Unemployment Compensation	2,205	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Workhouse (Cont.)		
Employer Medicare	$ 2,923	
Contracts with Government Agencies	6,920	
Maintenance Agreements	7,331	
Maintenance and Repair Services - Buildings	12,530	
Maintenance and Repair Services - Equipment	2,111	
Medical and Dental Services	108,717	
Pest Control	477	
Custodial Supplies	12,714	
Drugs and Medical Supplies	15,197	
Electricity	26,131	
Food Supplies	80,790	
Natural Gas	8,078	
Water and Sewer	12,109	
Total Workhouse		$ 530,775
Fire Prevention and Control		
County Official/Administrative Officer	$ 54,575	
Assistant(s)	8,531	
Part-time Personnel	1,800	
In-Service Training	2,397	
Social Security	3,870	
State Retirement	4,950	
Medical Insurance	4,332	
Unemployment Compensation	286	
Employer Medicare	905	
Communication	3,971	
Dues and Memberships	150	
Maintenance and Repair Services - Buildings	750	
Maintenance and Repair Services - Equipment	15,665	
Maintenance and Repair Services - Vehicles	8,878	
Postal Charges	578	
Drugs and Medical Supplies	597	
Gasoline	9,968	
Instructional Supplies and Materials	1,000	
Office Supplies	1,307	
Uniforms	469	
Utilities	1,528	
Other Supplies and Materials	947	
Trustee's Commission	455	
Other Equipment	72,603	
Total Fire Prevention and Control		200,512

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Civil Defense		
Other Salaries and Wages	$ 20,213	
In-Service Training	398	
Social Security	1,253	
Unemployment Compensation	140	
Employer Medicare	293	
Communication	1,066	
Maintenance and Repair Services - Vehicles	472	
Gasoline	791	
Office Supplies	605	
Total Civil Defense		$ 25,231
Rescue Squad		
Contributions	$ 15,000	
Total Rescue Squad		15,000
Other Emergency Management		
Supervisor/Director	$ 7,711	
Social Security	316	
State Retirement	591	
Medical Insurance	420	
Unemployment Compensation	52	
Employer Medicare	74	
Total Other Emergency Management		9,164
County Coroner/Medical Examiner		
Other Per Diem and Fees	$ 18,914	
Ambulance Services	650	
Total County Coroner/Medical Examiner		19,564
Other Public Safety		
County Official/Administrative Officer	$ 37,085	
Dispatchers/Radio Operators	194,688	
Clerical Personnel	31,395	
Temporary Personnel	25,272	
Part-time Personnel	38,812	
Other Salaries and Wages	189	
In-Service Training	2,748	
Social Security	19,919	
State Retirement	25,588	
Medical Insurance	27,549	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Other Public Safety (Cont.)		
Unemployment Compensation	$ 2,092	
Employer Medicare	4,659	
Maintenance Agreements	3,448	
Maintenance and Repair Services - Equipment	9,372	
Total Other Public Safety		$ 422,816
Public Health and Welfare		
Local Health Center		
Custodial Personnel	$ 6,535	
Other Salaries and Wages	50,770	
Social Security	3,148	
State Retirement	4,564	
Unemployment Compensation	280	
Employer Medicare	736	
Communication	4,490	
Legal Notices, Recording, and Court Costs	158	
Maintenance and Repair Services - Buildings	1,526	
Maintenance and Repair Services - Equipment	276	
Postal Charges	170	
Travel	2,335	
Other Contracted Services	1,327	
Custodial Supplies	1,126	
Drugs and Medical Supplies	1,013	
Office Supplies	2,530	
Utilities	13,929	
Total Local Health Center		94,913
Other Local Health Services		
Contributions	$ 4,000	
Total Other Local Health Services		4,000
Appropriation to State		
Contracts with Government Agencies	$ 9,974	
Total Appropriation to State		9,974
General Welfare Assistance		
Contracts with Government Agencies	$ 5,125	
Total General Welfare Assistance		5,125

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Public Health and Welfare (Cont.)		
Sanitation Education/Information		
Part-time Personnel	$ 1,022	
Social Security	63	
Unemployment Compensation	20	
Employer Medicare	15	
Total Sanitation Education/Information		$ 1,120
Waste Pickup		
Supervisor/Director	$ 13,184	
Part-time Personnel	13,440	
Social Security	2,223	
Medical Insurance	4,332	
Unemployment Compensation	241	
Employer Medicare	642	
Advertising	2,038	
Communication	674	
Printing, Stationery, and Forms	2,072	
Gasoline	2,832	
Instructional Supplies and Materials	2,012	
Tires and Tubes	15	
Other Charges	597	
Total Waste Pickup		44,302
Social, Cultural, and Recreational Services		
Adult Activities		
Contributions	$ 2,807	
Total Adult Activities		2,807
Senior Citizens Assistance		
Contributions	$ 15,500	
Total Senior Citizens Assistance		15,500
Libraries		
Contributions	$ 36,000	
Utilities	8,891	
Building and Contents Insurance	2,966	
Total Libraries		47,857
Other Social, Cultural, and Recreational		
Contributions	$ 14,405	
Total Other Social, Cultural, and Recreational		14,405

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Agriculture and Natural Resources		
Agriculture Extension Service		
Assistant(s)	$ 24,311	
Supervisor/Director	15,602	
Secretary(ies)	7,056	
Other Salaries and Wages	7,335	
Communication	4,746	
Maintenance Agreements	3,669	
Maintenance and Repair Services - Buildings	6,158	
Postal Charges	170	
Travel	256	
Office Supplies	1,148	
Utilities	3,247	
Total Agriculture Extension Service		$ 73,698
Soil Conservation		
Secretary(ies)	$ 12,150	
Social Security	753	
Unemployment Compensation	196	
Employer Medicare	176	
Contributions	26	
Office Supplies	250	
Total Soil Conservation		13,551
Flood Control		
Contributions	$ 4,752	
Other Contracted Services	4,792	
Total Flood Control		9,544
Other Operations		
Tourism		
Contributions	$ 7,000	
Other Charges	6,750	
Total Tourism		13,750
Industrial Development		
Contributions	$ 7,000	
Other Charges	26,029	
Total Industrial Development		33,029
Veterans' Services		
Supervisor/Director	$ 10,404	

(Continued)

Exhibit J-7

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

General Fund (Cont.)		
Other Operations (Cont.)		
Veterans' Services (Cont.)		
Secretary(ies)	$ 19,867	
In-Service Training	735	
Social Security	1,488	
State Retirement	2,745	
Medical Insurance	1,184	
Unemployment Compensation	228	
Employer Medicare	348	
Communication	988	
Postal Charges	454	
Office Supplies	156	
Office Equipment	681	
Total Veterans' Services		$ 39,278
Other Charges		
Building and Contents Insurance	$ 23,055	
Liability Insurance	64,427	
Vehicle and Equipment Insurance	75,905	
Workers' Compensation Insurance	43,782	
Total Other Charges		207,169
Employee Benefits		
Social Security	$ 4,492	
State Retirement	1,997	
Unemployment Compensation	2,115	
Total Employee Benefits		8,604
Payments to Cities		
Rentals	$ 19,782	
Total Payments to Cities		19,782
Miscellaneous		
Dues and Memberships	$ 8,942	
Legal Services	778	
Legal Notices, Recording, and Court Costs	357	
Maintenance Agreements	3,481	
Maintenance and Repair Services - Equipment	37,176	
Road Signs	2,930	
Premiums on Corporate Surety Bonds	923	
Trustee's Commission	64,679	
Other Charges	3,107	

(Continued)

Exhibit J-7

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

General Fund (Cont.)			
Other Operations (Cont.)			
Miscellaneous (Cont.)			
Airport Improvement	$ 29,125		
Total Miscellaneous		$ 151,498	
Principal on Debt			
General Government			
Principal on Notes	$ 59,850		
Total General Government		59,850	
Interest on Debt			
General Government			
Interest on Notes	$ 12,117		
Total General Government		12,117	
Total General Fund			$ 4,731,656
Solid Waste/Sanitation Fund			
Public Health and Welfare			
Sanitation Education/Information			
Supervisor/Director	$ 19,570		
Part-time Personnel	120,820		
Social Security	8,653		
State Retirement	4,637		
Unemployment Compensation	1,628		
Employer Medicare	2,024		
Communication	7,073		
Contracts with Private Agencies	177,605		
Legal Notices, Recording, and Court Costs	346		
Maintenance Agreements	399		
Maintenance and Repair Services - Buildings	2,391		
Maintenance and Repair Services - Equipment	6,486		
Maintenance and Repair Services - Vehicles	537		
Gasoline	2,863		
Office Supplies	18		
Tires and Tubes	13,407		
Utilities	8,501		
Trustee's Commission	6,471		
Landfill Closure/Postclosure Care Costs	3,891		
Other Charges	1,170		
Motor Vehicles	5,500		
Total Sanitation Education/Information		$ 393,990	
Total Solid Waste/Sanitation Fund			393,990

(Continued)

Exhibit J-7

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

Drug Control Fund			
Public Safety			
Drug Enforcement			
Other Salaries and Wages	$ 10,000		
In-Service Training	1,015		
Confidential Drug Enforcement Payments	5,000		
Legal Notices, Recording, and Court Costs	21		
Maintenance and Repair Services - Equipment	2,623		
Maintenance and Repair Services - Vehicles	3,614		
Tow-in Services	1,695		
Animal Food and Supplies	4,073		
Office Supplies	145		
Tires and Tubes	392		
Uniforms	592		
Trustee's Commission	141		
Other Charges	10,728		
Motor Vehicles	8,500		
Total Drug Enforcement		$ 48,539	
Total Drug Control Fund			$ 48,539
Constitutional Officers - Fees Fund			
Finance			
County Trustee's Office			
Constitutional Officers' Operating Expenses	$ 199,402		
Total County Trustee's Office		$ 199,402	
County Clerk's Office			
Constitutional Officers' Operating Expenses	$ 220,449		
Total County Clerk's Office		220,449	
Administration of Justice			
Circuit Court Clerk			
Constitutional Officers' Operating Expenses	$ 320,509		
Total Circuit Court Clerk		320,509	
Chancery Court			
Constitutional Officers' Operating Expenses	$ 233,872		
Total Chancery Court		233,872	
Total Constitutional Officers - Fees Fund			974,232

(Continued)

Exhibit J-7

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

Highway/Public Works Fund		
Highways		
Administration		
County Official/Administrative Officer	$ 67,927	
Secretary(ies)	21,840	
Social Security	6,550	
State Retirement	5,927	
Medical Insurance	10,813	
Unemployment Compensation	210	
Employer Medicare	317	
Dues and Memberships	2,808	
Legal Notices, Recording, and Court Costs	381	
Postal Charges	131	
Office Supplies	873	
Premiums on Corporate Surety Bonds	1,190	
Other Charges	951	
Total Administration		$ 119,918
Highway and Bridge Maintenance		
Foremen	$ 39,849	
Equipment Operators	137,301	
Truck Drivers	168,916	
Laborers	81,076	
Overtime Pay	852	
Social Security	26,013	
State Retirement	34,747	
Medical Insurance	88,818	
Unemployment Compensation	5,470	
Employer Medicare	6,084	
Medical and Dental Services	1,304	
Asphalt - Cold Mix	20,189	
Asphalt - Liquid	267,330	
Crushed Stone	136,053	
Pipe	82,927	
Road Signs	88	
Wood Products	18,370	
Other Supplies and Materials	200	
Total Highway and Bridge Maintenance		1,115,587
Operation and Maintenance of Equipment		
Foremen	$ 31,359	
Mechanic(s)	25,213	
Overtime Pay	54	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)			
Highways (Cont.)			
Operation and Maintenance of Equipment (Cont.)			
Social Security	$ 3,511		
Medical Insurance	13,279		
Unemployment Compensation	420		
Employer Medicare	821		
Laundry Service	3,320		
Maintenance and Repair Services - Equipment	3,457		
Diesel Fuel	130,690		
Equipment and Machinery Parts	133,340		
Gasoline	20,385		
Lubricants	15,605		
Tires and Tubes	40,900		
Total Operation and Maintenance of Equipment		$ 422,354	
Other Charges			
Communication	$ 3,918		
Electricity	7,493		
Natural Gas	4,177		
Water and Sewer	1,172		
Liability Insurance	29,019		
Trustee's Commission	20,857		
Workers' Compensation Insurance	38,255		
Total Other Charges		104,891	
Employee Benefits			
Employee and Dependent Insurance	$ 5,652		
Total Employee Benefits		5,652	
Capital Outlay			
Highway Equipment	$ 67,243		
Other Construction	1,190		
Total Capital Outlay		68,433	
Principal on Debt			
Highways and Streets			
Principal on Capital Leases	$ 15,580		
Total Highways and Streets		15,580	
Interest on Debt			
Highways and Streets			
Interest on Capital Leases	$ 3,024		
Total Highways and Streets		3,024	
Total Highway/Public Works Fund			$ 1,855,439

(Continued)

Exhibit J-7

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

General Debt Service Fund			
Principal on Debt			
General Government			
Principal on Notes	$ 406,833		
Total General Government		$ 406,833	
Education			
Principal on Bonds	$ 785,000		
Principal on Notes	165,150		
Total Education		950,150	
Interest on Debt			
General Government			
Interest on Notes	$ 17,029		
Total General Government		17,029	
Education			
Interest on Bonds	$ 630,108		
Interest on Notes	50,998		
Total Education		681,106	
Other Debt Service			
General Government			
Fiscal Agent Charges	$ 539		
Trustee's Commission	43,002		
Other Charges	1,411		
Total General Government		44,952	
Education			
Fiscal Agent Charges	$ 1,224		
Total Education		1,224	
Total General Debt Service Fund			$ 2,101,294
Rural Debt Service Fund			
Principal on Debt			
Education			
Principal on Bonds	$ 495,000		
Total Education		$ 495,000	
Interest on Debt			
Education			
Interest on Bonds	$ 226,180		
Total Education		226,180	

(Continued)

Exhibit J-7

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

Rural Debt Service Fund (Cont.)			
Other Debt Service			
Education			
Fiscal Agent Charges	$ 822		
Trustee's Commission	5,600		
Total Education		$ 6,422	
Total Rural Debt Service Fund			$ 727,602
General Capital Projects Fund			
Capital Projects			
Administration of Justice Projects			
Trustee's Commission	$ 443		
Underwriter's Discount	68,488		
Other Debt Issuance Charges	140,417		
Building Construction	4,536,310		
Total Administration of Justice Projects		$ 4,745,658	
Total General Capital Projects Fund			4,745,658
Total Governmental Funds - Primary Government			$ 15,578,410

Exhibit J-8

Henderson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Henderson County School Department
For the Year Ended June 30, 2009

General Purpose School Fund		
Instruction		
Regular Instruction Program		
Teachers	$ 7,516,118	
Career Ladder Program	84,850	
Career Ladder Extended Contracts	50,551	
Homebound Teachers	19,240	
Secretary(ies)	583	
Clerical Personnel	279,866	
Educational Assistants	170,687	
Other Salaries and Wages	123,369	
Non-certified Substitute Teachers	116,562	
Social Security	488,437	
State Retirement	531,460	
Life Insurance	450	
Medical Insurance	735,880	
Employer Medicare	114,886	
Maintenance and Repair Services - Equipment	8,030	
Tuition	50,000	
Instructional Supplies and Materials	125,565	
Textbooks	239,921	
Other Supplies and Materials	28,553	
Other Charges	51,950	
Regular Instruction Equipment	859,172	
Total Regular Instruction Program		$ 11,596,130
Alternative Instruction Program		
Educational Assistants	$ 28,793	
Social Security	1,562	
State Retirement	2,612	
Medical Insurance	2,617	
Employer Medicare	365	
Instructional Supplies and Materials	7,999	
Other Equipment	9,992	
Total Alternative Instruction Program		53,940
Special Education Program		
Teachers	$ 1,170,231	
Career Ladder Program	16,000	
Career Ladder Extended Contracts	9,095	
Homebound Teachers	5,043	
Educational Assistants	201,888	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)		
Instruction (Cont.)		
Special Education Program (Cont.)		
Non-certified Substitute Teachers	$ 29,428	
Social Security	81,135	
State Retirement	92,615	
Medical Insurance	119,198	
Employer Medicare	18,975	
Contracts with Private Agencies	19,536	
Maintenance and Repair Services - Equipment	1,000	
Instructional Supplies and Materials	83,545	
Special Education Equipment	5,000	
Total Special Education Program		$ 1,852,689
Vocational Education Program		
Teachers	$ 667,804	
Career Ladder Program	17,000	
Career Ladder Extended Contracts	4,500	
Non-certified Substitute Teachers	9,842	
Social Security	39,948	
State Retirement	44,253	
Medical Insurance	74,283	
Employer Medicare	9,343	
Instructional Supplies and Materials	25,145	
Other Supplies and Materials	40,000	
Vocational Instruction Equipment	34,510	
Total Vocational Education Program		966,628
Adult Education Program		
Teachers	$ 24,417	
Other Salaries and Wages	18,839	
Social Security	1,632	
State Retirement	1,904	
Employer Medicare	623	
Instructional Supplies and Materials	8,847	
Other Supplies and Materials	5,640	
Other Charges	1,000	
Other Equipment	11,811	
Total Adult Education Program		74,713

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)		
Support Services		
Attendance		
Supervisor/Director	$ 67,742	
Career Ladder Program	1,000	
Social Security	4,262	
State Retirement	4,413	
Employer Medicare	997	
Travel	640	
Total Attendance		$ 79,054
Health Services		
Medical Personnel	$ 193,082	
Social Security	11,173	
State Retirement	15,646	
Medical Insurance	12,100	
Employer Medicare	2,613	
Travel	1,211	
Other Supplies and Materials	6,369	
In Service/Staff Development	1,964	
Total Health Services		244,158
Other Student Support		
Career Ladder Program	$ 1,000	
Guidance Personnel	315,268	
Career Ladder Extended Contracts	1,355	
Other Salaries and Wages	102,329	
Social Security	24,033	
State Retirement	26,327	
Medical Insurance	31,647	
Employer Medicare	5,764	
Evaluation and Testing	11,792	
Travel	12,616	
Other Supplies and Materials	607	
Other Charges	19,153	
Other Equipment	41,997	
Total Other Student Support		593,888
Regular Instruction Program		
Supervisor/Director	$ 130,014	
Career Ladder Program	10,500	
Career Ladder Extended Contracts	6,437	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Regular Instruction Program (Cont.)		
Librarians	$ 387,921	
Instructional Computer Personnel	60,442	
Other Salaries and Wages	24,291	
Social Security	35,132	
State Retirement	40,422	
Medical Insurance	63,192	
Employer Medicare	8,216	
Travel	14,091	
Library Books/Media	44,711	
Other Supplies and Materials	1,619	
In Service/Staff Development	47,196	
Other Charges	747	
Other Equipment	1,240	
Total Regular Instruction Program		$ 876,171
Alternative Instruction Program		
Supervisor/Director	$ 51,324	
Career Ladder Program	1,000	
Social Security	2,925	
State Retirement	3,359	
Medical Insurance	7,793	
Employer Medicare	684	
Travel	500	
Other Supplies and Materials	448	
Total Alternative Instruction Program		68,033
Special Education Program		
Supervisor/Director	$ 63,350	
Career Ladder Program	2,000	
Psychological Personnel	49,433	
Career Ladder Extended Contracts	2,116	
Assessment Personnel	41,901	
Other Salaries and Wages	20,962	
Social Security	10,329	
State Retirement	10,195	
Medical Insurance	16,393	
Employer Medicare	2,416	
Travel	9,183	
Other Supplies and Materials	3,565	

(Continued)

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Special Education Program (Cont.)		
In Service/Staff Development	$ 4,220	
Other Charges	27,139	
Other Equipment	24,305	
Total Special Education Program		$ 287,507
Vocational Education Program		
Supervisor/Director	$ 61,541	
Career Ladder Program	2,000	
Career Ladder Extended Contracts	2,000	
Social Security	3,923	
State Retirement	4,208	
Medical Insurance	3,487	
Employer Medicare	917	
Travel	8,070	
Other Supplies and Materials	996	
Other Charges	1,500	
Total Vocational Education Program		88,642
Adult Programs		
Supervisor/Director	$ 57,567	
Social Security	3,377	
State Retirement	3,696	
Medical Insurance	4,613	
Employer Medicare	790	
Travel	969	
In Service/Staff Development	1,526	
Total Adult Programs		72,538
Other Programs		
On-Behalf Payments to OPEB	$ 119,154	
Total Other Programs		119,154
Board of Education		
Board and Committee Members Fees	$ 19,600	
Social Security	1,043	
State Retirement	7	
Medical Insurance	2,268	
Unemployment Compensation	76,209	
Employer Medicare	243	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Board of Education (Cont.)		
Audit Services	$ 20,000	
Dues and Memberships	10,185	
Legal Services	24,230	
Travel	1,574	
Trustee's Commission	109,888	
Workers' Compensation Insurance	169,244	
In Service/Staff Development	2,632	
Other Charges	24,346	
Total Board of Education		$ 461,469
Director of Schools		
County Official/Administrative Officer	$ 101,750	
Social Security	6,050	
State Retirement	6,532	
Medical Insurance	4,682	
Employer Medicare	1,415	
Communication	14,222	
Dues and Memberships	2,016	
Postal Charges	2,565	
Travel	3,093	
Other Charges	379	
Total Director of Schools		142,704
Office of the Principal		
Principals	$ 555,869	
Career Ladder Program	8,500	
Career Ladder Extended Contracts	4,000	
Assistant Principals	100,365	
Social Security	39,309	
State Retirement	42,933	
Medical Insurance	49,010	
Employer Medicare	9,193	
Communication	41,050	
Other Contracted Services	8,500	
In Service/Staff Development	666	
Other Charges	12,740	
Total Office of the Principal		872,135

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Fiscal Services		
Clerical Personnel	$ 48,002	
Social Security	2,570	
State Retirement	4,354	
Medical Insurance	6,240	
Employer Medicare	601	
Other Contracted Services	822	
Office Supplies	5,271	
Other Charges	18,452	
Total Fiscal Services		$ 86,312
Operation of Plant		
Custodial Personnel	$ 382,793	
Social Security	21,948	
State Retirement	25,741	
Medical Insurance	25,312	
Employer Medicare	5,266	
Janitorial Services	73,709	
Disposal Fees	16,548	
Other Contracted Services	38,742	
Custodial Supplies	68,451	
Electricity	695,348	
Natural Gas	202,911	
Water and Sewer	65,025	
Building and Contents Insurance	198,236	
Total Operation of Plant		1,820,030
Maintenance of Plant		
Supervisor/Director	$ 28,105	
Maintenance Personnel	91,208	
Social Security	6,392	
State Retirement	10,822	
Medical Insurance	17,042	
Employer Medicare	1,495	
Maintenance and Repair Services - Buildings	118,172	
Maintenance and Repair Services - Equipment	7,846	
Maintenance and Repair Services - Vehicles	4,632	
Other Contracted Services	11,920	
Other Supplies and Materials	40,305	
Other Charges	10,000	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Maintenance of Plant (Cont.)		
Maintenance Equipment	$ 5,421	
Total Maintenance of Plant		$ 353,360
Transportation		
Bus Drivers	$ 24,871	
Social Security	1,542	
Employer Medicare	361	
Maintenance and Repair Services - Vehicles	1,998	
Transportation Equipment	39,626	
Total Transportation		68,398
Central and Other		
Operating Lease Payments	$ 6,685	
Total Central and Other		6,685
Operation of Non-Instructional Services		
Food Service		
Supervisor/Director	$ 31,801	
Clerical Personnel	9,539	
In-Service Training	2,514	
State Retirement	57,196	
Medical Insurance	58,469	
Payments to Schools - Breakfast	323,044	
Payments to Schools - Lunch	753,640	
Travel	3,000	
Food Service Equipment	6,949	
Total Food Service		1,246,152
Early Childhood Education		
Teachers	$ 172,357	
Educational Assistants	68,375	
Social Security	14,334	
State Retirement	17,237	
Medical Insurance	14,701	
Employer Medicare	3,352	
Travel	1,328	
Food Supplies	3,989	
Instructional Supplies and Materials	16,560	
In Service/Staff Development	4,059	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)			
Operation of Non-Instructional Services (Cont.)			
Early Childhood Education (Cont.)			
Other Charges	$ 20,105		
Other Equipment	162,240		
Total Early Childhood Education		$ 498,637	
Capital Outlay			
Regular Capital Outlay			
Building Improvements	$ 228,233		
Total Regular Capital Outlay		228,233	
Other Debt Service			
Education			
Contributions	$ 288,900		
Total Education		288,900	
Total General Purpose School Fund			$ 23,046,260
School Federal Projects Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 159,449		
Educational Assistants	239,791		
Other Salaries and Wages	1,332		
Certified Substitute Teachers	1,080		
Social Security	24,248		
State Retirement	26,687		
Medical Insurance	13,424		
Employer Medicare	5,671		
Instructional Supplies and Materials	101,007		
Other Charges	68,464		
Regular Instruction Equipment	106,790		
Total Regular Instruction Program		$ 747,943	
Special Education Program			
Teachers	$ 57,985		
Clerical Personnel	15,573		
Educational Assistants	280,928		
Social Security	20,733		
State Retirement	30,327		
Medical Insurance	16,948		

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)		
Instruction (Cont.)		
Special Education Program (Cont.)		
Employer Medicare	$ 4,849	
Contracts with Private Agencies	61,441	
Maintenance and Repair Services - Equipment	2,000	
Instructional Supplies and Materials	50,591	
Other Supplies and Materials	2,706	
Other Charges	4,777	
Total Special Education Program		$ 548,858
Vocational Education Program		
Travel	$ 2,000	
Other Supplies and Materials	41,441	
Vocational Instruction Equipment	9,000	
Total Vocational Education Program		52,441
Adult Education Program		
Teachers	$ 24,721	
Social Security	911	
Employer Medicare	358	
Instructional Supplies and Materials	4,768	
Other Supplies and Materials	4,560	
Other Charges	5,952	
Total Adult Education Program		41,270
Support Services		
Health Services		
Other Salaries and Wages	$ 37,677	
Social Security	2,157	
State Retirement	2,756	
Medical Insurance	2,280	
Employer Medicare	504	
Communication	1,270	
Travel	3,677	
Instructional Supplies and Materials	39,519	
Other Charges	6,507	
Total Health Services		96,347
Other Student Support		
Evaluation and Testing	$ 48,543	
Travel	6,102	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)			
Support Services (Cont.)			
Other Student Support (Cont.)			
In Service/Staff Development	$ 27,075		
Other Charges	6,410		
Total Other Student Support		$ 88,130	
Regular Instruction Program			
Supervisor/Director	$ 63,608		
Secretary(ies)	1,360		
Clerical Personnel	14,955		
Social Security	4,745		
State Retirement	5,563		
Medical Insurance	3,445		
Employer Medicare	1,110		
Travel	2,413		
Other Supplies and Materials	188		
In Service/Staff Development	66,033		
Other Charges	6,201		
Total Regular Instruction Program		169,621	
Special Education Program			
Secretary(ies)	$ 19,078		
Social Security	1,183		
Employer Medicare	277		
Travel	24,001		
Total Special Education Program		44,539	
Adult Programs			
Travel	$ 376		
Total Adult Programs		376	
Transportation			
Bus Drivers	$ 130,071		
Social Security	7,965		
State Retirement	2,824		
Employer Medicare	1,863		
Maintenance and Repair Services - Vehicles	2,167		
Other Contracted Services	900		
Diesel Fuel	28,193		
Other Supplies and Materials	7,162		
Total Transportation		181,145	
Total School Federal Projects Fund			$ 1,970,670

(Continued)

Exhibit J-8

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

School Transportation Fund			
Support Services			
Board of Education			
Trustee's Commission	$ 17,978		
Total Board of Education		$ 17,978	
Transportation			
Supervisor/Director	$ 22,000		
Bus Drivers	163,944		
Social Security	11,251		
State Retirement	2,727		
Employer Medicare	2,631		
Communication	1,962		
Contracts with Vehicle Owners	548,899		
Maintenance and Repair Services - Vehicles	38,774		
Travel	932		
Other Contracted Services	4,275		
Diesel Fuel	60,528		
Lubricants	369		
Tires and Tubes	7,067		
Other Charges	4,358		
Transportation Equipment	14,250		
Total Transportation		883,967	
Principal on Debt			
Education			
Principal on Notes	$ 13,333		
Total Education		13,333	
Interest on Debt			
Education			
Interest on Notes	$ 1,920		
Total Education		1,920	
Total School Transportation Fund			$ 917,198
Total Governmental Funds - Henderson County School Department			$ 25,934,128

Exhibit J-9

Henderson County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2009

	Cities - Sales Tax Fund	City School ADA - Lexington Fund	Total
Cash Receipts			
Current Property Taxes	$ 0	$ 501,640	$ 501,640
Trustee's Collections - Prior Year	0	26,149	26,149
Circuit/Clerk and Master Collections - Prior Years	0	5,762	5,762
Interest and Penalty	0	3,823	3,823
Payments in-Lieu-of Taxes - Local Utilities	0	7,793	7,793
Local Option Sales Tax	2,849,724	800,772	3,650,496
Wheel Tax	0	85,087	85,087
Bank Excise Tax	0	8,893	8,893
Interstate Telecommunications Tax	0	724	724
Marriage Licenses	0	513	513
Other Permits	0	31	31
Mixed Drink Tax	0	887	887
Total Cash Receipts	$ 2,849,724	$ 1,442,074	$ 4,291,798
Cash Disbursements			
Remittance of Revenues Collected	$ 2,821,227	$ 1,431,247	$ 4,252,474
Trustee's Commission	28,497	20,704	49,201
Total Cash Disbursements	$ 2,849,724	$ 1,451,951	$ 4,301,675
Excess of Cash Receipts Over (Under) Cash Disbursements	$ 0	$ (9,877)	$ (9,877)
Cash Balance, July 1, 2008	0	97,756	97,756
Cash Balance, June 30, 2009	$ 0	$ 87,879	$ 87,879

SINGLE AUDIT SECTION

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

November 5, 2009

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

To the County Mayor and Board of County Commissioners:

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 Henderson County, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise Henderson County's basic financial statements and have issued our report thereon dated November 5, 2009. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Henderson County Emergency Communications District, a discretely presented component unit, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Henderson County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Henderson County's internal control over financial

reporting. Accordingly, we do not express an opinion on the effectiveness of Henderson County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 09.01, 09.07, and 09.09.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Henderson County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 09.01 to be a material weakness.

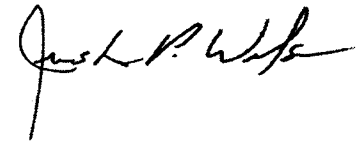
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Henderson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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: 09.02, 09.03, 09.04, 09.05, 09.06, and 09.08.

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

This report is intended solely for the information and use of management, county mayor, director of schools, road supervisor, county finance director, County Commission, Board of Education, Financial Management Committee, others within Henderson County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

November 5, 2009

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Henderson County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Henderson County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Henderson County's management. Our responsibility is to express an opinion on Henderson County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the 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 Henderson County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Henderson County's compliance with those requirements.

In our opinion, Henderson County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Henderson County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Henderson County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Henderson County's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

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 Henderson County as of and for the year ended June 30, 2009, and have issued our report thereon dated November 5, 2009. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Henderson County Emergency Communications District, a discretely presented

component unit, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Henderson County's 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, county mayor, director of schools, road supervisor, county finance director, County Commission, Board of Education, Financial Management Committee, others within Henderson County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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Henderson County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2009

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	$ 141,130	(3)
Passed-through State Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	323,044	
National School Lunch Program	10.555	N/A	753,640	(3)
Total U.S. Department of Agriculture			$ 1,217,814	
U.S. Department of Justice:				
Passed-through State Commission on Children and Youth:				
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z0902286300	$ 9,180	
Total U.S. Department of Justice			$ 9,180	
U.S. Department of Labor:				
Passed-through State Department of Education:				
WIA - Adult Program	17.258	N/A	$ 41,647	
Total U.S. Department of Labor			$ 41,647	
U.S. Department of Transportation:				
Passed-through State Department of Education:				
State and Community Highway Safety	20.600	Z0921461200	$ 4,319	
Total U.S. Department of Transportation			$ 4,319	
U.S. Department of Education:				
Passed-through State Department of Labor and Workforce Development:				
Adult Education - Basic Grants to States	84.002	Z0921347200	$ 126,516	
Passed-through State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	N/A	815,417	
Special Education Cluster:				
Special Education - Grants to States	84.027	N/A	748,341	
Special Education - Preschool Grants	84.173	N/A	52,185	
Career and Technical Education - Basic Grants to States	84.048	N/A	58,441	
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	12,276	
Improving Teacher Quality State Grants	84.367	N/A	174,461	
State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	N/A	177,900	
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	N/A	9,499	
Total U.S. Department of Education			$ 2,175,036	
U.S. Department of Homeland Security:				
Passed-through State Department of Military:				
Emergency Management Performance Grants	97.042	GG082601700	$ 28,456	
Homeland Security Grant Program	97.067	GG082421400	35,396	
Total U.S. Department of Homeland Security			$ 63,852	
Total Expenditures of Federal Awards			$ 3,511,848	

(Continued)

Henderson County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
State Grants			
Reappraisal Program - Comptroller of the Treasury	N/A	(2)	$ 10,775
Litter Program - State Department of Transportation	N/A	Z0921275700	26,643
Volunteer Fire Assistance Grant Program - State Department of Agriculture	N/A	(2)	3,074
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	(2)	15,029
Coordinated School Health - State Department of Education	N/A	(2)	91,573
ACT/Explore - State Department of Education	N/A	(2)	4,510
Safe Schools Act - State Department of Education	N/A	(2)	19,100
Early Childhood Education - State Department of Education	N/A	(2)	468,062
Total State Grants			$ 638,766

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

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) Information not available.
(3) Total for CFDA No. 10.555 is $894,770.

Henderson County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2009

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 Henderson County, Tennessee, for the year ended June 30, 2008, which have not been corrected.

OFFICE OF FINANCE DIRECTOR

Finding Number	Page Number	Subject
08.01	176	Henderson County does not have the resources to produce financial statements and notes to the financial statements
08.03	177	A former employee of the County Mayor's Office was delinquent in reimbursing the county

OFFICES OF COUNTY CLERK, CIRCUIT COURT CLERK, AND CLERK AND MASTER

Finding Number	Page Number	Subject
08.12	183	Excess fees were not reported and paid to the county in compliance with state statute

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

Finding Number	Page Number	Subject
08.13	184	Execution docket trial balances did not reconcile with cash journal accounts
08.14	184	The software for the courts did not have adequate application controls

OTHER FINDING

Finding Number	Page Number	Subject
08.15	185	Duties were not segregated adequately in the Offices of County Clerk, Juvenile Court Clerk, and Sheriff

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HENDERSON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2009

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

2. The audit of the financial statements of Henderson County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.

3. The audit disclosed one instance of noncompliance that was material to the financial statements of Henderson County.

4. The audit disclosed no significant deficiencies in internal control over major programs.

5. An unqualified opinion was issued on compliance for major programs.

6. The audit revealed no findings that were required to be reported under Section 510(a) of OMB Circular A-133.

7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555) and the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.

8. A $300,000 threshold was used to distinguish between Type A and Type B federal programs.

9. Henderson 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; however, management did not provide responses for inclusion in this report.

OFFICE OF FINANCE DIRECTOR

FINDING 09.01 **HENDERSON COUNTY DOES NOT HAVE THE RESOURCES TO PRODUCE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS**
(Internal Control – Material Weakness Under Government Auditing Standards)

Generally accepted auditing standards require that Henderson County's financial statements be the product of a financial reporting system that offers reasonable assurance that management is able to produce financial statements and notes to the financial statements that comply with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires that the county have internal controls over reporting government-wide and fund financial information and preparing the related notes. It is permissible for us, as the external auditors, to assist Henderson County in preparing its financial statements and notes as a matter of convenience as long as the county has the skills needed to prepare its financial statements and notes. However, management, including the accounting staff, does not have the technical skills to prepare GAAP financial statements and disclosures. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. The inability to prepare financial statements and notes is an indication of a lack of controls, or ineffective controls, because material misstatements may not be detected.

RECOMMENDATION

Henderson County should develop the ability to produce financial statements and notes to the financial statements that comply with GAAP. This could include having at least one staff member trained in financial statement preparation. This staff member should have sufficient skills necessary to prepare a complete set of year-end financial statements even though the external auditors prepare the county's financial statements as a matter of convenience. If we, as the external auditors, continue to prepare the county's financial statements, this individual must have sufficient knowledge to determine the completeness of financial statement information and disclosures.

FINDING 09.02 **DESIGNATED SITUS-BASED TAXES WERE INADEQUATE TO FUND RURAL FIRE PROTECTION**
(Material Noncompliance Under Government Auditing Standards)

Henderson County has used questionable methods of funding rural fire protection since 1994. Effective May 1999, counties have been authorized to fund rural fire protection services with designated situs-based taxes. In 2001, the Henderson County Commission designated certain situs-based taxes in the General Fund to be used to fund rural fire protection. However, collections from these situs-based taxes have never been sufficient to cover the expenditures for rural fire protection.

During the 2008-09 year, Henderson County expended $272,479 from the General Fund to provide fire protection service to rural areas of the county. However, the situs-based taxes totaled $240,022 for the year and were not sufficient to cover the operating expenditures of $272,479. Therefore, property taxes of all county citizens, living both inside and outside the City of Lexington, helped to fund this service. Citizens living within the City of Lexington paid for fire protection service in both the city and rural areas. This deficiency continues to exist due to a lack of management oversight and management's failure to correct the deficiency noted in prior audit reports.

RECOMMENDATION

In addition to designated situs-based taxes, Henderson County should consider establishing fire districts and annually taxing property owners of each district to pay that district's share of the total budget of the countywide departments.

FINDING 09.03 **AN EMPLOYEE OF THE FINANCE DEPARTMENT REMAINS DELINQUENT IN REIMBURSING THE COUNTY**
(Noncompliance Under Government Auditing Standards)

During the 2001-02 year, an employee in the Office of County Mayor was improperly paid for 41 days of unused sick leave and 15 days of unused vacation leave. On November 8, 2002, this employee signed an agreement to refund $5,541.89 to the county in three installments, with the last installment being in June 2004. However, as of June 30, 2009, this employee had paid only $4,535 on the agreed amount, leaving an unpaid balance of $1,006.89. It should be noted that this individual is currently employed by the county Finance Department. This deficiency exists because management has not enforced the terms of the signed agreement.

RECOMMENDATION

County officials should take appropriate steps to collect this delinquent account.

FINDING 09.04 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under Government Auditing Standards)

Expenditures exceeded appropriations approved by the County Commission at the major appropriation category level (the legal level of control) in the following funds:

Fund	Major Appropriation Category	Amount Overspent
General	Tourism	$ 6,750
General	Industrial Development	26,029
Highway/Public Works	Principal on Debt	1,326
Highway/Public Works	Interest on Debt	224

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." These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

OFFICES OF COUNTY CLERK, CIRCUIT COURT CLERK, AND CLERK AND MASTER

FINDING 09.05 **EXCESS FEES WERE NOT REPORTED AND PAID TO THE COUNTY IN COMPLIANCE WITH STATE STATUTE**
(Noncompliance Under Government Auditing Standards)

The county clerk, circuit court clerk, and clerk and master did not report and pay excess fees to the county in compliance with Section 8-22-104, Tennessee Code Annotated. This statute requires excess fees to be reported and paid to the county quarterly and authorizes the clerks to retain sufficient fees to operate their offices for three months. This deficiency exits because management failed to correct the finding noted in the prior-year audit report. Excess fees retained in these offices exceeded statutory limits for each quarter covered by our examination.

RECOMMENDATION

The county clerk, circuit court clerk, and clerk and master should report and pay excess fees to the county in compliance with state statute.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 09.06 EXECUTION DOCKET TRIAL BALANCES DID NOT RECONCILE WITH CASH JOURNAL ACCOUNTS

(Noncompliance Under Government Auditing Standards)

At June 30, 2009, the circuit and general sessions courts clerk had prepared trial balances of execution docket cause balances as required by Section 18-2-103, Tennessee Code Annotated (TCA). However, these trial balances did not reconcile with cash journal accounts by substantial amounts. Therefore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-110, TCA. This statute provides that any funds held by the court for one year and unclaimed by the owner are considered abandoned. Section 66-29-113, TCA, further requires these funds to be reported and paid to the state Treasurer's Office. This deficiency exists due to the failure of management to take corrective action for the finding reported in the prior-year audit report.

RECOMMENDATION

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

FINDING 09.07 THE SOFTWARE FOR THE COURTS DID NOT HAVE ADEQUATE APPLICATION CONTROLS

(Internal Control – Significant Deficiency Under Government Auditing Standards)

The software system used by the courts did not have adequate application controls. Receipts could be deleted from the application, leaving no evidence of the original transaction. Sound business practices dictate that proper application controls be implemented. Since the vendor did not design the system with proper controls and because management was not aware of the importance of these controls, inappropriate system activity could occur. This deficiency exists because management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Management should contact the software vendor concerning the addition of controls to the court application. The capability to delete receipts should be removed from the application.

OFFICES OF FINANCE DIRECTOR, ROAD SUPERVISOR, CIRCUIT COURT CLERK, AND ASSESSOR OF PROPERTY

FINDING 09.08 — OFFICIAL BONDS OF THE FINANCE DIRECTOR, ROAD SUPERVISOR, CIRCUIT COURT CLERK AND ASSESSOR OF PROPERTY WERE NOT FILED WITH THE STATE COMPTROLLER'S OFFICE

(Noncompliance Under Government Auditing Standards)

The finance director, road supervisor, circuit court clerk, and assessor of property each had an official bond; however, the bonds were not filed with the State Comptroller's Office. Section 8-19-115, Tennessee Code Annotated, requires that official bonds be filed with the State Comptroller's Office within 20 days after the term of office legally begins. As of October 26, 2009, these officials' bonds had not been filed with the State Comptroller's Office. The failure to file bonds with the State Comptroller's Office is the result of a lack of oversight by management.

RECOMMENDATION

The finance director, road supervisor, circuit court clerk, and assessor of property should ensure that their official bonds are filed with the State Comptroller's Office as required by state statute.

OTHER FINDING AND RECOMMENDATION

FINDING 09.09 — DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY CLERK, JUVENILE COURT CLERK, AND SHERIFF

(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of County Clerk, Juvenile Court Clerk, and Sheriff. Officials and employees responsible for maintaining the accounting records in these offices were also involved in receipting, depositing, disbursing, and/or reconciling bank statements. Accounting standards provide that internal controls be designed to provide 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.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs for federal awards.

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HENDERSON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2009

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