



**ANNUAL FINANCIAL REPORT
HUMPHREYS COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2010



**ANNUAL FINANCIAL REPORT
HUMPHREYS COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2010**

***DEPARTMENT OF AUDIT
JUSTIN P. WILSON
Comptroller of the Treasury***

***DIVISION OF COUNTY AUDIT
RICHARD V. NORMENT
Assistant to the Comptroller***

***JAMES R. ARNETTE
Director***

***NORMAN R. NORMENT, CGFM
Audit Manager***

***JAN PAGE, CPA, CFE
Auditor 4***

***TIFFANY NOLEN, CFE
JAKE McNATT, CFE
WENDY HEATH, CFE
State Auditors***

This financial report is available at www.tn.gov/comptroller

HUMPHREYS COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Humphreys County, Tennessee
For the Year Ended June 30, 2010

Scope

We have audited the basic financial statements of Humphreys County as of and for the year ended June 30, 2010.

Results

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

Our audit resulted in 15 findings and recommendations, which we have reviewed with Humphreys County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings and Best Practice

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

HUMPHREYS COUNTY AND HUMPHREYS COUNTY SCHOOL DEPARTMENT

- ◆ Humphreys County and the Humphreys County School Department do not have the resources to produce financial statements and notes to the financial statements.
-

OFFICE OF COUNTY EXECUTIVE

- ◆ Expenditures exceeded appropriations.
 - ◆ The office had not established a formal purchase order system.
-

OFFICE OF ROAD SUPERVISOR

- ◆ The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Budget deficiencies were noted in the General Purpose School and School Federal Projects funds.
 - ◆ The School Federal Projects Fund had a cash overdraft at June 30, 2010.
 - ◆ The School Department did not account for American Recovery and Reinvestment Act grants separately from other school funds.
-

OFFICE OF TRUSTEE

- ◆ The trustee's chief deputy diverted office funds totaling \$1,907.71 for personal use.
 - ◆ Bank statements were not accurately reconciled with the general ledger.
 - ◆ Commissions were not paid to the county monthly.
 - ◆ Delinquent taxes were not filed in compliance with state statute.
-

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND CLERK AND MASTER

- ◆ The offices had deficiencies in computer system backup procedures.
-

OTHER FINDINGS

- ◆ The county used a questionable method of funding workers' compensation expenses, employees' dental insurance, general liability insurance, officials' corporate surety bonds, and employees' dishonesty bonds.
 - ◆ Humphreys County has material recurring audit findings.
 - ◆ Duties were not segregated adequately among the officials and employees in the Offices of County Executive, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, and Clerk and Master.
-

BEST PRACTICE

Humphreys County does not have a central system of accounting, budgeting, and purchasing. The Division of County Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Humphreys County.

INTRODUCTORY SECTION

Humphreys County Officials

June 30, 2010

Officials

John Lee Williams, County Executive
Ronald Carter, Road Supervisor
James Long, Director of Schools
Wanda Adkins, Trustee
Vickie Cowell, Assessor of Property
Betty Etheridge, County Clerk
Elaine Choate, Circuit and General Sessions Courts Clerk
Michael Bullion, Clerk and Master
Jan Crowell, Register
Chris Davis, Sheriff

Board of County Commissioners

Billy Hugh Link, Chairman
H.R. Carson
Charles Cullum
Reed Dreaden
Richard Garber
James Graham
Alvin Hall

Ronald Hughes
Walter Reid Long
Larry Mayberry
Edward Rochelle
Glenn Shivers
Jessie Wallace

County Road Advisory Committee

Leonard Parnell, Sr., Chairman
Charles Beacham
John Brady Dunn
Bobby Fortner
E.C. Hall
Clark Hinrichs
Lanier Simpson

Board of Education

Gene Trotter, Chairman
Billy Daniel
Gary Douglas Moran
J.D. Painter
Dwayne Ross
James Simmons
Johnny Whitfield

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

November 1, 2010

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

To the County Executive and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Humphreys County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Humphreys County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Humphreys County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 Humphreys 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 financial statements referred to above do not include amounts for the Humphreys 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 Humphreys County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units of Humphreys County, Tennessee, at June 30, 2010, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Humphreys County, Tennessee, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, 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 1, 2010, on our consideration of Humphreys County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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., Humphreys County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

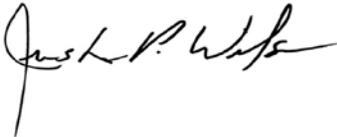
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 62 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Humphreys County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Humphreys 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 Humphreys 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

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Humphreys County, Tennessee
Statement of Net Assets
June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Humphreys County School Department
<u>ASSETS</u>				
Cash	\$ 82,559	\$ 0	\$ 82,559	\$ 0
Equity in Pooled Cash and Investments	5,769,882	201,765	5,971,647	396,419
Accounts Receivable	24,607	6,829	31,436	29,114
Due from Other Governments	543,508	0	543,508	872,702
Property Taxes Receivable	4,448,172	0	4,448,172	3,159,448
Allowance for Uncollectible Property Taxes	(118,830)	0	(118,830)	(84,401)
Restricted Assets:				
Other Restricted Assets	0	113,276	113,276	0
Notes Receivable - Long-term	139,040	0	139,040	0
Capital Assets Not Depreciated:				
Land	1,498,084	12,000	1,510,084	141,175
Construction in Progress	614,009	0	614,009	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	5,604,277	173,319	5,777,596	9,403,893
Infrastructure	18,756,828	665,272	19,422,100	49,982
Other Capital Assets	583,563	72,283	655,846	1,620,045
Total Assets	<u>\$ 37,945,699</u>	<u>\$ 1,244,744</u>	<u>\$ 39,190,443</u>	<u>\$ 15,588,377</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 46,631	\$ 145	\$ 46,776	\$ 4,196
Payroll Deductions Payable	0	0	0	592
Cash Overdraft	0	0	0	87,979
Accrued Interest Payable	20,067	0	20,067	0
Other Payables from Restricted Assets	16,650	113,276	129,926	0
Deferred Revenue - Current Property Taxes	4,165,227	0	4,165,227	2,958,480
Noncurrent Liabilities:				
Due Within One Year	831,406	0	831,406	6,000
Due in More Than One Year	6,814,712	0	6,814,712	1,996,526
Total Liabilities	<u>\$ 11,894,693</u>	<u>\$ 113,421</u>	<u>\$ 12,008,114</u>	<u>\$ 5,053,773</u>
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 25,011,561	\$ 0	\$ 25,011,561	\$ 11,176,662
Invested in Capital Assets	0	922,874	922,874	0
Restricted For:				
Litigation Tax - Jail, Workhouse, or Courthouse	233,653	0	233,653	0
Solid Waste/Sanitation	522,580	0	522,580	0
Local Purpose Tax	141,462	0	141,462	0
Drug Control	192,439	0	192,439	0
Highway/Public Works	1,007,212	0	1,007,212	0
Central Cafeteria	0	0	0	204,608
Debt Service	1,127,285	0	1,127,285	0
Capital Projects	752,620	0	752,620	0
Other Purposes	185,862	0	185,862	36,452
Unrestricted	<u>(3,123,668)</u>	<u>208,449</u>	<u>(2,915,219)</u>	<u>(883,118)</u>
Total Net Assets	<u>\$ 26,051,006</u>	<u>\$ 1,131,323</u>	<u>\$ 27,182,329</u>	<u>\$ 10,534,604</u>

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

Exhibit B

Humphreys County, Tennessee
Statement of Activities
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Assets			Component Unit Humphreys County School Department
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Primary Government		Total		
			Operating Contributions	Grants Contributions		Governmental Activities	Business- type Activities			
Primary Government:										
Governmental Activities:										
General Government	\$ 1,083,704	\$ 78,245	\$ 16,380	\$ 0	\$ 0	\$ (989,079)	\$ 0	\$ (989,079)	\$ 0	0
Finance	709,705	509,584	6,245	0	0	(193,876)	0	(193,876)	0	0
Administration of Justice	787,404	347,886	9,225	0	0	(430,293)	0	(430,293)	0	0
Public Safety	2,513,899	270,741	10,592	45,346	0	(2,187,220)	0	(2,187,220)	0	0
Public Health and Welfare	888,219	24,113	110,577	0	0	(753,529)	0	(753,529)	0	0
Social, Cultural, and Recreational Services	294,207	0	5,670	0	0	(288,537)	0	(288,537)	0	0
Agriculture and Natural Resources	204,892	0	10,000	0	0	(194,892)	0	(194,892)	0	0
Other Operations	1,047,498	123,600	172,218	398,463	0	(353,217)	0	(353,217)	0	0
Highways/Public Works	4,705,227	48,304	1,706,188	246,086	0	(2,704,649)	0	(2,704,649)	0	0
Education	520,524	18,278	0	0	0	(502,246)	0	(502,246)	0	0
Interest on Long-term Debt	85,836	0	0	0	0	(85,836)	0	(85,836)	0	0
Other Debt Service	46,174	0	0	0	0	(46,174)	0	(46,174)	0	0
Total Governmental Activities	\$ 12,887,289	\$ 1,420,751	\$ 2,047,095	\$ 689,895	\$ 0	\$ (8,729,548)	\$ 0	\$ (8,729,548)	\$ 0	0
Business-type Activities:										
Public Utility	\$ 126,974	\$ 97,645	\$ 0	\$ 0	\$ 0	\$ 0	\$ (29,329)	\$ (29,329)	\$ 0	0
Total Primary Government	\$ 13,014,263	\$ 1,518,396	\$ 2,047,095	\$ 689,895	\$ 0	\$ (8,729,548)	\$ (29,329)	\$ (8,758,877)	\$ 0	0
Component Unit:										
Humphreys County School Department	\$ 23,866,199	\$ 721,325	\$ 4,133,743	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (19,011,131)	0
Total Component Unit	\$ 23,866,199	\$ 721,325	\$ 4,133,743	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (19,011,131)	0

(Continued)

Exhibit B

Humphreys County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Humphreys County School Department
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business- type Activities	Total	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 3,248,431	\$ 0	\$ 3,248,431	\$ 3,033,980
Property Taxes Levied for Debt Service				972,168	0	972,168	0
Local Option Sales Taxes				448,185	0	448,185	1,604,753
Hotel/Motel Tax				82,169	0	82,169	0
Litigation Tax - General				64,776	0	64,776	0
Business Tax				123,110	0	123,110	0
Wholesale Beer Tax				90,381	0	90,381	0
Other Local Taxes				34,321	0	34,321	1,532
Grants and Contributions Not Restricted to Specific Programs				1,762,587	0	1,762,587	14,067,755
Unrestricted Investment Earnings				26,199	0	26,199	520
Miscellaneous				20,149	0	20,149	86,626
Total General Revenues				\$ 6,872,476	\$ 0	\$ 6,872,476	\$ 18,795,166
Change in Net Assets				\$ (1,857,072)	\$ (29,329)	\$ (1,886,401)	\$ (215,965)
Net Assets, July 1, 2009				27,580,370	1,160,652	28,741,022	10,750,569
Prior-period Adjustment				327,708	0	327,708	0
Net Assets, June 30, 2010				\$ 26,051,006	\$ 1,131,323	\$ 27,182,329	\$ 10,534,604

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

Humphreys County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2010

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
ASSETS							
Cash	\$ 15,067	\$ 0	\$ 0	\$ 0	\$ 0	\$ 67,492	\$ 82,559
Equity in Pooled Cash and Investments	2,430,797	514,231	747,960	988,373	1,088,521	5,769,882	5,769,882
Accounts Receivable	20,577	0	4,030	0	0	0	24,607
Due from Other Governments	241,248	472	301,788	0	0	0	543,508
Due from Other Funds	67,492	0	2,761	0	0	0	70,253
Property Taxes Receivable	1,933,188	665,147	374,145	1,014,225	461,467	4,448,172	4,448,172
Allowance for Uncollectible Property Taxes	(56,637)	(17,769)	(9,995)	(21,102)	(13,327)	(118,830)	(118,830)
Notes Receivable - Long-term	0	0	0	139,040	0	0	139,040
Total Assets	\$ 4,651,732	\$ 1,162,081	\$ 1,420,689	\$ 2,120,536	\$ 1,604,153	\$ 10,959,191	

LIABILITIES AND FUND BALANCES

Liabilities							
Accounts Payable	\$ 27,154	\$ 14,480	\$ 0	\$ 0	\$ 0	\$ 4,997	\$ 46,631
Contracts Payable	0	0	0	0	0	16,650	16,650
Due to Other Funds	285	2,184	0	0	0	67,784	70,253
Deferred Revenue - Current Property Taxes	1,790,659	622,837	350,346	973,184	428,201	4,165,227	4,165,227
Deferred Revenue - Delinquent Property Taxes	76,104	21,137	11,889	14,619	17,944	141,693	141,693
Other Deferred Revenues	90,125	0	139,532	0	0	229,657	229,657
Total Liabilities	\$ 1,984,327	\$ 660,638	\$ 501,767	\$ 987,803	\$ 535,576	\$ 4,670,111	
Fund Balances							
Reserved for Encumbrances	\$ 0	\$ 0	\$ 139,815	\$ 0	\$ 227,242	\$ 367,057	\$ 367,057
Reserved for Resort District	63,350	0	0	0	0	63,350	63,350
Reserved for Alcohol and Drug Treatment	72,685	0	0	0	0	72,685	72,685
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	233,653	0	0	0	0	233,653	233,653
Reserved for Sexual Offender Registration	2,760	0	0	0	0	2,760	2,760
Reserved for Courtroom Security	13,964	0	0	0	0	13,964	13,964
Reserved for Automation Purposes - Circuit Court	79	0	0	0	0	79	79

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
\$	30,289	0	0	0	0	0	30,289
	2,735	0	0	0	0	0	2,735
	0	0	0	139,040	0	0	139,040
	0	0	0	0	0	402,891	402,891
	2,247,890	0	0	0	0	0	2,247,890
	0	501,443	779,107	0	326,951	0	1,607,501
	0	0	0	993,693	0	0	993,693
	0	0	0	0	111,493	0	111,493
	<u>2,667,405</u>	<u>501,443</u>	<u>918,922</u>	<u>1,132,733</u>	<u>1,068,577</u>	<u>0</u>	<u>6,289,080</u>
	\$ 4,651,732	\$ 1,162,081	\$ 1,420,689	\$ 2,120,536	\$ 1,604,153	\$ 0	\$ 10,959,191

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)	
Reserved for Automation Purposes - General Sessions Court	
Reserved for Automation Purposes - County Clerk	
Reserved for Long-term Notes Receivable	
Reserved for Capital Outlay	
Unreserved, Reported In:	
General Fund	
Special Revenue Funds	
Debt Service Funds	
Capital Projects Funds	
Total Fund Balances	
Total Liabilities and Fund Balances	

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

Exhibit C-2

Humphreys County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2010

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)		\$ 6,289,080
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,498,084	
Add: construction in progress	614,009	
Add: buildings and improvements net of accumulated depreciation	5,604,277	
Add: infrastructure net of accumulated depreciation	18,756,828	
Add: other capital assets net of accumulated depreciation	<u>583,563</u>	27,056,761
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		371,350
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (1,295,000)	
Less: other loans payable	(5,217,000)	
Less: bonds payable	(117,700)	
Less: compensated absences payable	(146,760)	
Less: landfill closure/postclosure care costs	(823,362)	
Less: accrued interest on notes	(20,067)	
Less: other postemployment benefits liability	<u>(46,296)</u>	<u>(7,666,185)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 26,051,006</u>

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

Exhibit C-3

Humphreys County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
<u>Revenues</u>							
Local Taxes	\$ 3,084,832	\$ 634,414	\$ 360,599	\$ 971,249	\$ 388,171	\$ 5,439,265	
Licenses and Permits	712	0	0	0	0	712	
Fines, Forfeitures, and Penalties	76,286	0	0	0	118,698	194,984	
Charges for Current Services	12,634	22,691	0	0	233	35,558	
Other Local Revenues	129,831	1,092	56,898	26,199	30,112	244,132	
Fees Received from County Officials	815,348	0	0	0	0	815,348	
State of Tennessee	1,842,180	4,484	1,942,215	0	233,504	4,022,383	
Federal Government	226,261	0	0	0	0	226,261	
Other Governments and Citizens Groups	46,459	0	0	6,023	0	52,482	
Total Revenues	\$ 6,234,543	\$ 662,681	\$ 2,359,712	\$ 1,003,471	\$ 770,718	\$ 11,031,125	
<u>Expenditures</u>							
Current:							
General Government	\$ 805,751	\$ 0	\$ 0	\$ 0	\$ 0	\$ 805,751	
Finance	507,005	0	0	0	0	507,005	
Administration of Justice	583,812	0	0	0	0	583,812	
Public Safety	1,698,261	0	0	0	183,409	1,881,670	
Public Health and Welfare	258,110	545,514	0	0	0	803,624	
Social, Cultural, and Recreational Services	161,124	0	0	0	0	161,124	
Agriculture and Natural Resources	153,218	0	0	0	0	153,218	
Other Operations	2,058,489	67,747	0	0	0	2,126,236	
Highways	0	0	2,309,910	0	0	2,309,910	
Debt Service:							
Principal on Debt	0	0	0	876,589	0	876,589	
Interest on Debt	0	0	0	94,257	0	94,257	
Other Debt Service	0	0	0	46,174	0	46,174	
Capital Projects	35,000	0	0	0	867,380	902,380	
Total Expenditures	\$ 6,260,770	\$ 613,261	\$ 2,309,910	\$ 1,017,020	\$ 1,050,789	\$ 11,251,750	
Excess (Deficiency) of Revenues Over Expenditures	\$ (26,227)	\$ 49,420	\$ 49,802	\$ (13,549)	\$ (280,071)	\$ (220,625)	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 35,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,000
Insurance Recovery	22,882	0	0	0	1,068	1,068	23,950
Total Other Financing Sources (Uses)	\$ 57,882	\$ 0	\$ 0	\$ 0	\$ 1,068	\$ 1,068	\$ 58,950
Net Change in Fund Balances	\$ 31,655	\$ 49,420	\$ 49,802	\$ (13,549)	\$ (279,003)	\$ (161,675)	(161,675)
Fund Balance, July 1, 2009	2,635,750	452,023	869,120	1,146,282	1,347,580	1,347,580	6,450,755
Fund Balance, June 30, 2010	\$ 2,667,405	\$ 501,443	\$ 918,922	\$ 1,132,733	\$ 1,068,577	\$ 1,068,577	\$ 6,289,080

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

Exhibit C-4

Humphreys 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, 2010

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)		\$ (161,675)
(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	\$ 568,636	
Less: current year depreciation expense	<u>(3,087,302)</u>	(2,518,666)
(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, 2010	\$ 371,350	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(372,259)</u>	(909)
(3) The issuance of long-term debt (e.g. notes, bonds) 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	\$ 304,889	
Add: principal payments on other loans	552,000	
Add: principal payments on bonds	<u>19,700</u>	876,589
(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	\$ 8,421	
Change in compensated absences payable	(16,908)	
Change in landfill closure/postclosure care costs	(9,763)	
Change in other postemployment benefits liability	<u>(34,161)</u>	<u>(52,411)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (1,857,072)</u>

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

Exhibit D-1

Humphreys County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2010

	Major Enterprise Fund <hr/> Public Utility Fund
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 201,765
Accounts Receivable	6,829
Total Current Assets	<u>\$ 208,594</u>
Noncurrent Assets:	
Restricted Assets:	
Other Restricted Assets	\$ 113,276
Capital Assets:	
Assets Not Depreciated:	
Land	12,000
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	173,319
Infrastructure	665,272
Other Capital Assets	72,283
Total Noncurrent Assets	<u>\$ 1,036,150</u>
Total Assets	<u>\$ 1,244,744</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 145
Current Liabilities Payable from Restricted Assets:	
Customer Deposits Payable	113,276
Total Current Liabilities	<u>\$ 113,421</u>
Total Liabilities	<u>\$ 113,421</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 922,874
Unrestricted	208,449
Total Net Assets	<u>\$ 1,131,323</u>

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

Exhibit D-2

Humphreys County, Tennessee
Statement of Revenues, Expenses,
and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2010

	Major Enterprise Fund <hr/> Public Utility Fund <hr/>
<u>Operating Revenues</u>	
Wastewater Treatment Charges	\$ 97,645
Total Operating Revenues	<u>\$ 97,645</u>
<u>Operating Expenses</u>	
Communication	\$ 853
Contracts with Private Agencies	52,352
Maintenance and Repair Services - Buildings	500
Maintenance and Repair Services - Equipment	10,475
Permits	690
Electricity	14,335
Water	2,092
Depreciation	45,677
Total Operating Expenses	<u>\$ 126,974</u>
Operating Income (Loss)	<u>\$ (29,329)</u>
Change in Net Assets	(29,329)
Net Assets, July 1, 2009	<u>1,160,652</u>
Net Assets, June 30, 2010	<u><u>\$ 1,131,323</u></u>

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

Exhibit D-3

Humphreys County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2010

	Major Enterprise Fund <hr/> Public Utility Fund <hr/>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 98,281
Payments to Vendors	<u>(81,302)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 16,979</u>
Net Increase (Decrease) in Cash	\$ 16,979
Cash, July 1, 2009	<u>298,062</u>
Cash, June 30, 2010	<u><u>\$ 315,041</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (29,329)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	45,677
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	636
Increase (Decrease) in Accounts Payable	<u>(5)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 16,979</u></u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Equity in Pooled Cash and Investments	\$ 201,765
Cash - Other Restricted Assets	<u>113,276</u>
Cash, June 30, 2010	<u><u>\$ 315,041</u></u>

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

Exhibit E

Humphreys County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,250,071
Accounts Receivable	104
Due from Other Governments	<u>200,092</u>
Total Assets	<u>\$ 1,450,267</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 200,092
Due to Litigants, Heirs, and Others	<u>1,250,175</u>
Total Liabilities	<u>\$ 1,450,267</u>

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

HUMPHREYS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Humphreys 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 Humphreys County:

A. Reporting Entity

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

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

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

Administrative Office:

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

Related Organization – The Humphreys County Industrial Development Board is a related organization of Humphreys County. The Humphreys County Commission appoints board members, but the county’s accountability for the organization does not extend beyond making the appointments.

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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Humphreys 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.

Humphreys County issues all debt for the discretely presented Humphreys County School Department. New debt issues totaling \$35,000 were contributed by the county to the School Department during the year ended June 30, 2010.

Separate financial statements are provided for governmental funds, the proprietary fund (enterprise), and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund 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 proprietary fund and fiduciary funds 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 Humphreys County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories.

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

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

revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Humphreys County reports the following major governmental funds:

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

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

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

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

Humphreys County reports the following major enterprise fund:

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

Additionally, Humphreys County reports the following fund types:

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

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

The discretely presented Humphreys 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 is used to account for general operations of the School Department.

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

Additionally, the School Department reports the following fund type:

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

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

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund, a public utility fund, used to account for the transactions of the county-owned wastewater disposal facility. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the Statement of Cash Flows, cash includes cash on deposit with the county trustee.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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 Humphreys 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 Debt Service Fund. Humphreys County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the 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 receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.41 percent of total taxes levied.

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

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

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

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

3. Restricted Assets

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

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and the business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more 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	Primary Government		Humphreys
	Governmental Activities Years	Business- type Activities Years	County School Department Years
Buildings and Improvements	25 or life of note	24	20 - 40
Other Capital Assets	5 - 15	24	5 - 20
Infrastructure	10 - 30 or life of note	50	20 - 30

5. Compensated Absences

It is the policy of Humphreys County to permit employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation from service. In addition, it is the policy of the Humphreys County Highway Department to permit its employees to accumulate earned but unused sick leave, which will be paid to employees upon separation from service. The granting of sick leave, except for the Highway Department, as described above, has no guaranteed payment attached and therefore is not required to be accrued or recorded. All vacation benefits, along with sick leave benefits for the Highway/Public Works Fund, are accrued when incurred in the government-wide financial statements for the county. A liability for vacation benefits and sick leave benefits of the Highway Department is reported in the

governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

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

7. Net Assets and Fund Equity

In the government-wide financial statements and the proprietary fund in the fund 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, 2010, Humphreys County had \$4,584,500 of outstanding debt for capital purposes for the discretely presented Humphreys County School Department. This debt is a liability of Humphreys County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Humphreys 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, 2010:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Jail Construction	\$ 468,561

8. Prior-period Adjustment

Capital assets were restated \$327,708 from the prior-year because construction in progress for an emergency communications tower had been omitted.

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 to the government-wide Statement of Net Assets.

Discretely Presented Humphreys County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds to 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 changes in net assets of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Humphreys County School Department

Exhibit J-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 Other Capital Projects Fund, which adopts a project length budget. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of

the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, County Mayor/Executive, 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. Misappropriation of Funds in the Office of Trustee

An investigation of the records in the Office of Trustee concluded the chief deputy had voided 12 property tax transactions that had been paid in cash totaling \$1,907.71, and diverted those funds for her personal use. Details of this misappropriation are discussed in the Schedule of Findings and Questioned Costs section of this report.

C. Cash Overdraft

The discretely presented School Federal Projects Fund had a cash overdraft of \$87,979 at June 30, 2010. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2010.

D. Expenditures Exceeded Appropriations

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
<u>Primary Government</u>	
General Fund:	
Circuit Court Clerk	\$ 295
Jail	2,739
Inspection and Regulation	606
Other Charges	6,138
 <u>Discretely Presented Humphreys County School Department</u>	
General Purpose School Fund:	
Board of Education	7,311
School Federal Projects Fund:	
Instruction - Vocational Education Program	410

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

Humphreys County and the Humphreys 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, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected 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 the purposes of credit risk disclosure.

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller’s Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2010, Humphreys County had the following investments carried at cost. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Humphreys County and the discretely presented Humphreys County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Cost
State Treasurer's Investment Pool	Daily	\$ 1,374,800

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Humphreys County has no investment policy that would further limit its investment choices. As of June 30, 2010, Humphreys County’s investment in the State Treasurer’s Investment Pool was unrated.

B. Note Receivable

The note receivable in the General Debt Service Fund totaling \$139,040 resulted from the county issuing a \$750,000 capital outlay note in March 2008 to fund construction of an emergency communications tower. The City of Waverly entered into an agreement with Humphreys County to pay the county for a prorated share of the capital outlay note. The note receivable is presented on the balance sheet with a reservation of fund balance.

C. Capital Assets

Capital assets activity for the year ended June 30, 2010, was as follows:

Primary Government

Governmental Activities:

	Restated*			
	Balance			Balance
	7-1-09	Increases	Decreases	6-30-10
Capital Assets Not Depreciated:				
Land	\$ 1,498,084	\$ 0	\$ 0	\$ 1,498,084
Construction in Progress	327,708	286,301	0	614,009
Total Capital Assets Not Depreciated	\$ 1,825,792	\$ 286,301	\$ 0	\$ 2,112,093
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,194,202	\$ 0	\$ 0	\$ 9,194,202
Infrastructure	46,694,372	246,085	0	46,940,457
Other Capital Assets	4,491,726	36,250	(52,442)	4,475,534
Total Capital Assets Depreciated	\$ 60,380,300	\$ 282,335	\$ (52,442)	\$ 60,610,193
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,268,672	\$ 321,253	\$ 0	\$ 3,589,925
Infrastructure	25,620,777	2,562,852	0	28,183,629
Other Capital Assets	3,741,216	203,197	(52,442)	3,891,971
Total Accumulated Depreciation	\$ 32,630,665	\$ 3,087,302	\$ (52,442)	\$ 35,665,525
Total Capital Assets Depreciated, Net	\$ 27,749,635	\$ (2,804,967)	\$ 0	\$ 24,944,668
Governmental Activities Capital Assets, Net	\$ 29,575,427	\$ (2,518,666)	\$ 0	\$ 27,056,761

*The balance on July 1, 2009, was restated \$327,708 because construction in progress for an emergency communications tower had been omitted in the prior year.

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

Governmental Activities:

General Government	\$ 209,474
Finance	13,512
Public Safety	154,283
Public Health and Welfare	42,385
Social, Cultural, and Recreational Services	9,728
Agriculture and Natural Resources	4,546
Other Operations	77,305
Highway/Public Works	<u>2,576,069</u>
 Total	 <u><u>\$ 3,087,302</u></u>

Business-type Activities:

	Balance 7-1-09	Increases	Balance 6-30-10
	<hr/>		
Capital Assets Not Depreciated:			
Land	\$ 12,000	\$ 0	\$ 12,000
Total Capital Assets Not Depreciated	<u>\$ 12,000</u>	<u>\$ 0</u>	<u>\$ 12,000</u>
 Capital Assets Depreciated:			
Buildings and Improvements	\$ 506,953	\$ 0	\$ 506,953
Infrastructure	775,950	0	775,950
Other Capital Assets	216,848	0	216,848
Total Capital Assets Depreciated	<u>\$ 1,499,751</u>	<u>\$ 0</u>	<u>\$ 1,499,751</u>
 Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 312,511	\$ 21,123	\$ 333,634
Infrastructure	95,159	15,519	110,678
Other Capital Assets	135,530	9,035	144,565
Total Accumulated Depreciation	<u>\$ 543,200</u>	<u>\$ 45,677</u>	<u>\$ 588,877</u>
 Total Capital Assets Depreciated, Net	 <u>\$ 956,551</u>	 <u>\$ (45,677)</u>	 <u>\$ 910,874</u>
 Business-type Activities Capital Assets, Net	 <u><u>\$ 968,551</u></u>	 <u><u>\$ (45,677)</u></u>	 <u><u>\$ 922,874</u></u>

Discretely Presented Humphreys County School Department

Governmental Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 141,175	\$ 0	\$ 0	\$ 141,175
Total Capital Assets Not Depreciated	\$ 141,175	\$ 0	\$ 0	\$ 141,175
Capital Assets Depreciated:				
Buildings and Improvements	\$ 18,935,632	\$ 130,332	\$ 0	\$ 19,065,964
Infrastructure	71,974	0	0	71,974
Other Capital Assets	3,336,223	672,091	(134,664)	3,873,650
Total Capital Assets Depreciated	\$ 22,343,829	\$ 802,423	\$ (134,664)	\$ 23,011,588
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 9,235,352	\$ 426,719	\$ 0	\$ 9,662,071
Infrastructure	19,593	2,399	0	21,992
Other Capital Assets	2,130,842	257,427	(134,664)	2,253,605
Total Accumulated Depreciation	\$ 11,385,787	\$ 686,545	\$ (134,664)	\$ 11,937,668
Total Capital Assets Depreciated, Net	\$ 10,958,042	\$ 115,878	\$ 0	\$ 11,073,920
Governmental Activities Capital Assets, Net	\$ 11,099,217	\$ 115,878	\$ 0	\$ 11,215,095

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

Governmental Activities:

Instruction	\$ 354,992
Support Services	292,317
Operation of Non-Instructional Services	<u>39,236</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 686,545</u>

D. Construction Commitments

At June 30, 2010, the General Capital Projects Fund had uncompleted construction contracts of \$227,242 for courtroom renovation. Funding for these future expenditures is expected to be provided from available fund balance.

E. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2010, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 67,492
Highway/Public Works	General	285
Highway/Public Works	Solid Waste/Sanitation	2,184
Highway/Public Works	Nonmajor governmental	292
Discretely Presented School Department:		
School Federal Projects	General Purpose School	49

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2010, consisted of the following amount:

Discretely Presented Humphreys County School Department

<u>Transfer Out</u>	<u>Transfer In</u>
	General Purpose School Fund
School Federal Projects Fund	\$ 6,977

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.

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 40 years for bonds, up to ten years for notes, and up to 20 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, other loans, and capital outlay notes included in long-term debt as of June 30, 2010, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2010, for governmental activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-10</u>
General Obligation Bonds	4.371 to 5 %	\$ 438,500	\$ 117,700
Capital Outlay Notes	3.75 to 3.85	1,750,000	1,295,000
Other Loans	variable	9,200,000	5,217,000

During the 1999-2000 year, Humphreys County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$7,000,000 to Humphreys County for school renovation and construction. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent, Bank of America (BOA) daily or weekly. In addition, the county pays various other fees (letter of credit, administrative, and debt remarketing) in connection with this loan. At June 30, 2010, the variable interest rate was .52 percent, and other fees totaled approximately .35 percent (letter of credit), .08 percent (remarketing), and .15 percent (administrative) of the outstanding loan principal.

During the 2003-04 year, Humphreys County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$2,200,000 to Humphreys County for various renovation and construction projects. The loan is repayable at an

interest rate that is a tax-exempt variable rate determined by the remarketing agent, BOA, daily or weekly. In addition, the county pays various other fees (letter of credit, administrative, and debt remarketing) in connection with this loan. At June 30, 2010, the variable interest rate was .44 percent, and other fees totaled approximately .5 percent (letter of credit), .08 percent (remarketing), and .15 percent (administrative) of the outstanding loan principal.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2010, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 19,900	\$ 5,676	\$ 25,576
2012	21,100	4,712	25,812
2013	22,400	3,689	26,089
2014	23,700	2,603	26,303
2015	24,400	1,454	25,854
2016	6,200	271	6,471
Total	\$ 117,700	\$ 18,405	\$ 136,105

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 190,000	\$ 49,483	\$ 239,483
2012	190,000	42,327	232,327
2013	190,000	35,003	225,003
2014	190,000	27,763	217,763
2015	190,000	20,523	210,523
2016-2018	345,000	26,602	371,602
Total	\$ 1,295,000	\$ 201,701	\$ 1,496,701

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2011	\$ 573,000	\$ 26,412	\$ 33,641	\$ 633,053
2012	594,000	23,603	28,978	646,581
2013	616,000	20,690	25,203	661,893
2014	640,000	17,669	21,290	678,959
2015	421,000	14,529	17,225	452,754
2016-2020	2,373,000	37,980	47,464	2,458,444
Total	\$ 5,217,000	\$ 140,883	\$ 173,801	\$ 5,531,684

There is \$993,693 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$7, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans totaled \$370, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2009	\$ 137,400	\$ 1,599,889	\$ 5,769,000
Deductions	(19,700)	(304,889)	(552,000)
Balance, June 30, 2010	<u>\$ 117,700</u>	<u>\$ 1,295,000</u>	<u>\$ 5,217,000</u>
Balance Due Within One Year	<u>\$ 19,900</u>	<u>\$ 190,000</u>	<u>\$ 573,000</u>

	Compensated Absences	Landfill Closure/ Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2009	\$ 129,852	\$ 813,599	\$ 12,135
Additions	140,082	9,763	48,029
Deductions	(123,174)	0	(13,868)
Balance, June 30, 2010	<u>\$ 146,760</u>	<u>\$ 823,362</u>	<u>\$ 46,296</u>
Balance Due Within One Year	<u>\$ 7,338</u>	<u>\$ 41,168</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 7,646,118
Less: Balance Due Within One Year	<u>(831,406)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 6,814,712</u>

Discretely Presented Humphreys County School Department

Notes

The county issues capital outlay notes on behalf of the School Department to provide funds for capital facilities and other capital outlay purchases, such as equipment. These notes are direct obligations and pledge the full faith and credit of the government. The notes were issued for original terms of up to 19 years.

The notes outstanding as of June 30, 2010, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
Capital Outlay Notes	0 %	\$ 51,933	\$ 38,433

The annual requirements to amortize the notes outstanding as of June 30, 2010, are presented in the following table:

Year Ending June 30	Notes	
	Principal	Total
2011	\$ 6,000	\$ 6,000
2012	6,000	6,000
2013	6,000	6,000
2014	5,433	5,433
2015	5,000	5,000
2016-2017	10,000	10,000
Total	\$ 38,433	\$ 38,433

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Humphreys County School Department for the year ended June 30, 2010, was as follows:

Governmental Activities:			Other
		Notes	Postemployment Benefits
Balance, July 1, 2009	\$ 4,433	\$	1,408,193
Additions	35,000		767,347
Deductions	(1,000)		(211,447)
Balance, June 30, 2010	\$ 38,433	\$	1,964,093
Balance Due Within One Year	\$ 6,000	\$	0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 2,002,526
Less: Balance Due Within One Year	<u>(6,000)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,996,526</u>

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

The State of Tennessee pays health insurance premiums for retired teacher's on-behalf of the Humphreys 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, 2010, were \$75,180 and \$18,605, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Short-term Debt

Humphreys County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Purpose School Fund. These notes were necessary because funds were not available to meet debt service payments coming due before current tax collections. Short-term debt activity for the year ended June 30, 2010, was as follows:

	Balance			Balance
	7-1-09	Issued	Paid	6-30-10
Tax Anticipation Notes	\$ 0	\$ 250,000	\$ (250,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Liability, Property, Casualty, and Workers' Compensation Insurance

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

Employee Health Insurance

Humphreys County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that 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. State statute provides for the LGGIF to be self-sustaining through member premiums.

The discretely presented Humphreys County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, 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.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance, nonfinancial in nature, and a

useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Humphreys County and the Humphreys County School Department had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Humphreys County and the School Department may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Humphreys County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e. effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Humphreys County had not participated in derivative transactions as of June 30, 2010. However, it is reasonably expected that Humphreys County may enter into derivative transactions in subsequent years.

C. Subsequent Events

On August 31, 2010, John Lee Williams left the Office of County Executive and was succeeded by Jessie Wallace, and Wanda Adkins left the Office of Trustee and was succeeded by Leigh Ann Comuzie.

On September 24, 2010, the county's General Fund issued a \$500,000 tax anticipation note to the General Purpose School Fund for temporary operating funds.

D. Contingent Liabilities

The county is involved in several pending lawsuits. The county attorney estimates that the potential claims against the county not covered by

insurance resulting from such litigation would not materially affect the county's financial statements.

E. Change in Administration

County Executive Jaycee Rawlings died on February 2, 2010. John Lee Williams was appointed to fill the unexpired term beginning February 22, 2010.

F. Landfill Closure/Postclosure Care Costs

Humphreys County has active permits on file with the state Department of Environment and Conservation for a sanitary landfill and a demolition landfill. The county has provided financial assurances for estimated 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 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. Humphreys County closed its sanitary landfill in 1999. The \$823,362 reported as postclosure care liability at June 30, 2010, represents amounts based on what it would cost to perform all postclosure care in 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. Joint Venture

The discretely presented School Department participates in the Volunteer State Cooperative (VOLCO), which represents a cost-sharing arrangement. The cooperative was established through a contractual agreement between the Boards of Education of Bedford County, Coffee County, Dickson County, Fayetteville City, Humphreys County, Manchester City, Marshall County, Maury County, Robertson County, and Stewart County. The cooperative was authorized through Title 49 of Tennessee Code Annotated. The cooperative was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Stewart County School Department) and a service provider to provide these services. The cooperative is governed by a Representative Committee, comprising one representative from each of the member districts; and an Executive Council, consisting of the chair, vice-chair, secretary, treasurer, and a member-at-large from the Representative Committee.

Complete financial statements for the Volunteer State Cooperative can be obtained from its administrative office at the following address:

Administrative Office:

Volunteer State Cooperative
P.O. Box 433
110 Natcor Drive
Dover, TN 37058

H. Retirement Commitments

Plan Description

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

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

Funding Policy

Humphreys County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 7.71 percent of annual covered payroll. The contribution requirement of plan

members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2010, Humphreys County’s annual pension cost of \$474,909 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. The county’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was eight years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$474,909	100%	\$0
6-30-09	457,488	100	0
6-30-08	410,395	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 87.21 percent funded. The actuarial accrued liability for benefits was \$16.43 million, and the actuarial value of assets was \$14.33 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.75 million, and the ratio of the UAAL to the covered payroll was 36.56 percent.

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

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2010, was 6.42 percent of annual

covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2010, 2009, and 2008, were \$712,805, \$699,662, and \$677,243, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Plan Description

Humphreys County and the Humphreys County School Department participate in the state-administered Local Government Group Insurance Plan and the 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 8-27-207, Tennessee Code Annotated (TCA), for local governments and Section 8-27-302, TCA, for teachers and support personnel. Prior to reaching the age of 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 their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a partial 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. The School Department makes a contribution toward the health insurance premium of the group medical plan for certified employees who retire with at least 20 years of service; participate in the Tennessee Consolidated Retirement System, have accumulated sick leave at retirement, and have been covered under the group medical plan prior to retirement. Currently, 13 school retirees meet those eligibility requirements. The School Department contributes toward the medical premium for each eligible retiree and their dependents based on a value calculated from the retiree's total salary and accumulated sick days at retirement. The retiree's annual salary at retirement (excluding career ladder, extended contract, or other

supplements) is divided by a 200-day year then multiplied by 25 percent to yield a daily compensation value. This daily compensation value is multiplied by the retiree's accumulated sick leave days at retirement date. The School Department allocates this calculated amount to each eligible retiree and depletes it monthly to pay the health insurance premium until the amount is exhausted, the retiree reaches Medicare eligibility, or is deceased. During the year, this contribution was \$42,145. Retirees' contributions vary depending on the insurance options they select. During the year ended June 30, 2010, Humphreys County and the School Department contributed \$13,868 and \$211,447, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 48,000	\$ 764,000
Interest on the NPO	546	63,370
Adjustment to the ARC	(517)	(60,023)
Annual OPEB cost	<u>\$ 48,029</u>	<u>\$ 767,347</u>
Less: Amount of contribution	(13,868)	(211,447)
Increase/decrease in NPO	<u>\$ 34,161</u>	<u>\$ 555,900</u>
Net OPEB obligation, 7-1-09	<u>12,135</u>	<u>1,408,193</u>
Net OPEB obligation, 6-30-10	<u>\$ 46,296</u>	<u>\$ 1,964,093</u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Government Group	\$ 23,395	76%	\$ 5,512
6-30-09	"	25,270	74	12,135
6-30-10	"	48,029	28	46,296
6-30-08	Local Education Group	841,000	18	687,026
6-30-09	"	850,826	15	1,408,193
6-30-10	"	767,347	28	1,964,093

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-09	7-1-09
Actuarial accrued liability (AAL)	\$ 376,000	\$ 6,489,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 376,000	\$ 6,489,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 3,716,867	\$ 10,807,006
UAAL as a % of covered payroll	10%	60%

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

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under 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, 2009, actuarial valuation, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses). The Local Education Plan had an annual healthcare cost trend rate of four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Local Government Plan was three percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. 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. Purchasing Laws

Office of County Executive

Purchasing procedures for the County Executive's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA), which provide for all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Road Supervisor

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

Office of Director of Schools

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Humphreys County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,084,832	\$ 2,655,374	\$ 2,655,374	\$ 429,458
Licenses and Permits	712	900	900	(188)
Fines, Forfeitures, and Penalties	76,286	91,310	91,310	(15,024)
Charges for Current Services	12,634	17,050	17,050	(4,416)
Other Local Revenues	129,831	95,110	90,110	39,721
Fees Received from County Officials	815,348	680,500	680,500	134,848
State of Tennessee	1,842,180	1,884,223	1,884,223	(42,043)
Federal Government	226,261	47,759	97,117	129,144
Other Governments and Citizens Groups	46,459	23,400	30,137	16,322
Total Revenues	\$ 6,234,543	\$ 5,495,626	\$ 5,546,721	\$ 687,822
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 104,817	\$ 137,943	\$ 136,801	\$ 31,984
Board of Equalization	1,290	2,000	2,000	710
Beer Board	450	800	800	350
County Mayor/Executive	174,294	203,757	203,757	29,463
County Attorney	26,644	44,145	44,145	17,501
Election Commission	131,532	150,365	150,365	18,833
Register of Deeds	137,947	140,445	140,445	2,498
Development	9,250	9,750	9,750	500
County Buildings	209,013	292,112	292,112	83,099
Other General Administration	10,514	16,814	16,814	6,300
<u>Finance</u>				
Property Assessor's Office	164,401	189,524	189,524	25,123
Reappraisal Program	3,085	12,782	12,782	9,697
County Trustee's Office	145,822	153,233	153,233	7,411
County Clerk's Office	193,697	196,855	196,855	3,158
<u>Administration of Justice</u>				
Circuit Court	217,885	217,590	217,590	(295)
General Sessions Court	79,874	84,094	84,094	4,220
Chancery Court	140,789	142,187	142,187	1,398
Juvenile Court	109,975	116,523	116,523	6,548
District Attorney General	6,000	6,000	6,000	0
Judicial Commissioners	29,289	29,736	29,736	447
<u>Public Safety</u>				
Sheriff's Department	914,465	914,833	914,833	368
Jail	207,910	200,551	205,171	(2,739)
Workhouse	309,221	311,163	310,413	1,192
Work Release Program	150	1,000	1,000	850
Fire Prevention and Control	2,000	2,000	2,000	0
Inspection and Regulation	69,037	65,173	68,431	(606)
County Coroner/Medical Examiner	11,964	14,900	14,900	2,936

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety (Cont.)</u>				
Other Public Safety	\$ 183,514	\$ 172,937	\$ 183,754	\$ 240
<u>Public Health and Welfare</u>				
Local Health Center	65,057	67,102	67,102	2,045
Ambulance/Emergency Medical Services	90,000	90,000	90,000	0
Other Local Health Services	25,000	25,000	25,000	0
General Welfare Assistance	0	2,200	2,200	2,200
Sanitation Education/Information	23,267	34,901	34,901	11,634
Other Public Health and Welfare	54,786	82,700	128,800	74,014
<u>Social, Cultural, and Recreational Services</u>				
Libraries	161,124	159,158	161,758	634
Other Social, Cultural, and Recreational	0	800	800	800
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	58,562	58,562	58,562	0
Soil Conservation	94,656	97,131	97,131	2,475
<u>Other Operations</u>				
Tourism	151,142	150,000	151,142	0
Other Economic and Community Development	0	70,000	70,000	70,000
Airport	327,511	337,894	368,611	41,100
Veterans' Services	9,601	10,247	10,247	646
Other Charges	610,138	604,000	604,000	(6,138)
Contributions to Other Agencies	43,440	48,073	48,073	4,633
Employee Benefits	916,657	1,083,300	1,083,300	166,643
<u>Capital Projects</u>				
Education Capital Projects	35,000	0	35,000	0
Total Expenditures	<u>\$ 6,260,770</u>	<u>\$ 6,750,280</u>	<u>\$ 6,882,642</u>	<u>\$ 621,872</u>
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (26,227)	\$ (1,254,654)	\$ (1,335,921)	\$ 1,309,694
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 35,000	\$ 0	\$ 35,000	\$ 0
Insurance Recovery	22,882	0	12,950	9,932
Total Other Financing Sources (Uses)	<u>\$ 57,882</u>	<u>\$ 0</u>	<u>\$ 47,950</u>	<u>\$ 9,932</u>
Net Change in Fund Balance	\$ 31,655	\$ (1,254,654)	\$ (1,287,971)	\$ 1,319,626
Fund Balance, July 1, 2009	<u>2,635,750</u>	<u>2,785,719</u>	<u>2,785,719</u>	<u>(149,969)</u>
Fund Balance, June 30, 2010	<u>\$ 2,667,405</u>	<u>\$ 1,531,065</u>	<u>\$ 1,497,748</u>	<u>\$ 1,169,657</u>

Exhibit F-2

Humphreys County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 634,414	\$ 620,615	\$ 620,615	\$ 13,799
Charges for Current Services	22,691	13,900	13,900	8,791
Other Local Revenues	1,092	2,500	2,500	(1,408)
State of Tennessee	4,484	11,400	11,400	(6,916)
Total Revenues	<u>\$ 662,681</u>	<u>\$ 648,415</u>	<u>\$ 648,415</u>	<u>\$ 14,266</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Landfill Operation and Maintenance	\$ 545,514	\$ 732,638	\$ 732,638	\$ 187,124
<u>Other Operations</u>				
Other Charges	12,817	20,000	20,000	7,183
Employee Benefits	54,930	78,950	78,950	24,020
Total Expenditures	<u>\$ 613,261</u>	<u>\$ 831,588</u>	<u>\$ 831,588</u>	<u>\$ 218,327</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 49,420</u>	<u>\$ (183,173)</u>	<u>\$ (183,173)</u>	<u>\$ 232,593</u>
Net Change in Fund Balance	\$ 49,420	\$ (183,173)	\$ (183,173)	\$ 232,593
Fund Balance, July 1, 2009	452,023	449,742	449,742	2,281
Fund Balance, June 30, 2010	<u>\$ 501,443</u>	<u>\$ 266,569</u>	<u>\$ 266,569</u>	<u>\$ 234,874</u>

Exhibit F-3

Humphreys 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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 360,599	\$ 0	\$ 0	\$ 360,599	\$ 352,299	\$ 352,299	\$ 8,300
Other Local Revenues	56,898	0	0	56,898	40,000	40,000	16,898
State of Tennessee	1,942,215	0	0	1,942,215	2,415,412	2,415,412	(473,197)
Total Revenues	\$ 2,359,712	\$ 0	\$ 0	\$ 2,359,712	\$ 2,807,711	\$ 2,807,711	\$ (447,999)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 135,457	\$ 0	\$ 0	\$ 135,457	\$ 152,072	\$ 152,072	\$ 16,615
Highway and Bridge Maintenance	1,292,987	0	0	1,292,987	1,535,886	1,535,886	242,899
Operation and Maintenance of Equipment	314,846	0	0	314,846	425,634	425,634	110,788
Other Charges	24,826	0	0	24,826	33,500	33,500	8,674
Employee Benefits	272,581	0	0	272,581	295,914	295,914	23,333
Capital Outlay	269,213	(40,491)	139,815	368,537	843,965	843,965	475,428
Total Expenditures	\$ 2,309,910	\$ (40,491)	\$ 139,815	\$ 2,409,234	\$ 3,286,971	\$ 3,286,971	\$ 877,737
Excess (Deficiency) of Revenues Over Expenditures	\$ 49,802	\$ 40,491	\$ (139,815)	\$ (49,522)	\$ (479,260)	\$ (479,260)	\$ 429,738
Net Change in Fund Balance	\$ 49,802	\$ 40,491	\$ (139,815)	\$ (49,522)	\$ (479,260)	\$ (479,260)	\$ 429,738
Fund Balance, July 1, 2009	869,120	(40,491)	0	828,629	740,999	740,999	87,630
Fund Balance, June 30, 2010	\$ 918,922	\$ 0	\$ (139,815)	\$ 779,107	\$ 261,739	\$ 261,739	\$ 517,368

Exhibit F-4

Humphreys County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Humphreys County School Department
June 30, 2010

(Dollar amounts in thousands)

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)	
6-30-09	\$	14,333	\$ 16,435	\$ 2,102	87.21	% \$	5,750	36.56	%
6-30-07		13,411	14,729	1,318	91.05		5,056	26.07	

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 went into effect during the 2007 year; therefore, only the two most recent valuations are presented.

Exhibit F-5

Humphreys County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Humphreys County School Department
June 30, 2010

(Dollar amounts in thousands)

Plans	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)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-07	\$ 0	\$ 156	\$ 156	0	\$ 3,034	5 %
"	7-1-09	0	376	376	0	3,717	10
<u>DISCRETELY PRESENTED HUMPHREYS COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-07	0	7,217	7,217	0	13,851	52
"	7-1-09	0	6,489	6,489	0	10,807	60

*Data only available for two actuarial valuations.

HUMPHREYS COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2010

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 Humphreys County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

The 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 major appropriation categories (the legal level of control) of the General Fund:

Major Appropriation Category	Amount Overspent
Circuit Court Clerk	\$ 295
Jail	2,739
Inspection and Regulation	606
Other Charges	6,138

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Capital Projects Funds

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

General Capital Projects Fund – The General Capital Projects Fund is used to account for major general capital expenditures of the county.

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

Exhibit G-1

Humphreys County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2010

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	Other Capital Projects	Total	
Cash	0	0	67,492	67,492	0	0	0	67,492
Equity in Pooled Cash and Investments	138,920	192,601	0	331,521	689,203	67,797	757,000	1,088,521
Property Taxes Receivable	207,859	0	0	207,859	253,608	0	253,608	461,467
Allowance for Uncollectible Property Taxes	(5,553)	0	0	(5,553)	(7,774)	0	(7,774)	(13,327)
Total Assets	341,226	192,601	67,492	601,319	935,037	67,797	1,002,834	1,604,153

ASSETS

LIABILITIES AND FUND BALANCES

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	Other Capital Projects	Total	
Accounts Payable	4,835	162	0	4,997	0	0	0	4,997
Contracts Payable	0	0	0	0	16,650	0	16,650	16,650
Due to Other Funds	292	0	67,492	67,784	0	0	0	67,784
Deferred Revenue - Current Property Taxes	194,637	0	0	194,637	233,564	0	233,564	428,201
Deferred Revenue - Delinquent Property Taxes	6,950	0	0	6,950	10,994	0	10,994	17,944
Total Liabilities	206,714	162	67,492	274,368	261,208	0	261,208	535,576
Fund Balances	0	0	0	0	227,242	0	227,242	227,242
Reserved for Encumbrances	0	0	0	0	402,891	0	402,891	402,891
Reserved for Capital Outlay	134,512	192,439	0	326,951	43,696	67,797	111,493	438,444
Unreserved	134,512	192,439	0	326,951	673,829	67,797	741,626	1,068,577
Total Fund Balances	341,226	192,601	67,492	601,319	935,037	67,797	1,002,834	1,604,153

Total Liabilities and Fund Balances

Exhibit G-2

Humphreys County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Local Purpose Tax	Drug Control	Total	General Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>							
Local Taxes	\$ 146,907	\$ 0	\$ 146,907	\$ 241,264	\$ 0	\$ 241,264	\$ 388,171
Fines, Forfeitures, and Penalties	0	118,698	118,698	0	0	0	118,698
Charges for Current Services	0	233	233	0	0	0	233
Other Local Revenues	11,834	0	11,834	18,278	0	18,278	30,112
State of Tennessee	0	0	0	233,504	0	233,504	233,504
Total Revenues	\$ 158,741	\$ 118,931	\$ 277,672	\$ 493,046	\$ 0	\$ 493,046	\$ 770,718
<u>Expenditures</u>							
Current:							
Public Safety	\$ 114,240	\$ 69,169	\$ 183,409	\$ 0	\$ 0	\$ 0	\$ 183,409
Capital Projects	0	0	0	865,365	2,015	867,380	867,380
Total Expenditures	\$ 114,240	\$ 69,169	\$ 183,409	\$ 865,365	\$ 2,015	\$ 867,380	\$ 1,050,789
Excess (Deficiency) of Revenues Over Expenditures	\$ 44,501	\$ 49,762	\$ 94,263	\$ (372,319)	\$ (2,015)	\$ (374,334)	\$ (280,071)
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 1,068	\$ 0	\$ 1,068	\$ 0	\$ 0	\$ 0	\$ 1,068
Total Other Financing Sources (Uses)	\$ 1,068	\$ 0	\$ 1,068	\$ 0	\$ 0	\$ 0	\$ 1,068
Net Change in Fund Balances	\$ 45,569	\$ 49,762	\$ 95,331	\$ (372,319)	\$ (2,015)	\$ (374,334)	\$ (279,003)
Fund Balance, July 1, 2009	88,943	142,677	231,620	1,046,148	69,812	1,115,960	1,347,580
Fund Balance, June 30, 2010	\$ 134,512	\$ 192,439	\$ 326,951	\$ 673,829	\$ 67,797	\$ 741,626	\$ 1,068,577

Exhibit G-3

Humphreys County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Local Purpose Tax Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 146,907	\$ 137,294	\$ 137,294	\$ 9,613
Other Local Revenues	11,834	0	0	11,834
Total Revenues	<u>\$ 158,741</u>	<u>\$ 137,294</u>	<u>\$ 137,294</u>	<u>\$ 21,447</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Fire Prevention and Control	\$ 114,240	\$ 153,800	\$ 163,117	\$ 48,877
Total Expenditures	<u>\$ 114,240</u>	<u>\$ 153,800</u>	<u>\$ 163,117</u>	<u>\$ 48,877</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 44,501</u>	<u>\$ (16,506)</u>	<u>\$ (25,823)</u>	<u>\$ 70,324</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,068	\$ 0	\$ 0	\$ 1,068
Total Other Financing Sources (Uses)	<u>\$ 1,068</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,068</u>
Net Change in Fund Balance	\$ 45,569	\$ (16,506)	\$ (25,823)	\$ 71,392
Fund Balance, July 1, 2009	<u>88,943</u>	<u>88,433</u>	<u>88,433</u>	<u>510</u>
Fund Balance, June 30, 2010	<u><u>\$ 134,512</u></u>	<u><u>\$ 71,927</u></u>	<u><u>\$ 62,610</u></u>	<u><u>\$ 71,902</u></u>

Exhibit G-4

Humphreys County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 118,698	\$ 37,700	\$ 43,572	\$ 75,126
Charges for Current Services	233	0	0	233
Total Revenues	<u>\$ 118,931</u>	<u>\$ 37,700</u>	<u>\$ 43,572</u>	<u>\$ 75,359</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 69,169	\$ 67,550	\$ 73,422	\$ 4,253
Total Expenditures	<u>\$ 69,169</u>	<u>\$ 67,550</u>	<u>\$ 73,422</u>	<u>\$ 4,253</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 49,762</u>	<u>\$ (29,850)</u>	<u>\$ (29,850)</u>	<u>\$ 79,612</u>
Net Change in Fund Balance	\$ 49,762	\$ (29,850)	\$ (29,850)	\$ 79,612
Fund Balance, July 1, 2009	<u>142,677</u>	<u>138,256</u>	<u>138,256</u>	<u>4,421</u>
Fund Balance, June 30, 2010	<u><u>\$ 192,439</u></u>	<u><u>\$ 108,406</u></u>	<u><u>\$ 108,406</u></u>	<u><u>\$ 84,033</u></u>

Exhibit G-5

Humphreys County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Capital Projects Fund
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 241,264	\$ 0	\$ 0	\$ 241,264	\$ 237,037	\$ 237,037	\$ 4,227
Other Local Revenues	18,278	0	0	18,278	16,872	16,872	1,406
State of Tennessee	233,504	0	0	233,504	445,593	445,593	(212,089)
Total Revenues	\$ 493,046	\$ 0	\$ 0	\$ 493,046	\$ 699,502	\$ 699,502	\$ (206,456)
<u>Expenditures</u>							
<u>Capital Projects</u>							
General Administration Projects	\$ 22,221	\$ 0	\$ 227,242	\$ 249,463	\$ 314,492	\$ 314,492	\$ 65,029
Public Utility Projects	286,301	0	0	286,301	509,184	509,184	222,883
Other General Government Projects	233,504	0	0	233,504	250,000	250,000	16,496
Education Capital Projects	323,339	(2,574)	0	320,765	325,000	325,000	4,235
Total Expenditures	\$ 865,365	\$ (2,574)	\$ 227,242	\$ 1,090,033	\$ 1,398,676	\$ 1,398,676	\$ 308,643
Excess (Deficiency) of Revenues Over Expenditures	\$ (372,319)	\$ 2,574	\$ (227,242)	\$ (596,987)	\$ (699,174)	\$ (699,174)	\$ 102,187
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (372,319)	\$ 2,574	\$ (227,242)	\$ (596,987)	\$ (699,174)	\$ (699,174)	\$ 102,187
	1,046,148	(2,574)	0	1,043,574	897,531	897,531	146,043
Fund Balance, June 30, 2010	\$ 673,829	\$ 0	\$ (227,242)	\$ 446,587	\$ 198,357	\$ 198,357	\$ 248,230

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.

Exhibit H

Humphreys County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 971,249	\$ 953,170	\$ 953,170	\$ 18,079
Other Local Revenues	26,199	150,000	150,000	(123,801)
Other Governments and Citizens Groups	6,023	0	0	6,023
Total Revenues	<u>\$ 1,003,471</u>	<u>\$ 1,103,170</u>	<u>\$ 1,103,170</u>	<u>\$ (99,699)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 438,089	\$ 438,089	\$ 438,089	\$ 0
Education	438,500	448,500	448,500	10,000
<u>Interest on Debt</u>				
General Government	47,705	77,408	67,698	19,993
Education	46,552	259,073	268,783	222,231
<u>Other Debt Service</u>				
General Government	24,979	50,000	28,805	3,826
Education	21,195	0	21,195	0
Total Expenditures	<u>\$ 1,017,020</u>	<u>\$ 1,273,070</u>	<u>\$ 1,273,070</u>	<u>\$ 256,050</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (13,549)</u>	<u>\$ (169,900)</u>	<u>\$ (169,900)</u>	<u>\$ 156,351</u>
Net Change in Fund Balance	\$ (13,549)	\$ (169,900)	\$ (169,900)	\$ 156,351
Fund Balance, July 1, 2009	<u>1,146,282</u>	<u>1,158,588</u>	<u>1,158,588</u>	<u>(12,306)</u>
Fund Balance, June 30, 2010	<u><u>\$ 1,132,733</u></u>	<u><u>\$ 988,688</u></u>	<u><u>\$ 988,688</u></u>	<u><u>\$ 144,045</u></u>

Fiduciary Funds

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

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

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

Exhibit I-1

Humphreys County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,250,071	\$ 1,250,071
Accounts Receivable	0	104	104
Due from Other Governments	200,092	0	200,092
Total Assets	<u>\$ 200,092</u>	<u>\$ 1,250,175</u>	<u>\$ 1,450,267</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 200,092	\$ 0	\$ 200,092
Due to Litigants, Heirs, and Others	0	1,250,175	1,250,175
Total Liabilities	<u>\$ 200,092</u>	<u>\$ 1,250,175</u>	<u>\$ 1,450,267</u>

Exhibit I-2

Humphreys County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 962,987	\$ 962,987	\$ 0
Due from Other Governments	202,426	200,092	202,426	200,092
Total Assets	\$ 202,426	\$ 1,163,079	\$ 1,165,413	\$ 200,092
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 202,426	\$ 1,163,079	\$ 1,165,413	\$ 200,092
Total Liabilities	\$ 202,426	\$ 1,163,079	\$ 1,165,413	\$ 200,092
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,118,405	\$ 3,492,431	\$ 3,360,765	\$ 1,250,071
Accounts Receivable	158	104	158	104
Total Assets	\$ 1,118,563	\$ 3,492,535	\$ 3,360,923	\$ 1,250,175
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,118,563	\$ 3,492,535	\$ 3,360,923	\$ 1,250,175
Total Liabilities	\$ 1,118,563	\$ 3,492,535	\$ 3,360,923	\$ 1,250,175
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,118,405	\$ 3,492,431	\$ 3,360,765	\$ 1,250,071
Equity in Pooled Cash and Investments	0	962,987	962,987	0
Accounts Receivable	336	104	158	104
Due from Other Governments	202,426	200,092	202,426	200,092
Total Assets	\$ 1,321,167	\$ 4,655,614	\$ 4,526,336	\$ 1,450,267
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 202,426	\$ 1,163,079	\$ 1,165,413	\$ 200,092
Due to Litigants, Heirs, and Others	1,118,563	3,492,535	3,360,923	1,250,175
Total Liabilities	\$ 1,320,989	\$ 4,655,614	\$ 4,526,336	\$ 1,450,267

Humphreys County School Department

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

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

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

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

Private-Purpose Trust Fund – The Private-Purpose Trust Fund is used to account for resources legally held in trust to provide scholarships for students.

Exhibit J-1

Humphreys County, Tennessee
Statement of Activities
Discretely Presented Humphreys County School Department
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 15,653,867	\$ 22,446	\$ 2,841,550	\$ (12,789,871)
Support Services	6,605,354	48,505	313,840	(6,243,009)
Operation of Non-Instructional Services	1,606,978	650,374	978,353	21,749
Total Governmental Activities	\$ 23,866,199	\$ 721,325	\$ 4,133,743	\$ (19,011,131)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes			\$	3,033,980
Local Option Sales Taxes				1,604,753
Other Local Taxes				1,532
Grants and Contributions Not Restricted to Specific Programs				14,067,755
Unrestricted Investment Income				520
Miscellaneous				86,626
Total General Revenues			\$	18,795,166
Change in Net Assets			\$	(215,965)
Net Assets, July 1, 2009				10,750,569
Net Assets, June 30, 2010			\$	10,534,604

Exhibit J-2

Humphreys County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Humphreys County School Department
June 30, 2010

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Central</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Cafeteria</u>	<u>Funds</u>
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 232,573	\$ 0	\$ 163,846	\$ 396,419
Accounts Receivable	29,114	0	0	29,114
Due from Other Governments	728,433	103,507	40,762	872,702
Due from Other Funds	0	49	0	49
Property Taxes Receivable	3,159,448	0	0	3,159,448
Allowance for Uncollectible Property Taxes	(84,401)	0	0	(84,401)
Total Assets	\$ 4,065,167	\$ 103,556	\$ 204,608	\$ 4,373,331
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 4,196	\$ 0	\$ 0	\$ 4,196
Payroll Deductions Payable	592	0	0	592
Cash Overdraft	0	87,979	0	87,979
Due to Other Funds	49	0	0	49
Deferred Revenue - Current Property Taxes	2,958,480	0	0	2,958,480
Deferred Revenue - Delinquent Property Taxes	100,396	0	0	100,396
Other Deferred Revenues	140,274	0	0	140,274
Total Liabilities	\$ 3,203,987	\$ 87,979	\$ 0	\$ 3,291,966
<u>Fund Balances</u>				
Reserved for Career Ladder Program	\$ 2,716	\$ 0	\$ 0	\$ 2,716
Reserved for Basic Education Program	18,159	0	0	18,159
Reserved for Title I Grants to Local Education Agencies	0	15,275	0	15,275
Other Federal Reserves	0	302	0	302
Unreserved, Reported In:				
General Fund	840,305	0	0	840,305
Special Revenue Funds	0	0	204,608	204,608
Total Fund Balances	\$ 861,180	\$ 15,577	\$ 204,608	\$ 1,081,365
Total Liabilities and Fund Balances	\$ 4,065,167	\$ 103,556	\$ 204,608	\$ 4,373,331

Exhibit J-3

Humphreys County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Humphreys County School Department
June 30, 2010

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	1,081,365
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	141,175	
Add: buildings and improvements net of accumulated depreciation		9,403,893	
Add: infrastructure net of accumulated depreciation		49,982	
Add: other capital assets net of accumulated depreciation		<u>1,620,045</u>	11,215,095
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			240,670
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(38,433)	
Less: other postemployment benefits liability		<u>(1,964,093)</u>	<u>(2,002,526)</u>
Net assets of governmental activities (Exhibit A)			<u><u>\$ 10,534,604</u></u>

Exhibit J-4

Humphreys County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Humphreys County School Department
For the Year Ended June 30, 2010

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
Revenues				
Local Taxes	\$ 4,607,887	\$ 0	\$ 0	\$ 4,607,887
Licenses and Permits	982	0	0	982
Charges for Current Services	70,247	0	650,374	720,621
Other Local Revenues	130,918	0	3,505	134,423
State of Tennessee	14,577,797	0	16,582	14,594,379
Federal Government	199,067	2,396,970	944,705	3,540,742
Other Governments and Citizens Groups	36,500	0	0	36,500
Total Revenues	\$ 19,623,398	\$ 2,396,970	\$ 1,615,166	\$ 23,635,534
Expenditures				
Current:				
Instruction	\$ 12,746,361	\$ 1,963,830	\$ 0	\$ 14,710,191
Support Services	6,469,895	489,174	0	6,959,069
Operation of Non-Instructional Services	0	0	1,608,477	1,608,477
Capital Outlay	133,444	0	0	133,444
Debt Service:				
Principal on Debt	1,000	0	0	1,000
Total Expenditures	\$ 19,350,700	\$ 2,453,004	\$ 1,608,477	\$ 23,412,181
Excess (Deficiency) of Revenues Over Expenditures	\$ 272,698	\$ (56,034)	\$ 6,689	\$ 223,353
Other Financing Sources (Uses)				
Insurance Recovery	\$ 1,728	\$ 0	\$ 0	\$ 1,728
Transfers In	6,977	0	0	6,977
Transfers Out	0	(6,977)	0	(6,977)
Total Other Financing Sources (Uses)	\$ 8,705	\$ (6,977)	\$ 0	\$ 1,728
Net Change in Fund Balances	\$ 281,403	\$ (63,011)	\$ 6,689	\$ 225,081
Fund Balance, July 1, 2009	579,777	78,588	197,919	856,284
Fund Balance, June 30, 2010	\$ 861,180	\$ 15,577	\$ 204,608	\$ 1,081,365

Exhibit J-5

Humphreys County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Humphreys County School Department
For the Year Ended June 30, 2010

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 225,081
<p>(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:</p>		
Add: capital assets purchased in the current period	\$ 802,423	
Less: current year depreciation expense	<u>(686,545)</u>	115,878
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$ 240,670	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(207,694)</u>	32,976
<p>(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.</p>		
Less: note proceeds	\$ (35,000)	
Add: principal payments on notes	<u>1,000</u>	(34,000)
<p>(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.</p>		
Change in other postemployment benefits liability		<u>(555,900)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (215,965)</u>

Humphreys County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Humphreys County School Department
General Purpose School Fund
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 4,607,887	\$ 0	\$ 4,607,887	\$ 4,570,648	\$ 4,570,648	\$ 37,239
Licenses and Permits	982	0	982	1,200	1,200	(218)
Charges for Current Services	70,247	0	70,247	63,000	63,000	7,247
Other Local Revenues	130,918	0	130,918	124,700	124,700	6,218
State of Tennessee	14,577,797	0	14,577,797	14,637,844	14,731,629	(153,832)
Federal Government	199,067	0	199,067	157,000	157,000	42,067
Other Governments and Citizens Groups	36,500	0	36,500	0	35,000	1,500
Total Revenues	\$ 19,623,398	\$ 0	\$ 19,623,398	\$ 19,554,392	\$ 19,683,177	\$ (59,779)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 11,037,426	\$ 0	\$ 11,037,426	\$ 11,367,571	\$ 11,348,042	\$ 310,616
Alternative Instruction Program	69,067	0	69,067	66,270	69,770	703
Special Education Program	727,747	0	727,747	763,700	763,700	35,953
Vocational Education Program	855,159	0	855,159	802,100	866,700	11,541
Adult Education Program	56,962	0	56,962	61,740	61,740	4,778
<u>Support Services</u>						
Health Services	213,499	0	213,499	219,365	225,066	11,567
Other Student Support	418,530	0	418,530	385,030	429,870	11,340
Regular Instruction Program	651,791	0	651,791	685,197	685,196	33,405
Special Education Program	67,885	0	67,885	72,480	72,480	4,595
Vocational Education Program	84,030	0	84,030	88,742	88,742	4,712
Adult Programs	21,723	0	21,723	22,100	22,100	377
Other Programs	93,785	0	93,785	0	93,785	0

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Board of Education	\$ 153,090	\$ 0	\$ 153,090	\$ 145,779	\$ 145,779	\$ (7,311)
Director of Schools	161,054	0	161,054	170,602	170,602	9,548
Office of the Principal	1,283,597	0	1,283,597	1,306,000	1,306,000	22,403
Fiscal Services	109,728	0	109,728	111,758	111,758	2,030
Operation of Plant	1,399,778	0	1,399,778	1,492,860	1,494,860	95,082
Maintenance of Plant	458,864	0	458,864	527,128	527,128	68,264
Transportation	1,028,564	(167,446)	861,118	967,470	967,470	106,352
Central and Other	323,977	0	323,977	327,000	327,000	3,023
<u>Capital Outlay</u>						
Regular Capital Outlay	133,444	0	133,444	0	1,535,000	1,401,556
<u>Principal on Debt</u>						
Education	1,000	0	1,000	0	1,000	0
<u>Total Expenditures</u>	<u>\$ 19,350,700</u>	<u>\$ (167,446)</u>	<u>\$ 19,183,254</u>	<u>\$ 19,582,892</u>	<u>\$ 21,313,788</u>	<u>\$ 2,130,534</u>
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	<u>\$ 272,698</u>	<u>\$ 167,446</u>	<u>\$ 440,144</u>	<u>\$ (28,500)</u>	<u>\$ (1,630,611)</u>	<u>\$ 2,070,755</u>
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 1,728	\$ 0	\$ 1,728	\$ 30,000	\$ 1,532,000	\$ (1,530,272)
Transfers In	6,977	0	6,977	0	99,113	(92,136)
Transfers Out	0	0	0	(500)	(500)	500
<u>Total Other Financing Sources (Uses)</u>	<u>\$ 8,705</u>	<u>\$ 0</u>	<u>\$ 8,705</u>	<u>\$ 29,500</u>	<u>\$ 1,630,613</u>	<u>\$ (1,621,908)</u>
<u>Net Change in Fund Balance</u> <u>Fund Balance, July 1, 2009</u>	<u>\$ 281,403</u>	<u>\$ 167,446</u>	<u>\$ 448,849</u>	<u>\$ 1,000</u>	<u>\$ 2</u>	<u>\$ 448,847</u>
<u>Fund Balance, June 30, 2010</u>	<u>\$ 579,777</u>	<u>\$ (167,446)</u>	<u>\$ 412,331</u>	<u>\$ 503,157</u>	<u>\$ 503,157</u>	<u>\$ (90,826)</u>
<u>Fund Balance, June 30, 2010</u>	<u>\$ 861,180</u>	<u>\$ 0</u>	<u>\$ 861,180</u>	<u>\$ 504,157</u>	<u>\$ 503,159</u>	<u>\$ 358,021</u>

Exhibit J-7

Humphreys County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Humphreys County School Department
School Federal Projects Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,396,970	\$ 2,779,408	\$ 2,828,725	\$ (431,755)
Total Revenues	\$ 2,396,970	\$ 2,779,408	\$ 2,828,725	\$ (431,755)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 712,410	\$ 861,220	\$ 935,611	\$ 223,201
Special Education Program	1,167,062	1,187,807	1,193,544	26,482
Vocational Education Program	84,358	86,713	83,948	(410)
<u>Support Services</u>				
Other Student Support	4,700	4,700	4,700	0
Regular Instruction Program	209,649	266,588	244,322	34,673
Special Education Program	52,950	54,350	53,621	671
Vocational Education Program	2,278	2,277	2,278	0
Transportation	219,597	224,600	219,597	0
Total Expenditures	\$ 2,453,004	\$ 2,688,255	\$ 2,737,621	\$ 284,617
Excess (Deficiency) of Revenues Over Expenditures	\$ (56,034)	\$ 91,153	\$ 91,104	\$ (147,138)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (6,977)	\$ (91,153)	\$ (91,104)	\$ 84,127
Total Other Financing Sources (Uses)	\$ (6,977)	\$ (91,153)	\$ (91,104)	\$ 84,127
Net Change in Fund Balance	\$ (63,011)	\$ 0	\$ 0	\$ (63,011)
Fund Balance, July 1, 2009	78,588	0	0	78,588
Fund Balance, June 30, 2010	\$ 15,577	\$ 0	\$ 0	\$ 15,577

Exhibit J-8

Humphreys County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Humphreys County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 650,374	\$ 864,550	\$ 864,550	\$ (214,176)
Other Local Revenues	3,505	15,000	15,000	(11,495)
State of Tennessee	16,582	17,100	17,100	(518)
Federal Government	944,705	876,847	876,847	67,858
Total Revenues	<u>\$ 1,615,166</u>	<u>\$ 1,773,497</u>	<u>\$ 1,773,497</u>	<u>\$ (158,331)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	<u>\$ 1,608,477</u>	<u>\$ 1,773,497</u>	<u>\$ 1,773,496</u>	<u>\$ 165,019</u>
Total Expenditures	<u>\$ 1,608,477</u>	<u>\$ 1,773,497</u>	<u>\$ 1,773,496</u>	<u>\$ 165,019</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 6,689</u>	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 6,688</u>
Net Change in Fund Balance	\$ 6,689	\$ 0	\$ 1	\$ 6,688
Fund Balance, July 1, 2009	<u>197,919</u>	<u>146,792</u>	<u>146,792</u>	<u>51,127</u>
Fund Balance, June 30, 2010	<u><u>\$ 204,608</u></u>	<u><u>\$ 146,792</u></u>	<u><u>\$ 146,793</u></u>	<u><u>\$ 57,815</u></u>

Exhibit J-9

Humphreys County, Tennessee
Statement of Fiduciary Net Assets
Discretely Presented Humphreys County School Department
Fiduciary Fund
June 30, 2010

	<u>Private- Purpose Trust Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	<u>\$ 60,738</u>
Total Assets	<u><u>\$ 60,738</u></u>
<u>NET ASSETS</u>	
Held in Trust for Scholarships	<u>\$ 60,738</u>
Total Net Assets	<u><u>\$ 60,738</u></u>

Exhibit J-10

Humphreys County, Tennessee
Statement of Changes in Fiduciary Net Assets
Discretely Presented Humphreys County School Department
Fiduciary Fund
For the Year Ended June 30, 2010

	<u>Private- Purpose Trust Fund</u>
<u>ADDITIONS</u>	
<u>Other Local Revenues</u>	
Investment Income	\$ 858
Total Additions	<u>\$ 858</u>
<u>DEDUCTIONS</u>	
<u>Other</u>	
Scholarships	\$ 0
Total Deductions	<u>\$ 0</u>
Change in Net Assets	\$ 858
Net Assets, July 1, 2009	<u>59,880</u>
Net Assets, June 30, 2010	<u><u>\$ 60,738</u></u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Humphreys County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
Primary Government and Discretely Presented Humphreys County School Department
For the Year Ended June 30, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Courthouse Annex Addition	\$ 800,000	5.35 %	7-3-00	7-3-09	\$ 88,889	0 \$	88,889 \$	0
Jail Expansion	130,000	4.5	10-1-04	10-1-09	26,000	0	26,000	0
School Roofs, Buses, Equipment, and E-911 Towers/Facilities	600,000	3.75	10-2-06	10-2-14	450,000	0	75,000	375,000
E-911 Towers	750,000	3.85	3-27-08	3-27-18	675,000	0	75,000	600,000
Center for Higher Learning Expansion	400,000	3.85	3-27-08	3-27-18	360,000	0	40,000	320,000
Total Notes Payable					\$ 1,599,889	0 \$	304,889 \$	1,295,000
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School Jail Renovation/Road, Bridge, and Sewer Improvement/Career Center	7,000,000	Variable	3-7-00	5-25-20	\$ 4,668,000	0 \$	346,000 \$	4,322,000
Total Other Loans Payable	2,200,000	Variable	10-15-03	5-25-14	1,101,000	0	206,000	895,000
					\$ 5,769,000	0 \$	552,000 \$	5,217,000
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Courthouse Annex, FmHA Flood Control, FmHA	328,500	5	7-1-1976	1-1-15	\$ 99,500	0 \$	15,000 \$	84,500
Total Bonds Payable	110,000	4.371	7-1-1976	1-1-16	37,900	0	4,700	33,200
					\$ 137,400	0 \$	19,700 \$	117,700
DISCRETELY PRESENTED HUMPHREYS COUNTY SCHOOL DEPARTMENT								
NOTES PAYABLE								
<u>Payable through General Purpose School Fund</u>								
Asbestos Removal	16,933	0	5-22-1995	5-30-14	\$ 4,433	0 \$	1,000 \$	3,433
Greenhouse Capital Outlay Note 2009	35,000	0	4-27-10	4-27-17	0	35,000	0	35,000
Total Notes Payable					\$ 4,433	35,000 \$	1,000 \$	38,433

Exhibit K-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 190,000	\$ 49,483	\$ 239,483
2012	190,000	42,327	232,327
2013	190,000	35,003	225,003
2014	190,000	27,763	217,763
2015	190,000	20,523	210,523
2016	115,000	13,319	128,319
2017	115,000	8,855	123,855
2018	115,000	4,428	119,428
Total	<u>\$ 1,295,000</u>	<u>\$ 201,701</u>	<u>\$ 1,496,701</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 573,000	\$ 26,412	\$ 33,641	\$ 633,053
2012	594,000	23,603	28,978	646,581
2013	616,000	20,690	25,203	661,893
2014	640,000	17,669	21,290	678,959
2015	421,000	14,529	17,225	452,754
2016	438,000	12,340	14,784	465,124
2017	456,000	10,062	12,243	478,305
2018	474,000	7,690	9,598	491,288
2019	493,000	5,226	6,849	505,075
2020	512,000	2,662	3,990	518,652
Total	<u>\$ 5,217,000</u>	<u>\$ 140,883</u>	<u>\$ 173,801</u>	<u>\$ 5,531,684</u>

(Continued)

Exhibit K-2

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

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 19,900	\$ 5,676	\$ 25,576
2012	21,100	4,712	25,812
2013	22,400	3,689	26,089
2014	23,700	2,603	26,303
2015	24,400	1,454	25,854
2016	6,200	271	6,471
Total	<u>\$ 117,700</u>	<u>\$ 18,405</u>	<u>\$ 136,105</u>

DISCRETELY PRESENTED HUMPHREYS
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Notes	
	Principal	Total
2011	\$ 6,000	\$ 6,000
2012	6,000	6,000
2013	6,000	6,000
2014	5,433	5,433
2015	5,000	5,000
2016	5,000	5,000
2017	5,000	5,000
Total	<u>\$ 38,433</u>	<u>\$ 38,433</u>

Exhibit K-3

Humphreys County, Tennessee
Schedule of Notes Receivable
June 30, 2010

<u>Description of Indebtedness</u>	<u>Debtor</u>	<u>Original Amount of Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Outstanding 6-30-10</u>
<u>General Debt Service Fund</u>						
City of Waverly - E-911 Tower	City of Waverly	\$ 173,800	3-27-08	3-27-18	3.85%	\$ 139,040
Total Notes Receivable						<u><u>\$ 139,040</u></u>

Exhibit K-4

Humphreys County, Tennessee
Schedule of Transfers
Discretely Presented Humphreys County School Department
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 6,977
Total Transfers Discretely Presented Humphreys County School Department			<u>\$ 6,977</u>

Exhibit K-5

Humphreys County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Humphreys County School Department
For the Year Ended June 30, 2010

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive:				
Jaycee Rawlings (7-1-09 through 2-2-10)	Section 8-24-102, <u>TCA</u>	\$ 38,910	\$ 50,000	Cincinnati Insurance Company
Vacant (2-3-10 through 2-21-10)				
John Lee Williams (2-22-10 through 6-30-10)	Section 8-24-102, <u>TCA</u>	22,234	50,000	State Automobile Mutual Insurance Company
Road Supervisor	Section 8-24-102, <u>TCA</u>	63,527	100,000	Travelers Casualty and Surety Company of America
Director of Schools	State Board of Education and County Board of Education	87,169 (1)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	57,751	662,000	Cincinnati Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	57,751	10,000	Travelers Casualty and Surety Company of America
County Clerk	Section 8-24-102, <u>TCA</u>	57,751	50,000	Cincinnati Insurance Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	57,751	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	57,751	75,000	Travelers Casualty and Surety Company of America
Register	Section 8-24-102, <u>TCA</u>	57,751	25,000	Cincinnati Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u>	63,527 (2)	25,000	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Department			150,000	"

(1) Includes \$1,000 for a chief executive officer training supplement.
(2) Does not include \$600 for a law enforcement training supplement.

Exhibit K-6

Humphreys County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2010

	General	Special Revenue Funds							Debt Service Fund	Capital Projects Fund	Total
		Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Highway / Public Works	Debt Service Fund		Capital Projects			
						General	Debt Service				
<u>Local Taxes</u>											
<u>County Property Taxes</u>											
Current Property Tax	\$ 1,741,636	\$ 606,304	\$ 140,480	\$ 0	\$ 339,619	\$ 946,388	\$ 225,980	\$ 4,000,407			
Trustee's Collections - Prior Year	55,951	15,457	3,782	0	10,126	13,028	9,207	107,551			
Trustee's Collections - Bankruptcy	402	121	37	0	65	132	56	813			
Circuit/Clerk & Master Collections - Prior Years	30,787	8,936	1,778	0	5,027	7,849	4,370	58,747			
Interest and Penalty	11,564	3,507	802	0	1,968	3,713	1,618	23,172			
Payments in-Lieu-of Taxes - T.V.A.	366,145	0	0	0	3,744	0	0	369,889			
Payments in-Lieu-of Taxes - Other	257	89	28	0	50	139	33	596			
<u>County Local Option Taxes</u>											
Local Option Sales Tax	430,431	0	0	0	0	0	0	430,431			
Hotel/Motel Tax	82,169	0	0	0	0	0	0	82,169			
Local Amusement Tax	809	0	0	0	0	0	0	809			
Litigation Tax - General	64,776	0	0	0	0	0	0	64,776			
Litigation Tax - Special Purpose	10,972	0	0	0	0	0	0	10,972			
Litigation Tax - Jail, Workhouse, or Courthouse	21,649	0	0	0	0	0	0	21,649			
Business Tax	123,110	0	0	0	0	0	0	123,110			
Other County Local Option Taxes	1,988	0	0	0	0	0	0	1,988			
<u>Statutory Local Taxes</u>											
Bank Excise Tax	50,914	0	0	0	0	0	0	50,914			
Wholesale Beer Tax	90,381	0	0	0	0	0	0	90,381			
Interstate Telecommunications Tax	891	0	0	0	0	0	0	891			
Total Local Taxes	\$ 3,084,832	\$ 634,414	\$ 146,907	\$ 0	\$ 360,599	\$ 971,249	\$ 241,264	\$ 5,439,265			
<u>Licenses and Permits</u>											
Permits											
Beer Permits	\$ 712	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 712			
Total Licenses and Permits	\$ 712	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 712			

(Continued)

Exhibit K-6

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

	General	Special Revenue Funds					Highway/ Public Works	Debt Service Fund		Capital Projects Fund	Total
		Solid Waste/ Sanitation	Local Purpose Tax	Drug Control	Debt Service Fund			Capital Projects Fund			
					General Debt Service	Capital Projects					
<u>Fines, Forfeitures, and Penalties</u>											
<u>Circuit Court</u>											
Fines	5,610	0	0	0	0	0	0	0	0	5,610	
Officers Costs	4,029	0	0	0	0	0	0	0	0	4,029	
Drug Control Fines	0	0	8,138	0	0	0	0	0	0	8,138	
Jail Fees	9,636	0	0	0	0	0	0	0	0	9,636	
Judicial Commissioner Fees	553	0	0	0	0	0	0	0	0	553	
DUI Treatment Fines	1,480	0	0	0	0	0	0	0	0	1,480	
Data Entry Fee - Circuit Court	392	0	0	0	0	0	0	0	0	392	
<u>Criminal Court</u>											
Courtroom Security Fee	33	0	0	0	0	0	0	0	0	33	
<u>General Sessions Court</u>											
Fines	9,625	0	0	0	0	0	0	0	0	9,625	
Officers Costs	10,216	0	0	0	0	0	0	0	0	10,216	
Game and Fish Fines	660	0	0	0	0	0	0	0	0	660	
Drug Control Fines	0	0	25,778	0	0	0	0	0	0	25,778	
Jail Fees	4,960	0	0	0	0	0	0	0	0	4,960	
Judicial Commissioner Fees	2,561	0	0	0	0	0	0	0	0	2,561	
DUI Treatment Fines	4,982	0	0	0	0	0	0	0	0	4,982	
Data Entry Fee - General Sessions Court	3,997	0	0	0	0	0	0	0	0	3,997	
<u>Juvenile Court</u>											
Fines	960	0	0	0	0	0	0	0	0	960	
Officers Costs	2,466	0	0	0	0	0	0	0	0	2,466	
<u>Chancery Court</u>											
Officers Costs	2,678	0	0	0	0	0	0	0	0	2,678	
Data Entry Fee - Chancery Court	1,024	0	0	0	0	0	0	0	0	1,024	
<u>Other Courts - In-county</u>											
Fines	9,540	0	0	0	0	0	0	0	0	9,540	
Drug Control Fines	884	0	9,121	0	0	0	0	0	0	10,005	
<u>Other Fines, Forfeitures, and Penalties</u>											
Proceeds from Confiscated Property	0	0	61,184	0	0	0	0	0	0	61,184	
Other Fines, Forfeitures, and Penalties	0	0	14,477	0	0	0	0	0	0	14,477	
Total Fines, Forfeitures, and Penalties	\$ 76,286	\$ 0	\$ 118,698	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 194,984	

(Continued)

Exhibit K-6

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

	Special Revenue Funds										Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation		Local Purpose Tax		Drug Control	Highway / Public Works	Debt Service		Capital Projects			
								General	Debt				
<u>Charges for Current Services</u>													
<u>General Service Charges</u>													
Tipping Fees	\$ 0	\$ 21,997	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,997
Solid Waste Disposal Fees	0	694	0	0	0	0	0	0	0	0	0	0	694
Work Release Charges for Board Service Charges	450	0	0	0	0	0	0	0	0	0	0	0	450
Fees	25	0	0	0	0	0	0	0	0	0	0	0	25
Copy Fees	1,511	0	0	0	0	0	0	0	0	0	0	0	1,511
Data Processing Fee - Register	6,044	0	0	0	0	0	0	0	0	0	0	0	6,044
Data Processing Fee - Sheriff	2,474	0	0	233	0	0	0	0	0	0	0	0	2,707
Sexual Offender Registration Fees - Sheriff	800	0	0	0	0	0	0	0	0	0	0	0	800
Data Processing Fee - County Clerk	1,330	0	0	0	0	0	0	0	0	0	0	0	1,330
Total Charges for Current Services	\$ 12,634	\$ 22,691	\$ 0	\$ 233	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,558
<u>Other Local Revenues</u>													
<u>Recurring Items</u>													
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 26,199	\$ 0	\$ 0	\$ 0	\$ 26,199
Lease/Rentals	18,577	0	0	0	0	0	0	0	0	18,278	0	0	36,855
Sale of Gasoline	105,023	0	0	0	0	48,304	0	0	0	0	0	0	153,327
Sale of Recycled Materials	330	1,092	0	0	0	0	0	0	0	0	0	0	1,422
Miscellaneous Refunds	1,481	0	11,834	0	0	0	0	0	0	0	0	0	13,315
<u>Nonrecurring Items</u>													
Damages Recovered from Individuals	0	0	0	0	0	0	4,737	0	0	0	0	0	4,737
Contributions and Gifts	4,420	0	0	0	0	0	3,857	0	0	0	0	0	8,277
Total Other Local Revenues	\$ 129,831	\$ 1,092	\$ 11,834	\$ 0	\$ 56,898	\$ 0	\$ 26,199	\$ 18,278	\$ 0	\$ 0	\$ 0	\$ 0	\$ 244,132
<u>Fees Received from County Officials</u>													
<u>Fees in-Lieu-of Salary</u>													
County Clerk	\$ 179,684	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 179,684
Circuit Court Clerk	54,312	0	0	0	0	0	0	0	0	0	0	0	54,312
General Sessions Court Clerk	105,954	0	0	0	0	0	0	0	0	0	0	0	105,954
Clerk and Master	68,297	0	0	0	0	0	0	0	0	0	0	0	68,297

(Continued)

Exhibit K-6

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

	Special Revenue Funds							Debt Service Fund		Capital Projects Fund		Total
	General	Solid Waste / Sanitation	Local Purpose Tax		Drug Control	Highway / Public Works	General Debt Service	General Debt Service	General Capital Projects	General Capital Projects		
<u>Fees Received from County Officials (Cont.)</u>												
<u>Fees in-Lieu-of Salary (Cont.)</u>												
Register	\$ 68,804	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 68,804
Sheriff	10,225	0	0	0	0	0	0	0	0	0	0	10,225
Trustee	328,072	0	0	0	0	0	0	0	0	0	0	328,072
Total Fees Received from County Officials	\$ 815,348	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 815,348
<u>State of Tennessee</u>												
<u>General Government Grants</u>												
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Airport Maintenance Program	7,366	0	0	0	0	0	0	0	0	0	0	7,366
State Reappraisal Grant	4,684	0	0	0	0	0	0	0	0	0	0	4,684
Other General Government Grants	0	0	0	0	0	0	0	0	0	0	233,504	233,504
<u>Public Safety Grants</u>												
Law Enforcement Training Programs	9,000	0	0	0	0	0	0	0	0	0	0	9,000
<u>Health and Welfare Grants</u>												
Health Department Programs	78,242	0	0	0	0	0	0	0	0	0	0	78,242
<u>Public Works Grants</u>												
Bridge Program	0	0	0	0	0	0	246,086	0	0	0	0	246,086
Litter Program	26,722	0	0	0	0	0	0	0	0	0	0	26,722
<u>Other State Revenues</u>												
Income Tax	93,744	0	0	0	0	0	0	0	0	0	0	93,744
Resort District Sales Tax	322,514	0	0	0	0	0	0	0	0	0	0	322,514
Beer Tax	17,517	0	0	0	0	0	0	0	0	0	0	17,517
Alcoholic Beverage Tax	33,111	0	0	0	0	0	0	0	0	0	0	33,111
State Revenue Sharing - T.V.A.	1,087,958	0	0	0	0	0	0	0	0	0	0	1,087,958
Contracted Prisoner Boarding	124,705	0	0	0	0	0	0	0	0	0	0	124,705
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,681,730	0	0	0	0	1,681,730
Petroleum Special Tax	0	0	0	0	0	0	14,399	0	0	0	0	14,399
Reappraisal Program Reimbursement	1,561	0	0	0	0	0	0	0	0	0	0	1,561
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	0	0	0	16,380
Other State Grants	2,842	4,484	0	0	0	0	0	0	0	0	0	7,326

(Continued)

Exhibit K-6

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

	General	Special Revenue Funds				Highway / Public Works	Debt Service Fund		Capital Projects Fund		Total
		Solid Waste / Sanitation	Local Purpose Tax	Drug Control	General Debt Service		General Capital Projects				
<u>State of Tennessee (Cont.)</u>											
Other State Revenues (Cont.)											
Other State Revenues	\$ 6,834	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,834	
Total State of Tennessee	\$ 1,842,180	\$ 4,484	\$ 0	\$ 0	\$ 1,942,215	\$ 0	\$ 0	\$ 233,504	\$ 4,022,383		
<u>Federal Government</u>											
Federal Through State											
Law Enforcement Grants	\$ 121	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 121	
Other Federal through State	210,409	0	0	0	0	0	0	0	0	210,409	
<u>Direct Federal Revenue</u>											
Other Direct Federal Revenue	15,731	0	0	0	0	0	0	0	0	15,731	
Total Federal Government	\$ 226,261	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 226,261	
<u>Other Governments and Citizens Groups</u>											
Citizens Groups											
Donations	\$ 230	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 230	
Other	46,229	0	0	0	0	0	6,023	0	0	52,252	
Total Other Governments and Citizens Groups	\$ 46,459	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,023	\$ 0	\$ 0	\$ 52,482	
Total	\$ 6,234,543	\$ 662,681	\$ 158,741	\$ 118,931	\$ 2,359,712	\$ 1,003,471	\$ 493,046	\$ 11,031,125			

Exhibit K-7

Humphreys County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Humphreys County School Department
For the Year Ended June 30, 2010

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,876,213	\$ 0	\$ 0	\$ 2,876,213
Trustee's Collections - Prior Year	77,158	0	0	77,158
Trustee's Collections - Bankruptcy	386	0	0	386
Circuit/Clerk & Master Collections - Prior Years	42,448	0	0	42,448
Interest and Penalty	16,665	0	0	16,665
Payments in-Lieu-of Taxes - Other	424	0	0	424
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,593,037	0	0	1,593,037
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,556	0	0	1,556
Total Local Taxes	\$ 4,607,887	\$ 0	\$ 0	\$ 4,607,887
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 540	\$ 0	\$ 0	\$ 540
<u>Permits</u>				
Other Permits	442	0	0	442
Total Licenses and Permits	\$ 982	\$ 0	\$ 0	\$ 982
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 4,680	\$ 0	\$ 0	\$ 4,680
Tuition - Adult Education	200	0	0	200
Tuition - Summer School	10,650	0	0	10,650
Tuition - Other	6,916	0	0	6,916
Lunch Payments - Children	0	0	364,558	364,558
Lunch Payments - Adults	0	0	50,434	50,434
Income from Breakfast	0	0	34,373	34,373
A la carte Sales	0	0	197,129	197,129
Receipts from Individual Schools	47,801	0	0	47,801
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	3,880	3,880
Total Charges for Current Services	\$ 70,247	\$ 0	\$ 650,374	\$ 720,621
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 520	\$ 0	\$ 342	\$ 862
Lease/Rentals	150	0	0	150
Sale of Recycled Materials	530	0	0	530
Refund of Telecommunication and Internet Fees (E-Rate)	39,555	0	0	39,555
Miscellaneous Refunds	53,827	0	3,163	56,990
<u>Nonrecurring Items</u>				
Sale of Equipment	28,501	0	0	28,501
Damages Recovered from Individuals	985	0	0	985
Contributions and Gifts	6,850	0	0	6,850
Total Other Local Revenues	\$ 130,918	\$ 0	\$ 3,505	\$ 134,423

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 93,785	\$ 0	\$ 0	\$ 93,785
<u>State Education Funds</u>				
Basic Education Program	12,715,800	0	0	12,715,800
Basic Education Program - ARRA	557,200	0	0	557,200
Early Childhood Education	824,044	0	0	824,044
School Food Service	0	0	16,582	16,582
Driver Education	4,756	0	0	4,756
Other State Education Funds	9,137	0	0	9,137
Coordinated School Health - ARRA	100,000	0	0	100,000
Internet Connectivity - ARRA	8,786	0	0	8,786
Career Ladder Program	177,089	0	0	177,089
Career Ladder - Extended Contract - ARRA	70,300	0	0	70,300
<u>Other State Revenues</u>				
Safe Schools - ARRA	16,900	0	0	16,900
Total State of Tennessee	<u>\$ 14,577,797</u>	<u>\$ 0</u>	<u>\$ 16,582</u>	<u>\$ 14,594,379</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 653,036	\$ 653,036
Breakfast	0	0	190,648	190,648
USDA - Other	0	0	80,233	80,233
USDA Food Service Equipment Grant - ARRA	0	0	20,788	20,788
Adult Education State Grant Program	69,308	0	0	69,308
Vocational Education - Basic Grants to States	0	90,926	0	90,926
Title I Grants to Local Education Agencies	0	786,499	0	786,499
Special Education - Grants to States	29,759	1,390,754	0	1,420,513
Special Education Preschool Grants	0	38,073	0	38,073
Safe and Drug-free Schools - State Grants	0	4,727	0	4,727
Eisenhower Professional Development State Grants	0	67,118	0	67,118
Other Federal through State	100,000	18,873	0	118,873
Total Federal Government	<u>\$ 199,067</u>	<u>\$ 2,396,970</u>	<u>\$ 944,705</u>	<u>\$ 3,540,742</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 36,500	\$ 0	\$ 0	\$ 36,500
Total Other Governments and Citizens Groups	<u>\$ 36,500</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,500</u>
Total	<u>\$ 19,623,398</u>	<u>\$ 2,396,970</u>	<u>\$ 1,615,166</u>	<u>\$ 23,635,534</u>

Exhibit K-8

Humphreys County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	24,750	
Audit Services		5,379	
Contracts with Government Agencies		35,000	
Contracts with Private Agencies		1,862	
Data Processing Services		270	
Dues and Memberships		11,628	
Tax Relief Program		10,353	
Other Charges		15,575	
Total County Commission			\$ 104,817

Board of Equalization

Board and Committee Members Fees	\$	1,290	
Total Board of Equalization			1,290

Beer Board

Board and Committee Members Fees	\$	450	
Total Beer Board			450

County Mayor/Executive

County Official/Administrative Officer	\$	61,144	
Secretary(ies)		65,060	
Part-time Personnel		8,482	
Other Salaries and Wages		3,271	
Communication		3,514	
Operating Lease Payments		3,922	
Maintenance Agreements		10,811	
Postal Charges		2,952	
Travel		8,548	
Duplicating Supplies		1,080	
Office Supplies		2,211	
Other Supplies and Materials		942	
Other Charges		818	
Data Processing Equipment		1,539	
Total County Mayor/Executive			174,294

County Attorney

Legal Services	\$	26,544	
Other Contracted Services		100	
Total County Attorney			26,644

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	51,976	
Secretary(ies)		52,601	
Election Commission		1,150	
Communication		2,646	
Data Processing Services		8,295	
Dues and Memberships		200	
Operating Lease Payments		2,176	
Maintenance and Repair Services - Office Equipment		674	
Postal Charges		3,792	
Printing, Stationery, and Forms		5,561	
Travel		325	
Office Supplies		2,136	
Total Election Commission			\$ 131,532

Register of Deeds

County Official/Administrative Officer	\$	57,751	
Secretary(ies)		58,831	
Communication		1,457	
Dues and Memberships		512	
Operating Lease Payments		2,093	
Postal Charges		457	
Other Contracted Services		7,000	
Duplicating Supplies		2,004	
Office Supplies		696	
Other Charges		331	
Data Processing Equipment		6,815	
Total Register of Deeds			137,947

Development

Contracts with Government Agencies	\$	9,250	
Total Development			9,250

County Buildings

Custodial Personnel	\$	32,542	
Communication		2,111	
Janitorial Services		3,266	
Maintenance Agreements		10,634	
Maintenance and Repair Services - Vehicles		1,704	
Pest Control		778	
Custodial Supplies		10,176	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Electricity	\$	104,599	
Natural Gas		20,574	
Water and Sewer		12,535	
Building Improvements		10,094	
Total County Buildings			\$ 209,013

Other General Administration

Part-time Personnel	\$	6,894	
Office Supplies		2,334	
Other Charges		1,286	
Total Other General Administration			10,514

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Secretary(ies)		85,131	
Communication		1,942	
Data Processing Services		3,880	
Dues and Memberships		1,348	
Operating Lease Payments		2,620	
Postal Charges		396	
Other Contracted Services		9,810	
Office Supplies		723	
Other Charges		800	
Total Property Assessor's Office			164,401

Reappraisal Program

Data Processing Services	\$	2,170	
Postal Charges		476	
Gasoline		401	
Other Charges		38	
Total Reappraisal Program			3,085

County Trustee's Office

County Official/Administrative Officer	\$	57,751	
Secretary(ies)		58,831	
Part-time Personnel		2,282	
Communication		3,303	
Data Processing Services		3,144	
Dues and Memberships		557	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Operating Lease Payments	\$	1,898	
Legal Notices, Recording, and Court Costs		367	
Maintenance Agreements		6,383	
Postal Charges		4,200	
Office Supplies		3,109	
Data Processing Equipment		3,997	
Total County Trustee's Office			\$ 145,822

County Clerk's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		111,431	
Communication		2,165	
Dues and Memberships		497	
Operating Lease Payments		2,162	
Maintenance Agreements		11,376	
Postal Charges		4,704	
Office Supplies		3,601	
Other Charges		10	
Total County Clerk's Office			193,697

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751	
Secretary(ies)		111,431	
Jury and Witness Fees		23,842	
Communication		3,699	
Dues and Memberships		397	
Operating Lease Payments		2,878	
Maintenance Agreements		8,870	
Postal Charges		3,972	
Printing, Stationery, and Forms		2,015	
Data Processing Supplies		1,058	
Office Supplies		1,972	
Total Circuit Court			217,885

General Sessions Court

Judge(s)	\$	76,453	
Teachers		1,065	
Secretary(ies)		1,065	
Communication		14	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Other Charges	\$ 1,277	
Total General Sessions Court		\$ 79,874

Chancery Court

County Official/Administrative Officer	\$ 57,751	
Secretary(ies)	58,831	
Communication	4,030	
Dues and Memberships	397	
Operating Lease Payments	2,441	
Maintenance Agreements	7,067	
Postal Charges	1,695	
Printing, Stationery, and Forms	5,256	
Data Processing Supplies	1,027	
Office Supplies	2,274	
Other Charges	20	
Total Chancery Court		140,789

Juvenile Court

Judge(s)	\$ 76,453	
Youth Service Officer(s)	29,068	
Communication	2,789	
Other Contracted Services	1,350	
Office Supplies	285	
Other Charges	30	
Total Juvenile Court		109,975

District Attorney General

Investigator(s)	\$ 6,000	
Total District Attorney General		6,000

Judicial Commissioners

Other Salaries and Wages	\$ 29,135	
Communication	154	
Total Judicial Commissioners		29,289

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 63,527	
Deputy(ies)	521,942	
Accountants/Bookkeepers	65,060	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Salary Supplements	\$	9,000	
Overtime Pay		81,707	
Other Salaries and Wages		44,255	
In-Service Training		2,224	
Unemployment Compensation		1,980	
Communication		9,401	
Data Processing Services		1,992	
Dues and Memberships		1,700	
Maintenance Agreements		6,465	
Postal Charges		3,818	
Gasoline		75,584	
Office Supplies		6,406	
Uniforms		7,134	
Other Charges		3,446	
Data Processing Equipment		4,390	
Law Enforcement Equipment		4,434	
Total Sheriff's Department			\$ 914,465

Jail

Cafeteria Personnel	\$	23,205	
Part-time Personnel		4,332	
Maintenance Agreements		7,655	
Maintenance and Repair Services - Buildings		6,698	
Medical and Dental Services		71,805	
Transportation - Other than Students		625	
Custodial Supplies		9,210	
Food Preparation Supplies		1,250	
Food Supplies		77,124	
Office Supplies		3,025	
Other Charges		2,981	
Total Jail			207,910

Workhouse

Guards	\$	279,663	
Overtime Pay		27,918	
Small Tools		250	
Uniforms		1,390	
Total Workhouse			309,221

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Work Release Program

Board and Committee Members Fees	\$ 150	
Total Work Release Program		\$ 150

Fire Prevention and Control

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

Inspection and Regulation

County Official/Administrative Officer	\$ 7,613	
Other Salaries and Wages	24,735	
Unemployment Compensation	2,240	
Communication	854	
Postal Charges	200	
Gasoline	3,505	
Vehicle Parts	2,487	
Other Supplies and Materials	9,409	
Other Equipment	17,994	
Total Inspection and Regulation		69,037

County Coroner/Medical Examiner

County Official/Administrative Officer	\$ 900	
Specialized Medical Treatment	9,800	
Other Charges	1,264	
Total County Coroner/Medical Examiner		11,964

Other Public Safety

Dispatchers/Radio Operators	\$ 100,937	
Maintenance and Repair Services - Vehicles	23,419	
Lubricants	763	
Tires and Tubes	8,363	
Motor Vehicles	50,032	
Total Other Public Safety		183,514

Public Health and Welfare

Local Health Center

Communication	\$ 2,101	
Contracts with Government Agencies	60,152	
Drugs and Medical Supplies	64	
Office Supplies	896	
Other Supplies and Materials	1,832	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Other Charges	\$ 12	
Total Local Health Center		\$ 65,057

Ambulance/Emergency Medical Services

Contracts with Private Agencies	\$ 90,000	
Total Ambulance/Emergency Medical Services		90,000

Other Local Health Services

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

Sanitation Education/Information

Supervisor/Director	\$ 11,510	
Part-time Personnel	2,178	
Communication	1,415	
Travel	130	
Other Contracted Services	663	
Gasoline	1,771	
Instructional Supplies and Materials	5,600	
Total Sanitation Education/Information		23,267

Other Public Health and Welfare

Medical Personnel	\$ 80	
Overtime Pay	263	
Other Salaries and Wages	52,746	
Travel	1,451	
Other Supplies and Materials	246	
Total Other Public Health and Welfare		54,786

Social, Cultural, and Recreational Services

Libraries

Supervisor/Director	\$ 34,135
Clerical Personnel	52,601
Part-time Personnel	32,793
Communication	2,974
Maintenance Agreements	1,727
Maintenance and Repair Services - Buildings	33
Postal Charges	1,200
Printing, Stationery, and Forms	300
Library Books/Media	18,660

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Periodicals	\$	450	
Other Supplies and Materials		6,994	
Indirect Cost		3,600	
Other Charges		921	
Data Processing Equipment		4,736	
Total Libraries			\$ 161,124

Agriculture and Natural Resources

Agriculture Extension Service

Contributions	\$	58,562	
Total Agriculture Extension Service			58,562

Soil Conservation

Assistant(s)	\$	35,000	
Secretary(ies)		24,720	
Part-time Personnel		6,150	
Other Salaries and Wages		22,618	
Unemployment Compensation		1,806	
Dues and Memberships		985	
Gasoline		689	
Office Supplies		901	
Other Supplies and Materials		741	
Office Equipment		1,046	
Total Soil Conservation			94,656

Other Operations

Tourism

Contributions	\$	53,000	
Other Contracted Services		50,000	
Other Charges		48,142	
Total Tourism			151,142

Airport

Supervisor/Director	\$	28,334	
Part-time Personnel		5,022	
Unemployment Compensation		29	
Communication		2,600	
Maintenance and Repair Services - Buildings		9,484	
Gasoline		83,637	
Office Supplies		554	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Utilities	\$	8,753	
Other Charges		9,409	
Other Equipment		80	
Other Capital Outlay		<u>179,609</u>	
Total Airport	\$		327,511

Veterans' Services

Supervisor/Director	\$	7,899	
Communication		484	
Office Supplies		1,179	
Other Charges		<u>39</u>	
Total Veterans' Services			9,601

Other Charges

Liability Insurance	\$	300,536	
Premiums on Corporate Surety Bonds		805	
Trustee's Commission		136,172	
Workers' Compensation Insurance		<u>172,625</u>	
Total Other Charges			610,138

Contributions to Other Agencies

Contributions	\$	<u>43,440</u>	
Total Contributions to Other Agencies			43,440

Employee Benefits

Social Security	\$	173,911	
State Retirement		196,930	
Life Insurance		7,749	
Medical Insurance		489,549	
Unemployment Compensation		7,611	
Employer Medicare		<u>40,907</u>	
Total Employee Benefits			916,657

Capital Projects

Education Capital Projects

Contributions	\$	<u>35,000</u>	
Total Education Capital Projects			<u>35,000</u>

Total General Fund			\$	6,260,770
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(Continued)

Exhibit K-8

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Landfill Operation and Maintenance

Supervisor/Director	\$	63,338	
Laborers		207,589	
Communication		6,059	
Maintenance and Repair Services - Equipment		27,025	
Disposal Fees		169,146	
Diesel Fuel		26,287	
Fertilizer, Lime, and Seed		1,768	
Office Supplies		458	
Tires and Tubes		7,937	
Other Supplies and Materials		2,634	
Other Charges		11,137	
Other Equipment		22,136	
Total Landfill Operation and Maintenance	\$		545,514

Other Operations

Other Charges

Trustee's Commission	\$	12,817	
Total Other Charges			12,817

Employee Benefits

Social Security	\$	16,798	
State Retirement		8,375	
Life Insurance		258	
Medical Insurance		25,571	
Employer Medicare		3,928	
Total Employee Benefits			54,930

Total Solid Waste/Sanitation Fund \$ 613,261

Local Purpose Tax Fund

Public Safety

Fire Prevention and Control

Equipment Operators	\$	45,230	
Communication		4,084	
Maintenance and Repair Services - Buildings		708	
Maintenance and Repair Services - Equipment		1,080	
Maintenance and Repair Services - Vehicles		8,957	
Other Contracted Services		4,800	
Diesel Fuel		5,970	
Electricity		4,572	

(Continued)

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

Local Purpose Tax Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Gasoline	\$	6,120	
Natural Gas		8,052	
Tires and Tubes		842	
Water and Sewer		363	
Liability Insurance		7,536	
Trustee's Commission		2,916	
Other Charges		9,935	
Communication Equipment		3,075	
Total Fire Prevention and Control			\$ 114,240

Total Local Purpose Tax Fund \$ 114,240

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	1,547	
Confidential Drug Enforcement Payments		12,500	
Travel		492	
Instructional Supplies and Materials		2,380	
Trustee's Commission		431	
Law Enforcement Equipment		50,087	
Other Equipment		1,732	
Total Drug Enforcement			\$ 69,169

Total Drug Control Fund 69,169

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	63,527	
Accountants/Bookkeepers		25,815	
Clerical Personnel		25,915	
Board and Committee Members Fees		400	
Advertising		102	
Communication		2,525	
Data Processing Services		4,049	
Dues and Memberships		2,667	
Pest Control		132	
Postal Charges		449	
Travel		799	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Custodial Supplies	\$	825	
Electricity		3,746	
Natural Gas		1,309	
Office Supplies		1,829	
Water and Sewer		990	
Other Charges		378	
Total Administration			\$ 135,457

Highway and Bridge Maintenance

Foremen	\$	85,232	
Equipment Operators		112,772	
Truck Drivers		213,932	
Laborers		122,617	
Other Contracted Services		31,985	
Asphalt - Cold Mix		531,291	
Crushed Stone		135,388	
General Construction Materials		948	
Pipe - Metal		46,968	
Road Signs		3,642	
Wood Products		6,222	
Other Supplies and Materials		1,990	
Total Highway and Bridge Maintenance			1,292,987

Operation and Maintenance of Equipment

Foremen	\$	26,988	
Mechanic(s)		25,080	
Diesel Fuel		81,954	
Equipment and Machinery Parts		80,414	
Garage Supplies		4,920	
Gasoline		53,508	
Lubricants		7,481	
Tires and Tubes		25,371	
Other Supplies and Materials		9,130	
Total Operation and Maintenance of Equipment			314,846

Other Charges

Medical and Dental Services	\$	820	
Trustee's Commission		24,006	
Total Other Charges			24,826

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Social Security	\$	54,001	
State Retirement		53,904	
Medical Insurance		164,658	
Other Fringe Benefits		18	
Total Employee Benefits			\$ 272,581

Capital Outlay

Engineering Services	\$	18,200	
Bridge Construction		247,053	
Office Equipment		3,960	
Total Capital Outlay			<u>269,213</u>

Total Highway/Public Works Fund \$ 2,309,910

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	19,700	
Principal on Notes		212,389	
Principal on Other Loans		206,000	
Total General Government			\$ 438,089

Education

Principal on Notes	\$	92,500	
Principal on Other Loans		346,000	
Total Education			438,500

Interest on Debt

General Government

Interest on Bonds	\$	6,632	
Interest on Notes		37,076	
Interest on Other Loans		3,997	
Total General Government			47,705

Education

Interest on Notes	\$	25,650	
Interest on Other Loans		20,902	
Total Education			46,552

(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Trustee's Commission	\$ 19,505	
Other Debt Issuance Charges	<u>5,474</u>	
Total General Government		\$ 24,979

Education

Other Debt Issuance Charges	\$ 21,195	
Total Education		<u>21,195</u>

Total General Debt Service Fund \$ 1,017,020

General Capital Projects Fund

Capital Projects

General Administration Projects

Maintenance and Repair Services - Buildings	\$ 17,250	
Trustee's Commission	<u>4,971</u>	
Total General Administration Projects		\$ 22,221

Public Utility Projects

Communication Equipment	\$ 286,301	
Total Public Utility Projects		286,301

Other General Government Projects

Building Improvements	\$ 233,504	
Total Other General Government Projects		233,504

Education Capital Projects

Maintenance and Repair Services - Buildings	\$ 98,339	
Motor Vehicles	<u>225,000</u>	
Total Education Capital Projects		<u>323,339</u>

Total General Capital Projects Fund 865,365

Other Capital Projects Fund

Capital Projects

Agriculture and Natural Resource Projects

Other Charges	\$ 1,500	
Other Equipment	<u>515</u>	
Total Agriculture and Natural Resource Projects		\$ <u>2,015</u>

Total Other Capital Projects Fund 2,015

Total Governmental Funds - Primary Government \$ 11,251,750

Exhibit K-9

Humphreys County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Humphreys County School Department
For the Year Ended June 30, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	7,223,157	
Career Ladder Program		151,665	
Career Ladder Extended Contracts		99,022	
Educational Assistants		531,163	
Other Salaries and Wages		37,348	
Certified Substitute Teachers		8,441	
Non-certified Substitute Teachers		114,402	
Social Security		466,437	
State Retirement		508,504	
Medical Insurance		1,131,232	
Dental Insurance		7,490	
Unemployment Compensation		4,770	
Employer Medicare		110,897	
Communication		508	
Travel		214	
Other Contracted Services		27,114	
Instructional Supplies and Materials		111,633	
Textbooks		159,756	
Other Supplies and Materials		172,996	
In Service/Staff Development		3,474	
Fee Waivers		29,595	
Other Charges		124,141	
Regular Instruction Equipment		13,467	
Total Regular Instruction Program			\$ 11,037,426

Alternative Instruction Program

Teachers	\$	37,048	
Educational Assistants		13,241	
Social Security		2,757	
State Retirement		3,399	
Medical Insurance		11,936	
Unemployment Compensation		41	
Employer Medicare		645	
Total Alternative Instruction Program			69,067

Special Education Program

Teachers	\$	513,335
Educational Assistants		45,568
Social Security		31,627

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

State Retirement	\$	33,498	
Medical Insurance		78,407	
Dental Insurance		264	
Unemployment Compensation		258	
Employer Medicare		7,181	
Contracts with Private Agencies		17,312	
Travel		297	
Total Special Education Program			\$ 727,747

Vocational Education Program

Teachers	\$	631,792	
Certified Substitute Teachers		203	
Non-certified Substitute Teachers		7,156	
Social Security		35,402	
State Retirement		39,040	
Medical Insurance		96,815	
Dental Insurance		525	
Unemployment Compensation		305	
Employer Medicare		8,705	
Travel		623	
Instructional Supplies and Materials		18,743	
Textbooks		9,944	
Other Supplies and Materials		268	
Other Charges		522	
Vocational Instruction Equipment		5,116	
Total Vocational Education Program			855,159

Adult Education Program

Teachers	\$	37,664	
Other Salaries and Wages		2,778	
Social Security		2,290	
State Retirement		2,418	
Medical Insurance		9,981	
Unemployment Compensation		28	
Employer Medicare		536	
Travel		347	
Instructional Supplies and Materials		920	
Total Adult Education Program			56,962

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services

Health Services

Supervisor/Director	\$	56,988	
Medical Personnel		72,039	
Other Salaries and Wages		23,467	
Social Security		9,052	
State Retirement		10,376	
Medical Insurance		13,155	
Dental Insurance		44	
Unemployment Compensation		121	
Employer Medicare		2,117	
Medical and Dental Services		8,224	
Printing, Stationery, and Forms		204	
Travel		2,354	
Other Supplies and Materials		15,358	
Total Health Services			\$ 213,499

Other Student Support

Guidance Personnel	\$	323,458	
Social Security		18,739	
State Retirement		20,766	
Medical Insurance		43,069	
Dental Insurance		406	
Unemployment Compensation		142	
Employer Medicare		4,382	
Evaluation and Testing		7,568	
Total Other Student Support			418,530

Regular Instruction Program

Supervisor/Director	\$	194,256	
Librarians		259,687	
Materials Supervisor		23,415	
Social Security		24,086	
State Retirement		26,270	
Medical Insurance		33,062	
Dental Insurance		348	
Unemployment Compensation		178	
Employer Medicare		6,675	
Travel		1,692	
Other Contracted Services		45,884	
Instructional Supplies and Materials		3,128	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Library Books/Media	\$	31,750	
In Service/Staff Development		1,360	
Total Regular Instruction Program			\$ 651,791

Special Education Program

Supervisor/Director	\$	55,319	
Social Security		3,328	
State Retirement		3,552	
Medical Insurance		4,831	
Dental Insurance		57	
Unemployment Compensation		20	
Employer Medicare		778	
Total Special Education Program			67,885

Vocational Education Program

Supervisor/Director	\$	56,258	
Secretary(ies)		12,749	
Social Security		4,115	
State Retirement		4,595	
Medical Insurance		4,420	
Dental Insurance		48	
Unemployment Compensation		41	
Employer Medicare		962	
Travel		842	
Total Vocational Education Program			84,030

Adult Programs

Supervisor/Director	\$	18,186	
Social Security		185	
State Retirement		192	
Medical Insurance		2,562	
Dental Insurance		4	
Employer Medicare		254	
In Service/Staff Development		340	
Total Adult Programs			21,723

Other Programs

On-Behalf Payments to OPEB	\$	93,785	
Total Other Programs			93,785

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Other Salaries and Wages	\$	9,600	
Social Security		523	
Dental Insurance		48	
Employer Medicare		122	
Audit Services		10,250	
Dues and Memberships		7,799	
Legal Services		4,426	
Travel		4,941	
Trustee's Commission		115,381	
Total Board of Education			\$ 153,090

Director of Schools

County Official/Administrative Officer	\$	87,169	
Social Security		5,235	
State Retirement		5,596	
Medical Insurance		4,406	
Dental Insurance		48	
Unemployment Compensation		20	
Employer Medicare		1,224	
Communication		23,706	
Dues and Memberships		2,479	
Postal Charges		2,240	
Travel		1,491	
Other Contracted Services		6,437	
Office Supplies		14,001	
Other Supplies and Materials		371	
Other Charges		2,836	
Regular Instruction Equipment		3,795	
Total Director of Schools			161,054

Office of the Principal

Assistant(s)	\$	340,246	
Principals		413,559	
Secretary(ies)		190,674	
Social Security		55,733	
State Retirement		63,095	
Medical Insurance		84,441	
Dental Insurance		831	
Unemployment Compensation		535	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Employer Medicare	\$	13,034	
Office Supplies		17,851	
Other Supplies and Materials		103,598	
Total Office of the Principal			\$ 1,283,597

Fiscal Services

Accountants/Bookkeepers	\$	32,602	
Secretary(ies)		56,245	
Social Security		5,295	
State Retirement		6,850	
Medical Insurance		3,995	
Dental Insurance		48	
Unemployment Compensation		61	
Employer Medicare		1,238	
Travel		1,432	
Other Supplies and Materials		1,962	
Total Fiscal Services			109,728

Operation of Plant

Supervisor/Director	\$	20,100	
Custodial Personnel		434,540	
Other Salaries and Wages		1,033	
Social Security		24,101	
State Retirement		29,313	
Medical Insurance		53,501	
Dental Insurance		498	
Unemployment Compensation		541	
Employer Medicare		6,206	
Disposal Fees		40,240	
Custodial Supplies		51,729	
Electricity		571,327	
Natural Gas		126,942	
Water and Sewer		38,640	
Other Charges		1,067	
Total Operation of Plant			1,399,778

Maintenance of Plant

Other Salaries and Wages	\$	230,260	
Social Security		13,036	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

State Retirement	\$	14,024	
Medical Insurance		22,112	
Dental Insurance		16	
Unemployment Compensation		224	
Employer Medicare		3,239	
Maintenance and Repair Services - Buildings		37,262	
Maintenance and Repair Services - Equipment		17,470	
Other Contracted Services		30,862	
Custodial Supplies		508	
Other Supplies and Materials		59,566	
Other Charges		655	
Maintenance Equipment		29,630	
Total Maintenance of Plant			\$ 458,864

Transportation

Supervisor/Director	\$	38,919	
Mechanic(s)		79,141	
Bus Drivers		337,249	
Clerical Personnel		26,016	
Other Salaries and Wages		16	
Social Security		27,853	
State Retirement		12,810	
Medical Insurance		61,356	
Dental Insurance		282	
Unemployment Compensation		728	
Employer Medicare		6,514	
Maintenance and Repair Services - Vehicles		4,038	
Medical and Dental Services		2,013	
Equipment and Machinery Parts		544	
Gasoline		175,724	
Lubricants		6,867	
Tires and Tubes		24,098	
Vehicle Parts		45,739	
Other Charges		8,745	
Transportation Equipment		169,912	
Total Transportation			1,028,564

Central and Other

Supervisor/Director	\$	44,859	
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(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Other Salaries and Wages	\$	127,985	
Social Security		9,468	
State Retirement		12,116	
Medical Insurance		10,741	
Dental Insurance		92	
Unemployment Compensation		102	
Employer Medicare		2,423	
Consultants		4,000	
Maintenance and Repair Services - Equipment		6,930	
Other Contracted Services		1,008	
Instructional Supplies and Materials		49,013	
Data Processing Equipment		19,348	
Regular Instruction Equipment		35,892	
Total Central and Other			\$ 323,977

Capital Outlay

Regular Capital Outlay

Other Salaries and Wages	\$	19,697	
Social Security		1,221	
State Retirement		1,322	
Unemployment Compensation		5	
Employer Medicare		286	
Other Contracted Services		58,840	
General Construction Materials		35,000	
Other Supplies and Materials		17,073	
Total Regular Capital Outlay			133,444

Principal on Debt

Education

Principal on Notes	\$	1,000	
Total Education			1,000

Total General Purpose School Fund \$ 19,350,700

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	350,767	
Educational Assistants		65,358	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Other Salaries and Wages	\$	16,513	
Certified Substitute Teachers		446	
Non-certified Substitute Teachers		3,370	
Social Security		26,522	
State Retirement		28,071	
Medical Insurance		44,291	
Dental Insurance		240	
Unemployment Compensation		296	
Employer Medicare		6,213	
Other Contracted Services		1,048	
Instructional Supplies and Materials		89,469	
Other Charges		5,761	
Regular Instruction Equipment		74,045	
Total Regular Instruction Program			\$ 712,410

Special Education Program

Teachers	\$	300,527	
Educational Assistants		395,252	
Speech Pathologist		28,784	
Other Salaries and Wages		30,252	
Certified Substitute Teachers		780	
Non-certified Substitute Teachers		23,548	
Social Security		46,227	
State Retirement		53,337	
Medical Insurance		74,527	
Dental Insurance		1,429	
Unemployment Compensation		907	
Employer Medicare		11,038	
Contracts with Private Agencies		62,132	
Instructional Supplies and Materials		11,696	
Textbooks		8,479	
Other Supplies and Materials		21,396	
Special Education Equipment		96,751	
Total Special Education Program			1,167,062

Vocational Education Program

Clerical Personnel	\$	1,717
Educational Assistants		18,885
Social Security		1,455

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

State Retirement	\$	1,400	
Dental Insurance		48	
Unemployment Compensation		20	
Employer Medicare		311	
Other Supplies and Materials		687	
Other Charges		313	
Vocational Instruction Equipment		59,522	
Total Vocational Education Program			\$ 84,358

Support Services

Other Student Support

Travel	\$	4,700	
Total Other Student Support			4,700

Regular Instruction Program

Supervisor/Director	\$	73,305	
Secretary(ies)		26,026	
Social Security		6,021	
State Retirement		6,713	
Medical Insurance		4,741	
Dental Insurance		48	
Unemployment Compensation		41	
Employer Medicare		1,408	
Travel		2,033	
Other Contracted Services		37,045	
In Service/Staff Development		52,268	
Total Regular Instruction Program			209,649

Special Education Program

Secretary(ies)	\$	41,684	
Social Security		2,552	
State Retirement		3,214	
Unemployment Compensation		36	
Employer Medicare		597	
Other Supplies and Materials		758	
In Service/Staff Development		4,109	
Total Special Education Program			52,950

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Vocational Education Program

Supervisor/Director	\$	1,994	
Social Security		125	
State Retirement		128	
Employer Medicare		31	
Total Vocational Education Program			\$ 2,278

Transportation

Bus Drivers	\$	47,639	
Social Security		2,860	
State Retirement		1,853	
Medical Insurance		3,692	
Unemployment Compensation		47	
Employer Medicare		669	
Transportation Equipment		162,837	
Total Transportation			<u>219,597</u>

Total School Federal Projects Fund \$ 2,453,004

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	52,443	
Clerical Personnel		27,292	
Cafeteria Personnel		289,645	
Custodial Personnel		44,807	
Other Salaries and Wages		163,842	
Social Security		34,058	
State Retirement		30,720	
Medical Insurance		49,799	
Dental Insurance		364	
Unemployment Compensation		959	
Employer Medicare		7,965	
Communication		2,806	
Maintenance and Repair Services - Equipment		18,754	
Travel		3,226	
Other Contracted Services		8,974	
Food Supplies		727,717	
Office Supplies		762	
Other Supplies and Materials		83,644	
In Service/Staff Development		9,317	
Data Processing Equipment		29,545	
Food Service Equipment		21,838	
Total Food Service			<u>\$ 1,608,477</u>

Total Central Cafeteria Fund 1,608,477

Total Governmental Funds - Humphreys County School Department \$ 23,412,181

Exhibit K-10

Humphreys County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2010

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 1,163,079</u>
Total Cash Receipts	<u>\$ 1,163,079</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,151,448
Trustee's Commission	11,631
Total Cash Disbursements	<u>\$ 1,163,079</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2009	<u>0</u>
Cash Balance, June 30, 2010	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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 1, 2010

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

To the County Executive and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Humphreys County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Humphreys County's basic financial statements and have issued our report thereon dated November 1, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Humphreys County Emergency Communications District, 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 Humphreys 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 Humphreys County's internal control over financial

reporting. Accordingly, we do not express an opinion on the effectiveness of Humphreys 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 10.01, 10.04, 10.08, and 10.14.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 10.03, 10.06, 10.07, 10.09, and 10.15.

Compliance and Other Matters

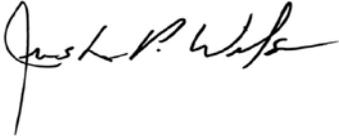
As part of obtaining reasonable assurance about whether Humphreys County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 10.02, 10.05, 10.10, 10.11, 10.12, and 10.13.

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

Humphreys County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Humphreys County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the county executive, director of schools, road supervisor, County Commission, Board of Education, others within Humphreys 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,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb



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 1, 2010

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

To the County Executive and Board of County Commissioners:

Compliance

We have audited the compliance of Humphreys 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, 2010. Humphreys 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 Humphreys County's management. Our responsibility is to express an opinion on Humphreys 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 Humphreys 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 of Humphreys County's compliance with those requirements.

In our opinion, Humphreys 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, 2010.

Internal Control Over Compliance

The management of Humphreys 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 Humphreys 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Humphreys County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 10.07 and 10.16. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Schedule of Expenditures of Federal Awards

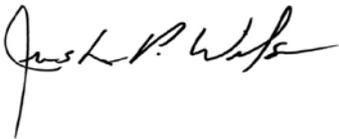
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Humphreys County as of and for the year ended June 30, 2010, and have issued our report thereon dated November 1, 2010. Our report on

the aggregate discretely presented component units was qualified due to not including the financial statements of the Humphreys County Emergency Communications District, 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 Humphreys 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.

Humphreys County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Humphreys County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the county executive, director of schools, road supervisor, County Commission, Board of Education, others within Humphreys 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,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Humphreys County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2010

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 Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 190,648
National School Lunch Program	10.555	N/A	731,005 (7)
Summer Food Service Program for Children	10.559	N/A	2,264
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	16,724 (7)
Child Nutrition Discretionary Grants Limited Availability, Recovery Act	10.579	N/A	20,788
Direct Program:			
Environmental Quality Incentives Program	10.912	N/A	10,000
Total U.S. Department of Agriculture			\$ 971,429
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	(2)	\$ 233,504
Total U.S. Department of Housing and Urban Development			\$ 233,504
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(3)	\$ 9,186
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	121
Total U.S. Department of Justice			\$ 9,307
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	Z-08-20081700	\$ 164,959
Alcohol Open Container Requirements	20.607	Z-09-21461600	1,592
Passed-through State Department of Military:			
Interagency Hazardous Material Public Sector Training and Planning Grants	20.703	GG-09-2736000	8,000
Total U.S. Department of Transportation			\$ 174,551
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	Z-10-21851900	\$ 69,308
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	638,369
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	200,250
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	696,943
Special Education - Preschool Grants	84.173	N/A	89,857
Special Education - Grants to States, Recovery Act	84.391	N/A	666,127
Special Education - Preschool Grants, Recovery Act	84.392	N/A	16,441
Career and Technical Education - Basic Grants to States	84.048	N/A	91,336
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	4,727
Twenty-first Century Community Learning Centers	84.287	(2)	100,000
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	5,326
Education Technology State Grants, Recovery Act	84.386	N/A	13,245
Improving Teacher Quality State Grants	84.367	N/A	67,118
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	557,200
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	195,986
Total U.S. Department of Education			\$ 3,412,233

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
National Archives and Records Administration:			
Passed-through Tennessee Secretary of State:			
National Historical Publications and Records Grants	89.003	(2)	\$ 1,775
Total National Archives and Records Administration			<u>\$ 1,775</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1839-DR-TN	\$ 5,047
Emergency Management Performance Grants	97.042	(4)	25,361
Homeland Security Grant Program	97.067	(5)	6,817
Total U.S. Department of Homeland Security			<u>\$ 37,225</u>
Total Expenditures of Federal Awards			<u>\$ 4,840,024</u>

State Grants

		<u>Contract Number</u>	
Airport Maintenance Program - State Department of Transportation	N/A	Z-10-220246-00	\$ 7,366
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	4,684
Archives Development Program Grant - Tennessee Secretary of State	N/A	(2)	5,110
Litter Grant - State Department of Transportation	N/A	(6)	26,722
Local Health Services - State Department of Health	N/A	Z-10-219856-00	78,242
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	Z-08-212941-02	4,484
Juvenile Justice Reimbursement Account Funds - Tennessee Commission on Children and Youth	N/A	(2)	39
Internet Connectivity - State Department of Education	N/A	(2)	<u>9,137</u>
Total State Grants			<u>\$ 135,784</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) GG102974200: \$9,000; information not available: \$186.
- (4) 34101-0000000668: \$16,131; 34101-0000003980: \$9,230.
- (5) GG07021786: \$1,905; GG082561200: \$1,654; 34101-00000001384: \$3,258.
- (6) Z09212761: \$3,398; Z10220343: \$23,324.
- (7) Total for CFDA No. 10.555 is \$747,729.

Humphreys County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2010

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Humphreys County, Tennessee, for the year ended June 30, 2009, which have not been corrected.

HUMPHREYS COUNTY AND HUMPHREYS COUNTY SCHOOL DEPARTMENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.01	168	Humphreys County and the Humphreys County School Department do not have the resources to produce financial statements and notes to the financial statements

OFFICE OF COUNTY EXECUTIVE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.03	169	A formal purchase order system had not been established

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.04	170	Expenditures exceeded appropriations

OFFICE OF TRUSTEE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.05	170	Bank statements were not accurately reconciled with the general ledger

OFFICE OF CLERK AND MASTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.09	173	The office had deficiencies in computer system backup procedures

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.12	174	The county used a questionable method of funding workers' compensation expenses, employees' dental insurance, general liability insurance, officials' corporate surety bonds, and employees' dishonesty bonds
09.13	175	Duties were not segregated adequately in the Offices of County Executive, County Clerk, Circuit and General Sessions Courts Clerk, and Clerk and Master

HUMPHREYS COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

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, the business-type activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Humphreys County disclosed significant deficiencies in internal control. Four of these deficiencies were considered to be material weaknesses.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Humphreys County.
4. The audit disclosed one significant deficiency in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); and the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act and State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Humphreys County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county executive, director of schools, financial officer of the School Department, and trustee provided written responses on certain findings, all of which are paraphrased in this report.

HUMPHREYS COUNTY AND HUMPHREYS COUNTY SCHOOL DEPARTMENT

FINDING 10.01 **HUMPHREYS COUNTY AND THE HUMPHREYS COUNTY SCHOOL DEPARTMENT DO 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 Humphreys County's and the Humphreys County School Department's financial statements be the product of financial reporting systems that offer 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 and the School Department 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 the county and the School Department in preparing their financial statements and notes as a matter of convenience as long as the county and the School Department have the skills needed to prepare their 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

Humphreys County and the Humphreys County School Department 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 and the School Department's financial statements as a matter of convenience. If we, as the external auditors, continue to prepare the county's and the School Department's financial statements, this individual must have sufficient knowledge to determine the completeness of financial statement information and disclosures.

MANAGEMENT’S RESPONSE – COUNTY EXECUTIVE

I agree with the recommendation that ideally Humphreys County should have such accounting capability. I have long believed the Office of County Executive should have a full-time finance/budget officer with appropriate accounting and public finance experience. The problem of having the funds necessary to attract and hire a qualified person is limited by demands on county revenues, which I believe will continue for the near term. I encourage the incumbent county executive and the County Commission to pursue this goal as resources become available.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

We are in agreement. We are not capable of producing year-end financial statements at this time. We will have an employee receive training should it become available.

AUDITOR’S COMMENT TO THE DIRECTOR OF SCHOOLS RESPONSE

It is the responsibility of local officials to hire qualified staff with the necessary expertise to maintain their accounting records in compliance with GAAP.

OFFICE OF COUNTY EXECUTIVE

FINDING 10.02 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under Government Auditing Standards)

Our examination revealed the following deficiencies in budget operations:

- A. General Fund expenditures exceeded appropriations approved by the County Commission in the major appropriation categories (the legal level of control) noted below:

<u>Major Category</u>	<u>Amount Overspent</u>
Circuit Court	\$ 295
Jail	2,739
Inspection and Regulation	606
Other Charges	6,138

- B. In two instances, salaries exceeded line-item appropriations in the General Fund by \$851 and \$3,842.

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.”

The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will not exceed expenditures that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

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

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – COUNTY EXECUTIVE

I agree with the finding and recommendation. I attribute this deficiency to passive oversight on my part during my short tenure. I should have caught it before fiscal year end. I recommend that appropriate supplementing budget amendments be adopted retroactively, and that caution be observed in this area of budget management during fiscal year 2010-11.

AUDITOR’S COMMENT

Budget amendments adopted after the end of the fiscal year cannot be recognized in the financial statements and therefore serve no purpose.

FINDING 10.03 **A FORMAL PURCHASE ORDER SYSTEM HAD NOT BEEN ESTABLISHED**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office had not established a formal purchase order system. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. This deficiency exists because management has not corrected this finding noted in prior-year audit reports. The absence of a formal purchase order system increases the risks of unauthorized purchases.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – COUNTY EXECUTIVE

I agree with the finding and recommendation. I believe this can be implemented for the general government operations, and I encourage the incumbent county executive to implement this. I believe it can be handled with existing staffing.

OFFICE OF ROAD SUPERVISOR

FINDING 10.04 **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2010, certain general ledger account balances in the Highway/Public Works Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Humphreys County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the department’s financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

The Highway Department should have appropriate processes in place to ensure that its general ledgers are materially correct.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 10.05 **BUDGET DEFICIENCIES WERE NOTED IN THE GENERAL PURPOSE SCHOOL AND SCHOOL FEDERAL PROJECTS FUNDS**
(Noncompliance Under Government Auditing Standards)

Our examination of the School Department’s budget operations revealed the following deficiencies:

- A. Expenditures exceeded appropriations approved by the County Commission in the General Purpose School Fund’s Board of Education major appropriation category (the legal level of control) and the School Federal

Projects Fund's Instruction - Vocational Education Program major appropriation category by \$7,311 and \$410, respectively.

- B. Salaries exceeded appropriations in the Special Education Program – Other Salaries and Wages line-item of the School Federal Projects Fund by \$30,252. On June 30, 2010, a journal entry was made to reclassify these salaries to another line-item (Special Education Program – Instructional Supplies and Materials). It appears this journal entry was made in an attempt to keep expenditures within appropriated amounts. To present the true nature of these salaries in the expenditure accounts of the financial statements, we have reclassified the expenditures back to the Other Salaries and Wages account. The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will not exceed expenditures that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

Section 5-9-401, Tennessee Code Annotated, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” These deficiencies exist because management failed to hold spending to the limit authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

Officials should ensure that expenditures are held within appropriations approved by the County Commission. Expenditures should be posted to accounts that most appropriately reflect the true nature of the transactions.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

- A. The amount of trustee commission was underestimated due to an unexpected increase in property tax collections. This office can only strive to better estimate county level collections and revenue sharing.
- B. A budget amendment was made and passed by the school board to move funds from Contracts with Private Agencies to Other Salaries and Wages due to a physical therapist being hired full-time. An agent with the Special Education Program for the state Department of Education would not allow this and insisted the journal entry be made to move the funds to Instructional Supplies and Materials. Our bookkeeper then made the journal entry. This journal entry was by no means an attempt to keep expenditures within appropriated amounts. Our bookkeeper will no longer listen to demands from anyone other than our area state Department of Education representative or the state auditors.

FINDING 10.06 THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT AT JUNE 30, 2010
(Internal Control – Significant Deficiency Under Government Auditing Standards)

At June 30, 2010, the School Federal Projects Fund had a cash overdraft of \$87,979. Sound business practices dictate that expenditures be held within available funds. This overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. This cash overdraft was liquidated subsequent to June 30, 2010.

RECOMMENDATION

The School Department should not issue warrants exceeding cash on deposit with the county trustee.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

We are in agreement that the School Federal Projects Fund had a cash overdraft of \$87,979. This was a result of last minute expenditures resulting in requests for funds. Federal monies are all reimbursable grants with only a three-day turnaround. Our bookkeepers will be informed of upcoming expenditures in time to coordinate reimbursements.

FINDING 10.07 THE SCHOOL DEPARTMENT DID NOT ACCOUNT FOR AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) GRANTS SEPARATELY FROM OTHER SCHOOL FUNDS
(Internal Control – Significant Deficiency Under Government Auditing Standards and OMB Circular A-133)

The School Department comingled ARRA expenditures for the State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act (CFDA No. 84.397) program with other local, state, and federal funds. The U.S. Office of Management and Budget’s (OMB) Compliance Supplement requires grantees to agree to maintain records that identify adequately the application (i.e. expenditure) of ARRA awards. In addition, grant agreements contain terms and conditions that require compliance with the Tennessee Office of Recovery Act Management (TRAM) Directives. TRAM Directive No. 2 requires governments to account for ARRA grant awards and expenditures separately from other revenues and expenditures in the government’s financial accounting system. This comingling of funds violates OMB’s compliance requirements and the grant agreement and increases the risks of preparing inaccurate reports required by ARRA. When ARRA grant requirements are not followed, the OMB can terminate the grants; suspend or debar the county from receiving grants; or, in serious cases, may apply civil or criminal penalties. Officials stated they were unaware of the requirements.

RECOMMENDATION

The School Department should separate the application (expenditure) of ARRA grant funds on the department's accounting records.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We were able to provide documentation that enabled all funds to be tracked. The majority of the funds were separated into their own sub funds.

MANAGEMENT'S RESPONSE – SCHOOL DEPARTMENT FINANCIAL OFFICER

We had put all ARRA funded General Purpose School Fund accounts in sub funds with the exception of Safe Schools, Extended Contract, and Statewide Student Management System funds. As bookkeeper, I failed to recognize that these were ARRA funded. In response, I will be diligent to ensure all ARRA funds are in either sub funds or cost centers.

OFFICE OF TRUSTEE

FINDING 10.08 **THE TRUSTEE'S CHIEF DEPUTY DIVERTED OFFICE FUNDS TOTALING \$1,907.71 FOR PERSONAL USE** (Internal Control – Material Weakness Under Government Auditing Standards)

The employees in the Trustee's Office consist of the trustee, a chief deputy, and a second deputy. In February 2010, the second deputy in the office noticed several tax receipts that appeared to have been voided in the computer system one month; however, the voided transactions reflected a future date. The deputy brought these dating discrepancies to the trustee's attention who believed the discrepancies were merely input errors. As a result, the trustee worked with her software provider to correct the suspected date errors.

On July 20, 2010, while the trustee was away from the office due to illness, the chief deputy resigned her position with the Trustee's Office purportedly to seek other employment, thus leaving only the second deputy to run the office. This deputy contacted auditors and apprised them of the current staffing predicament and her continuing suspicion of irregularities surrounding the questionable tax receipts she had discovered in February. As a result of these circumstances, auditors began an investigation on August 26, 2010.

Our investigation of the trustee's records concluded the chief deputy had voided 12 property tax transactions that had been paid in cash totaling \$1,907.71 and diverted those funds for her personal use. The chief deputy retained the details of each property tax she diverted and subsequently repaid each diverted property tax plus interest and penalty calculated as of the repayment date. Details of the 12 property tax transactions diverted and the subsequent repayments are detailed as follows:

Initial Receipt Date	Original Taxes Diverted	Interest and Penalty Calculated	Total Tax Plus Interest and Penalty	Date Diverted Funds Repaid
12-29-08	\$ 179.80	\$ 35.06	\$ 214.86	3-31-10
12-29-08	155.55	30.33	185.88	3-31-10
2-5-09	49.84	5.16	55.00	3-31-10
2-17-09	154.18	30.07	184.25	4-1-10
2-23-09	80.06	15.61	95.67	4-1-10
12-18-09	184.83	16.63	201.46	8-31-10 *
12-21-09	195.35	17.58	212.93	8-31-10 *
2-16-10	116.21	10.46	126.67	9-3-10 *
2-19-10	266.72	24.01	290.73	8-17-10 *
2-28-10	187.58	16.89	204.47	8-31-10 *
4-5-10	114.51	6.67	121.18	9-1-10 *
6-7-10	223.08	6.32	229.40	8-31-10 *
Total	\$ 1,907.71	\$ 214.79	\$ 2,122.50	

* Represents money orders received through the mail without a return address. The money orders included the tax receipt information to credit the account. The former deputy clerk admitted to sending these money orders.

On September 16, 2010, we conducted an interview with the former chief deputy. During the interview, the chief deputy admitted to us that she had voided several property tax collections that had been received in cash and used the funds for personal use. Since the office's accounting software allowed receipts to be post-dated up to 60 days, she devised a scheme to reinstate the diverted/voided transactions at a later date in order to cover the taxes taken plus interest and penalty. She informed us she had repaid all of the diverted funds in full with interest and penalty.

The Trustee's Office software has a void receipt report that presents the voided receipts for the day; however, the former chief deputy stated that the office would manually keep up with a receipt that was voided. The trustee would ask for this information at the end of the month. However, this process was discontinued when the trustee stopped asking for the information.

This finding has been reviewed with the district attorney general.

RECOMMENDATION

The Trustee's Office should review the data provided by the software, which presents an audit trail for any transactions that are voided or changed. Reviewing these audit logs for propriety would strengthen internal controls over the receipting function.

MANAGEMENT'S RESPONSE – WANDA ADKINS, FORMER COUNTY TRUSTEE

I was horrified, hurt and disappointed to find out my chief deputy had performed a criminal act. I am so sorry this happened, and I was really shocked when the chief deputy resigned while I was out sick and left the second deputy to run the office alone.

MANAGEMENT'S RESPONSE – LEIGH ANN COMUZIE, CURRENT COUNTY TRUSTEE

Each day I run a report that shows any change or void made to a property tax or miscellaneous receipt. Every Friday I run a combined report for all changes that are made in our system. After running these reports, I review the reports and make sure the changes and voids are legitimate.

FINDING 10.09 **BANK STATEMENTS WERE NOT ACCURATELY RECONCILED WITH THE GENERAL LEDGER**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The bank statements for one of the trustee's bank accounts were not accurately reconciled with the general ledger account for July 2009 through November 2009. The trustee had attempted to reconcile the bank account for these months; however, the trustee was not able to identify all errors. In addition, errors that were identified were not always corrected. Reconciliations for the bank account for December 2009 through March 2010 were not attempted until April 2010. The bank statements were reconciled at June 30, 2010, and the necessary corrections were made to the accounting records. Sound business practices dictate that bank statements should be reconciled with general ledger amounts monthly to ensure errors are identified and corrected promptly.

RECOMMENDATION

The office should reconcile bank statements with general ledger accounts monthly, and any errors identified should be corrected promptly.

FINDING 10.10 **COMMISSIONS WERE NOT PAID TO THE COUNTY MONTHLY**
(Noncompliance Under Government Auditing Standards)

The county trustee did not pay commissions to the county monthly. The trustee did not pay any commissions to the county in October 2009 or February, April, May, and June 2010. Section 8-22-104, Tennessee Code Annotated, requires fees, including commissions, be paid to the county monthly. The trustee overlooked paying the commissions during the month-end close-out process. As a result, the county received the trustee's commissions at a later date.

RECOMMENDATION

Commissions should be paid to the county monthly.

FINDING 10.11 **DELINQUENT TAXES WERE NOT FILED IN COMPLIANCE WITH STATE STATUTE**
(Noncompliance Under Government Auditing Standards)

The attorney designated by the trustee, with the approval of the county executive, had not filed suit in chancery court for the collection of delinquent land taxes due the county in compliance with state statute. Section 67-5-2405, Tennessee Code Annotated (TCA), requires the delinquent tax attorney to file suit after February 1 and not later than April 1. The delinquent tax attorney did not file suit in Chancery Court until May 6, 2010.

RECOMMENDATION

The delinquent tax attorney should file the delinquent county taxes in Chancery Court by April 1 as required by Section 67-5-2405, TCA.

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK AND CLERK AND MASTER

FINDING 10.12 **THE OFFICES HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**
(Noncompliance Under Government Auditing Standards)

System backups were not stored off-site. Section 10-7-121, Tennessee Code Annotated, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system should be copied to storage media daily, and media more than one week old should be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper system backup procedures were implemented in May 2010.

RECOMMENDATION

Management should ensure backups are rotated off-site on a routine basis.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 10.13 **THE COUNTY USED A QUESTIONABLE METHOD OF FUNDING WORKERS' COMPENSATION EXPENSES, EMPLOYEES' DENTAL INSURANCE, GENERAL LIABILITY INSURANCE, OFFICIALS' CORPORATE SURETY BONDS, AND EMPLOYEES' DISHONESTY BONDS**

(Material Noncompliance Under Government Auditing Standards)

During the year, premiums for workers' compensation expenses, employees' dental insurance, general liability insurance, officials' corporate surety bonds, and employees' dishonesty bonds for the Highway Department and the School Department were paid from the county's General Fund. The state attorney general has opined that state statutes authorize a county to levy a tax for county general purposes and has defined a county general purposes levy as a levy for all county purposes, except roads, bridges, and schools. Also, the state attorney general has opined that workers' compensation claims and/or insurance coverage for county school employees must be funded through the county's school fund. The payment of these expenses has been a management decision by the County Commission since this finding has been reported in annual financial reports for the last several years. The legality of using General Fund monies to pay for workers' compensation, employees' dental insurance, general liability insurance, officials' corporate surety bonds, and employees' dishonesty bonds for highway and school employees is questionable.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

I agree and have so commented on this issue above. I recommend that the incumbent county executive and the County Commission budget and appropriate the cost of insurance pro rata across the general, fire service, school, and road budgets. However, road and school maintenance of effort requirements will have to be maintained.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

This has been a finding for the last three years. I understand this is a finding for all county offices. Humphreys County Schools will comply with the recommendations to the fullest extent possible.

FINDING 10.14 HUMPHREYS COUNTY HAS MATERIAL RECURRING AUDIT FINDINGS
 (Internal Control – Material Weakness Under Government Auditing Standards)

Humphreys County has material audit findings that have been reported in its annual financial reports for three or more consecutive years. These recurring material findings are listed below:

<u>Finding Numbers</u>	<u>Description</u>
10.01, 09.01, 08.01	Humphreys County and the Humphreys County School Department do not have the resources to produce financial statements and notes to the financial statements
10.04, 09.02, 08.02	Several funds required material audit adjustments for proper financial statement presentation
10.13, 09.12, 08.08	The county used a questionable method of funding workers' compensation expenses, general liability insurance, dental insurance, officials' corporate surety bonds, and employees' dishonesty bonds

The recurring nature of the above-noted findings indicates that management is either unwilling or unable to address the deficiencies. The Local Government Modernization Act of 2005 in Section 9-3-405, Tennessee Code Annotated (TCA), encourages local governments to consider establishing an Audit Committee and further provides that the Comptroller may require that an Audit Committee be established in any local government that (1) is in noncompliance with the accounting and financial reporting standards required by the Governmental Accounting Standards Board, or (2) has recurring findings from the annual audit for three or more consecutive years as determined by the Comptroller to be a material weakness in internal control or material noncompliance under Government Auditing Standards. The responsibilities and duties of an Audit Committee are to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

Humphreys County should establish an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics. This Audit Committee should provide management with guidance to correct all reported material weaknesses in internal control and material noncompliance. If these findings continue to recur, Humphreys County may be required to establish an Audit Committee under the provisions of Section 9-3-405, TCA.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

I do not accept that the cited deficiencies result from an unwillingness to correct recurring deficiencies. For 10.01, 09.01, 08.01 and 10.04, 09.02, 08.02 the lack of funding availability to create a new department is the problem.

I have long agreed that spreading insurance and the related costs as noted in 10.13, 09.12, and 08.08 among the General, Fire Service, School, and Highway funds ought to be done to obtain a true cost of government services provided in those funds.

As far as establishing an Audit Committee I doubt that measure alone will provide a long-term solution to deficiencies in county financial management practices. I am familiar with the Local Government Modernization Act of 2005 and its purpose to encourage counties to move toward more sophisticated local government accounting and financial management. An Audit Committee and adoption of a GAAP compliance work plan is only as good as creation of a new finance department and the employment of a professional staff. I realize encouragement to do so under the act can transition into a mandate through withholding financial “hand-outs” from the state level. I hope it does not come to that for Humphreys County.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

This has been a recurring finding for three years. We do not at this time have anyone in our office capable of producing the financial statements that are needed at the end of the year. We will have an employee receive training should it become available.

AUDITOR'S COMMENTS

The establishment of an Audit Committee and the ability to maintain records in compliance with GAAP do not require the creation of a Finance Department. Audit Committees are a tool to assist management in improving accountability, internal controls, and compliance with laws and regulations. It has always been the responsibility of local officials to hire qualified staff with the necessary expertise to maintain their accounting records in compliance with GAAP.

FINDING 10.15 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY EXECUTIVE, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND CLERK AND MASTER
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of County Executive, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, and Clerk and Master. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards

provide that internal controls be designed to 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.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

I agree with this in principle; however, having sufficient staffing to perfectly segregate duties is entirely dependent on available revenues to support additional personnel. I believe; however, it can be done satisfactorily at this time within existing staffing in the County Executive's Office through realignment of duties and responsibilities.

MANAGEMENT'S RESPONSE – LEIGH ANN COMUZIE, CURRENT COUNTY TRUSTEE

I agree with the audit finding. The duties were not segregated adequately in the Office of Trustee. I have hired one employee and am in the process of hiring another employee to complete my staff. I am working on segregating the duties to the best of my ability in the Trustee's Office.

BEST PRACTICE

A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAS NOT BEEN ADOPTED

Humphreys County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. The Division of County Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Humphreys County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

I am not sure that creating a county Finance Department of this magnitude is the best course to follow at this time considering the size of Humphreys County. It certainly would

increase government cost by creating such a new department. I am not at all sure that the financial operations deficiencies noted and failures to meet GAAP requirements demand such an expansion and growth of local government so suddenly and dramatically. It will be very difficult if not impossible due to political realities and the protective mindset of the other major fund managers. It will take an enormous amount of cooperation and relinquishing of turf, which I am not sure can be accomplished at this time. I am relieved that the accomplishment of such a goal will not be on my watch. I believe that engagement of a full-time financial officer under the county executive and changes in methods within existing operations is the most practical method to pursue at this time.

AUDITOR'S COMMENTS

The Division of County Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Humphreys County. Tennessee counties of various sizes have implemented central systems of accounting, purchasing, and budgeting. While a central system may have some initial set-up costs, the consolidation of the current financial staff from the general government, highway, and school departments should minimize the increased costs.

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

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Education: Passed-through State Department of Education: State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	10.16	84.397	<u>Circular A-133</u>	Significant deficiency in Internal Control - See Finding 10.07 - Humphreys County did not account for American Recovery and Reinvestment Act (ARRA) grants separately from other county funds	\$ 0

HUMPHREYS COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2010

There were no audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs. There were audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

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

FINDINGS 10.07 and 10.16

Contact person:	James Long, Director of Schools
Corrective action planned:	All ARRA funds will be cost centered in the 2010-11 budget.
Anticipated completion date:	2010-11 fiscal year