



**ANNUAL FINANCIAL REPORT
HUMPHREYS COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2011



**ANNUAL FINANCIAL REPORT
HUMPHREYS COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2011**

***COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON***

***DIVISION OF COUNTY AUDIT
JAMES R. ARNETTE
Director***

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Audit Manager***

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Auditor 4***

***KATINA VALENTINE
B. KEITH RICE, CGFM
WENDY HEATH, CFE
State Auditors***

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

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Audit Highlights
Annual Financial Report
Humphreys County, Tennessee
For the Year Ended June 30, 2011

Scope

We have audited the basic financial statements of Humphreys County as of and for the year ended June 30, 2011.

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 ten 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

- ◆ Material audit adjustments were required for proper financial statement presentation.
-

OFFICE OF COUNTY EXECUTIVE

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

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Federal Projects Fund had cash overdrafts at the end of every month during the year.
-

OFFICE OF TRUSTEE

- ◆ Bank statements were not accurately reconciled with the general ledger.
 - ◆ The trustee paid checks issued from the School Federal Projects Fund that exceeded available funds.
-

OFFICE OF SHERIFF

- ◆ Some funds were not deposited within three days of collection.
 - ◆ The office had deficiencies in the administration of drug control funds.
-

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, 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, 2011

Officials

Jessie Wallace, County Executive
Ronald Carter, Road Supervisor
James Long, Director of Schools
Leigh Ann Waggoner, 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

Jessie Wallace, County Executive, Chairman	Ronald Hughes
Reed Dreaden	John E. Hunt
Thomas Burkett	John Hurt
Tim Daniel	Larry Mayberry
James Graham	John S. McCaw
Alvin Hall	Edward Rochelle
Kay Hampton	Merideth Spencer
Ricky Hooper	

County Road Advisory Committee

Leonard Parnell, Sr., Chairman
Charles Beacham
John Brady Dunn
Richard Garber
Clark Hinrichs
Jamie McCullen
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

October 14, 2011

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, 2011, 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 financial position of the aggregate discretely presented component units of Humphreys County, Tennessee, as of June 30, 2011, 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, 2011, 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 October 14, 2011, 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. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

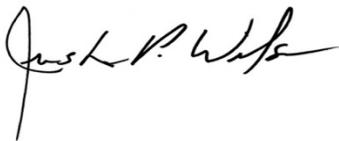
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 63 through 69 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 financial statements as a whole. 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 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Humphreys County, Tennessee
Statement of Net Assets
June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Humphreys County School Department
<u>ASSETS</u>				
Cash	\$ 41,703	\$ 0	\$ 41,703	\$ 0
Equity in Pooled Cash and Investments	8,474,986	218,909	8,693,895	397,927
Accounts Receivable	7,203	9,748	16,951	84,123
Due from Other Governments	622,942	0	622,942	2,462,694
Property Taxes Receivable	6,264,641	0	6,264,641	3,153,645
Allowance for Uncollectible Property Taxes	(177,543)	0	(177,543)	(103,844)
Restricted Assets:				
Other Restricted Assets	0	113,276	113,276	0
Notes Receivable - Long-term	121,660	0	121,660	0
Capital Assets Not Depreciated:				
Land	1,498,084	12,000	1,510,084	141,175
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	5,320,907	152,196	5,473,103	9,310,794
Infrastructure	22,347,621	649,754	22,997,375	47,583
Other Capital Assets	459,372	63,247	522,619	1,385,182
Total Assets	<u>\$ 44,981,576</u>	<u>\$ 1,219,130</u>	<u>\$ 46,200,706</u>	<u>\$ 16,879,279</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 61,219	\$ 1,108	\$ 62,327	\$ 33,570
Payroll Deductions Payable	0	0	0	376
Cash Overdraft	0	0	0	14,381
Contracts Payable	50,629	0	50,629	699,138
Accrued Interest Payable	16,766	0	16,766	0
Other Payables from Restricted Assets	0	113,276	113,276	0
Deferred Revenue - Current Property Taxes	5,964,668	0	5,964,668	2,962,842
Noncurrent Liabilities:				
Due Within One Year	853,675	0	853,675	6,000
Due in More Than One Year	6,046,632	0	6,046,632	2,534,191
Total Liabilities	<u>\$ 12,993,589</u>	<u>\$ 114,384</u>	<u>\$ 13,107,973</u>	<u>\$ 6,250,498</u>
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 27,951,184	\$ 0	\$ 27,951,184	\$ 10,857,301
Invested in Capital Assets	0	877,197	877,197	0
Restricted For:				
Solid Waste/Sanitation	582,373	0	582,373	0
Local Purpose Tax	170,401	0	170,401	0
Drug Control	469,846	0	469,846	0
Highway/Public Works	2,853,328	0	2,853,328	0
Central Cafeteria	0	0	0	253,124
Debt Service	1,352,876	0	1,352,876	0
Capital Projects	898,001	0	898,001	0
Public Safety	273,246	0	273,246	0
Other Purposes	218,612	0	218,612	33,971
Unrestricted	(2,781,880)	227,549	(2,554,331)	(515,615)
Total Net Assets	<u>\$ 31,987,987</u>	<u>\$ 1,104,746</u>	<u>\$ 33,092,733</u>	<u>\$ 10,628,781</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, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets										
	Program Revenues					Primary Government					Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-type Activities	Total	Humphreys County School Department		
Primary Government:											
Governmental Activities:											
General Government	\$ 1,168,789	\$ 75,037	\$ 15,164	\$ 0	\$ (1,078,588)	\$ 0	\$ (1,078,588)	\$ 0	\$ 0	0	
Finance	693,666	521,472	0	0	(172,194)	0	(172,194)	0	0	0	
Administration of Justice	752,406	330,449	9,225	0	(412,732)	0	(412,732)	0	0	0	
Public Safety	2,556,588	455,056	95,255	500	(2,005,777)	0	(2,005,777)	0	0	0	
Public Health and Welfare	892,768	24,241	118,623	0	(749,904)	0	(749,904)	0	0	0	
Social, Cultural, and Recreational Services	298,357	0	2,515	0	(295,842)	0	(295,842)	0	0	0	
Agriculture and Natural Resources	203,677	0	15,824	0	(187,853)	0	(187,853)	0	0	0	
Other Operations	795,302	155,124	162,562	71,094	(406,523)	0	(406,523)	0	0	0	
Highways/Public Works	4,498,783	159,808	9,363,143	20,917	5,045,085	0	5,045,085	0	0	0	
Education	191,970	0	0	0	(191,970)	0	(191,970)	0	0	0	
Interest on Long-term Debt	75,139	0	0	0	(75,139)	0	(75,139)	0	0	0	
Other Debt Service	47,912	0	0	0	(47,912)	0	(47,912)	0	0	0	
Total Governmental Activities	\$ 12,175,357	\$ 1,721,187	\$ 9,782,311	\$ 92,511	\$ (579,349)	\$ 0	\$ (579,349)	\$ 0	\$ 0	0	
Business-type Activities:											
Public Utility	\$ 132,238	\$ 105,661	\$ 0	\$ 0	\$ 0	\$ (26,577)	\$ (26,577)	\$ 0	\$ 0	0	
Total Primary Government	\$ 12,307,595	\$ 1,826,848	\$ 9,782,311	\$ 92,511	\$ (579,349)	\$ (26,577)	\$ (605,926)	\$ 0	\$ 0	0	
Component Unit:											
Humphreys County School Department	\$ 25,988,030	\$ 708,801	\$ 5,304,663	\$ 1,563,153	\$ 0	\$ 0	\$ 0	\$ (18,411,413)	\$ 0	0	
Total Component Unit	\$ 25,988,030	\$ 708,801	\$ 5,304,663	\$ 1,563,153	\$ 0	\$ 0	\$ 0	\$ (18,411,413)	\$ 0	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				\$ 4,042,432	\$ 0	\$ 4,042,432	\$ 3,053,274
Property Taxes Levied for Debt Service				201,834	0	201,834	0
Local Option Sales Taxes				576,673	0	576,673	1,765,724
Hotel/Motel Tax				89,047	0	89,047	0
Litigation Tax - General				67,155	0	67,155	0
Business Tax				130,370	0	130,370	0
Wholesale Beer Tax				81,969	0	81,969	0
Other Local Taxes				53,780	0	53,780	1,186
Grants and Contributions Not Restricted to Specific Programs				1,838,566	0	1,838,566	13,581,586
Unrestricted Investment Earnings				29,708	0	29,708	0
Miscellaneous				18,805	0	18,805	103,820
Total General Revenues				\$ 7,130,339	\$ 0	\$ 7,130,339	\$ 18,505,590
Change in Net Assets				\$ 6,550,990	\$ (26,577)	\$ 6,524,413	\$ 94,177
Net Assets, July 1, 2010				26,051,006	1,131,323	27,182,329	10,534,604
Prior-period Adjustment				(614,009)	0	(614,009)	0
Net Assets, June 30, 2011				\$ 31,987,987	\$ 1,104,746	\$ 33,092,733	\$ 10,628,781

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

Humphreys County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2011

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General		Other Governmental Funds	
				Debt Service			
\$ 20,542 \$	0 \$	0 \$	0 \$	0 \$	21,161 \$	41,703	
2,523,849	578,394	2,615,113	1,217,089	1,540,541	8,474,986		
160	0	7,043	0	0	7,203		
313,866	3,355	305,721	0	0	622,942		
21,161	0	4,290	0	0	25,451		
2,999,603	862,256	690,787	1,160,040	551,955	6,264,641		
(81,590)	(25,268)	(17,748)	(37,574)	(15,363)	(177,543)		
0	0	0	121,660	0	121,660		
\$ 5,797,591 \$	1,418,737 \$	3,605,206 \$	2,461,215 \$	2,098,294 \$	15,381,043		

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Due from Other Governments
 Due from Other Funds
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes
 Notes Receivable - Long-term

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable
 Contracts Payable
 Due to Other Funds
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Other Deferred Revenues
 Total Liabilities

Fund Balances

Restricted:

Restricted for Finance
 Restricted for Administration of Justice
 Restricted for Public Safety
 Restricted for Public Health and Welfare
 Restricted for Other Operations
 Restricted for Highways/Public Works
 Restricted for Debt Service
 Restricted for Capital Projects
 Restricted for Other Purposes

\$ 45,789 \$	14,344 \$	0 \$	0 \$	0 \$	1,086 \$	61,219
0	0	39,608	0	11,021	50,629	
466	3,340	0	0	21,645	25,451	
2,865,380	818,680	662,741	1,091,573	526,294	5,964,668	
47,215	16,544	9,306	28,398	9,283	110,746	
109,137	0	148,536	0	0	257,673	
\$ 3,067,987 \$	852,908 \$	860,191 \$	1,119,971 \$	569,329 \$	6,470,386	
\$ 3,919 \$	0 \$	0 \$	0 \$	0 \$	0 \$	3,919
46,907	0	0	0	0	46,907	
273,246	0	0	0	634,962	908,208	
77,958	541,833	0	0	0	619,791	
89,828	0	0	0	0	89,828	
0	0	2,745,015	0	0	2,745,015	
0	0	0	1,341,244	0	1,341,244	
0	0	0	0	830,331	830,331	
0	0	0	0	63,672	63,672	

(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		
\$ 205,835	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	205,835
0	23,996	0	0	0	0	0	23,996
2,031,911	0	0	0	0	0	0	2,031,911
\$ 2,729,604	\$ 565,829	\$ 2,745,015	\$ 1,341,244	\$ 1,528,965	\$ 0	\$ 0	8,910,657
\$ 5,797,591	\$ 1,418,737	\$ 3,605,206	\$ 2,461,215	\$ 2,098,294	\$ 0	\$ 0	15,381,043

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)

Committed:
Committed for Public Safety
Committed for Public Health and Welfare
Unassigned
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, 2011

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)		\$ 8,910,657	
(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: buildings and improvements net of accumulated depreciation	5,320,907		
Add: infrastructure net of accumulated depreciation	22,347,621		
Add: other capital assets net of accumulated depreciation	<u>459,372</u>	29,625,984	
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$ (1,105,000)		
Less: other loans payable	(4,644,000)		
Less: bonds payable	(97,800)		
Less: compensated absences payable	(139,858)		
Less: landfill closure/postclosure care costs	(831,596)		
Less: accrued interest on notes	(16,766)		
Less: other postemployment benefits liability	<u>(82,053)</u>	(6,917,073)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>368,419</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 31,987,987</u>

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

Humphreys County, Tennessee
Statement of Revenues, Expenditures,
 and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other	Governmental Funds	
<u>Revenues</u>							
Local Taxes	\$ 2,861,837	\$ 647,402	\$ 367,904	\$ 1,088,055	\$ 313,986	\$ 5,279,184	
Licenses and Permits	238	0	0	0	0	238	
Fines, Forfeitures, and Penalties	64,869	0	0	0	378,259	443,128	
Charges for Current Services	12,493	21,903	0	0	55	34,451	
Other Local Revenues	160,370	2,093	98,043	24,355	21,416	306,277	
Fees Received from County Officials	810,070	0	0	0	0	810,070	
State of Tennessee	2,223,175	8,064	1,760,654	0	57,776	4,049,669	
Federal Government	52,294	0	1,473,949	0	42,123	1,568,366	
Other Governments and Citizens Groups	30,222	0	64,431	5,353	0	100,006	
Total Revenues	\$ 6,215,568	\$ 679,462	\$ 3,764,981	\$ 1,117,763	\$ 813,615	\$ 12,591,389	
<u>Expenditures</u>							
Current:							
General Government	\$ 865,141	\$ 0	\$ 0	\$ 0	\$ 0	\$ 865,141	
Finance	505,265	0	0	0	55	505,320	
Administration of Justice	576,447	0	0	0	0	576,447	
Public Safety	1,764,787	0	0	0	241,497	2,006,284	
Public Health and Welfare	257,518	543,603	0	0	0	801,121	
Social, Cultural, and Recreational Services	158,698	0	0	0	0	158,698	
Agriculture and Natural Resources	151,688	0	0	0	0	151,688	
Other Operations	1,927,327	71,473	0	0	0	1,998,800	
Highways	0	0	1,938,888	0	0	1,938,888	
Debt Service:							
Principal on Debt	0	0	0	782,900	0	782,900	
Interest on Debt	0	0	0	78,440	0	78,440	
Other Debt Service	0	0	0	47,912	0	47,912	
Capital Projects	0	0	0	0	97,727	97,727	
Total Expenditures	\$ 6,206,871	\$ 615,076	\$ 1,938,888	\$ 909,252	\$ 339,279	\$ 10,009,366	
Excess (Deficiency) of Revenues Over Expenditures	\$ 8,697	\$ 64,386	\$ 1,826,093	\$ 208,511	\$ 474,336	\$ 2,582,023	

(Continued)

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>							
Insurance Recovery	\$ 35,942	\$ 0	\$ 0	\$ 0	\$ 3,612	\$ 39,554	
Transfers In	17,560	0	0	0	0	17,560	
Transfers Out	0	0	0	0	(17,560)	(17,560)	
Total Other Financing Sources (Uses)	\$ 53,502	\$ 0	\$ 0	\$ 0	\$ (13,948)	\$ 39,554	
Net Change in Fund Balances	\$ 62,199	\$ 64,386	\$ 1,826,093	\$ 208,511	\$ 460,388	\$ 2,621,577	
Fund Balance, July 1, 2010	2,667,405	501,443	918,922	1,132,733	1,068,577	6,289,080	
Fund Balance, June 30, 2011	\$ 2,729,604	\$ 565,829	\$ 2,745,015	\$ 1,341,244	\$ 1,528,965	\$ 8,910,657	

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, 2011

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)		\$ 2,621,577
(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	\$ 148,668	
Less: current year depreciation expense	<u>(3,091,783)</u>	(2,943,115)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized	\$ 6,137,889	
Less: loss on disposal of assets	<u>(11,542)</u>	6,126,347
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2011	\$ 368,419	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(371,350)</u>	(2,931)
(4) 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	\$ 190,000	
Add: principal payments on other loans	573,000	
Add: principal payments on bonds	<u>19,900</u>	782,900
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 3,301	
Change in compensated absences payable	6,902	
Change in landfill closure/postclosure care costs	(8,234)	
Change in other postemployment benefits liability	<u>(35,757)</u>	(33,788)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 6,550,990</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, 2011

	Major Enterprise Fund
	Public Utility Fund
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 218,909
Accounts Receivable	9,748
Total Current Assets	<u>\$ 228,657</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	152,196
Infrastructure	649,754
Other Capital Assets	63,247
Total Noncurrent Assets	<u>\$ 990,473</u>
Total Assets	<u>\$ 1,219,130</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 1,108
Current Liabilities Payable from Restricted Assets:	
Customer Deposits Payable	113,276
Total Current Liabilities	<u>\$ 114,384</u>
Total Liabilities	<u>\$ 114,384</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 877,197
Unrestricted	227,549
Total Net Assets	<u>\$ 1,104,746</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, 2011

	Major Enterprise Fund <hr/> Public Utility Fund
<u>Operating Revenues</u>	
Wastewater Treatment Charges	\$ 105,661
Total Operating Revenues	<u>\$ 105,661</u>
<u>Operating Expenses</u>	
Communication	\$ 751
Contracts with Private Agencies	52,352
Maintenance and Repair Services - Equipment	14,374
Permits	350
Electricity	16,253
Water	1,814
Liability Insurance	667
Depreciation	45,677
Total Operating Expenses	<u>\$ 132,238</u>
Operating Income (Loss)	<u>\$ (26,577)</u>
Change in Net Assets	(26,577)
Net Assets, July 1, 2010	<u>1,131,323</u>
Net Assets, July 1, 2011	<u><u>\$ 1,104,746</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, 2011

	Major Enterprise Fund <hr/> Public Utility Fund <hr/>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 102,742
Payments to Vendors	(85,598)
Net Cash Provided By (Used In) Operating Activities	<hr/> \$ 17,144 <hr/>
Net Increase (Decrease) in Cash	\$ 17,144
Cash, July 1, 2010	<hr/> 315,041 <hr/>
Cash, June 30, 2011	<hr/> <hr/> \$ 332,185 <hr/> <hr/>
<u>Reconciliation of Operating Income to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (26,577)
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	(2,919)
Increase (Decrease) in Accounts Payable	963
Net Cash Provided By (Used In) Operating Activities	<hr/> \$ 17,144 <hr/>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Equity in Pooled Cash and Investments	\$ 218,909
Cash - Other Restricted Assets	<hr/> 113,276 <hr/>
Cash, June 30, 2011	<hr/> <hr/> \$ 332,185 <hr/> <hr/>

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, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 774,279
Accounts Receivable	153
Due from Other Governments	<u>199,819</u>
Total Assets	<u><u>\$ 974,251</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 199,819
Due to Litigants, Heirs, and Others	<u>774,432</u>
Total Liabilities	<u><u>\$ 974,251</u></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, 2011

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.

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 special revenue fund accounts for all solid waste activities, including those activities specifically related to the landfill. Local taxes and general service charges are the foundational revenues of this fund.

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

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

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 special revenue 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, an enterprise 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.

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

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 1.72 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 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	Business- type Activities	County School Department
	Years	Years	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, 2011, Humphreys County had \$4,172,000 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 fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's

highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county's Budget Committee and the Board of Education are authorized bodies to make assignments.

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

8. Prior-period Adjustment

Capital assets were restated \$614,009 from the prior year because the E911 communications tower had been included in Humphreys County assets, but is an asset of the Humphreys County Emergency Communications District.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented 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 with the government-wide Statement of Net Assets.

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

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the 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 GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2011, Humphreys County reported the following significant encumbrances:

Fund	Description	Amount
Major Fund:		
Highway/Public Works	Bridge Construction	\$ 156,765

B. Cash Overdraft

The discretely presented School Federal Projects Fund had a cash overdraft of \$14,381 at June 30, 2011. 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, 2011.

C. 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:

Fund/Major Appropriation Category	Amount Overspent
<u>Primary Government</u>	
General Fund:	
Jail	\$ 2,039
<u>Discretely Presented Humphreys County School Department</u>	
School Federal Projects Fund:	
Transfers Out	1,693

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations 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, 2011, 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.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 1,377,634

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, 2011, 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 \$121,660 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 included in the restricted fund balance account.

C. Capital Assets

Capital assets activity for the year ended June 30, 2011, was as follows:

Primary Government

Governmental Activities:

	Restated*			Balance 6-30-11
	Balance 7-1-10	Increases	Decreases	
Capital Assets Not Depreciated:				
Land	\$ 1,498,084	\$ 0	\$ 0	\$ 1,498,084
Total Capital Assets Not Depreciated	\$ 1,498,084	\$ 0	\$ 0	\$ 1,498,084

Governmental Activities (Cont.):

	Restated*			
	Balance			Balance
	7-1-10	Increases	Decreases	6-30-11
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 9,194,202	\$ 37,805	\$ 0	\$ 9,232,007
Infrastructure	46,940,457	6,223,502	0	53,163,959
Other Capital Assets	4,475,534	25,250	(56,168)	4,444,616
Total Capital Assets				
Depreciated	\$ 60,610,193	\$ 6,286,557	\$ (56,168)	\$ 66,840,582
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 3,589,925	\$ 321,175	\$ 0	\$ 3,911,100
Infrastructure	28,183,629	2,632,709	0	30,816,338
Other Capital Assets	3,891,971	137,899	(44,626)	3,985,244
Total Accumulated				
Depreciation	\$ 35,665,525	\$ 3,091,783	\$ (44,626)	\$ 38,712,682
Total Capital Assets				
Depreciated, Net	\$ 24,944,668	\$ 3,194,774	\$ (11,542)	\$ 28,127,900
Governmental Activities				
Capital Assets, Net	\$ 26,442,752	\$ 3,194,774	\$ (11,542)	\$ 29,625,984

* See footnote I.D.8. for the prior-period adjustment.

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

Governmental Activities:

General Government	\$ 209,475
Finance	9,517
Public Safety	140,417
Public Health and Welfare	38,688
Social, Cultural, and Recreational Services	8,893
Agriculture and Natural Resources	4,546
Other Operations	77,305
Highway/Public Works	2,602,942
Total	<u>\$ 3,091,783</u>

Business-type Activities:

	Balance 7-1-10	Increases	Balance 6-30-11
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	\$ 333,634	\$ 21,123	\$ 354,757
Infrastructure	110,678	15,518	126,196
Other Capital Assets	144,565	9,036	153,601
Total Accumulated Depreciation	<u>\$ 588,877</u>	<u>\$ 45,677</u>	<u>\$ 634,554</u>
Total Capital Assets Depreciated, Net	<u>\$ 910,874</u>	<u>\$ (45,677)</u>	<u>\$ 865,197</u>
Business-type Activities Capital Assets, Net	<u>\$ 922,874</u>	<u>\$ (45,677)</u>	<u>\$ 877,197</u>

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

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 141,175	\$ 0	\$ 0	\$ 141,175
Total Capital Assets Not Depreciated	<u>\$ 141,175</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 141,175</u>

Governmental Activities (Cont.):

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Depreciated:				
Buildings and Improvements	\$ 19,065,964	\$ 350,446	\$ 0	\$ 19,416,410
Infrastructure	71,974	0	0	71,974
Other Capital Assets	3,873,650	30,470	(82,717)	3,821,403
Total Capital Assets Depreciated	\$ 23,011,588	\$ 380,916	\$ (82,717)	\$ 23,309,787
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 9,662,071	\$ 443,545	\$ 0	\$ 10,105,616
Infrastructure	21,992	2,399	0	24,391
Other Capital Assets	2,253,605	265,333	(82,717)	2,436,221
Total Accumulated Depreciation	\$ 11,937,668	\$ 711,277	\$ (82,717)	\$ 12,566,228
Total Capital Assets Depreciated, Net	\$ 11,073,920	\$ (330,361)	\$ 0	\$ 10,743,559
Governmental Activities Capital Assets, Net	\$ 11,215,095	\$ (330,361)	\$ 0	\$ 10,884,734

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

Governmental Activities:

Instruction	\$ 356,342
Support Services	314,609
Operation of Non-Instructional Services	<u>40,326</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 711,277</u>

D. Construction Commitments

At June 30, 2011, the Highway/Public Works Fund had uncompleted construction contracts of \$156,765 for bridge construction. Also, the General Capital Projects Fund had uncompleted construction contracts of \$6,538 for courtroom renovations, \$5,314 for airport improvements, and \$36,979 for a City of New Johnsonville well. Funding for these future expenditures is expected to be provided from available fund balances and federal and state grant funds.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 21,161
Highway/Public Works	General	466
Highway/Public Works	Solid Waste/Sanitation	3,340
Highway/Public Works	Nonmajor governmental	484

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, 2011, consisted of the following amounts:

Primary Government

Transfer Out	Transfer In General Fund
Nonmajor governmental fund	\$ 17,560

Discretely Presented Humphreys County School Department

Transfer Out	Transfer In General Purpose School Fund
School Federal Projects Fund	\$ 5,693

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 10 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, 2011, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2011, for governmental activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-11</u>
General Obligation Bonds	4.371 to 5 %	\$ 438,500	\$ 97,800
Capital Outlay Notes	3.75 to 3.85	1,750,000	1,105,000
Other Loans	variable	9,200,000	4,644,000

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, 2011, the variable interest rate was .37 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, 2011, the variable interest rate was .27 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, 2011, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 97,800	\$ 12,729	\$ 110,529

Year Ending June 30	Notes		
	Principal	Interest	Total
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
2017-2018	230,000	13,283	243,283
Total	\$ 1,105,000	\$ 152,218	\$ 1,257,218

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2012	\$ 594,000	\$ 16,501	\$ 28,978	\$ 639,479
2013	616,000	14,523	25,203	655,726
2014	640,000	12,471	21,290	673,761
2015	421,000	10,338	17,225	448,563
2016	438,000	8,780	14,784	461,564
2017-2020	1,935,000	18,244	32,680	1,985,924
Total	\$ 4,644,000	\$ 80,857	\$ 140,160	\$ 4,865,017

There is \$1,341,244 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$5, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans totaled \$315, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2010	\$ 117,700	\$ 1,295,000	\$ 5,217,000
Deductions	(19,900)	(190,000)	(573,000)
Balance, June 30, 2011	<u>\$ 97,800</u>	<u>\$ 1,105,000</u>	<u>\$ 4,644,000</u>
Balance Due Within One Year	<u>\$ 21,100</u>	<u>\$ 190,000</u>	<u>\$ 594,000</u>

	Compensated Absences	Landfill Closure/ Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2010	\$ 146,760	\$ 823,362	\$ 46,296
Additions	131,175	8,234	50,110
Deductions	(138,077)	0	(14,353)
Balance, June 30, 2011	<u>\$ 139,858</u>	<u>\$ 831,596</u>	<u>\$ 82,053</u>
Balance Due Within One Year	<u>\$ 6,995</u>	<u>\$ 41,580</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 6,900,307
Less: Balance Due Within One Year	<u>(853,675)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 6,046,632</u>

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

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, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
Capital Outlay Notes	0 %	\$ 51,933	\$ 27,433

The annual requirements to amortize the notes outstanding as of June 30, 2011, are presented in the following table:

Year Ending June 30	Notes	
	Principal	Total
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
Total	\$ 27,433	\$ 27,433

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Humphreys County School Department for the year ended June 30, 2011, was as follows:

Governmental Activities:	Notes	Other Postemployment Benefits
Balance, July 1, 2010	\$ 38,433	\$ 1,964,093
Additions	0	772,667
Deductions	(11,000)	(224,002)
Balance, June 30, 2011	<u>\$ 27,433</u>	<u>\$ 2,512,758</u>
Balance Due Within One Year	<u>\$ 6,000</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 2,540,191
Less: Balance Due Within One Year	<u>(6,000)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,534,191</u>

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

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, 2011, were \$21,636 and \$50,733, 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 operating expenses coming due before current tax collections. Short-term debt activity for the year ended June 30, 2011, was as follows:

	Balance 7-1-10	Issued	Paid	Balance 6-30-11
Tax Anticipation Notes	\$ 0	\$ 500,000	\$ (500,000)	\$ 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 Change

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Humphreys County and the Humphreys County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

C. 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.

D. Changes in Administration

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 Waggoner.

E. 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 \$831,596 reported as postclosure care liability at June 30, 2011,

represents amounts based on what it would cost to perform all postclosure care in 2011. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. 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

G. 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 to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 8.56 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, 2011, the county's annual pension cost of \$530,878 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, 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 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was six 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
6-30-11	\$530,878	100%	\$0
6-30-10	474,909	100	0
6-30-09	457,488	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 million, and the actuarial value of assets was \$14 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6 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 SETHEPP. 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 salary 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, 2011, was 9.05 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, 2011, 2010, and 2009 were \$1,007,180, \$712,805, and \$699,662, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Plan Description

Humphreys County and the 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. In previous fiscal years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed and as a result all members now have the option of choosing between the standard or

partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. 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, 14 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 \$50,628. Retirees' contributions vary depending on the insurance options they select. During the year ended June 30, 2011, Humphreys County and the School Department contributed \$14,353 and \$224,002 respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 50,000	\$ 768,000
Interest on the NPO	2,083	88,384
Adjustment to the ARC	(1,973)	(83,717)
Annual OPEB cost	\$ 50,110	\$ 772,667
Less: Amount of contribution	(14,353)	(224,002)
Increase/decrease in NPO	\$ 35,757	\$ 548,665
Net OPEB obligation, 7-1-10	46,296	1,964,093
Net OPEB obligation, 6-30-11	\$ 82,053	\$ 2,512,758

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Government Group	\$ 25,270	74%	\$ 12,135
6-30-10	"	48,029	28	46,296
6-30-11	"	50,110	29	82,053
6-30-09	Local Education Group	850,826	15	1,408,193
6-30-10	"	767,347	28	1,964,093
6-30-11	"	772,667	29	2,512,758

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-10	7-1-10
Actuarial accrued liability (AAL)	\$ 405,000	\$ 6,559,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 405,000	\$ 6,559,000
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	11%	61%

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, 2010, actuarial valuation for the Local Education Plan, 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) and an annual healthcare cost trend rate of ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 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 ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. All rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

I. 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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,861,837	\$ 2,739,496	\$ 2,739,496	\$ 122,341
Licenses and Permits	238	800	800	(562)
Fines, Forfeitures, and Penalties	64,869	97,625	97,625	(32,756)
Charges for Current Services	12,493	14,850	14,850	(2,357)
Other Local Revenues	160,370	110,800	103,273	57,097
Fees Received from County Officials	810,070	741,910	741,910	68,160
State of Tennessee	2,223,175	2,043,430	2,053,430	169,745
Federal Government	52,294	64,100	79,100	(26,806)
Other Governments and Citizens Groups	30,222	35,000	35,000	(4,778)
Total Revenues	\$ 6,215,568	\$ 5,848,011	\$ 5,865,484	\$ 350,084
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 110,563	\$ 109,443	\$ 120,783	\$ 10,220
Board of Equalization	840	2,000	2,000	1,160
Beer Board	390	800	800	410
County Mayor/Executive	182,271	192,202	192,202	9,931
County Attorney	32,621	39,145	39,145	6,524
Election Commission	166,834	175,212	175,212	8,378
Register of Deeds	130,842	133,365	133,365	2,523
Development	9,250	9,250	9,250	0
County Buildings	220,654	231,700	248,400	27,746
Other General Administration	10,876	10,410	12,515	1,639
<u>Finance</u>				
Property Assessor's Office	169,519	179,133	179,133	9,614
Reappraisal Program	6,634	7,887	7,887	1,253
County Trustee's Office	133,856	144,783	144,783	10,927
County Clerk's Office	195,256	196,580	196,580	1,324
<u>Administration of Justice</u>				
Circuit Court	215,118	217,590	217,590	2,472
General Sessions Court	75,112	80,954	80,954	5,842
Chancery Court	141,230	141,246	141,246	16
Juvenile Court	110,131	115,523	115,523	5,392
District Attorney General	6,000	6,000	6,000	0
Judicial Commissioners	28,856	29,736	29,736	880
<u>Public Safety</u>				
Sheriff's Department	953,875	910,892	965,352	11,477
Jail	229,922	200,301	227,883	(2,039)
Workhouse	311,089	311,163	311,163	74
Work Release Program	300	1,000	1,000	700
Fire Prevention and Control	2,000	2,000	2,000	0
Inspection and Regulation	36,168	27,464	52,464	16,296
County Coroner/Medical Examiner	13,499	14,900	14,900	1,401

(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	\$ 217,934	\$ 172,937	\$ 218,034	\$ 100
<u>Public Health and Welfare</u>				
Local Health Center	65,939	66,702	66,702	763
Ambulance/Emergency Medical Services	90,000	90,000	90,000	0
Other Local Health Services	25,000	25,000	25,000	0
Sanitation Education/Information	24,366	26,400	26,400	2,034
Other Public Health and Welfare	52,213	82,700	82,700	30,487
<u>Social, Cultural, and Recreational Services</u>				
Libraries	158,698	159,158	159,158	460
Other Social, Cultural, and Recreational	0	800	800	800
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	65,767	65,767	65,767	0
Soil Conservation	85,921	88,241	88,241	2,320
<u>Other Operations</u>				
Tourism	95,174	100,000	100,590	5,416
Industrial Development	50,000	50,000	50,000	0
Airport	168,048	170,134	204,734	36,686
Veterans' Services	10,336	11,457	11,457	1,121
Other Charges	617,013	585,000	619,800	2,787
Contributions to Other Agencies	46,273	48,073	48,073	1,800
Employee Benefits	940,483	1,053,300	1,057,682	117,199
Total Expenditures	\$ 6,206,871	\$ 6,286,348	\$ 6,543,004	\$ 336,133
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 8,697	\$ (438,337)	\$ (677,520)	\$ 686,217
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 35,942	\$ 0	\$ 62,338	\$ (26,396)
Transfers In	17,560	0	17,560	0
Total Other Financing Sources (Uses)	\$ 53,502	\$ 0	\$ 79,898	\$ (26,396)
Net Change in Fund Balance	\$ 62,199	\$ (438,337)	\$ (597,622)	\$ 659,821
Fund Balance, July 1, 2010	2,667,405	2,749,707	2,749,707	(82,302)
Fund Balance, June 30, 2011	\$ 2,729,604	\$ 2,311,370	\$ 2,152,085	\$ 577,519

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 647,402	\$ 620,896	\$ 620,896	\$ 26,506
Charges for Current Services	21,903	13,500	13,500	8,403
Other Local Revenues	2,093	500	500	1,593
State of Tennessee	8,064	11,400	11,400	(3,336)
Total Revenues	<u>\$ 679,462</u>	<u>\$ 646,296</u>	<u>\$ 646,296</u>	<u>\$ 33,166</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Landfill Operation and Maintenance	\$ 543,603	\$ 687,638	\$ 687,638	\$ 144,035
<u>Other Operations</u>				
Other Charges	13,166	15,000	15,000	1,834
Employee Benefits	58,307	76,050	76,050	17,743
Total Expenditures	<u>\$ 615,076</u>	<u>\$ 778,688</u>	<u>\$ 778,688</u>	<u>\$ 163,612</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 64,386</u>	<u>\$ (132,392)</u>	<u>\$ (132,392)</u>	<u>\$ 196,778</u>
Net Change in Fund Balance	\$ 64,386	\$ (132,392)	\$ (132,392)	\$ 196,778
Fund Balance, July 1, 2010	<u>501,443</u>	<u>411,820</u>	<u>411,820</u>	<u>89,623</u>
Fund Balance, June 30, 2011	<u>\$ 565,829</u>	<u>\$ 279,428</u>	<u>\$ 279,428</u>	<u>\$ 286,401</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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 367,904	\$ 0	\$ 0	\$ 367,904	\$ 354,454	\$ 354,454	\$ 13,450
Other Local Revenues	98,043	0	0	98,043	40,000	40,000	58,043
State of Tennessee	1,760,654	0	0	1,760,654	2,033,330	2,033,330	(272,676)
Federal Government	1,473,949	0	0	1,473,949	0	0	1,473,949
Other Governments and Citizens Groups	64,431	0	0	64,431	0	0	64,431
Total Revenues	\$ 3,764,981	\$ 0	\$ 0	\$ 3,764,981	\$ 2,427,784	\$ 2,427,784	\$ 1,337,197
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 138,458	\$ 0	\$ 0	\$ 138,458	\$ 152,902	\$ 152,902	\$ 14,444
Highway and Bridge Maintenance	941,105	0	0	941,105	1,406,518	1,431,518	490,413
Operation and Maintenance of Equipment	442,400	0	0	442,400	409,000	534,000	91,600
Other Charges	25,692	0	0	25,692	35,500	35,500	9,808
Employee Benefits	264,764	0	0	264,764	276,500	276,500	11,736
Capital Outlay	126,469	(139,815)	156,765	143,419	399,962	449,962	306,543
Total Expenditures	\$ 1,938,888	\$ (139,815)	\$ 156,765	\$ 1,955,838	\$ 2,680,382	\$ 2,880,382	\$ 924,544
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,826,093	\$ 139,815	\$ (156,765)	\$ 1,809,143	\$ (252,598)	\$ (452,598)	\$ 2,261,741
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 1,826,093	\$ 139,815	\$ (156,765)	\$ 1,809,143	\$ (252,598)	\$ (452,598)	\$ 2,261,741
	918,922	(139,815)	0	779,107	828,783	828,783	(49,676)
Fund Balance, June 30, 2011	\$ 2,745,015	\$ 0	\$ (156,765)	\$ 2,588,250	\$ 576,185	\$ 376,185	\$ 2,212,065

Exhibit F-4

Humphreys County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Humphreys County School Department
June 30, 2011

(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, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL 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	3,206	12
"	7-1-10	0	405	405	0	3,717	11
<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	10,106	64
"	7-1-10	0	6,559	6,559	0	10,807	61

HUMPHREYS COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2011

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.

At June 30, 2011, Humphreys County reported the following significant encumbrances in the Highway/Public Works Fund:

Fund	Description	Amount
Highway/Public Works	Bridge Construction	\$ 156,765

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the Jail major appropriation category (the legal level of control) of the General Fund by \$2,039. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations 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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

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, 2011

	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	
\$	0 \$	0 \$	21,161 \$	21,161 \$	0 \$	0 \$	21,161
Equity in Pooled Cash and Investments	166,130	469,966	0	636,096	840,773	63,672	1,540,541
Property Taxes Receivable	207,477	0	0	207,477	344,478	0	551,955
Allowance for Uncollectible Property Taxes	(6,832)	0	0	(6,832)	(8,531)	0	(15,363)
Total Assets	366,775 \$	469,966 \$	21,161 \$	857,902 \$	1,176,720 \$	63,672 \$	2,098,294

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable
 Contracts Payable
 Due to Other Funds
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Total Liabilities

Fund Balances

Restricted:

Restricted for Public Safety
 Restricted for Capital Projects
 Restricted for Other Purposes
 Total Fund Balances

Total Liabilities and Fund Balances

\$	966 \$	120 \$	0 \$	1,086 \$	0 \$	0 \$	0 \$	1,086
	0	0	0	0	11,021	0	11,021	11,021
	484	0	21,161	21,645	0	0	21,645	21,645
	194,924	0	0	194,924	331,370	0	331,370	526,294
	5,285	0	0	5,285	3,998	0	3,998	9,283
\$	201,659 \$	120 \$	21,161 \$	222,940 \$	346,389 \$	0 \$	346,389 \$	569,329
\$	165,116 \$	469,846 \$	0 \$	634,962 \$	0 \$	0 \$	0 \$	634,962
	0	0	0	0	830,331	0	830,331	830,331
	0	0	0	0	0	63,672	63,672	63,672
\$	165,116 \$	469,846 \$	0 \$	634,962 \$	830,331 \$	63,672 \$	894,003 \$	1,528,965
\$	366,775 \$	469,966 \$	21,161 \$	857,902 \$	1,176,720 \$	63,672 \$	1,240,392 \$	2,098,294

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, 2011

	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	
<u>Revenues</u>								
Local Taxes	\$ 148,095	\$ 0	\$ 0	\$ 148,095	\$ 165,891	\$ 0	\$ 165,891	\$ 313,986
Fines, Forfeitures, and Penalties	0	378,259	0	378,259	0	0	0	378,259
Charges for Current Services	0	0	55	55	0	0	0	55
Other Local Revenues	0	5,250	0	5,250	16,166	0	16,166	21,416
State of Tennessee	0	0	0	0	57,776	0	57,776	57,776
Federal Government	19,930	11,922	0	31,852	10,271	0	10,271	42,123
Total Revenues	\$ 168,025	\$ 395,431	\$ 55	\$ 563,511	\$ 250,104	\$ 0	\$ 250,104	\$ 813,615
<u>Expenditures</u>								
Current:								
Finance	\$ 0	\$ 0	\$ 55	\$ 55	\$ 0	\$ 0	\$ 0	\$ 55
Public Safety	141,033	100,464	0	241,497	0	0	0	241,497
Capital Projects	0	0	0	0	93,602	4,125	97,727	97,727
Total Expenditures	\$ 141,033	\$ 100,464	\$ 55	\$ 241,552	\$ 93,602	\$ 4,125	\$ 97,727	\$ 339,279
Excess (Deficiency) of Revenues Over Expenditures	\$ 26,992	\$ 294,967	\$ 0	\$ 321,959	\$ 156,502	\$ (4,125)	\$ 152,377	\$ 474,336
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 3,612	\$ 0	\$ 0	\$ 3,612	\$ 0	\$ 0	\$ 0	\$ 3,612
Transfers Out	0	(17,560)	0	(17,560)	0	0	0	(17,560)
Total Other Financing Sources (Uses)	\$ 3,612	\$ (17,560)	\$ 0	\$ (13,948)	\$ 0	\$ 0	\$ 0	\$ (13,948)
Net Change in Fund Balances	\$ 30,604	\$ 277,407	\$ 0	\$ 308,011	\$ 156,502	\$ (4,125)	\$ 152,377	\$ 460,388
Fund Balance, July 1, 2010	134,512	192,439	0	326,951	673,829	67,797	741,626	1,068,577
Fund Balance, June 30, 2011	\$ 165,116	\$ 469,846	\$ 0	\$ 634,962	\$ 830,331	\$ 63,672	\$ 894,003	\$ 1,528,965

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 148,095	\$ 137,644	\$ 137,644	\$ 10,451
Federal Government	19,930	0	0	19,930
Total Revenues	<u>\$ 168,025</u>	<u>\$ 137,644</u>	<u>\$ 137,644</u>	<u>\$ 30,381</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Fire Prevention and Control	\$ 141,033	\$ 142,800	\$ 142,800	\$ 1,767
Total Expenditures	<u>\$ 141,033</u>	<u>\$ 142,800</u>	<u>\$ 142,800</u>	<u>\$ 1,767</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 26,992</u>	<u>\$ (5,156)</u>	<u>\$ (5,156)</u>	<u>\$ 32,148</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 3,612	\$ 0	\$ 0	\$ 3,612
Total Other Financing Sources (Uses)	<u>\$ 3,612</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,612</u>
Net Change in Fund Balance	\$ 30,604	\$ (5,156)	\$ (5,156)	\$ 35,760
Fund Balance, July 1, 2010	<u>134,512</u>	<u>87,998</u>	<u>87,998</u>	<u>46,514</u>
Fund Balance, June 30, 2011	<u><u>\$ 165,116</u></u>	<u><u>\$ 82,842</u></u>	<u><u>\$ 82,842</u></u>	<u><u>\$ 82,274</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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 378,259	\$ 62,500	\$ 76,344	\$ 301,915
Other Local Revenues	5,250	0	0	5,250
Federal Government	11,922	0	0	11,922
Total Revenues	<u>\$ 395,431</u>	<u>\$ 62,500</u>	<u>\$ 76,344</u>	<u>\$ 319,087</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 100,464	\$ 70,750	\$ 108,364	\$ 7,900
Total Expenditures	<u>\$ 100,464</u>	<u>\$ 70,750</u>	<u>\$ 108,364</u>	<u>\$ 7,900</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 294,967</u>	<u>\$ (8,250)</u>	<u>\$ (32,020)</u>	<u>\$ 326,987</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (17,560)	\$ 0	\$ (17,560)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (17,560)</u>	<u>\$ 0</u>	<u>\$ (17,560)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 277,407	\$ (8,250)	\$ (49,580)	\$ 326,987
Fund Balance, July 1, 2010	192,439	159,277	159,277	33,162
Fund Balance, June 30, 2011	<u>\$ 469,846</u>	<u>\$ 151,027</u>	<u>\$ 109,697</u>	<u>\$ 360,149</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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 165,891	\$ 0	\$ 0	\$ 165,891	\$ 161,149	\$ 161,149	\$ 4,742
Other Local Revenues	16,166	0	0	16,166	16,872	16,872	(706)
State of Tennessee	57,776	0	0	57,776	250,000	306,781	(249,005)
Federal Government	10,271	0	0	10,271	0	0	10,271
Total Revenues	\$ 250,104	\$ 0	\$ 0	\$ 250,104	\$ 428,021	\$ 484,802	\$ (234,698)
<u>Expenditures</u>							
<u>Capital Projects</u>							
General Administration Projects	\$ 18,496	(6,538)	\$ 6,538	\$ 18,496	\$ 32,000	\$ 32,000	\$ 13,504
Public Safety Projects	64,085	0	5,314	69,399	0	70,879	1,480
Public Utility Projects	11,021	0	36,979	48,000	100,000	100,000	52,000
Other General Government Projects	0	0	0	0	250,000	250,000	250,000
Total Expenditures	\$ 93,602	(6,538)	\$ 48,831	\$ 135,895	\$ 382,000	\$ 452,879	\$ 316,984
Excess (Deficiency) of Revenues Over Expenditures	\$ 156,502	\$ 6,538	(48,831)	\$ 114,209	\$ 46,021	\$ 31,923	\$ 82,286
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 156,502	\$ 6,538	(48,831)	\$ 114,209	\$ 46,021	\$ 31,923	\$ 82,286
	673,829	(6,538)	0	667,291	728,220	728,220	(60,929)
Fund Balance, June 30, 2011	\$ 830,331	\$ 0	(48,831)	\$ 781,500	\$ 774,241	\$ 760,143	\$ 21,357

Major Governmental Fund

General Debt Service Fund

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

Exhibit 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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,088,055	\$ 1,036,480	\$ 1,036,480	\$ 51,575
Other Local Revenues	24,355	98,200	98,200	(73,845)
Other Governments and Citizens Groups	5,353	0	0	5,353
Total Revenues	<u>\$ 1,117,763</u>	<u>\$ 1,134,680</u>	<u>\$ 1,134,680</u>	<u>\$ (16,917)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 330,400	\$ 330,400	\$ 330,400	\$ 0
Education	452,500	452,500	452,500	0
<u>Interest on Debt</u>				
General Government	36,664	60,474	62,303	25,639
Education	41,776	238,264	235,842	194,066
<u>Other Debt Service</u>				
General Government	28,227	50,000	30,907	2,680
Education	19,685	0	19,686	1
Total Expenditures	<u>\$ 909,252</u>	<u>\$ 1,131,638</u>	<u>\$ 1,131,638</u>	<u>\$ 222,386</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 208,511</u>	<u>\$ 3,042</u>	<u>\$ 3,042</u>	<u>\$ 205,469</u>
Net Change in Fund Balance	\$ 208,511	\$ 3,042	\$ 3,042	\$ 205,469
Fund Balance, July 1, 2010	<u>1,132,733</u>	<u>1,035,312</u>	<u>1,035,312</u>	<u>97,421</u>
Fund Balance, June 30, 2011	<u><u>\$ 1,341,244</u></u>	<u><u>\$ 1,038,354</u></u>	<u><u>\$ 1,038,354</u></u>	<u><u>\$ 302,890</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, 2011

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 774,279	\$ 774,279
Accounts Receivable	0	153	153
Due from Other Governments	199,819	0	199,819
Total Assets	<u>\$ 199,819</u>	<u>\$ 774,432</u>	<u>\$ 974,251</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 199,819	\$ 0	\$ 199,819
Due to Litigants, Heirs, and Others	0	774,432	774,432
Total Liabilities	<u>\$ 199,819</u>	<u>\$ 774,432</u>	<u>\$ 974,251</u>

Exhibit I-2

Humphreys County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,185,519	\$ 1,185,519	\$ 0
Due from Other Governments	200,092	199,819	200,092	199,819
Total Assets	\$ 200,092	\$ 1,385,338	\$ 1,385,611	\$ 199,819
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 200,092	\$ 1,385,338	\$ 1,385,611	\$ 199,819
Total Liabilities	\$ 200,092	\$ 1,385,338	\$ 1,385,611	\$ 199,819
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,250,071	\$ 3,170,622	\$ 3,646,414	\$ 774,279
Accounts Receivable	104	153	104	153
Total Assets	\$ 1,250,175	\$ 3,170,775	\$ 3,646,518	\$ 774,432
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,250,175	\$ 3,170,775	\$ 3,646,518	\$ 774,432
Total Liabilities	\$ 1,250,175	\$ 3,170,775	\$ 3,646,518	\$ 774,432
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,250,071	\$ 3,170,622	\$ 3,646,414	\$ 774,279
Equity in Pooled Cash and Investments	0	1,185,519	1,185,519	0
Accounts Receivable	104	153	104	153
Due from Other Governments	200,092	199,819	200,092	199,819
Total Assets	\$ 1,450,267	\$ 4,556,113	\$ 5,032,129	\$ 974,251
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 200,092	\$ 1,385,338	\$ 1,385,611	\$ 199,819
Due to Litigants, Heirs, and Others	1,250,175	3,170,775	3,646,518	774,432
Total Liabilities	\$ 1,450,267	\$ 4,556,113	\$ 5,032,129	\$ 974,251

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, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 17,416,212	\$ 26,751	\$ 3,773,111	\$ 1,563,153	\$ (12,053,197)
Support Services	6,919,276	54,231	513,471	0	(6,351,574)
Operation of Non-Instructional Services	1,652,542	627,819	1,018,081	0	(6,642)
Total Governmental Activities	\$ 25,988,030	\$ 708,801	\$ 5,304,663	\$ 1,563,153	\$ (18,411,413)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 3,053,274
Local Option Sales Taxes					1,765,724
Other Local Taxes					1,186
Grants and Contributions Not Restricted to Specific Programs					13,581,586
Miscellaneous					103,820
Total General Revenues					\$ 18,505,590
Change in Net Assets					\$ 94,177
Net Assets, July 1, 2010					10,534,604
Net Assets, June 30, 2011					\$ 10,628,781

Exhibit J-2

Humphreys County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Humphreys County School Department
June 30, 2011

	<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	\$ 242,133	\$ 0	\$ 155,794	\$ 397,927
Accounts Receivable	84,123	0	0	84,123
Due from Other Governments	2,290,893	74,437	97,364	2,462,694
Property Taxes Receivable	3,153,645	0	0	3,153,645
Allowance for Uncollectible Property Taxes	(103,844)	0	0	(103,844)
Total Assets	\$ 5,666,950	\$ 74,437	\$ 253,158	\$ 5,994,545
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 7,451	\$ 26,085	\$ 34	\$ 33,570
Payroll Deductions Payable	376	0	0	376
Cash Overdraft	0	14,381	0	14,381
Contracts Payable	699,138	0	0	699,138
Deferred Revenue - Current Property Taxes	2,962,842	0	0	2,962,842
Deferred Revenue - Delinquent Property Taxes	78,577	0	0	78,577
Other Deferred Revenues	1,805,445	0	0	1,805,445
Total Liabilities	\$ 5,553,829	\$ 40,466	\$ 34	\$ 5,594,329
<u>Fund Balances</u>				
<u>Restricted:</u>				
Restricted for Education	\$ 0	\$ 33,971	\$ 0	\$ 33,971
Restricted for Operation of Non-Instructional Services	0	0	253,124	253,124
Unassigned	113,121	0	0	113,121
Total Fund Balances	\$ 113,121	\$ 33,971	\$ 253,124	\$ 400,216
Total Liabilities and Fund Balances	\$ 5,666,950	\$ 74,437	\$ 253,158	\$ 5,994,545

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, 2011

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)		\$	400,216
(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		9,310,794	
Add: infrastructure net of accumulated depreciation		47,583	
Add: other capital assets net of accumulated depreciation		<u>1,385,182</u>	10,884,734
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(27,433)	
Less: other postemployment benefits liability		<u>(2,512,758)</u>	(2,540,191)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>1,884,022</u>
Net assets of governmental activities (Exhibit A)			<u><u>\$ 10,628,781</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, 2011

	Major Funds		Nonmajor	Total Govern- mental Funds
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
<u>Revenues</u>				
Local Taxes	\$ 4,821,432	\$ 0	\$ 0	\$ 4,821,432
Licenses and Permits	923	0	0	923
Charges for Current Services	75,844	0	627,819	703,663
Other Local Revenues	109,563	0	14,974	124,537
State of Tennessee	14,989,619	0	15,973	15,005,592
Federal Government	241,998	2,620,365	1,001,966	3,864,329
Total Revenues	<u>\$ 20,239,379</u>	<u>\$ 2,620,365</u>	<u>\$ 1,660,732</u>	<u>\$ 24,520,476</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 12,726,970	\$ 2,306,712	\$ 0	\$ 15,033,682
Support Services	6,777,638	289,566	0	7,067,204
Operation of Non-Instructional Services	0	0	1,612,216	1,612,216
Capital Outlay	2,068,290	0	0	2,068,290
Debt Service:				
Principal on Debt	11,000	0	0	11,000
Total Expenditures	<u>\$ 21,583,898</u>	<u>\$ 2,596,278</u>	<u>\$ 1,612,216</u>	<u>\$ 25,792,392</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,344,519)</u>	<u>\$ 24,087</u>	<u>\$ 48,516</u>	<u>\$ (1,271,916)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 590,767	\$ 0	\$ 0	\$ 590,767
Transfers In	5,693	0	0	5,693
Transfers Out	0	(5,693)	0	(5,693)
Total Other Financing Sources (Uses)	<u>\$ 596,460</u>	<u>\$ (5,693)</u>	<u>\$ 0</u>	<u>\$ 590,767</u>
Net Change in Fund Balances	\$ (748,059)	\$ 18,394	\$ 48,516	\$ (681,149)
Fund Balance, July 1, 2010	861,180	15,577	204,608	1,081,365
Fund Balance, June 30, 2011	<u>\$ 113,121</u>	<u>\$ 33,971</u>	<u>\$ 253,124</u>	<u>\$ 400,216</u>

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, 2011

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)		\$ (681,149)
(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	\$ 380,916	
Less: current year depreciation expense	<u>(711,277)</u>	(330,361)
(2) The issuance of long-term debt (e.g. notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Add: principal payments on notes		11,000
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2011	\$ 1,884,022	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(240,670)</u>	1,643,352
(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 governmental funds.		
Change in other postemployment benefits liability		<u>(548,665)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 94,177</u>

Exhibit J-6

Humphreys County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Humphreys County School Department
General Purpose School Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,821,432	\$ 4,603,137	\$ 4,603,137	\$ 218,295
Licenses and Permits	923	850	850	73
Charges for Current Services	75,844	70,880	70,880	4,964
Other Local Revenues	109,563	113,220	123,220	(13,657)
State of Tennessee	14,989,619	14,905,294	14,981,263	8,356
Federal Government	241,998	155,146	164,832	77,166
Total Revenues	<u>\$ 20,239,379</u>	<u>\$ 19,848,527</u>	<u>\$ 19,944,182</u>	<u>\$ 295,197</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 10,638,604	\$ 11,317,384	\$ 11,248,383	\$ 609,779
Alternative Instruction Program	72,895	75,050	75,050	2,155
Special Education Program	1,108,165	1,110,657	1,110,657	2,492
Vocational Education Program	881,064	883,950	883,950	2,886
Adult Education Program	26,242	12,956	26,242	0
<u>Support Services</u>				
Health Services	213,223	215,765	215,766	2,543
Other Student Support	433,822	434,060	434,060	238
Regular Instruction Program	667,556	680,222	680,222	12,666
Special Education Program	70,325	70,380	70,380	55
Vocational Education Program	85,560	87,468	87,468	1,908
Adult Programs	63,179	63,179	63,178	(1)
Other Programs	72,369	0	72,369	0
Board of Education	149,990	162,297	162,297	12,307
Director of Schools	167,667	168,178	168,178	511
Office of the Principal	1,304,616	1,357,146	1,357,146	52,530
Fiscal Services	111,825	113,058	113,058	1,233
Operation of Plant	1,482,522	1,428,200	1,483,200	678
Maintenance of Plant	608,712	613,142	613,142	4,430
Transportation	942,452	944,150	944,150	1,698
Central and Other	403,820	404,200	404,200	380
<u>Capital Outlay</u>				
Regular Capital Outlay	2,068,290	1,611,621	2,311,621	243,331
<u>Principal on Debt</u>				
Education	11,000	1,000	11,000	0
Total Expenditures	<u>\$ 21,583,898</u>	<u>\$ 21,754,063</u>	<u>\$ 22,535,717</u>	<u>\$ 951,819</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,344,519)</u>	<u>\$ (1,905,536)</u>	<u>\$ (2,591,535)</u>	<u>\$ 1,247,016</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 590,767	\$ 1,611,621	\$ 2,311,621	\$ (1,720,854)
Transfers In	\$ 5,693	\$ 317,161	\$ 317,161	\$ (311,468)
Transfers Out	0	(23,245)	(37,245)	37,245
Total Other Financing Sources (Uses)	<u>\$ 596,460</u>	<u>\$ 1,905,537</u>	<u>\$ 2,591,537</u>	<u>\$ (1,995,077)</u>
Net Change in Fund Balance	\$ (748,059)	\$ 1	\$ 2	\$ (748,061)
Fund Balance, July 1, 2010	861,180	838,218	838,218	22,962
Fund Balance, June 30, 2011	<u>\$ 113,121</u>	<u>\$ 838,219</u>	<u>\$ 838,220</u>	<u>\$ (725,099)</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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,620,365	\$ 2,761,777	\$ 2,816,530	\$ (196,165)
Total Revenues	\$ 2,620,365	\$ 2,761,777	\$ 2,816,530	\$ (196,165)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,579,819	\$ 1,723,524	\$ 1,778,437	\$ 198,618
Special Education Program	689,986	683,936	689,985	(1)
Vocational Education Program	36,907	36,745	36,907	0
<u>Support Services</u>				
Other Student Support	4,438	4,600	4,438	0
Regular Instruction Program	161,035	194,104	193,944	32,909
Special Education Program	50,343	50,251	50,343	0
Vocational Education Program	2,177	2,177	2,177	0
Transportation	71,573	77,716	71,573	0
Total Expenditures	\$ 2,596,278	\$ 2,773,053	\$ 2,827,804	\$ 231,526
Excess (Deficiency) of Revenues Over Expenditures	\$ 24,087	\$ (11,276)	\$ (11,274)	\$ 35,361
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (5,693)	\$ (4,000)	\$ (4,000)	\$ (1,693)
Total Other Financing Sources (Uses)	\$ (5,693)	\$ (4,000)	\$ (4,000)	\$ (1,693)
Net Change in Fund Balance	\$ 18,394	\$ (15,276)	\$ (15,274)	\$ 33,668
Fund Balance, July 1, 2010	15,577	15,276	15,274	303
Fund Balance, June 30, 2011	\$ 33,971	\$ 0	\$ 0	\$ 33,971

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 627,819	\$ 747,000	\$ 747,000	\$ (119,181)
Other Local Revenues	14,974	15,000	15,000	(26)
State of Tennessee	15,973	16,768	16,768	(795)
Federal Government	1,001,966	901,000	911,108	90,858
Total Revenues	<u>\$ 1,660,732</u>	<u>\$ 1,679,768</u>	<u>\$ 1,689,876</u>	<u>\$ (29,144)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,612,216	\$ 1,679,768	\$ 1,689,876	\$ 77,660
Total Expenditures	<u>\$ 1,612,216</u>	<u>\$ 1,679,768</u>	<u>\$ 1,689,876</u>	<u>\$ 77,660</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 48,516</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 48,516</u>
Net Change in Fund Balance	\$ 48,516	\$ 0	\$ 0	\$ 48,516
Fund Balance, July 1, 2010	<u>204,608</u>	<u>204,496</u>	<u>204,496</u>	<u>112</u>
Fund Balance, June 30, 2011	<u>\$ 253,124</u>	<u>\$ 204,496</u>	<u>\$ 204,496</u>	<u>\$ 48,628</u>

Exhibit J-9

Humphreys County, Tennessee
Statement of Fiduciary Net Assets
Discretely Presented Humphreys County School Department
Fiduciary Fund
June 30, 2011

	<u>Private- Purpose Trust Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	<u>\$ 58,120</u>
Total Assets	<u>\$ 58,120</u>
<u>NET ASSETS</u>	
Held in Trust for Scholarships	<u>\$ 58,120</u>
Total Net Assets	<u>\$ 58,120</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, 2011

	<u>Private- Purpose Trust Fund</u>
<u>ADDITIONS</u>	
<u>Other Local Revenues</u>	
Investment Income	\$ 1,382
Total Additions	<u>\$ 1,382</u>
<u>DEDUCTIONS</u>	
<u>Other</u>	
Scholarships	\$ 4,000
Total Deductions	<u>\$ 4,000</u>
Change in Net Assets	\$ (2,618)
Net Assets, July 1, 2010	<u>60,738</u>
Net Assets, June 30, 2011	<u><u>\$ 58,120</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, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Paid and/or Matured During Period	Outstanding 6-30-11
<u>PRIMARY GOVERNMENT</u>							
<u>NOTES PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
School Roofs, Buses, Equipment, and E-911 Towers/Facilities	\$ 600,000	3.75 %	10-2-06	10-2-14	\$ 375,000	\$ 75,000	\$ 300,000
E-911 Towers	750,000	3.85	3-27-08	3-27-18	600,000	75,000	525,000
Center for Higher Learning Expansion	400,000	3.85	3-27-08	3-27-18	320,000	40,000	280,000
Total Notes Payable					\$ 1,295,000	\$ 190,000	\$ 1,105,000
<u>OTHER LOANS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
School	7,000,000	Variable	3-7-00	5-25-20	\$ 4,322,000	\$ 360,000	\$ 3,962,000
Jail Renovation/Road, Bridge, and Sewer Improvement/Career Center	2,200,000	Variable	10-15-03	5-25-14	895,000	213,000	682,000
Total Other Loans Payable					\$ 5,217,000	\$ 573,000	\$ 4,644,000
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Courthouse Annex, FmHA	328,500	5	7-1-1976	1-1-15	\$ 84,500	\$ 15,000	\$ 69,500
Flood Control, FmHA	110,000	4.371	7-1-1976	1-1-16	33,200	4,900	28,300
Total Bonds Payable					\$ 117,700	\$ 19,900	\$ 97,800
<u>DISCRETELY PRESENTED HUMPHREYS COUNTY SCHOOL DEPARTMENT</u>							
<u>NOTES PAYABLE</u>							
<u>Payable through General Purpose School Fund</u>							
Asbestos Removal	16,933	0	5-22-1995	5-30-14	\$ 3,433	\$ 1,000	\$ 2,433
Greenhouse Capital Outlay Note 2009	35,000	0	4-27-10	4-27-16	35,000	10,000	25,000
Total Notes Payable					\$ 38,433	\$ 11,000	\$ 27,433

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
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>\$ 1,105,000</u>	<u>\$ 152,218</u>	<u>\$ 1,257,218</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2012	\$ 594,000	\$ 16,501	\$ 28,978	\$ 639,479
2013	616,000	14,523	25,203	655,726
2014	640,000	12,471	21,290	673,761
2015	421,000	10,338	17,225	448,563
2016	438,000	8,780	14,784	461,564
2017	456,000	7,160	12,243	475,403
2018	474,000	5,472	9,598	489,070
2019	493,000	3,718	6,849	503,567
2020	512,000	1,894	3,990	517,884
Total	<u>\$ 4,644,000</u>	<u>\$ 80,857</u>	<u>\$ 140,160</u>	<u>\$ 4,865,017</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
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	\$ 97,800	\$ 12,729	\$ 110,529

DISCRETELY PRESENTED HUMPHREYS
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Notes	
	Principal	Total
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
Total	\$ 27,433	\$ 27,433

Exhibit K-3

Humphreys County, Tennessee
Schedule of Notes Receivable
June 30, 2011

<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 6-30-11</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%	\$ 121,660
Total Notes Receivable						<u>\$ 121,660</u>

Exhibit K-4

Humphreys County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Humphreys County School Department
For the Year Ended June 30, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Drug Control	General	Salary reimbursement	\$ 17,560
Total Transfers Primary Government			<u>\$ 17,560</u>
<u>DISCRETELY PRESENTED HUMPHREYS</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 5,693
Total Transfers Discretely Presented Humphreys County School Department			<u>\$ 5,693</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, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive:				
John Lee Williams (7-1-10 through 8-31-10)	Section 8-24-102, TCA	\$ 11,117	\$ 50,000	State Automobile Mutual Insurance Company
Jessie Wallace (9-1-10 through 6-30-11)	Section 8-24-102, TCA	55,585	50,000	Auto-Owners Insurance Company
Road Supervisor	Section 8-24-102, TCA	63,527	100,000	Travelers Casualty and Surety Company of America
Director of Schools	State Board of Education and County Board of Education	88,169 (1)	50,000	"
Trustee:				
Wanda Adkins (7-1-10 through 8-31-10)	Section 8-24-102, TCA	9,625	662,000	Cincinnati Insurance Company
Leigh Ann Waggoner (9-1-10 through 6-30-11)	Section 8-24-102, TCA	48,126	810,000	Auto-Owners Insurance Company
Assessor of Property	Section 8-24-102, TCA	57,751	10,000	Travelers Casualty and Surety Company of America
County Clerk	Section 8-24-102, TCA	57,751	50,000	Auto-Owners Insurance Company
Circuit Court Clerk	Section 8-24-102, TCA	57,751	50,000	"
Clerk and Master	Section 8-24-102, TCA	57,751	75,000	Travelers Casualty and Surety Company of America
Register	Section 8-24-102, TCA	57,751	25,000	Auto-Owners Insurance Company
Sheriff	Section 8-24-102, TCA	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, 2011

	Special Revenue Funds										Total	
	General	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund		Capital Projects Fund			
							General Debt	Service	General Capital	Projects		
Local Taxes												
County Property Taxes												
Current Property Tax	\$ 1,756,612	\$ 607,693	\$ 140,617	\$ 0	\$ 0	\$ 341,703	\$ 1,028,542	\$ 152,679	\$ 7,127	\$ 4,027,846		
Trustee's Collections - Prior Year	51,722	21,171	3,266	0	0	12,105	29,691	0	0	125,082		
Trustee's Collections - Bankruptcy	262	85	12	0	0	34	112	43	0	548		
Circuit/Clerk & Master Collections - Prior Years	25,594	8,902	2,078	0	0	5,007	13,971	3,277	0	58,829		
Interest and Penalty	11,036	3,836	677	0	0	2,105	6,094	1,335	0	25,083		
Pick-up Taxes	16,384	5,715	1,445	0	0	3,206	9,645	1,480	0	37,825		
Payments in-Lieu-of Taxes - T.V.A.	7,500	0	0	0	0	3,744	0	0	0	11,244		
Payments in-Lieu-of Taxes - Other	1,021	0	0	0	0	0	0	0	0	1,021		
County Local Option Taxes												
Local Option Sales Tax	559,781	0	0	0	0	0	0	0	0	559,781		
Hotel/Motel Tax	89,047	0	0	0	0	0	0	0	0	89,047		
Local Amusement Tax	855	0	0	0	0	0	0	0	0	855		
Litigation Tax - General	67,155	0	0	0	0	0	0	0	0	67,155		
Litigation Tax - Special Purpose	10,943	0	0	0	0	0	0	0	0	10,943		
Litigation Tax - Jail, Workhouse, or Courthouse	36,533	0	0	0	0	0	0	0	0	36,533		
Litigation Tax - Courtroom Security	4,760	0	0	0	0	0	0	0	0	4,760		
Business Tax	130,370	0	0	0	0	0	0	0	0	130,370		
Other County Local Option Taxes	1,895	0	0	0	0	0	0	0	0	1,895		
Statutory Local Taxes												
Bank Excise Tax	7,681	0	0	0	0	0	0	0	0	7,681		
Wholesale Beer Tax	81,969	0	0	0	0	0	0	0	0	81,969		
Interstate Telecommunications Tax	717	0	0	0	0	0	0	0	0	717		
Total Local Taxes	\$ 2,861,837	\$ 647,402	\$ 148,095	\$ 0	\$ 0	\$ 367,904	\$ 1,088,055	\$ 165,891	\$ 165,891	\$ 5,279,184		
Licenses and Permits												
Permits												
Beer Permits	238	0	0	0	0	0	0	0	0	238		
Total Licenses and Permits	238	0	0	0	0	0	0	0	0	238		

(Continued)

Exhibit K-6

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

	Special Revenue Funds											Total
	General	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund		Capital Projects Fund		Total	
							General Debt Service	General Capital Projects				
<u>Fines, Forfeitures, and Penalties</u>												
<u>Circuit Court</u>												
Fines	10,512	0	0	0	0	0	0	0	0	0	0	10,512
Officers Costs	3,620	0	0	0	0	0	0	0	0	0	0	3,620
Drug Control Fines	0	0	0	4,773	0	0	0	0	0	0	0	4,773
Jail Fees	1,353	0	0	0	0	0	0	0	0	0	0	1,353
Judicial Commissioner Fees	564	0	0	0	0	0	0	0	0	0	0	564
DUI Treatment Fines	1,943	0	0	0	0	0	0	0	0	0	0	1,943
Data Entry Fee - Circuit Court	670	0	0	0	0	0	0	0	0	0	0	670
<u>Criminal Court</u>												
Courtroom Security Fee	16	0	0	0	0	0	0	0	0	0	0	16
<u>General Sessions Court</u>												
Fines	7,755	0	0	0	0	0	0	0	0	0	0	7,755
Fines for Littering	95	0	0	0	0	0	0	0	0	0	0	95
Officers Costs	8,647	0	0	0	0	0	0	0	0	0	0	8,647
Game and Fish Fines	347	0	0	0	0	0	0	0	0	0	0	347
Drug Control Fines	0	0	0	33,184	0	0	0	0	0	0	0	33,184
Jail Fees	2,558	0	0	0	0	0	0	0	0	0	0	2,558
Judicial Commissioner Fees	2,369	0	0	0	0	0	0	0	0	0	0	2,369
DUI Treatment Fines	3,331	0	0	0	0	0	0	0	0	0	0	3,331
Data Entry Fee - General Sessions Court	2,622	0	0	0	0	0	0	0	0	0	0	2,622
<u>Juvenile Court</u>												
Fines	408	0	0	0	0	0	0	0	0	0	0	408
Officers Costs	3,971	0	0	0	0	0	0	0	0	0	0	3,971
<u>Chancery Court</u>												
Officers Costs	3,759	0	0	0	0	0	0	0	0	0	0	3,759
Data Entry Fee - Chancery Court	1,186	0	0	0	0	0	0	0	0	0	0	1,186
<u>Other Courts - In-county</u>												
Fines	2,925	0	0	0	0	0	0	0	0	0	0	2,925
Drug Control Fines	4,793	0	0	12,405	0	0	0	0	0	0	0	17,198
<u>Other Fines, Forfeitures, and Penalties</u>												
Proceeds from Confiscated Property	0	0	0	325,897	0	0	0	0	0	0	0	325,897

(Continued)

Exhibit K-6

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

	Special Revenue Funds										Total	
	General	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund		Capital Projects Fund			
							General Debt Service	General Capital Projects	General Capital Projects	General Capital Projects		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>												
<u>Other Fines, Forfeitures, and Penalties (Cont.)</u>												
Other Fines, Forfeitures, and Penalties	\$ 1,425	\$ 0	\$ 0	\$ 2,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,425
Total Fines, Forfeitures, and Penalties	\$ 64,869	\$ 0	\$ 0	\$ 378,259	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 443,128
<u>Charges for Current Services</u>												
<u>General Service Charges</u>												
Tipping Fees	\$ 0	\$ 21,903	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,903
Work Release Charges for Board	240	0	0	0	0	0	0	0	0	0	0	240
<u>Fees</u>												
Copy Fees	1,555	0	0	0	0	0	0	0	0	0	0	1,555
Greenbelt Late Application Fee	1,050	0	0	0	0	0	0	0	0	0	0	1,050
Constitutional Officers' Fees and Commissions	0	0	0	0	55	0	0	0	0	0	0	55
Data Processing Fee - Register	5,708	0	0	0	0	0	0	0	0	0	0	5,708
Data Processing Fee - Sheriff	2,456	0	0	0	0	0	0	0	0	0	0	2,456
Sexual Offender Registration Fees - Sheriff	300	0	0	0	0	0	0	0	0	0	0	300
Data Processing Fee - County Clerk	1,184	0	0	0	0	0	0	0	0	0	0	1,184
Total Charges for Current Services	\$ 12,493	\$ 21,903	\$ 0	\$ 0	\$ 55	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,451
<u>Other Local Revenues</u>												
<u>Recurring Items</u>												
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,355	\$ 0	\$ 0	\$ 0	\$ 24,355
Lease/Rentals	21,302	0	0	0	0	0	0	0	0	16,166	0	37,468
Sale of Gasoline	117,590	0	0	0	0	92,532	0	0	0	0	0	210,122
Sale of Recycled Materials	245	2,093	0	0	0	0	0	0	0	0	0	2,338
Miscellaneous Refunds	5,507	0	0	0	0	102	0	0	0	0	0	5,609
<u>Nonrecurring Items</u>												
Sale of Equipment	3,283	0	0	0	0	2,845	0	0	0	0	0	6,128
Sale of Property	11,500	0	0	0	0	0	0	0	0	0	0	11,500
Damages Recovered from Individuals	0	0	0	0	0	2,564	0	0	0	0	0	2,564
Contributions and Gifts	943	0	0	5,250	0	0	0	0	0	0	0	6,193
Total Other Local Revenues	\$ 160,370	\$ 2,093	\$ 0	\$ 5,250	\$ 0	\$ 98,043	\$ 0	\$ 24,355	\$ 16,166	\$ 0	\$ 0	\$ 306,277

(Continued)

Exhibit K-6

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

	Special Revenue Funds										Total	
	General	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund		Capital Projects Fund			
							General Debt Service	General Capital Projects	General Debt Service	General Capital Projects		
<u>Fees Received from County Officials</u>												
<u>Fees in-Lieu-of Salary</u>												
County Clerk	\$ 180,726	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 180,726
Circuit Court Clerk	74,536	0	0	0	0	0	0	0	0	0	0	74,536
General Sessions Court Clerk	82,031	0	0	0	0	0	0	0	0	0	0	82,031
Clerk and Master	60,021	0	0	0	0	0	0	0	0	0	0	60,021
Register	64,588	0	0	0	0	0	0	0	0	0	0	64,588
Sheriff	8,606	0	0	0	0	0	0	0	0	0	0	8,606
Trustee	339,562	0	0	0	0	0	0	0	0	0	0	339,562
Total Fees Received from County Officials	\$ 810,070	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 810,070
<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	4,886	0	0	0	0	0	0	0	0	0	0	4,886
<u>Public Safety Grants</u>												
Law Enforcement Training Programs	10,200	0	0	0	0	0	0	0	0	0	0	10,200
Other Public Safety Grants	13,318	0	0	0	0	0	0	0	0	57,776	0	71,094
Health and Welfare Grants												
Health Department Programs	76,424	0	0	0	0	0	0	0	0	0	0	76,424
<u>Public Works Grants</u>												
Bridge Program	0	0	0	0	0	20,917	0	0	0	0	0	20,917
Litter Program	23,163	0	0	0	0	0	0	0	0	0	0	23,163
<u>Other State Revenues</u>												
Income Tax	89,304	0	0	0	0	0	0	0	0	0	0	89,304
Resort District Sales Tax	345,093	0	0	0	0	0	0	0	0	0	0	345,093
Beer Tax	18,724	0	0	0	0	0	0	0	0	0	0	18,724
Alcoholic Beverage Tax	44,247	0	0	0	0	0	0	0	0	0	0	44,247
State Revenue Sharing - T.V.A.	1,477,348	0	0	0	0	0	0	0	0	0	0	1,477,348
Prisoner Transportation	1,778	0	0	0	0	0	0	0	0	0	0	1,778
Contracted Prisoner Boarding	81,130	0	0	0	0	0	0	0	0	0	0	81,130
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,725,338	0	0	0	0	0	1,725,338

(Continued)

Exhibit K-6

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

	Special Revenue Funds										Total
	General	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund		Capital Projects Fund		
							General Debt Service	General Capital Projects			
<u>State of Tennessee (Cont.)</u>											
<u>Other State Revenues (Cont.)</u>											
Petroleum Special Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,399	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,399
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0	0	0	15,164
Other State Grants	11,797	8,064	0	0	0	0	0	0	0	0	19,861
Other State Revenues	1,599	0	0	0	0	0	0	0	0	0	1,599
Total State of Tennessee	\$ 2,223,175	\$ 8,064	\$ 0	\$ 0	\$ 0	\$ 1,760,654	\$ 0	\$ 0	\$ 57,776	\$ 0	\$ 4,049,669
<u>Federal Government</u>											
<u>Federal Through State</u>											
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,271	\$ 0	\$ 10,271
Disaster Relief	28,005	0	19,930	0	0	1,473,949	0	0	0	0	1,521,884
Homeland Security Grants	15,770	0	0	0	0	0	0	0	0	0	15,770
<u>Direct Federal Revenue</u>											
Other Direct Federal Revenue	8,519	0	0	11,922	0	0	0	0	0	0	20,441
Total Federal Government	\$ 52,294	\$ 0	\$ 19,930	\$ 11,922	\$ 0	\$ 1,473,949	\$ 0	\$ 0	\$ 10,271	\$ 0	\$ 1,568,366
<u>Other Governments and Citizens Groups</u>											
<u>Other Governments</u>											
Contributions	\$ 500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500
Contracted Services	0	0	0	0	0	64,431	0	0	0	0	64,431
<u>Citizens Groups</u>											
Donations	3	0	0	0	0	0	0	0	0	0	3
<u>Other</u>											
Other	29,719	0	0	0	0	0	0	5,353	0	0	35,072
Total Other Governments and Citizens Groups	\$ 30,222	\$ 0	\$ 0	\$ 0	\$ 0	\$ 64,431	\$ 0	\$ 5,353	\$ 0	\$ 0	\$ 100,006
Total	\$ 6,215,568	\$ 679,462	\$ 168,025	\$ 395,431	\$ 55	\$ 3,764,981	\$ 1,117,763	\$ 250,104	\$ 12,591,389	\$ 0	\$ 12,591,389

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, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,893,405	\$ 0	\$ 0	\$ 2,893,405
Trustee's Collections - Prior Year	93,816	0	0	93,816
Trustee's Collections - Bankruptcy	294	0	0	294
Circuit/Clerk & Master Collections - Prior Years	42,285	0	0	42,285
Interest and Penalty	18,223	0	0	18,223
Pick-up Taxes	27,070	0	0	27,070
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,745,127	0	0	1,745,127
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,212	0	0	1,212
Total Local Taxes	\$ 4,821,432	\$ 0	\$ 0	\$ 4,821,432
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 570	\$ 0	\$ 0	\$ 570
<u>Permits</u>				
Other Permits	353	0	0	353
Total Licenses and Permits	\$ 923	\$ 0	\$ 0	\$ 923
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 8,920	\$ 0	\$ 0	\$ 8,920
Tuition - Summer School	10,250	0	0	10,250
Tuition - Other	7,581	0	0	7,581
Lunch Payments - Children	0	0	331,079	331,079
Lunch Payments - Adults	0	0	64,600	64,600
Income from Breakfast	0	0	33,988	33,988
A la carte Sales	0	0	194,930	194,930
Receipts from Individual Schools	49,093	0	0	49,093
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	3,222	3,222
Total Charges for Current Services	\$ 75,844	\$ 0	\$ 627,819	\$ 703,663
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 142	\$ 142
Lease/Rentals	1,400	0	0	1,400
Sale of Materials and Supplies	10,000	0	0	10,000
Sale of Recycled Materials	5,312	0	0	5,312
Refund of Telecommunication & Internet Fees (E-Rate)	3,600	0	0	3,600
Miscellaneous Refunds	51,942	0	14,832	66,774
<u>Nonrecurring Items</u>				
Sale of Equipment	24,742	0	0	24,742
Damages Recovered from Individuals	904	0	0	904
Contributions and Gifts	11,663	0	0	11,663
Total Other Local Revenues	\$ 109,563	\$ 0	\$ 14,974	\$ 124,537

(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	\$ 72,369	\$ 0	\$ 0	\$ 72,369
<u>State Education Funds</u>				
Basic Education Program	12,177,529	0	0	12,177,529
Basic Education Program - ARRA	1,391,471	0	0	1,391,471
Early Childhood Education	835,905	0	0	835,905
School Food Service	0	0	15,973	15,973
Energy Efficient School Initiative	49,213	0	0	49,213
Driver Education	7,754	0	0	7,754
Other State Education Funds	101,111	0	0	101,111
Coordinated School Health - ARRA	100,000	0	0	100,000
Internet Connectivity - ARRA	9,142	0	0	9,142
Statewide Student Management System (SSMS) - ARRA	7,992	0	0	7,992
Career Ladder Program	148,766	0	0	148,766
Career Ladder - Extended Contract - ARRA	71,467	0	0	71,467
<u>Other State Revenues</u>				
Safe Schools - ARRA	16,900	0	0	16,900
Total State of Tennessee	\$ 14,989,619	\$ 0	\$ 15,973	\$ 15,005,592
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 699,172	\$ 699,172
USDA - Commodities	0	0	10,108	10,108
Breakfast	0	0	197,522	197,522
USDA - Other	0	0	95,164	95,164
Vocational Education - Basic Grants to States	0	43,521	0	43,521
Title I Grants to Local Education Agencies	0	618,550	0	618,550
Special Education - Grants to States	17,739	790,224	0	807,963
Special Education Preschool Grants	0	21,682	0	21,682
Safe and Drug-free Schools - State Grants	100,000	0	0	100,000
Education for Homeless Children and Youth	0	406	0	406
Eisenhower Professional Development State Grants	0	139,998	0	139,998
Race to the Top - ARRA	0	286,500	0	286,500
Other Federal through State	25,146	719,484	0	744,630
<u>Direct Federal Revenue</u>				
Public Safety Partnership and Community Policing - COPS	99,113	0	0	99,113
Total Federal Government	\$ 241,998	\$ 2,620,365	\$ 1,001,966	\$ 3,864,329
Total	\$ 20,239,379	\$ 2,620,365	\$ 1,660,732	\$ 24,520,476

Exhibit K-8

Humphreys County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 24,900	
Audit Services	11,049	
Contracts with Government Agencies	35,000	
Contracts with Private Agencies	1,862	
Data Processing Services	248	
Dues and Memberships	10,441	
Tax Relief Program	10,208	
Other Charges	16,855	
Total County Commission		\$ 110,563

Board of Equalization

Board and Committee Members Fees	\$ 840	
Total Board of Equalization		840

Beer Board

Board and Committee Members Fees	\$ 390	
Total Beer Board		390

County Mayor/Executive

County Official/Administrative Officer	\$ 66,702	
Secretary(ies)	65,060	
Part-time Personnel	9,257	
Other Salaries and Wages	1,470	
Communication	4,361	
Operating Lease Payments	3,909	
Maintenance Agreements	12,538	
Postal Charges	4,505	
Travel	10,394	
Duplicating Supplies	972	
Office Supplies	1,176	
Other Supplies and Materials	990	
Other Charges	937	
Total County Mayor/Executive		182,271

County Attorney

Legal Services	\$ 32,621	
Total County Attorney		32,621

Election Commission

County Official/Administrative Officer	\$ 51,976	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Secretary(ies)	\$ 52,601	
Overtime Pay	3,237	
Other Salaries and Wages	1,538	
Election Commission	2,500	
Election Workers	14,530	
Audit Services	2,400	
Communication	3,003	
Data Processing Services	12,355	
Dues and Memberships	200	
Operating Lease Payments	2,445	
Maintenance and Repair Services - Office Equipment	928	
Postal Charges	4,845	
Printing, Stationery, and Forms	11,527	
Office Supplies	2,749	
Total Election Commission		\$ 166,834

Register of Deeds

County Official/Administrative Officer	\$ 57,751	
Secretary(ies)	58,830	
Communication	1,494	
Dues and Memberships	512	
Operating Lease Payments	1,353	
Postal Charges	505	
Other Contracted Services	6,932	
Duplicating Supplies	2,091	
Office Supplies	955	
Other Charges	419	
Total Register of Deeds		130,842

Development

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

County Buildings

Custodial Personnel	\$ 30,501	
Communication	2,365	
Maintenance Agreements	22,469	
Maintenance and Repair Services - Buildings	6,519	
Maintenance and Repair Services - Vehicles	2,101	
Pest Control	802	

(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.)

Custodial Supplies	\$ 8,918	
Electricity	115,278	
Natural Gas	18,474	
Water and Sewer	13,227	
Total County Buildings		\$ 220,654

Other General Administration

Part-time Personnel	\$ 8,066	
Communication	600	
Office Supplies	1,327	
Other Charges	883	
Total Other General Administration		10,876

Finance

Property Assessor's Office

County Official/Administrative Officer	\$ 57,751	
Secretary(ies)	85,131	
Communication	2,159	
Data Processing Services	4,160	
Dues and Memberships	2,300	
Operating Lease Payments	2,640	
Postal Charges	616	
Other Contracted Services	12,855	
Office Supplies	1,835	
Other Charges	72	
Total Property Assessor's Office		169,519

Reappraisal Program

Data Processing Services	\$ 2,177	
Postal Charges	3,590	
Gasoline	441	
Motor Vehicles	426	
Total Reappraisal Program		6,634

County Trustee's Office

County Official/Administrative Officer	\$ 57,751
Secretary(ies)	51,493
Part-time Personnel	955
Communication	3,340
Data Processing Services	3,797

(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.)

Dues and Memberships	\$ 497	
Operating Lease Payments	1,441	
Legal Notices, Recording, and Court Costs	290	
Maintenance Agreements	7,144	
Postal Charges	4,001	
Printing, Stationery, and Forms	176	
Office Supplies	2,971	
Total County Trustee's Office		\$ 133,856

County Clerk's Office

County Official/Administrative Officer	\$ 57,751	
Deputy(ies)	111,431	
Communication	2,255	
Dues and Memberships	497	
Operating Lease Payments	2,149	
Maintenance Agreements	11,191	
Postal Charges	5,098	
Office Supplies	4,884	
Total County Clerk's Office		195,256

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 57,751	
Secretary(ies)	111,431	
Jury and Witness Expense	20,369	
Communication	3,458	
Dues and Memberships	482	
Operating Lease Payments	2,979	
Maintenance Agreements	9,035	
Postal Charges	4,661	
Printing, Stationery, and Forms	1,857	
Data Processing Supplies	733	
Office Supplies	2,362	
Total Circuit Court		215,118

General Sessions Court

Judge(s)	\$ 73,267	
Teachers	360	
Secretary(ies)	360	
Other Charges	1,125	
Total General Sessions Court		75,112

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$ 57,751	
Secretary(ies)	58,830	
Communication	3,728	
Dues and Memberships	417	
Operating Lease Payments	2,296	
Maintenance Agreements	7,206	
Postal Charges	1,731	
Printing, Stationery, and Forms	4,092	
Data Processing Supplies	662	
Office Supplies	4,485	
Other Charges	32	
Total Chancery Court		\$ 141,230

Juvenile Court

Judge(s)	\$ 76,453	
Youth Service Officer(s)	28,890	
Communication	2,795	
Other Contracted Services	1,380	
Office Supplies	284	
Other Charges	329	
Total Juvenile Court		110,131

District Attorney General

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

Judicial Commissioners

Other Salaries and Wages	\$ 28,704	
Communication	152	
Total Judicial Commissioners		28,856

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 63,527
Deputy(ies)	521,628
Investigator(s)	13,180
Accountants/Bookkeepers	65,060
Salary Supplements	10,200
Overtime Pay	68,384
Other Salaries and Wages	49,170

(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.)

In-Service Training	\$ 390	
Communication	11,445	
Data Processing Services	5,251	
Dues and Memberships	1,360	
Maintenance Agreements	6,665	
Postal Charges	1,758	
Gasoline	99,414	
Office Supplies	6,300	
Uniforms	8,783	
Liability Insurance	12,500	
Other Charges	2,554	
Data Processing Equipment	2,032	
Law Enforcement Equipment	4,274	
Total Sheriff's Department		\$ 953,875

Jail

Cafeteria Personnel	\$ 23,605	
Part-time Personnel	4,474	
Maintenance Agreements	8,819	
Maintenance and Repair Services - Buildings	10,172	
Medical and Dental Services	72,187	
Transportation - Other than Students	1,343	
Custodial Supplies	7,767	
Food Preparation Supplies	1,060	
Food Supplies	85,714	
Office Supplies	3,087	
Specialized Medical Treatment	9,300	
Other Charges	2,394	
Total Jail		229,922

Workhouse

Guards	\$ 279,626	
Overtime Pay	29,359	
Small Tools	1,700	
Uniforms	404	
Total Workhouse		311,089

Work Release Program

Board and Committee Members Fees	\$ 300	
Total Work Release Program		300

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

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

Inspection and Regulation

County Official/Administrative Officer	\$ 7,613	
Secretary(ies)	12,058	
Communication	1,856	
Postal Charges	100	
Gasoline	2,985	
Vehicle Parts	2,163	
Other Supplies and Materials	4,363	
Other Equipment	5,030	
Total Inspection and Regulation		36,168

County Coroner/Medical Examiner

County Official/Administrative Officer	\$ 900	
Specialized Medical Treatment	11,442	
Other Charges	1,157	
Total County Coroner/Medical Examiner		13,499

Other Public Safety

Dispatchers/Radio Operators	\$ 100,937	
Maintenance and Repair Services - Vehicles	30,470	
Lubricants	1,457	
Tires and Tubes	7,536	
Motor Vehicles	77,534	
Total Other Public Safety		217,934

Public Health and Welfare

Local Health Center

Communication	\$ 2,370	
Contracts with Government Agencies	60,152	
Office Supplies	1,137	
Other Supplies and Materials	2,280	
Total Local Health Center		65,939

Ambulance/Emergency Medical Services

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

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services

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

Sanitation Education/Information

Supervisor/Director	\$ 11,483	
Part-time Personnel	3,297	
Communication	1,219	
Travel	45	
Other Contracted Services	296	
Gasoline	1,859	
Instructional Supplies and Materials	6,167	
Total Sanitation Education/Information		24,366

Other Public Health and Welfare

Other Salaries and Wages	\$ 51,479	
Travel	734	
Total Other Public Health and Welfare		52,213

Social, Cultural, and Recreational Services

Libraries

Supervisor/Director	\$ 34,135	
Clerical Personnel	52,601	
Part-time Personnel	32,723	
Communication	3,046	
Maintenance Agreements	1,755	
Postal Charges	1,200	
Printing, Stationery, and Forms	300	
Library Books/Media	18,885	
Periodicals	342	
Other Supplies and Materials	5,819	
Indirect Cost	982	
Other Charges	994	
Data Processing Equipment	5,916	
Total Libraries		158,698

Agriculture and Natural Resources

Agriculture Extension Service

Contributions	\$ 65,767	
Total Agriculture Extension Service		65,767

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Assistant(s)	\$ 35,000	
Secretary(ies)	24,720	
Other Salaries and Wages	22,729	
Dues and Memberships	985	
Gasoline	793	
Office Supplies	845	
Other Supplies and Materials	849	
Total Soil Conservation		\$ 85,921

Other Operations

Tourism

Advertising	\$ 6,757	
Contributions	50,000	
Travel	5,402	
Other Contracted Services	28,000	
Other Supplies and Materials	1,400	
Other Charges	3,615	
Total Tourism		95,174

Industrial Development

Other Contracted Services	\$ 50,000	
Total Industrial Development		50,000

Airport

Supervisor/Director	\$ 28,334	
Part-time Personnel	1,804	
Bank Charges	20	
Communication	2,678	
Maintenance and Repair Services - Buildings	4,937	
Gasoline	109,897	
Utilities	9,256	
Other Charges	11,122	
Total Airport		168,048

Veterans' Services

Supervisor/Director	\$ 9,197	
Communication	1,048	
Other Charges	91	
Total Veterans' Services		10,336

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Liability Insurance	\$ 290,853	
Premiums on Corporate Surety Bonds	10,269	
Trustee's Commission	145,929	
Workers' Compensation Insurance	<u>169,962</u>	
Total Other Charges		\$ 617,013

Contributions to Other Agencies

Contributions	\$ 46,273	
Total Contributions to Other Agencies		46,273

Employee Benefits

Social Security	\$ 172,662	
State Retirement	198,514	
Life Insurance	7,916	
Medical Insurance	517,711	
Unemployment Compensation	3,031	
Employer Medicare	<u>40,649</u>	
Total Employee Benefits		<u>940,483</u>

Total General Fund \$ 6,206,871

Solid Waste/Sanitation Fund

Public Health and Welfare

Landfill Operation and Maintenance

Supervisor/Director	\$ 63,338	
Laborers	207,793	
Communication	6,592	
Maintenance and Repair Services - Equipment	27,464	
Postal Charges	176	
Disposal Fees	182,024	
Diesel Fuel	33,285	
Fertilizer, Lime, and Seed	1,429	
Office Supplies	419	
Tires and Tubes	8,398	
Other Supplies and Materials	3,189	
Other Charges	<u>9,496</u>	
Total Landfill Operation and Maintenance		\$ 543,603

(Continued)

Exhibit K-8

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations

Other Charges

Trustee's Commission	\$ 13,166	
Total Other Charges		\$ 13,166

Employee Benefits

Social Security	\$ 16,810	
State Retirement	10,295	
Life Insurance	282	
Medical Insurance	26,988	
Employer Medicare	3,932	
Total Employee Benefits		<u>58,307</u>

Total Solid Waste/Sanitation Fund		\$ 615,076
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Local Purpose Tax Fund

Public Safety

Fire Prevention and Control

Equipment Operators	\$ 39,476	
Communication	4,390	
Maintenance and Repair Services - Buildings	218	
Maintenance and Repair Services - Equipment	3,089	
Maintenance and Repair Services - Vehicles	7,993	
Other Contracted Services	4,800	
Diesel Fuel	6,564	
Electricity	4,106	
Gasoline	10,015	
Natural Gas	10,807	
Tires and Tubes	873	
Water and Sewer	470	
Liability Insurance	41,767	
Trustee's Commission	2,964	
Other Charges	2,274	
Communication Equipment	1,227	
Total Fire Prevention and Control		<u>\$ 141,033</u>

Total Local Purpose Tax Fund		141,033
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Drug Control Fund

Public Safety

Drug Enforcement

In-Service Training	\$ 2,042	
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(Continued)

Exhibit K-8

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Communication	\$ 1,917	
Confidential Drug Enforcement Payments	7,000	
Travel	820	
Instructional Supplies and Materials	2,434	
Trustee's Commission	1,590	
Refund to Applicant for Criminal Investigation	8,144	
Law Enforcement Equipment	74,582	
Other Equipment	1,935	
Total Drug Enforcement		<u>\$ 100,464</u>

Total Drug Control Fund \$ 100,464

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 55	
Total County Trustee's Office		<u>\$ 55</u>

Total Constitutional Officers - Fees Fund 55

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 63,527	
Accountants/Bookkeepers	25,800	
Clerical Personnel	26,259	
Board and Committee Members Fees	480	
Advertising	248	
Communication	2,579	
Data Processing Services	4,468	
Dues and Memberships	2,667	
Pest Control	132	
Postal Charges	528	
Travel	1,131	
Custodial Supplies	884	
Electricity	3,985	
Natural Gas	1,824	
Office Supplies	2,377	
Water and Sewer	1,206	
Other Charges	363	
Total Administration		<u>\$ 138,458</u>

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$ 68,580	
Equipment Operators	102,215	
Truck Drivers	184,543	
Laborers	125,922	
Other Contracted Services	7,892	
Asphalt - Cold Mix	60,852	
Concrete	23,140	
Crushed Stone	327,992	
General Construction Materials	1,716	
Pipe - Metal	28,443	
Road Signs	6,896	
Wood Products	1,210	
Other Supplies and Materials	1,704	
Total Highway and Bridge Maintenance		\$ 941,105

Operation and Maintenance of Equipment

Foremen	\$ 26,967	
Mechanic(s)	25,419	
Diesel Fuel	146,258	
Equipment and Machinery Parts	101,117	
Garage Supplies	5,426	
Gasoline	84,607	
Lubricants	7,372	
Tires and Tubes	33,312	
Other Supplies and Materials	11,922	
Total Operation and Maintenance of Equipment		442,400

Other Charges

Medical and Dental Services	\$ 925	
Trustee's Commission	24,767	
Total Other Charges		25,692

Employee Benefits

Social Security	\$ 49,392	
State Retirement	55,021	
Medical Insurance	158,863	
Unemployment Compensation	1,476	
Other Fringe Benefits	12	
Total Employee Benefits		264,764

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Engineering Services	\$ 64,131	
Bridge Construction	60,525	
Building Improvements	599	
Office Equipment	1,214	
Total Capital Outlay		<u>\$ 126,469</u>

Total Highway/Public Works Fund \$ 1,938,888

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 19,900	
Principal on Notes	97,500	
Principal on Other Loans	213,000	
Total General Government		\$ 330,400

Education

Principal on Notes	\$ 92,500	
Principal on Other Loans	360,000	
Total Education		452,500

Interest on Debt

General Government

Interest on Bonds	\$ 6,010	
Interest on Notes	27,298	
Interest on Other Loans	3,356	
Total General Government		36,664

Education

Interest on Notes	\$ 22,145	
Interest on Other Loans	19,631	
Total Education		41,776

Other Debt Service

General Government

Trustee's Commission	\$ 22,057	
Other Debt Issuance Charges	6,170	
Total General Government		28,227

(Continued)

Exhibit K-8

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Other Debt Service (Cont.)</u>		
<u>Education</u>		
Other Debt Issuance Charges	<u>\$ 19,685</u>	
Total Education		<u>\$ 19,685</u>
Total General Debt Service Fund		\$ 909,252
<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>General Administration Projects</u>		
Trustee's Commission	\$ 3,477	
Other Capital Outlay	15,019	
Total General Administration Projects		\$ 18,496
<u>Public Safety Projects</u>		
Engineering Services	<u>\$ 64,085</u>	
Total Public Safety Projects		64,085
<u>Public Utility Projects</u>		
Consultants	\$ 6,000	
Engineering Services	<u>5,021</u>	
Total Public Utility Projects		<u>11,021</u>
Total General Capital Projects Fund		93,602
<u>Other Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Agriculture and Natural Resource Projects</u>		
Other Charges	<u>\$ 4,125</u>	
Total Agriculture and Natural Resource Projects		<u>\$ 4,125</u>
Total Other Capital Projects Fund		<u>4,125</u>
Total Governmental Funds - Primary Government		<u><u>\$ 10,009,366</u></u>

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, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 6,721,087	
Career Ladder Program	143,800	
Career Ladder Extended Contracts	86,975	
Educational Assistants	522,842	
Other Salaries and Wages	39,985	
Certified Substitute Teachers	10,630	
Non-certified Substitute Teachers	140,564	
Social Security	436,600	
State Retirement	663,719	
Medical Insurance	1,095,460	
Dental Insurance	6,894	
Unemployment Compensation	3,372	
Employer Medicare	104,078	
Communication	545	
Travel	184	
Instructional Supplies and Materials	70,841	
Textbooks	194,811	
Other Supplies and Materials	190,622	
In Service/Staff Development	2,080	
Fee Waivers	29,595	
Other Charges	173,920	
Total Regular Instruction Program		\$ 10,638,604

Alternative Instruction Program

Teachers	\$ 37,664	
Educational Assistants	13,336	
Social Security	2,747	
State Retirement	4,550	
Medical Insurance	13,896	
Unemployment Compensation	60	
Employer Medicare	642	
Total Alternative Instruction Program		72,895

Special Education Program

Teachers	\$ 734,858
Educational Assistants	29,512
Speech Pathologist	82,096
Certified Substitute Teachers	1,004
Non-certified Substitute Teachers	4,192

(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.)

Social Security	\$ 49,261	
State Retirement	76,204	
Medical Insurance	103,258	
Dental Insurance	1,069	
Unemployment Compensation	483	
Employer Medicare	11,521	
Contracts with Private Agencies	14,362	
Other Charges	345	
Total Special Education Program		\$ 1,108,165

Vocational Education Program

Teachers	\$ 631,750	
Certified Substitute Teachers	669	
Non-certified Substitute Teachers	9,170	
Social Security	35,409	
State Retirement	54,687	
Medical Insurance	109,978	
Dental Insurance	547	
Unemployment Compensation	400	
Employer Medicare	8,682	
Travel	1,330	
Instructional Supplies and Materials	18,442	
Textbooks	10,000	
Total Vocational Education Program		881,064

Adult Education Program

Other Salaries and Wages	\$ 9,761	
Social Security	605	
Unemployment Compensation	30	
Employer Medicare	142	
Instructional Supplies and Materials	159	
Other Supplies and Materials	15,545	
Total Adult Education Program		26,242

Support Services

Health Services

Supervisor/Director	\$ 57,001	
Medical Personnel	71,038	
Other Salaries and Wages	23,608	

(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.)

Health Services (Cont.)

Social Security	\$	8,958	
State Retirement		12,597	
Medical Insurance		14,208	
Dental Insurance		48	
Unemployment Compensation		140	
Employer Medicare		2,096	
Communication		975	
Medical and Dental Services		8,222	
Postal Charges		384	
Printing, Stationery, and Forms		1,000	
Travel		2,678	
Other Supplies and Materials		10,270	
Total Health Services			\$ 213,223

Other Student Support

Guidance Personnel	\$	325,243	
Social Security		18,735	
State Retirement		29,435	
Medical Insurance		46,765	
Dental Insurance		445	
Unemployment Compensation		160	
Employer Medicare		4,382	
Evaluation and Testing		8,657	
Total Other Student Support			433,822

Regular Instruction Program

Supervisor/Director	\$	176,542	
Librarians		266,397	
Materials Supervisor		23,549	
Social Security		25,017	
State Retirement		37,997	
Medical Insurance		37,222	
Dental Insurance		343	
Unemployment Compensation		200	
Employer Medicare		6,497	
Travel		4,191	
Other Contracted Services		51,796	
Library Books/Media		36,555	
In Service/Staff Development		1,250	
Total Regular Instruction Program			667,556

(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.)

Special Education Program

Supervisor/Director	\$	56,288	
Social Security		3,395	
State Retirement		5,094	
Medical Insurance		4,681	
Dental Insurance		48	
Unemployment Compensation		25	
Employer Medicare		794	
Total Special Education Program			\$ 70,325

Vocational Education Program

Supervisor/Director	\$	55,793	
Secretary(ies)		12,844	
Social Security		4,055	
State Retirement		6,149	
Medical Insurance		5,304	
Dental Insurance		56	
Unemployment Compensation		45	
Employer Medicare		948	
Travel		366	
Total Vocational Education Program			85,560

Adult Programs

Supervisor/Director	\$	43,953	
Social Security		2,469	
State Retirement		3,978	
Medical Insurance		9,429	
Dental Insurance		21	
Employer Medicare		578	
In Service/Staff Development		2,751	
Total Adult Programs			63,179

Other Programs

On-Behalf Payments to OPEB	\$	72,369	
Total Other Programs			72,369

Board of Education

Other Salaries and Wages	\$	9,600	
Social Security		573	
Dental Insurance		48	

(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 (Cont.)

Employer Medicare	\$	134	
Audit Services		10,250	
Dues and Memberships		7,812	
Legal Services		5,125	
Travel		2,637	
Trustee's Commission		113,811	
Total Board of Education			\$ 149,990

Director of Schools

County Official/Administrative Officer	\$	87,169	
Social Security		5,209	
State Retirement		7,889	
Medical Insurance		3,999	
Dental Insurance		48	
Unemployment Compensation		35	
Employer Medicare		1,218	
Communication		31,875	
Dues and Memberships		2,202	
Postal Charges		2,459	
Travel		2,254	
Other Contracted Services		7,000	
Office Supplies		11,835	
Other Charges		4,475	
Total Director of Schools			167,667

Office of the Principal

Assistant(s)	\$	327,913	
Principals		412,716	
Secretary(ies)		182,168	
Social Security		52,640	
State Retirement		80,207	
Medical Insurance		83,344	
Dental Insurance		878	
Unemployment Compensation		600	
Employer Medicare		12,689	
Office Supplies		17,250	
Other Supplies and Materials		134,211	
Total Office of the Principal			1,304,616

(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.)

Fiscal Services

Accountants/Bookkeepers	\$	32,768	
Secretary(ies)		56,389	
Social Security		5,319	
State Retirement		7,632	
Medical Insurance		4,204	
Dental Insurance		36	
Unemployment Compensation		70	
Employer Medicare		1,244	
Travel		783	
Other Supplies and Materials		3,380	
Total Fiscal Services			\$ 111,825

Operation of Plant

Supervisor/Director	\$	20,200	
Custodial Personnel		435,825	
Other Salaries and Wages		1,791	
Social Security		24,356	
State Retirement		32,247	
Medical Insurance		59,918	
Dental Insurance		536	
Unemployment Compensation		600	
Employer Medicare		6,176	
Disposal Fees		44,857	
Custodial Supplies		49,623	
Electricity		630,325	
Natural Gas		128,875	
Water and Sewer		47,193	
Total Operation of Plant			1,482,522

Maintenance of Plant

Other Salaries and Wages	\$	260,581	
Social Security		15,002	
State Retirement		19,271	
Medical Insurance		20,630	
Dental Insurance		48	
Unemployment Compensation		240	
Employer Medicare		3,691	
Maintenance and Repair Services - Buildings		43,132	
Maintenance and Repair Services - Equipment		22,264	

(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.)

Other Contracted Services	\$ 33,251	
Other Supplies and Materials	152,187	
Other Charges	1,852	
Maintenance Equipment	36,563	
Total Maintenance of Plant		\$ 608,712

Transportation

Supervisor/Director	\$ 38,435	
Mechanic(s)	78,533	
Bus Drivers	339,026	
Clerical Personnel	26,138	
Other Salaries and Wages	367	
Social Security	27,081	
State Retirement	13,221	
Medical Insurance	72,674	
Dental Insurance	408	
Unemployment Compensation	800	
Employer Medicare	6,333	
Maintenance and Repair Services - Vehicles	4,526	
Medical and Dental Services	1,936	
Equipment and Machinery Parts	714	
Gasoline	200,640	
Lubricants	8,654	
Tires and Tubes	24,710	
Vehicle Parts	45,134	
Other Supplies and Materials	39,572	
Other Charges	10,550	
Transportation Equipment	3,000	
Total Transportation		942,452

Central and Other

Supervisor/Director	\$ 38,639
Other Salaries and Wages	178,786
Social Security	12,075
State Retirement	16,197
Medical Insurance	15,132
Dental Insurance	183
Unemployment Compensation	200
Employer Medicare	3,029

(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.)

Consultants	\$	4,000	
Maintenance and Repair Services - Equipment		5,636	
Other Contracted Services		37,403	
Instructional Supplies and Materials		35,840	
Data Processing Equipment		20,148	
Regular Instruction Equipment		35,052	
Transportation Equipment		1,500	
Total Central and Other			\$ 403,820

Capital Outlay

Regular Capital Outlay

Other Salaries and Wages	\$	99,771	
Social Security		5,988	
State Retirement		8,823	
Medical Insurance		909	
Dental Insurance		4	
Employer Medicare		1,439	
Other Contracted Services		1,174,309	
Other Supplies and Materials		752,863	
Building and Contents Insurance		24,184	
Total Regular Capital Outlay			2,068,290

Principal on Debt

Education

Principal on Notes	\$	11,000	
Total Education			11,000

Total General Purpose School Fund \$ 21,583,898

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	860,737
Educational Assistants		66,448
Other Salaries and Wages		40,826
Certified Substitute Teachers		4,710
Non-certified Substitute Teachers		2,825
Social Security		57,238
State Retirement		85,901

(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.)

Medical Insurance	\$	100,863	
Dental Insurance		800	
Unemployment Compensation		335	
Employer Medicare		13,539	
Instructional Supplies and Materials		130,534	
Other Supplies and Materials		2,219	
Other Charges		3,352	
Regular Instruction Equipment		209,492	
Total Regular Instruction Program			\$ 1,579,819

Special Education Program

Teachers	\$	17,500	
Educational Assistants		416,787	
Other Salaries and Wages		41,929	
Certified Substitute Teachers		6,585	
Non-certified Substitute Teachers		15,489	
Social Security		29,149	
State Retirement		38,723	
Medical Insurance		42,023	
Dental Insurance		608	
Unemployment Compensation		732	
Employer Medicare		6,830	
Contracts with Private Agencies		45,783	
Instructional Supplies and Materials		6,613	
Other Supplies and Materials		929	
In Service/Staff Development		460	
Special Education Equipment		19,846	
Total Special Education Program			689,986

Vocational Education Program

Clerical Personnel	\$	1,600	
Educational Assistants		19,396	
Social Security		1,177	
State Retirement		1,797	
Medical Insurance		740	
Dental Insurance		40	
Unemployment Compensation		52	
Employer Medicare		275	
Vocational Instruction Equipment		11,830	
Total Vocational Education Program			36,907

(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

Other Student Support

Travel	\$ 4,438	
Total Other Student Support		\$ 4,438

Regular Instruction Program

Supervisor/Director	\$ 73,304	
Secretary(ies)	26,166	
Social Security	6,042	
State Retirement	8,874	
Medical Insurance	3,895	
Dental Insurance	48	
Unemployment Compensation	41	
Employer Medicare	1,413	
Travel	2,519	
In Service/Staff Development	38,431	
Other Equipment	302	
Total Regular Instruction Program		161,035

Special Education Program

Secretary(ies)	\$ 41,880	
Social Security	2,562	
State Retirement	3,585	
Employer Medicare	599	
Other Supplies and Materials	1,000	
In Service/Staff Development	717	
Total Special Education Program		50,343

Vocational Education Program

Supervisor/Director	\$ 1,865	
Social Security	116	
State Retirement	169	
Employer Medicare	27	
Total Vocational Education Program		2,177

Transportation

Bus Drivers	\$ 47,846	
Social Security	2,893	
State Retirement	2,912	
Medical Insurance	2,245	
Employer Medicare	677	

(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.)

Transportation (Cont.)

Diesel Fuel	\$ 15,000	
Total Transportation		<u>\$ 71,573</u>

Total School Federal Projects Fund \$ 2,596,278

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 52,451	
Clerical Personnel	27,435	
Cafeteria Personnel	278,373	
Custodial Personnel	45,067	
Other Salaries and Wages	184,324	
Social Security	34,479	
State Retirement	33,965	
Medical Insurance	48,188	
Dental Insurance	376	
Unemployment Compensation	959	
Employer Medicare	8,064	
Communication	3,010	
Maintenance and Repair Services - Equipment	13,834	
Travel	4,064	
Other Contracted Services	6,753	
Food Supplies	748,545	
Office Supplies	3,008	
USDA - Commodities	10,108	
Other Supplies and Materials	87,691	
In Service/Staff Development	10,690	
Data Processing Equipment	1,958	
Food Service Equipment	<u>8,874</u>	
Total Food Service		<u>\$ 1,612,216</u>

Total Central Cafeteria Fund 1,612,216

Total Governmental Funds - Humphreys County School Department \$ 25,792,392

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, 2011

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,185,519
Total Cash Receipts	<u>\$ 1,185,519</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,173,664
Trustee's Commission	11,855
Total Cash Disbursements	<u>\$ 1,185,519</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2010	<u>0</u>
Cash Balance, June 30, 2011	<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

October 14, 2011

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, 2011, which collectively comprise Humphreys County's basic financial statements and have issued our report thereon dated October 14, 2011. Our report on the aggregate discretely presented component units financial statements 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: 11.01 and 11.09.

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: 11.02, 11.03, 11.04, 11.07(C), and 11.10.

Compliance and Other Matters

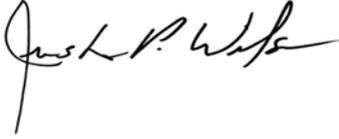
As part of obtaining reasonable assurance about whether Humphreys County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 11.05, 11.06, 11.07(A,B), and 11.08.

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/yu



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
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

October 14, 2011

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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.

Schedule of Expenditures of Federal Awards

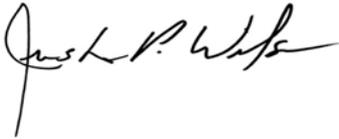
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Humphreys County as of and for the year ended June 30, 2011, and have issued our report thereon dated October 14, 2011. Our report on the aggregate discretely presented component units financial statements 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 as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of

management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Humphreys County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2011

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	\$ 197,522
National School Lunch Program	10.555	N/A	794,336 (5)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	10,108 (5)
Direct Program:			
Conservation Reserve Program	10.069	N/A	757
Soil and Water Conservation	10.902	N/A	2,155
Environmental Quality Incentives Program	10.912	N/A	2,562
Conservation Security Program	10.921	N/A	350
Total U.S. Department of Agriculture			\$ 1,007,790
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			
	14.228	GG1134915	\$ 10,271
Total U.S. Department of Housing and Urban Development			\$ 10,271
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	DG0821209	\$ 196
Direct Program:			
Public Safety Partnership and Community Policing Grants	16.710	N/A	99,113
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	N/A	11,922
Total U.S. Department of Justice			\$ 111,231
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	\$ 95,937
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	515,592
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	84,265
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	770,025
Special Education - Preschool Grants	84.173	N/A	21,682
Special Education - Grants to States, Recovery Act	84.391	N/A	37,935
Career and Technical Education - Basic Grants to States	84.048	N/A	43,521
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	100,000
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	1,807
Education Technology State Grants, Recovery Act	84.386	N/A	302
Improving Teacher Quality State Grants	84.367	N/A	138,191
Education for Homeless Children and Youth, Recovery Act	84.387	N/A	406
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	1,391,471
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	205,501
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	286,500
Education Jobs Fund	84.410	N/A	719,484
Total U.S. Department of Education			\$ 4,412,619

(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)	\$ 500
Total National Archives and Records Administration			<u>\$ 500</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	(2)	\$ 25,146
Total U.S. Department of Health and Human Services			<u>\$ 25,146</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1909-DR-TN	\$ 1,521,884
Emergency Management Performance Grants	97.042	(2)	15,770
Total U.S. Department of Homeland Security			<u>\$ 1,537,654</u>
Total Expenditures of Federal Awards			<u>\$ 7,105,211</u>

<u>State Grants</u>		Contract Number	
Airport Maintenance Program - State Department of Transportation	N/A	DG113151800	\$ 4,886
Airport Runway Repairs - State Department of Transportation	N/A	Z0820081700	13,318
Airport Layout Plan Update - State Department of Transportation	N/A	(2)	57,776
Archives Development Program Grant - Tennessee Secretary of State	N/A	(2)	1,072
Local Health Services - State Department of Health	N/A	GG1132586	76,424
Litter Grant - State Department of Transportation	N/A	(3)	23,163
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	Z0821294102	8,064
Juvenile Justice Reimbursement State Supplement - State Commission on Children and Youth	N/A	(4)	9,029
Early Childhood Education - State Department of Education	N/A	(2)	835,905
Energy Efficient Schools - State Department of Education	N/A	(2)	49,214
ACT/EXPLORE/PLAN - Testing - State Department of Education	N/A	(2)	3,497
ConnecTenn - State Department of Education	N/A	(2)	1,677
Total State Grants			<u>\$ 1,084,025</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) Z1022034300: \$4,201; information not available: \$18,962.
(4) D0821209: \$29; information not available: \$9,000.
(5) Total for CFDA No. 10.555 is \$804,444.

Humphreys County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2011

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, 2010, which have not been corrected.

OFFICE OF COUNTY EXECUTIVE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.03	148	A formal purchase order system had not been established

OFFICE OF ROAD SUPERVISOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.04	149	Material audit adjustments were required for proper financial statement presentation

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.06	151	The School Federal Projects Fund had a cash overdraft at June 30

OFFICE OF TRUSTEE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.09	154	Bank statements were not accurately reconciled with the general ledger

OTHER FINDINGS

Finding Number	Page Number	Subject
10.13	156	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
10.14	157	Humphreys County has material recurring audit findings
10.15	158	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, 2011

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. Two 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 no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. 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); Education Jobs Fund (CFDA No. 84.410); and Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036) 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, trustee, and sheriff provided written responses on certain findings, all of which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

HUMPHREYS COUNTY AND HUMPHREYS COUNTY SCHOOL DEPARTMENT

FINDING 11.01 **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2011, various general ledger account balances of the General, Highway/Public Works, and General Purpose School funds 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 and the Humphreys County School Department to have adequate internal controls over the maintenance of their accounting records. Material audit adjustments were required because the county's and School Department's financial reporting systems did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county and the School Department have ineffective controls over the maintenance of their accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Humphreys County and the School Department should have appropriate processes in place to ensure that their general ledgers are materially correct.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We are in agreement. Bookkeeping will more closely monitor general ledger balances.

OFFICE OF COUNTY EXECUTIVE

FINDING 11.02 **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. A system for general government operations would be a challenge to establish and administer, but it could possibly be accomplished with existing staff.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 11.03 **THE SCHOOL FEDERAL PROJECTS FUND HAD CASH OVERDRAFTS AT THE END OF EVERY MONTH DURING THE YEAR**

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

The School Federal Projects Fund had a cash overdraft at the end of every month from July 1, 2010, through June 30, 2011. At June 30, 2011, the cash overdraft totaled \$14,381. Sound business practices dictate that expenditures be held within available funds. This deficiency exists because the School Department continued to issue warrants exceeding cash on deposit with the county trustee, and management did not correct the finding noted in the prior-year audit report. This cash overdraft was liquidated subsequent to June 30, 2011.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

There was more than one underlying reason for this deficiency. There were several serious delays at the state level moving money into Edison for our account, there were delays at the trustee level, and we were also seriously at fault for not monitoring our accounts more closely. Each internal federal office has been sternly reprimanded and not authorized to issue any warrants before money from the state has been deposited into their individual accounts. This will be closely monitored.

OFFICE OF TRUSTEE

FINDING 11.04 **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. The trustee had attempted to reconcile the bank account monthly; however, the trustee did not identify all errors. Since errors were not identified and corrected, the bank account did not reconcile with the general ledger account by \$504 at June 30, 2011. The trustee advised us that the bank account was opened July 2009 and has never reconciled with the general ledger. Sound business practices dictate that bank statements should be reconciled with the general ledger monthly to ensure errors are identified and corrected promptly.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – TRUSTEE

I concur with the audit finding. The bank accounts were not reconciled for the prior-year audit, and I was not given an accurate figure to start the fiscal year when taking over the Office of Trustee. The difference of \$504 is the figure that I have been off for the past several months. If I continue to have this same difference, I will make an adjustment to correct the error.

FINDING 11.05 THE TRUSTEE PAID CHECKS ISSUED FROM THE SCHOOL FEDERAL PROJECTS FUND THAT EXCEEDED AVAILABLE FUNDS

(Noncompliance Under *Government Auditing Standards*)

Throughout the fiscal year, the trustee paid checks issued from the School Federal Projects Fund that exceeded the available cash balance on deposit. At June 30, 2011, the paid checks exceeded the available cash on deposit by \$14,381. Section 8-11-104(5), *Tennessee Code Annotated*, prohibits the trustee from paying a check if sufficient funds are not available. This deficiency exists because the School Department continued to issue warrants exceeding cash on deposit with the trustee, and the trustee kept honoring the warrants.

RECOMMENDATION

The trustee should not pay checks that exceed available cash as required by state statute.

MANAGEMENT'S RESPONSE – TRUSTEE

I concur with the audit finding. I was made aware of this issue in previous months by an auditor and talked with the Board of Education. The problem was not fixed, and I continued to fund these requests because the checks were going out regardless. I wanted the accounting of the money to be as accurate as possible so I would know how much money we actually had in our possession. As of this date, this issue has been resolved. The Board of Education has done well in making sure they have a balance in each fund before requesting checks be paid.

OFFICE OF SHERIFF

FINDING 11.06 SOME FUNDS WERE NOT DEPOSITED WITHIN THREE DAYS OF COLLECTION

(Noncompliance Under *Government Auditing Standards*)

The Sheriff's Department did not deposit some cash bonds to the office bank account within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*. This statute requires that county officials deposit public funds within three days of collection. During the period under examination, as many as 14 days elapsed between the date funds were received and the date funds were deposited to the bank. This deficiency can be attributed to the failure of employees to routinely check the money box where cash bonds were stored and include the funds in the regular deposits. Failure to deposit collections within three days weakens internal controls over funds and increases the risks for loss or theft.

RECOMMENDATION

To strengthen internal controls over cash collections and deposits, the department should deposit funds to the office bank account within three days of collection as required by state statute.

MANAGEMENT'S RESPONSE – SHERIFF

This office has addressed this issue by having an alternate person to check this in the absence of the person to whom the duty is assigned.

FINDING 11.07 **THE OFFICE HAD DEFICIENCIES IN THE ADMINISTRATION OF DRUG CONTROL FUNDS**

(A. – and B. – Noncompliance Under *Government Auditing Standards*;
C. – Internal control – Significant Deficiency Under *Government Auditing Standards*)

Our examination of the administration of drug control funds revealed the following deficiencies:

- A. The Sheriff's Office used confidential funds to pay \$651 of nonconfidential expenditures. These expenditures included payments for the purchase of equipment (\$305) and gas and food used during non-drug investigations and department training (\$346). Section 39-17-420(a)(1), *Tennessee Code Annotated*, states, "Cash transactions related to undercover investigative operations ... shall be administered in compliance with procedures established by the Comptroller of the Treasury." These procedures provide that payments for all nonconfidential expenses should be made by the Drug Control Fund through the budgetary process. The sheriff stated that the drug agent misunderstood which funds should be used for these disbursements.
- B. Forms required by the Comptroller of the Treasury documenting the use of confidential funds were not properly completed. Only 27 of 53 forms documenting payments to confidential informants had the required signatures of two officers. The signature of the first officer is necessary to document he made the payment, and the signature of the second officer is necessary to document that he witnessed the payment. The drug agent advised that a second officer did witness payments to confidential informants; however, he failed to obtain the required signature.
- C. Adequate internal controls and security were not maintained over drug evidence. Auditors observed 21 evidence bags; however, only four were properly sealed and identified with case information. The other 17 evidence bags were not sealed and did not have any identification attached. The drug evidence was also not properly secured at the Sheriff's Department. The drug agent advised that he kept the evidence in a bag he carried with him or locked in his office. The agent's office is not located at the Sheriff's Department.

These deficiencies exist because management failed to provide proper oversight, which resulted in increased risks of fraud and abuse.

RECOMMENDATION

The office should use confidential drug funds only for confidential purposes. Nonconfidential expenditures should be paid by checks drawn on the Drug Control Fund through the budgetary process. Payments to informants should be documented by the signatures of two officers. Management should strengthen internal controls over evidence. Evidence should be clearly identified, recorded into an inventory control system, and properly safeguarded until the case is disposed.

MANAGEMENT'S RESPONSE – SHERIFF

- A. This matter has and will be addressed by the implementation of an internal purchase order system. This will include having prior approval of purchases so management can control purchases.
 - B. This matter was addressed by a verbal policy and will be followed up with a written Standard Operating Procedures (S.O.P.).
 - C. This matter has been addressed with written S.O.P.
-

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 11.08 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 in Opinion No. 92-03 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

To resolve this issue, major budget adjustments would be necessary, including tax levy reallocations that would force an increase in future maintenance of effort requirements. Also a migration of the administrative responsibility to other departments could require additional staffing. That said, I agree it could be accomplished and should be explored during the process of budgeting for the next fiscal year.

FINDING 11.09 **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:

Finding Numbers	Description
11.01,10.04, 09.02	Material audit adjustments were required for proper financial statement presentation
11.08, 10.13, 09.12	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

We do not currently have adequate resources, nor can we easily justify the expense of establishing the new Finance Department necessary to answer some of these particular needs.

As it relates to funding for employee benefits and other department-specific employee expenses, major budget adjustments would be necessary, including tax levy reallocations that would force an increase in future maintenance of effort requirements. Also a migration of the administrative responsibility to other departments could require additional staffing. That said, I agree it could be accomplished.

Establishment of an Audit Committee is also possible and could lead to an increase in understanding of the challenges incumbent to the answering of cited needs. However the creation of the committee would not resolve the departmental logistics issues.

AUDITOR'S COMMENTS

The establishment of an Audit Committee and the ability to maintain records in compliance with generally accepted accounting principles (GAAP) do not require the creation of a Finance Department. An Audit Committee is 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 11.10 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY EXECUTIVE, 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, 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

We do not have adequate staffing to accomplish this, and at this time it is cost-prohibitive.

AUDITOR'S COMMENT

We realize that due to limited resources and personnel, management may not be able to fully segregate duties among employees. However, our professional standards require that we bring this matter to your attention.

BEST PRACTICE

**HUMPHREYS COUNTY SHOULD ADOPT A CENTRAL SYSTEM
OF ACCOUNTING, BUDGETING, AND PURCHASING**

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

A centralized system would be very beneficial, but involves an enormous migration of responsibility and the creation of a department of financial management that would be very expensive to create and to fund on a continuing basis. In the future, other necessities could force a personnel increase that would also provide opportunity for meeting this need as well.

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**

There were no findings and questioned costs for federal awards.

HUMPHREYS COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2011

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

Director of Schools – Summary Schedule of Prior-Year's Findings

FINDINGS 10.07 and 10.16

All ARRA funds were cost centered in the 2010-11 budget for the Humphreys County School Department.