



**ANNUAL FINANCIAL REPORT
HENRY COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2011



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FOR THE YEAR ENDED JUNE 30, 2011**

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

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

***JAN PAGE, CPA, CFE
Audit Manager***

***LEE ANN WEST, CPA, CGFM
Auditor***

***JACOB McNATT, CFE
WENDY HEATH, CFE
State Auditors***

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

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

Scope

We have audited the basic financial statements of Henry 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 a component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in four findings and recommendations, which we have reviewed with Henry County management. Detailed findings and recommendations 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:

OFFICE OF COUNTY ROAD SUPERVISOR

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

OFFICE OF JUVENILE COURT CLERK

- ◆ The office did not deposit some funds within three days of collection.
-

OTHER FINDINGS

- ◆ Henry County has a material recurring audit finding.
 - ◆ Duties were not segregated adequately in the Offices of County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Register; and Sheriff.
-

BEST PRACTICE

Henry 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 Henry County.

INTRODUCTORY SECTION

Henry County Officials

June 30, 2011

Officials

Brent Greer, County Mayor
Lowell Ray Norwood, County Road Supervisor
Sam Miles, Director of Schools
David Stone, Trustee
Charles VanDyke, Assessor of Property
Donna Craig, County Clerk
Mike Wilson, Circuit, General Sessions, and Juvenile Courts Clerk
Mary Burns, Clerk and Master
Pam Martin, Register
Monte Belew, Sheriff

Board of County Commissioners

Brent Greer, County Mayor, Chairman	Paul Mathenia
Earl Anderson	Connie McSwain
Wes Bradley	Paul Neal
Dell Carter	Dan Paschall
Bobby Freeman	James Travis
Kenneth Humphreys	Marty Visser
Don Jones	Mary Warren
Kreg Kyle	David Webb

Board of Education

Patricia Reimold, Chairman
Tom Beasley
Doug Braden
Jim McCampbell
Robert Sleadd

Highway Commission

Ronald Brown, Chairman
Cody Craig
Keith Hopkins
Vic Mallard
Bobby Milam
Don Norwood

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

November 14, 2011

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henry County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Henry County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Henry County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Henry County Medical Center, which represent 69 percent and 70 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Henry County Medical Center, is based on the report of other auditors.

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 and the report of other auditors provide a reasonable basis for our opinions.

The financial statements of the Henry 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 Henry 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, based on our audit and the report of other auditors, except for the effects of not including the financial statements of the Henry 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 Henry 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, each major fund, and the aggregate remaining fund information of Henry County, Tennessee, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2011, on our consideration of Henry 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.

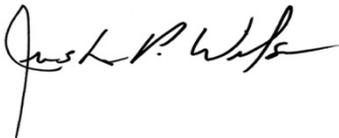
As described in Note V.B., Henry County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

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 69 through 77 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 Henry 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 Henry 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 Henry 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,



Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Henry County School Department	Henry County Medical Center
<u>ASSETS</u>			
Cash	\$ 10,735	\$ 0	\$ 817,943
Equity in Pooled Cash and Investments	6,656,918	3,577,530	0
Inventories	0	0	1,772,575
Investments	0	0	7,768,993
Accounts Receivable	135,567	0	17,707,437
Allowance for Uncollectibles	0	0	(8,402,000)
Due from Other Governments	1,086,049	1,006,123	0
Due from Primary Government	0	2,117	0
Property Taxes Receivable	4,962,702	4,724,386	0
Allowance for Uncollectible Property Taxes	(130,754)	(124,476)	0
Prepaid Items	0	0	373,331
Cash Shortage	93,693	0	0
Other Current Assets	0	0	1,674,772
Other Restricted Assets	0	0	15,219,246
Deferred Charges - Debt Issuance Costs	229,785	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	5,128,772	610,066	655,041
Construction in Progress	572,432	3,459,151	7,586,794
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	4,212,456	20,601,248	25,937,431
Infrastructure	16,936,621	0	0
Other Capital Assets	645,559	1,663,957	7,973,666
Total Assets	<u>\$ 40,540,535</u>	<u>\$ 35,520,102</u>	<u>\$ 79,085,229</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 14,244	\$ 50,668	\$ 1,946,639
Accrued Payroll	0	0	0
Contracts Payable	217,813	30,376	0
Accrued Interest Payable	115,542	0	0
Due to Component Unit	2,117	0	0
Other Current Liabilities	0	0	3,830,669
Deferred Revenue - Current Property Taxes	4,639,554	4,416,755	0
Noncurrent Liabilities:			
Due Within One Year	2,224,819	3,592	1,460,610
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	21,796,338	1,328,663	18,298,473
Total Liabilities	<u>\$ 29,010,427</u>	<u>\$ 5,830,054</u>	<u>\$ 25,536,391</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Henry County School Department	Henry County Medical Center
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 23,679,895	\$ 0	\$ 22,802,404
Invested in Capital Assets	0	26,334,422	0
Restricted for:			
Resort District	101,553	0	0
Solid Waste/Sanitation	398,834	0	0
Drug Control	243,549	0	0
Highway/Public Works	1,046,573	0	0
Debt Service	713,640	0	0
School Federal Projects	0	158,316	0
Central Cafeteria	0	488,562	0
Capital Projects	556,237	30,000	0
Other Purposes	106,935	290,473	0
Unrestricted	(15,317,108)	2,388,275	30,746,434
Total Net Assets	<u>\$ 11,530,108</u>	<u>\$ 29,690,048</u>	<u>\$ 53,548,838</u>

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

Exhibit B

Henry County, Tennessee
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Program Revenues			Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Henry County School Department	Henry County Medical Center
Primary Government:							
Governmental Activities:							
General Government	\$ 1,590,615	\$ 362,436	\$ 15,164	\$ 0	\$ (1,213,015)	\$ 0	\$ 0
Finance	1,082,875	879,404	1,802	0	(201,669)	0	0
Administration of Justice	1,123,878	619,185	12,632	0	(492,061)	0	0
Public Safety	4,620,838	1,189,193	32,204	0	(3,399,441)	0	0
Public Health and Welfare	800,126	310,412	88,942	0	(400,772)	0	0
Social, Cultural, and Recreational Services	324,702	0	37,308	0	(287,394)	0	0
Agriculture and Natural Resources	180,556	0	0	0	(180,556)	0	0
Other Operations	1,474,670	308,822	651,561	287,400	(226,887)	0	0
Highways	6,501,497	22,786	1,930,174	692,607	(3,855,930)	0	0
Interest on Long-term Debt	919,356	0	1,686,738	0	767,382	0	0
Other Debt Service	35,469	0	1,186	0	(34,283)	0	0
Total Primary Government	\$ 18,654,582	\$ 3,692,238	\$ 4,457,711	\$ 980,007	\$ (9,524,626)	\$ 0	\$ 0
Component Units:							
Henry County School Department	\$ 30,418,978	\$ 666,442	\$ 4,500,105	\$ 0	0	\$ (25,252,431)	\$ 0
Henry County Medical Center	67,747,905	66,311,577	0	0	0	0	(1,436,328)
Total Component Units	\$ 98,166,883	\$ 66,978,019	\$ 4,500,105	\$ 0	\$ 0	\$ (25,252,431)	\$ (1,436,328)

(Continued)

Exhibit B

Henry County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Component Units			Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Henry County			
				Primary Governmental Activities	School Department	Medical Center	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 4,529,747	\$ 4,520,349	\$	0
Property Taxes Levied for Debt Service				141,974	0		0
Local Option Sales Taxes				588,905	2,636,903		0
Hotel/Motel Tax				216,970	0		0
Wheel Tax				969,583	0		0
Litigation Tax - General				99,609	0		0
Business Tax				135,719	130,584		0
Wholesale Beer Tax				425,948	0		0
Other Local Taxes				34,457	1,432		0
Grants and Contributions Not Restricted to Specific Programs				642,263	16,703,607		0
Unrestricted Investment Income				125,336	0		270,432
Miscellaneous				25,864	78,993		1,399,046
Total General Revenues				\$ 7,936,375	\$ 24,071,868	\$	1,669,478
Change in Net Assets				\$ (1,588,251)	\$ (1,180,563)	\$	233,150
Net Assets, July 1, 2010				13,118,359	30,870,611		53,315,688
Net Assets, June 30, 2011				\$ 11,530,108	\$ 29,690,048	\$	53,548,838

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

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Govern- mental Funds
	General	Highway /	General	Other	
		Public Works	Debt Service	Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 10,735	\$ 10,735
Equity in Pooled Cash and Investments	2,145,565	395,323	2,791,485	1,037,152	6,369,525
Accounts Receivable	119,728	0	9,086	6,753	135,567
Due from Other Governments	436,183	561,793	194	87,879	1,086,049
Due from Other Funds	10,735	287,393	0	11,790	309,918
Property Taxes Receivable	2,995,241	1,526,985	146,825	293,651	4,962,702
Allowance for Uncollectible Property Taxes	(78,918)	(40,232)	(3,868)	(7,736)	(130,754)
Cash Shortage	49,913	0	0	43,780	93,693
Total Assets	\$ 5,678,447	\$ 2,731,262	\$ 2,943,722	\$ 1,484,004	\$ 12,837,435
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 13,821	\$ 304	\$ 0	\$ 119	\$ 14,244
Contracts Payable	0	217,813	0	0	217,813
Due to Other Funds	11,790	0	0	10,735	22,525
Due to Component Units	2,117	0	0	0	2,117
Deferred Revenue - Current Property Taxes	2,800,204	1,427,555	137,265	274,530	4,639,554
Deferred Revenue - Delinquent Property Taxes	94,612	48,204	4,632	9,270	156,718
Other Deferred Revenues	242,494	167,082	0	0	409,576
Total Liabilities	\$ 3,165,038	\$ 1,860,958	\$ 141,897	\$ 294,654	\$ 5,462,547
<u>Fund Balances</u>					
Restricted:					
Restricted for Public Safety	\$ 6,600	\$ 0	\$ 0	\$ 243,549	\$ 250,149
Restricted for Public Health and Welfare	32,867	0	0	119,252	152,119
Restricted for Other Operations	128,770	0	0	0	128,770
Restricted for Highways/Public Works	0	718,934	0	0	718,934
Restricted for Capital Outlay	0	0	0	556,237	556,237
Restricted for Debt Service	0	0	2,097,115	0	2,097,115
Committed:					
Committed for Public Safety	1,734	0	0	0	1,734
Committed for Public Health and Welfare	0	0	0	270,312	270,312
Committed for Highways/Public Works	0	151,370	0	0	151,370
Committed for Debt Service	0	0	704,710	0	704,710
Assigned:					
Assigned for Finance	100	0	0	0	100
Assigned for Administration of Justice	498	0	0	0	498
Assigned for Public Safety	16,015	0	0	0	16,015
Assigned for Other Operations	14,920	0	0	0	14,920
Unassigned	2,311,905	0	0	0	2,311,905
Total Fund Balances	\$ 2,513,409	\$ 870,304	\$ 2,801,825	\$ 1,189,350	\$ 7,374,888
Total Liabilities and Fund Balances	\$ 5,678,447	\$ 2,731,262	\$ 2,943,722	\$ 1,484,004	\$ 12,837,435

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

Exhibit C-2

Henry 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)		\$	7,374,888
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	5,128,772	
Add: construction in progress		572,432	
Add: buildings and improvements net of accumulated depreciation		4,212,456	
Add: infrastructure net of accumulated depreciation		16,936,621	
Add: other capital assets net of accumulated depreciation		<u>645,559</u>	27,495,840
(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	\$	(2,538,115)	
Less: other loans payable		(2,413,562)	
Less: bonds payable		(16,726,516)	
Add: deferred charges - debt issuance costs		229,785	
Add: deferred amount on refunding		71,959	
Less: other deferred revenue - premium on debt		(13,449)	
Less: accrued interest on notes and bonds		(115,542)	
Less: accreted interest on bonds		(2,049,234)	
Less: other postemployment benefits liability		(39,017)	
Less: compensated absences payable		<u>(313,223)</u>	(23,906,914)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>566,294</u>
Net assets of governmental activities (Exhibit A)		\$	<u>11,530,108</u>

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

Exhibit C-3

Henry 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	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 4,746,613	\$ 1,525,288	\$ 715,616	\$ 293,422	\$ 7,280,939
Licenses and Permits	140,427	0	0	0	140,427
Fines, Forfeitures, and Penalties	211,073	0	0	25,921	236,994
Charges for Current Services	155,400	0	0	0	155,400
Other Local Revenues	420,860	27,274	161,957	254,930	865,021
Fees Received from County Officials	1,422,941	0	0	0	1,422,941
State of Tennessee	2,029,191	2,515,459	0	103,696	4,648,346
Federal Government	209,596	97,310	0	151,858	458,764
Other Governments and Citizens Groups	219,191	5,000	1,686,738	2,774	1,913,703
Total Revenues	\$ 9,555,292	\$ 4,170,331	\$ 2,564,311	\$ 832,601	\$ 17,122,535
<u>Expenditures</u>					
Current:					
General Government	\$ 963,375	\$ 0	\$ 0	\$ 0	\$ 963,375
Finance	785,259	0	0	0	785,259
Administration of Justice	860,670	0	0	0	860,670
Public Safety	3,302,332	0	0	133,247	3,435,579
Public Health and Welfare	161,368	0	0	493,262	654,630
Social, Cultural, and Recreational Services	265,520	0	0	0	265,520
Agriculture and Natural Resources	172,892	0	0	0	172,892
Other Operations	2,966,042	0	9,663	5,708	2,981,413
Highways	0	5,932,111	0	0	5,932,111
Debt Service:					
Principal on Debt	0	310,000	1,984,047	0	2,294,047
Interest on Debt	0	4,618	795,629	0	800,247
Other Debt Service	0	4,461	9,407	0	13,868
Capital Projects	0	0	0	1,068,928	1,068,928
Total Expenditures	\$ 9,477,458	\$ 6,251,190	\$ 2,798,746	\$ 1,701,145	\$ 20,228,539
Excess (Deficiency) of Revenues Over Expenditures					
	\$ 77,834	\$ (2,080,859)	\$ (234,435)	\$ (868,544)	\$ (3,106,004)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 808,000	\$ 808,000
Other Loans Issued	0	656,250	0	0	656,250
Insurance Recovery	10,564	0	0	0	10,564
Transfers In	0	429,767	43,464	0	473,231
Transfers Out	(454,767)	0	0	(18,464)	(473,231)
Total Other Financing Sources (Uses)	\$ (444,203)	\$ 1,086,017	\$ 43,464	\$ 789,536	\$ 1,474,814
Net Change in Fund Balances					
Fund Balance, July 1, 2010	\$ 2,879,778	\$ 1,865,146	\$ 2,992,796	\$ 1,268,358	\$ 9,006,078
Fund Balance, June 30, 2011	\$ 2,513,409	\$ 870,304	\$ 2,801,825	\$ 1,189,350	\$ 7,374,888

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

Exhibit C-4

Henry 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)		\$ (1,631,190)
(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	\$ 1,500,173	
Less: current-year depreciation expense	<u>(2,073,550)</u>	(573,377)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: proceeds received from the disposal of capital assets		(38,902)
(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	\$ 566,294	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(617,409)</u>	(51,115)
(4) The issuance of long-term debt (e.g., notes, other loans, 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Less: note proceeds	\$ (808,000)	
Less: other loan proceeds	(656,250)	
Add: change in premium on debt issuances	1,186	
Less: change in deferred debt issuance costs	(21,601)	
Less: change in deferred amount on refunding debt	(18,838)	
Add: principal payments on notes	519,316	
Add: principal payments on bonds	868,931	
Add: principal payments on other loans	<u>905,800</u>	790,544
(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 on notes and bonds	\$ (5,812)	
Change in accreted interest on bonds	(94,459)	
Change in compensated absences payable	32,472	
Change in other postemployment benefits liability	<u>(16,412)</u>	(84,211)
Change in net assets of governmental activities (Exhibit B)		<u>\$ (1,588,251)</u>

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

Exhibit D

Henry County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,102,166
Equity in Pooled Cash and Investments	400,725
Accounts Receivable	29,076
Due from Other Governments	872,066
Property Taxes Receivable	3,424,423
Allowance for Uncollectible Property Taxes	<u>(89,572)</u>
Total Assets	<u>\$ 5,738,884</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 4,392,501
Due to Litigants, Heirs, and Others	1,100,913
Due to Joint Ventures	<u>245,470</u>
Total Liabilities	<u>\$ 5,738,884</u>

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

HENRY COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Henry 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 Henry County:

A. Reporting Entity

Henry County is a public municipal corporation governed by an elected 15-member board. As required by GAAP, these financial statements present Henry 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 Henry County School Department operates the county's public school system, and the voters of Henry 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 Henry County Medical Center provides healthcare to the citizens of Henry County, and the Henry County Commission appoints its governing body. Before the issuance of any debt instruments, the hospital must obtain the approval of the County Commission.

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

The Henry 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 Henry County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Henry County Medical Center and the Henry County Emergency Communications District can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Henry County Medical Center
P.O. Box 1030
Paris, TN 38242

Henry County Emergency Communications District
P.O. Box 1452
Paris, TN 38242

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Henry County reports the following major governmental funds:

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

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

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

Additionally, Henry County reports the following fund types:

Capital Projects Fund – The General Capital Projects Fund accounts for general capital expenditures of the county.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Henry County, judicial district drug grants and other revenues held for the multi-jurisdictional drug task force, and the city school system’s share of educational revenues. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

Additionally, the Henry County School Department reports the following fund types:

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

Capital Projects Fund – The Education Capital Projects Fund is used to account for the receipt of debt issued by Henry County and contributed to the School Department for building construction.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

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

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 Henry 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. Henry 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 1.4 percent of total taxes levied.

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

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

an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

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

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

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life exceeding 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:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25
Other Capital Assets	5 - 10
Infrastructure:	
Roads	20 - 50
Bridges	20 - 50

4. Compensated Absences

It is the policy of Henry County (with the exception of the Highway Department) to permit employees to accumulate varying amounts of earned but unused vacation leave, which will be paid upon separation from county service. All vacation leave is accrued when incurred in the government-wide statements for the primary government. A liability for vacation leave is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

The policy of the Henry County Highway Department does not permit employees to accumulate sick or vacation days beyond the fiscal year and therefore is not required to be accrued or recorded.

It is the policy of the discretely presented Henry County School Department to permit full-time, non-teaching employees to accumulate vacation days exceeding a normal year's accumulation. All vacation leave is accrued when incurred in the government-wide statements for the School Department. A liability for vacation leave is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. Professional employees are allowed unlimited accumulation of unused sick leave days. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

5. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

6. Net Assets and Fund Equity

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

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

The government-wide Statement of Net Assets reports \$3,167,321 of restricted net assets for the primary government, of which \$101,553 is restricted by enabling legislation.

At June 30, 2011, Henry County had \$17,846,648 in outstanding debt for capital purposes for the discretely presented Henry County School Department. The debt is a liability of Henry County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Henry 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 that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Henry County School Department

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

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

Primary Government

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

Discretely Presented Henry County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

The budgetary level of control is at the major category level established by the 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, Other Boards and Committees, County Mayor/Executive, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations

between major categories. During the year, several supplementary appropriations were necessary.

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

B. Cash Shortage – Prior Year

The audit of Henry County for the 2005-06 year reported a cash shortage of \$162,658 in the General (\$118,878), Drug Control (\$23,502), and General Capital Projects (\$20,278) funds as a result of irregularities in the Office of Sheriff. Former Sheriff David Bumpus, former business manager Faye Scott, and former owner of Elite Firearms, Jason Ferren, all pled guilty to various charges and received various sentences and fines. These three defendants have been ordered to pay restitution totaling \$71,512. This amount is net of auction proceeds totaling \$12,205 of items recovered from David Bumpus. During the 2010-11 fiscal year, no restitution had been received. As of June 30, 2011, the cash shortage totaled \$93,693, which included the General (\$49,913), Drug Control (\$23,502), and General Capital Projects (\$20,278) funds.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

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

Investments

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

The county had no pooled or nonpooled investments as of June 30, 2011.

B. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 5,057,097	\$ 72,500	\$ (825)	\$ 5,128,772
Construction in Progress	287,613	284,819	0	572,432
Total Capital Assets Not Depreciated	\$ 5,344,710	\$ 357,319	\$ (825)	\$ 5,701,204
Capital Assets Depreciated:				
Buildings and Improvements	\$ 8,524,742	\$ 0	\$ 0	\$ 8,524,742
Infrastructure	38,630,272	894,000	0	39,524,272
Other Capital Assets	3,850,888	248,854	(72,595)	4,027,147
Total Capital Assets Depreciated	\$ 51,005,902	\$ 1,142,854	\$ (72,595)	\$ 52,076,161
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,008,233	\$ 304,053	\$ 0	\$ 4,312,286
Infrastructure	21,060,970	1,526,681	0	22,587,651
Other Capital Assets	3,173,290	242,816	(34,518)	3,381,588
Total Accumulated Depreciation	\$ 28,242,493	\$ 2,073,550	\$ (34,518)	\$ 30,281,525
Total Capital Assets Depreciated, Net	\$ 22,763,409	\$ (930,696)	\$ (38,077)	\$ 21,794,636
Governmental Activities Capital Assets, Net	\$ 28,108,119	\$ (573,377)	\$ (38,902)	\$ 27,495,840

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

Governmental Activities:

General Government	\$	36,607
Public Safety		321,661
Public Health and Welfare		65,294
Social, Cultural, and Recreational Services		2,094
Other Operations		117,856
Highways		<u>1,530,038</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>2,073,550</u></u>

Discretely Presented Henry County School Department

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 610,066	\$ 0	\$ 0	\$ 610,066
Construction in Progress	<u>787,632</u>	<u>2,671,519</u>	<u>0</u>	<u>3,459,151</u>
Total Capital Assets Not Depreciated	<u>\$ 1,397,698</u>	<u>\$ 2,671,519</u>	<u>\$ 0</u>	<u>\$ 4,069,217</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 43,631,639	\$ 164,315	\$ 0	\$ 43,795,954
Other Capital Assets	<u>4,527,865</u>	<u>458,462</u>	<u>(213,618)</u>	<u>4,772,709</u>
Total Capital Assets Depreciated	<u>\$ 48,159,504</u>	<u>\$ 622,777</u>	<u>\$ (213,618)</u>	<u>\$ 48,568,663</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 21,572,562	\$ 1,622,144	\$ 0	\$ 23,194,706
Other Capital Assets	<u>2,923,466</u>	<u>397,630</u>	<u>(212,344)</u>	<u>3,108,752</u>
Total Accumulated Depreciation	<u>\$ 24,496,028</u>	<u>\$ 2,019,774</u>	<u>\$ (212,344)</u>	<u>\$ 26,303,458</u>
Total Capital Assets Depreciated, Net	<u>\$ 23,663,476</u>	<u>\$ (1,396,997)</u>	<u>\$ (1,274)</u>	<u>\$ 22,265,205</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 25,061,174</u></u>	<u><u>\$ 1,274,522</u></u>	<u><u>\$ (1,274)</u></u>	<u><u>\$ 26,334,422</u></u>

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

Governmental Activities:

Instruction	\$ 1,593,742
Support Services	352,962
Operation of Non-Instructional Services	<u>73,070</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,019,774</u></u>

C. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 10,735
Highway/Public Works	General	287,393
Nonmajor governmental	"	11,790
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	24,124
Nonmajor governmental	General Purpose School	39,292

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.

The receivable in the Highway/Public Works Fund of \$287,393 was in transit from the General Fund at June 30, 2011. A portion of the receivable in the discretely presented School Department's General Purpose School Fund of \$4,559 was in transit from the nonmajor governmental fund at June 30, 2011.

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component Unit:		
Discretely Presented School Department:		
Nonmajor governmental	Primary Government: General	\$ 2,117

Interfund Transfers:

Interfund transfers for the year ended June 30, 2011, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	Highway/ Public Works Fund	General Debt Service Fund
General Fund	\$ 429,767	\$ 25,000
Nonmajor governmental funds	0	18,464
Total	<u>\$ 429,767</u>	<u>\$ 43,464</u>

Discretely Presented Henry County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 414,919
Nonmajor governmental funds	24,395	0
Total	<u>\$ 24,395</u>	<u>\$ 414,919</u>

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

D. 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. In addition, general obligation bonds have been issued to refund other general obligation

bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 22 years for bonds, up to 12 years for notes, and up to 19 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in the long-term debt as of June 30, 2011, will be retired from the General Debt Service and Highway/Public Works funds.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds	1.6 to 4.6%	\$ 9,100,000	\$ 9,055,000
General Obligation Bonds - Refunding	3 to 3.85	5,790,000	4,595,000
Capital Accretion Bonds	4.6 to 5.2	3,693,361	3,076,516
Other Loans	variable	9,802,662	2,413,562
Capital Outlay Notes	0 to 3.99	3,125,872	2,538,115

In prior years, Henry County entered into two loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority loaned \$3,000,000 and \$4,944,998 to Henry County for various renovation and construction projects. These loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. At June 30, 2011, the variable interest rates were .5 percent, on both loans, and other fees totaled approximately .4 percent (.25 percent letter of credit and .15 percent remarketing) for both loans, of the outstanding loan principal. Each loan is also assessed an annual trustee fee of \$720.

In the prior year, Henry County entered into a loan agreement with the Montgomery County Public Building Authority. Under the loan agreement, the authority made \$2,800,000 available for loan to Henry County for road improvements. As of June 30, 2011, Henry County had drawn \$1,857,664 of the available \$2,800,000 loan. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with this loan. At June 30, 2011, the variable interest rate was

.27 percent and other fees totaled approximately .25 percent (letter of credit), and .15 percent (remarketing) of the outstanding loan principal. The loan is also assessed an annual trustee fee of \$720.

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	\$ 872,438	\$ 744,782	\$ 1,617,220
2013	880,447	736,803	1,617,250
2014	885,341	731,064	1,616,405
2015	898,169	726,240	1,624,409
2016	1,168,040	712,930	1,880,970
2017-2021	4,717,081	4,755,099	9,472,180
2022-2026	7,305,000	872,005	8,177,005
Total	\$ 16,726,516	\$ 9,278,923	\$ 26,005,439

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 330,560	\$ 52,214	\$ 382,774
2013	334,420	47,738	382,158
2014	339,055	42,487	381,542
2015	256,394	37,122	293,516
2016	261,315	32,201	293,516
2017-2021	844,693	87,899	932,592
2022-2023	171,678	7,958	179,636
Total	\$ 2,538,115	\$ 307,619	\$ 2,845,734

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2012	\$ 818,598	\$ 9,429	\$ 6,785	\$ 834,812
2013	483,100	5,911	4,135	493,146
2014	508,200	4,100	2,861	515,161
2015	535,000	2,193	1,518	538,711
2016	68,664	185	103	68,952
Total	\$ 2,413,562	\$ 21,818	\$ 15,402	\$ 2,450,782

There is \$2,801,825 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$517, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans totaled \$671, 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	Accreted Interest
Balance, July 1, 2010	\$ 17,595,447	\$ 2,249,431	\$ 1,954,775
Additions	0	808,000	265,528
Deductions	(868,931)	(519,316)	(171,069)
Balance, June 30, 2011	<u>\$ 16,726,516</u>	<u>\$ 2,538,115</u>	<u>\$ 2,049,234</u>
Balance Due Within One Year	<u>\$ 872,438</u>	<u>\$ 330,560</u>	<u>\$ 187,562</u>

	Other Loans	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2010	\$ 2,663,112	\$ 345,695	\$ 22,605
Additions	656,250	306,863	23,053
Deductions	(905,800)	(339,335)	(6,641)
Balance, June 30, 2011	<u>\$ 2,413,562</u>	<u>\$ 313,223</u>	<u>\$ 39,017</u>
Balance Due Within One Year	<u>\$ 818,598</u>	<u>\$ 15,661</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 24,079,667
Less: Balance Due Within One Year	(2,224,819)
Less: Deferred Amount on Refunding	(71,959)
Add: Unamortized Premium on Debt	<u>13,449</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 21,796,338</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Discretely Presented Henry County School Department

Changes in Long-term Liabilities

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

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2010	\$ 60,340	\$ 1,074,172
Additions	60,525	471,552
Deductions	(49,047)	(285,287)
Balance, June 30, 2011	<u>\$ 71,818</u>	<u>\$ 1,260,437</u>
Balance Due Within One Year	<u>\$ 3,592</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 1,332,255
Less: Balance Due Within One Year	<u>(3,592)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,328,663</u>

Compensated absences and other postemployment benefits will be paid from the employing fund, primarily the General Purpose School Fund.

E. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for some retired employees on-behalf of Henry County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2011, were \$1,802. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

Discretely Presented Henry County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Henry 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 \$149,215 and \$23,034, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Henry County and the discretely presented Henry County School Department are exposed to various risks related to general liability, property, casualty, workers' compensation, health, and accident losses. The county and the School Department decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, property, casualty, and workers' compensation coverage. The county and the 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. The 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.

Henry County (except for Highway and School Department employees) purchases commercial insurance for the risk associated with employee health coverage. Pre-65 age retirees are not allowed to remain in the program. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

The discretely presented Henry 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. Henry County and the Henry County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

C. Subsequent Events

On October 5, 2011, the Henry County Highway Department issued \$942,336 in other loans for road improvements.

On November 1, 2011, Henry County issued capital outlay notes totaling \$253,716 for various capital outlay projects.

On November 21, 2011, the County Commission voted to agree to a consent judgment in the county's effort to recover money from the former sheriff by agreeing to settle a civil lawsuit for \$160,000.

D. Contingent Liabilities

The Henry County Medical Center has entered into loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority loaned proceeds of \$4,500,000 and \$16,500,000 to the medical center. The medical center has also issued capital outlay notes of \$6,000,000. The medical center has used the loan and note proceeds for construction, acquisition, and/or enlargement of its buildings, structures, and facilities. As of June 30, 2011, the medical center had \$428,000 and

\$12,959,000, respectively outstanding on these loans, and \$5,932,278 outstanding on the capital outlay notes. Henry County would become liable for the repayment of these loans and notes in the event of default by the medical center.

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

E. Changes in Administration

On August 31, 2010, Rondall Myers left the Office of Circuit, General Sessions, and Juvenile Courts Clerk and was succeeded by Mike Wilson, Jerry Bomar left the Office of County Clerk and was succeeded by Donna Craig, and Alice Webb left the Office of Register and was succeeded by Pam Martin.

F. Joint Ventures

The Twenty-fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fourth Judicial District; Benton, Carroll, Decatur, Hardin, and Henry counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney, sheriffs, and police chiefs of participating law enforcement agencies within the judicial district. Henry County made no contributions to the DTF for the year ended June 30, 2011, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

District Attorney General
P.O. Box 686
Huntingdon, TN 38344

The W.G. Rhea Paris – Henry County Library is a regional library owned by Henry County and the City of Paris and operated by the W.G. Rhea Paris – Henry County Library Board. The board includes seven members, four appointed by the Henry County Commission and three appointed by the City of Paris. Henry County has control over budgeting and financing the joint venture only to the extent of representation by the four board members appointed and is responsible for funding 50 percent of any deficits from operations. Henry County contributed \$122,700 to the operations of the

board during the year ended June 30, 2011. Complete financial statements for the W.G. Rhea Paris – Henry County Library can be obtained from the County Clerk’s Office or the library board’s administrative office at the following address:

Administrative Office:

W.G. Rhea Paris – Henry County Library
400 W. Washington Street
Paris, TN 38242

The Carroll - Henry County Railroad Authority was jointly created in November 1988 by Carroll and Henry counties. The authority was established as a conduit for payment of funds between the Tennessee Department of Transportation and the Kentucky – West Tennessee Railroad Company to rehabilitate the railroad between the Kentucky stateline and Bruceton, Tennessee, including a lead to Spinks, Tennessee. The authority comprises four members. One member from each county is appointed by the County Commission. The county mayors of each county serve as members and rotate every two years as chairman. Complete financial statements for the Carroll - Henry County Railroad Authority can be obtained from the Henry County Mayor’s Office.

The Paris-Henry County Industrial Development Committee is a joint venture formed by an interlocal agreement between the city of Paris, Henry County, and the Paris-Henry County Chamber of Commerce. The purpose of the Industrial Development Committee is to provide for the planning, direction, and oversight of economic development for the City of Paris and Henry County. The committee is comprised of the director of economic development, the chief executive of the county or other designee, the mayor of Paris or other designee, one city commissioner, two county commissioners, the city manager of the City of Paris, and the current president of the chamber of commerce. Henry County contributed \$55,000 to the Industrial Development Committee for the year ended June 30, 2011, and does not have an equity interest in this joint venture. Complete financial statements for the Industrial Development Committee can be obtained from its administrative office at the following address:

Administrative Office:

Paris-Henry County Industrial
Development Committee
2508 E. Wood Street
Paris, TN 38242

G. Retirement Commitments

Plan Description

Employees of Henry 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 Henry 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

Henry 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 7.83 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 \$2,470,746 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) 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	\$2,470,746	100%	\$0
6-30-10	2,304,972	100	0
6-30-09	2,285,809	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 86.41 percent funded. The actuarial accrued liability for benefits was \$69 million, and the actuarial value of assets was \$59 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$30 million, and the ratio of the UAAL to the covered payroll was 30.61 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 Henry County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 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 \$1,079,967, \$763,019, and \$771,221, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Plan Description

The Henry County Highway Department and the Henry County School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, *Tennessee Code Annotated (TCA)*, for local governments and Section 8-27-302, *TCA*, for local education employees. 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 all certified employees that meet length of employment criteria of ten years of service with the Henry County School System and a total of 25 years teaching experience. The School Department pays medical insurance in full for a single individual for a maximum of ten years or until Medicare becomes available. During the year ended June 30, 2011, the Henry County Highway Department and the discretely presented Henry County School Department contributed \$6,641 and \$285,287, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 23,000	\$ 469,000
Interest on the NPO	1,017	48,338
Adjustment to the ARC	(964)	(45,786)
Annual OPEB cost	\$ 23,053	\$ 471,552
Less: Amount of contribution	(6,641)	(285,287)
Increase/decrease in NPO	\$ 16,412	\$ 186,265
Net OPEB obligation, 7-1-10	22,605	1,074,172
Net OPEB obligation, 6-30-11	\$ 39,017	\$ 1,260,437

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	\$ 11,682	71 %	\$ 5,399
6-30-10	"	23,013	25	22,605
6-30-11	"	23,053	29	39,017
6-30-09	Local Education Group	661,511	31	881,276
6-30-10	"	462,094	58	1,074,172
6-30-11	"	471,552	60	1,260,437

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)	\$ 192,000	\$ 4,900,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 192,000	\$ 4,900,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 1,208,937	\$ 10,505,145
UAAL as a % of covered payroll	16%	47%

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 Group 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 Group 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 Mayor

Purchasing procedures for the County Mayor's Office are governed by provisions of the County Purchasing Law of 1983, Section 5-14-201, *Tennessee Code Annotated (TCA)*, which provides for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of County Road Supervisor

Purchasing procedures for the Highway Department are governed by Chapter 326, Private Acts of 1972, as amended, and the Uniform Road Law, Section

54-7-113, *TCA*. The Uniform Road Law provides for purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

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

VI. OTHER NOTES – DISCRETELY PRESENTED HENRY COUNTY MEDICAL CENTER

A. Nature of Operations

The Henry County Medical Center is a political subdivision of Henry County, Tennessee. The medical center provides comprehensive healthcare services through the operation of an acute care hospital, nursing home (healthcare center), home health agency (HHA), and emergency medical services agency (EMS). The medical center is governed by a Board of Trustees under the authority of the Henry County Commission and the Henry County Hospital District. The Henry County Commission appoints the Board of Trustees of the medical center, which may not issue debt without the county's approval. Under accounting principles generally accepted in the United States of America, the medical center constitutes a component unit of the county for financial reporting purposes.

B. Summary of Significant Accounting Policies

1. Basis of Presentation

The medical center utilizes the proprietary fund method of accounting, whereby revenue and expenses are recognized on the accrual basis. Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the medical center has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), that do not conflict with or contradict GASB pronouncements.

2. Inventories

Inventories are stated at the lower of cost, determined on the first-in, first-out (FIFO) basis, or market (net realizable value).

3. **Assets Limited as to Use**

Assets limited as to use include cash and cash equivalents designated by the Board of Trustees for future capital improvements and debt repayment, over which the board retains control and may at its discretion, use for other purposes. Investments are reported at fair value.

4. **Cash, Cash Equivalents, and Investments**

For the purpose of the Statement of Cash Flows, cash and cash equivalents are defined as cash on hand or in banks and investments with original maturities at date of purchase of less than three months, excluding assets limited as to use.

Cash and cash equivalents include cash on hand and certificates of deposit, with original maturities of less than three months, with financial institutions. Investments, including assets limited as to use, consist of certificates of deposit with original maturities of greater than three months. Those investments with original maturities greater than three months but less than one year are classified as short-term investments, while the remaining amount is classified as long-term. Amounts included in the balance sheet caption "assets limited as to use" consist of cash and cash equivalents. All of the medical center's cash, cash equivalents, and certificates of deposit are insured or collateralized by securities held by the financial institutions' trust department in the medical center's name.

At June 30, 2011, the total carrying value of the medical center's cash, cash equivalents, and investments, including assets limited as to use, was \$23,147,449, and the bank balance was \$23,822,452. The entire financial institution balance was covered by federal depository insurance or by collateral held by the trustee in the medical center's name.

A 50 percent interest in a joint venture that provides cancer care services in the Henry County area is included in long-term investments on the accompanying balance sheet. This investment is accounted for under the equity method. The investment balance included in long-term investments is \$658,733 at June 30, 2011.

5. **Fair Value Measurements**

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy that

distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity including quoted market prices in active markets for identical assets (Level 1), or significant other observable inputs (Level 2) and the reporting entity's own assumptions about market participant assumptions (Level 3). While a majority of the medical center's assets whose use is limited and investments are cash equivalents, the medical center has approximately \$12,300,000 as of June 30, 2011, in certificates of deposit that would be classified as Level 2 under the hierarchy above. The medical center does not have any fair value measurements using significant unobservable inputs (Level 3) as of June 30, 2011.

6. Property and Equipment

Property and equipment acquisitions are recorded at cost. The medical center capitalizes purchases that cost a minimum of \$500 and have a useful life greater than three years. Assets are depreciated on a straight-line basis over their estimated useful lives as follows: land improvements 5-20 years, buildings and improvements 5-40 years, capital equipment 10-20 years, and major movable equipment 5-20 years.

7. Patient Service Revenue

The medical center has agreements with third-party payors that provide for payments to the medical center at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Patient service revenue is net of contractual adjustments and policy discounts of approximately \$103.5 million for the year ended June 30, 2011. For the year ended June 30, 2011, approximately 54 percent of net patient service revenue was from Medicare and approximately 14 percent was from Medicaid/TennCare.

The medical center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the medical center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

8. Costs of Borrowing

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

9. Pension Plan

Medical center employees are covered under the Tennessee Consolidated Retirement System, a defined benefit plan. The medical center's costs are charged to expense and funded annually.

10. Compensated Absences

The medical center provides its full-time employees with paid days off for holiday, vacation, sick, and bereavement absences. The paid days off begin accruing after a three-month probationary period and are based on the table below. Such days may be taken only after the employee has earned them. All earned days must be taken annually, except that an employee may carry forward up to the normal number of hours worked in a four-week period. Such liabilities have been accrued in the accompanying balance sheet.

<u>Years of Service</u>	<u>Days Earned Per Year</u>
0 - 5	20
5 -10	25
10 or more	30

11. Risk Management

The medical center is exposed to various risks of loss from medical malpractice; torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; and natural disasters. Commercial insurance is purchased for claims arising from such matters. The medical center is self-insured for employee health and workers' compensation claims and judgments.

12. Net Assets

All resources that are not restricted by donors are included in unrestricted net assets. Resources temporarily restricted by donors for specific purposes are reported as temporarily restricted net assets. When specific purposes are achieved, either through passage of a stipulated time or the purpose for restriction is accomplished, they are classified as unrestricted net assets and reported in the Statement of Revenues, Expenses, and Changes in Net Assets. Resources temporarily restricted by donors for additions to land, buildings, and

equipment are initially reported as temporarily restricted net assets and are transferred to unrestricted net assets when expended. Donor-imposed restrictions, which stipulate that the resources be maintained permanently, are reported as permanently restricted net assets. Investment income for the permanently restricted net assets is classified as either temporarily restricted or unrestricted based on the intent of the donor. At June 30, 2011, there were no permanently or temporarily restricted net assets.

13. Income Taxes

The medical center is a not-for-profit corporation as described in Chapter 176 of the Private Acts and is exempt from federal income taxes pursuant to Section 115 of the Internal Revenue Code.

14. Performance Indicator

Excess of revenue over expenses reflected in the accompanying Statement of Revenue, Expenses, and Changes in Net Assets is a performance indicator.

15. Long-lived Assets

Management evaluates the recoverability of its investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

16. New Accounting Pronouncements

In August 2010, accounting standards relating to the presentation of insurance claims and related insurance recoveries for health care entities were amended to require the entity to recognize an insurance receivable at the same time that it recognizes the liability, measured on the same basis of the liability. These amendments are effective for financial statements for fiscal years beginning after December 15, 2010. Therefore the medical center expects to adopt these standards at the beginning of fiscal year 2012.

In August 2010, accounting standards relating to the disclosure of charity care for health care entities were amended to require the entity to measure charity care based on the direct and indirect costs of providing the charity care. These amendments are effective for financial statements for fiscal years beginning after December 15, 2010. Therefore the medical center expects to adopt these standards at the beginning of fiscal year 2012.

The medical center is currently assessing the impact of adopting these accounting standards.

17. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Third-party Reimbursement Programs

The medical center receives revenue under various third-party reimbursement programs, which include Medicare, TennCare, and other third-party payors. Contractual adjustments under third-party reimbursement programs represent the difference between the medical center's billings at its established rates and the amounts reimbursed by third-party payors. They also include any differences between estimated third-party reimbursement settlements for prior years and subsequent tentative or final settlements. The adjustments resulting from tentative or final settlements to estimated reimbursement amounts resulted in an increase to revenue of approximately \$350,000 for the year ended June 30, 2011.

1. Medicare

The medical center is paid for substantially all services rendered to inpatient Medicare program beneficiaries under prospectively determined rates-per-discharge. Those rates vary according to a classification system that is based on clinical, diagnostic, and other factors. The medical center is paid for outpatient, emergency medical services, and psychiatric services under a Medicare program known as the Ambulatory Payment Classification (APC) system. Under the APC system, outpatient services are classified into APC categories based on standard procedure codes (CPT-4 Codes) for the service provided and payment for the APC categories are determined using prospectively determined federal payment rates adjusted for geographical area wage differences. The medical center receives cash payments at an interim rate with final settlement determined after the medical center's submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The medical center's classification of patients under the Medicare Prospective Payment System and the appropriateness of the patients' admissions are subject to validation reviews by the Medicare peer review organization.

2. Medicaid

The Medicaid program reimburses the healthcare center for the cost of services rendered to Medicaid beneficiaries at a prospective rate, which is based on the lower of the reimbursable cost of services rendered or a reimbursement cap set by Medicaid. The reimbursement cap is expressed as a per diem.

3. TennCare

The State of Tennessee TennCare program is a managed care program, which provides healthcare coverage to those previously eligible for Medicaid as well as the uninsured population. The hospital contracts with various managed care organizations (MCOs), which offer both Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) healthcare products. Reimbursement to the medical center is received through per diems, Diagnosis – Related Group (DRG) payments, and discounted fees for services.

4. Commercial Payors

The medical center has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the medical center under these agreements includes prospectively determined rates per discharge and discounts from established rates.

5. Credit Concentration

The medical center grants credit to patients and generally does not require collateral or other security in extending credit; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies. At June 30, 2011, the medical center had receivables from the federal government (Medicare) of approximately \$3.5 million and from Medicaid/TennCare of approximately \$.75 million.

D. Charity Care

Charges excluded from revenue under the medical center's charity care policy were \$2,916,681 for the year ended June 30, 2011.

E. Inventories

A summary of inventories as of June 30, 2011, was as follows:

Medical stores	\$ 122,979
Dietary	35,295
Departmental	<u>1,614,301</u>
Total	<u>\$ 1,772,575</u>

F. Property and Equipment

The major classifications and changes in property and equipment as of and for the year ended June 30, 2011, are as follows:

	Balance 7-1-10	Additions/ Transfers	Placed in Service/ Retirements	Balance 6-30-11
Land	\$ 655,041	\$ 0	\$ 0	\$ 655,041
Land Improvements	1,218,786	14,000	0	1,232,786
Building and Improvements	47,938,113	87,771	0	48,025,884
Machinery and Equipment	28,520,442	2,241,986	(635,606)	30,126,822
Total	<u>\$ 78,332,382</u>	<u>\$ 2,343,757</u>	<u>\$ (635,606)</u>	<u>\$ 80,040,533</u>
Less Allowance for Depreciation and Amortization:				
Land Improvements	\$ (1,082,016)	\$ (35,412)	\$ 0	\$ (1,117,428)
Building and Improvements	(20,420,477)	(1,667,976)	0	(22,088,453)
Machinery and Equipment	(19,841,276)	(3,044,201)	616,963	(22,268,514)
Total	<u>\$ (41,343,769)</u>	<u>\$ (4,747,589)</u>	<u>\$ 616,963</u>	<u>\$ (45,474,395)</u>
Subtotal	\$ 36,988,613	\$ (2,403,832)	\$ (18,643)	\$ 34,566,138
Construction in Progress	140,382	7,799,139	(352,727)	7,586,794
Total Capital Assets, Net	<u>\$ 37,128,995</u>	<u>\$ 5,395,307</u>	<u>\$ (371,370)</u>	<u>\$ 42,152,932</u>

The medical center is in the process of constructing various expansions and additions to the existing facilities. The total cost of these projects is expected to be approximately \$12,780,000. No interest costs were capitalized during the year ended June 30, 2011.

G. Long-term Debt

A schedule of changes in the medical center's long-term debt as of and for the year ended June 30, 2011, is as follows:

	Balance 7-1-10	Additions	Reductions	Balance 6-30-11	Amounts Due Within One Year
Public Building Authority of the County of Montgomery, Tennessee - Series 1997	\$ 834,000	\$ 0	\$ (406,000)	\$ 428,000	\$ 428,000
Public Building Authority of the County of Montgomery, Tennessee - Series 2002	13,481,000	0	(522,000)	12,959,000	548,000
General Obligation Hospital Revenue and Tax Capital Outlay Note - Series 2011	0	6,000,000	(67,722)	5,932,278	453,360
Other Debt	156,250	0	(125,000)	31,250	31,250
Total	\$ 14,471,250	\$ 6,000,000	\$ (1,120,722)	\$ 19,350,528	\$ 1,460,610

During September 1997, the medical center entered into a loan agreement with the Public Building Authority of the County of Montgomery, Tennessee, whereby, the authority loaned the medical center \$4,500,000 for the construction, acquisition, and enlargement of its buildings, structures, and facilities. As of June 30, 2011, the medical center had outstanding borrowings of \$428,000 under this agreement. The loan agreement bears interest at an adjustable rate (.4 percent as of June 30, 2011) and is due May 25, 2012. The adjustable interest rate is adjusted weekly as determined by the remarketing agent.

During June 2002, the medical center entered into an additional loan agreement with the Public Building Authority of the County of Montgomery, Tennessee, whereby, the authority agreed to loan the medical center up to \$16,500,000 for the construction, acquisition, and enlargement of its buildings and facilities. As of June 30, 2011, the medical center had outstanding borrowings of \$12,959,000 under this agreement. The loan agreement bears interest at an adjustable rate (.27 percent as of June 30, 2011) and is due in annual installments varying between \$548,000 and \$1,139,000 through May 25, 2027. The adjustable interest rate is adjusted daily as determined by the remarketing agent.

Pursuant to the agreements for the authority loans, if the principal of all bonds issued under such loans is accelerated, and the bonds are paid by the remarketing agent, the repayment schedule applicable to such loans shall be recalculated over a term of 60 months from the date of such acceleration. The interest rate on the loan amounts after such acceleration shall adjust to the prime rate as defined in the agreements.

During April 2011, the medical center entered into a General Obligation Hospital Revenue and Tax Capital Outlay Note totaling \$6,000,000 secured by the general obligation of Henry County for the construction and enlargement of its buildings, structures, and facilities. As of June 30, 2011, the medical center had outstanding borrowings of \$5,932,278 under this obligation. The note bears interest at a fixed rate of 3.27 percent per annum, and is due in monthly installments of \$50,431 through April 1, 2023.

A summary of future maturities and interest of long-term debt, as of June 30, 2011, is as follows:

Year	Principal	Estimated Interest	Total Payments
2012	\$ 1,460,610	\$ 221,000	\$ 1,681,610
2013	1,007,000	205,000	1,212,000
2014	1,051,000	189,000	1,240,000
2015	1,096,000	172,000	1,268,000
2016	1,143,000	156,000	1,299,000
2017-2021	6,496,000	498,000	6,994,000
2022-2026	5,958,000	81,000	6,039,000
2027	1,138,918	2,000	1,140,918
Total	<u>\$ 19,350,528</u>	<u>\$ 1,524,000</u>	<u>\$ 20,874,528</u>

H. Employee Benefit Plans

Pension Plan Description

Employees of Henry County, which includes Henry County Medical Center, a discretely presented component unit, 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 Henry County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

I. Deferred Compensation Plans

Effective January 1, 2002, the medical center established a deferred compensation plan under Section 457 of the Internal Revenue Code. Employees become eligible to participate in the plan on their first day of employment. The medical center does not make any contributions to the plan nor does it bear any of the administrative costs.

During 2010, the medical center implemented a physician call pay plan. The medical center made contributions of approximately \$257,000 to the plan during 2011. The plan had assets of approximately \$400,000 and a liability of approximately \$409,000 at June 30, 2011. The assets are included in other assets and the liability is included in other long-term liabilities in the accompanying Statement of Net Assets. The assets will be distributed to participants when they become fully vested as defined in the plan agreement. Effective July 1, 2011, the deferred element of the physician on-call plan was terminated and participants are to be paid quarterly.

J. Commitments and Contingencies

The medical center leases various equipment under operating lease agreements. Rent expense was \$1,172,873 in 2011.

A summary of future minimum payments under these equipment leases as of June 30, 2011, is as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 663,000
2013	227,000
2014	148,000
2015	35,000
2016	3,000
Total	<u>\$ 1,076,000</u>

The medical center maintains commercial insurance on a claims-made basis for medical malpractice liabilities. Insurance coverages are \$300,000 individually, and \$900,000 in the aggregate annually, which is consistent with current litigation settlement limitations established by the State of Tennessee for governmental entities. Management intends to maintain such coverages in the future. The medical center is involved in litigation arising in the ordinary course of business; however, management is of the opinion that insurance coverages are adequate to cover any potential losses on asserted claims. Management is unaware of any incidents that would ultimately result in a loss in excess of the medical center's insurance coverages.

The medical center is self-insured for a portion of employee medical and other healthcare benefits and workers' compensation claims. The risk of loss retained by the medical center is limited to \$130,000 and \$350,000 per occurrence for employee health and workers' compensation, respectively. The medical center has purchased excess insurance to provide coverage for claims in excess of the self-insured retention. Contributions by the medical center for employee health are based on actuarial estimates, while contributions for workers' compensation are based on actual claims experience. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include a provision for estimated claims incurred but not reported. Reserves included within accrued expenses related to employee medical and other healthcare benefits totaled \$850,000 in 2011. Reserves included within accrued expenses related to workers' compensation claims totaled \$334,867 in 2011.

Management continues to implement policies, procedures, and compliance overview of organizational structures to enforce and monitor compliance with the Health Insurance Portability and Accountability Act of 1996 and other government statutes and regulations. The medical center's compliance with such laws and regulations is subject to future government review and interpretations, as well as regulatory actions, which are unknown or unasserted at this time.

The Centers for Medicare and Medicaid Services ("CMS") have implemented a Recovery Audit Contracts ("RAC") program. The purpose of the program is to reduce improper Medicare payments through the detection and recovery of

overpayments. CMS has engaged subcontractors to perform these audits and they are being compensated on a contingency basis, which is based on the amount of overpayments that are recovered. While management believes that all Medicare billings are proper and adequate support is maintained, certain aspects of Medicare billing, coding, and support are subject to interpretation and may be viewed differently by the RAC auditors. As the amount of any recovery is unknown, management has not recorded any reserves related to the RAC audit at this time.

The medical center serves as the guarantor on debt issued to the joint venture in which it holds a 50 percent interest. The debt was repaid during September 2010.

K. Functional Expenses

The following is a summary of management's functional classification of operating expenses:

Healthcare services	\$ 44,262,436
General and administrative	<u>23,485,469</u>
Total	<u><u>\$ 67,747,905</u></u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Henry County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General 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	\$ 4,746,613	\$ 0	\$ 0	\$ 4,746,613	\$ 4,855,376	\$ 4,855,376	\$ (108,763)
Licenses and Permits	140,427	0	0	140,427	132,000	132,000	8,427
Fines, Forfeitures, and Penalties	211,073	0	0	211,073	291,100	291,100	(80,027)
Charges for Current Services	155,400	0	0	155,400	166,077	167,202	(11,802)
Other Local Revenues	420,860	0	0	420,860	531,503	531,653	(110,793)
Fees Received from County Officials	1,422,941	0	0	1,422,941	1,455,000	1,455,000	(32,059)
State of Tennessee	2,029,191	0	0	2,029,191	2,188,963	3,347,959	(1,318,768)
Federal Government	209,596	0	0	209,596	222,838	222,838	(13,242)
Other Governments and Citizens Groups	219,191	0	0	219,191	10,708	161,183	58,008
Total Revenues	\$ 9,555,292	\$ 0	\$ 0	\$ 9,555,292	\$ 9,853,565	\$ 11,164,311	\$ (1,609,019)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 44,127	\$ 0	\$ 0	\$ 44,127	\$ 38,850	\$ 44,175	\$ 48
Board of Equalization	320	0	0	320	1,000	1,000	680
Other Boards and Committees	4,325	0	0	4,325	5,000	5,000	675
County Mayor/Executive	198,281	0	0	198,281	206,047	206,047	7,766
County Attorney	19,765	0	0	19,765	19,765	19,765	0
Election Commission	154,259	0	0	154,259	158,020	158,687	4,428
Register of Deeds	164,946	0	0	164,946	174,953	174,953	10,007
Building	81,332	0	0	81,332	79,263	83,135	1,803
County Buildings	145,398	0	0	145,398	149,000	152,000	6,602
Other General Administration	136,608	0	0	136,608	132,564	138,564	1,956
Preservation of Records	14,014	(4,450)	0	9,564	10,300	10,300	736

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance</u>							
Accounting and Budgeting	\$ 87,857	\$ 0	100	\$ 87,957	\$ 92,091	\$ 92,258	\$ 4,301
Property Assessor's Office	205,280	0	0	205,280	214,667	214,667	9,387
Reappraisal Program	82,167	0	0	82,167	87,103	87,103	4,936
County Trustee's Office	186,458	0	0	186,458	190,707	190,228	3,770
County Clerk's Office	223,497	(400)	0	223,097	235,215	235,215	12,118
<u>Administration of Justice</u>							
Circuit Court	208,941	(2,313)	0	206,628	215,546	219,726	13,098
General Sessions Court	105,711	0	0	105,711	109,035	109,035	3,324
General Sessions Judge	169,586	0	0	169,586	195,522	188,258	18,672
Chancery Court	151,637	0	498	152,135	178,520	181,253	29,118
Juvenile Court	192,103	0	0	192,103	211,011	211,637	19,534
Probate Court	29,790	0	0	29,790	29,515	34,586	4,796
Other Administration of Justice	2,902	0	0	2,902	10,000	10,000	7,098
<u>Public Safety</u>							
Sheriff's Department	1,844,616	(209)	350	1,844,757	1,911,475	1,939,975	95,218
Special Patrols	78,157	0	0	78,157	88,000	88,000	9,843
Jail	1,217,266	0	4,205	1,221,471	1,297,275	1,280,854	59,383
Fire Prevention and Control	33,200	0	0	33,200	33,200	33,200	0
Rescue Squad	4,800	0	0	4,800	4,800	4,800	0
Other Emergency Management	72,260	(584)	8,160	79,836	123,024	200,218	120,382
County Coroner/Medical Examiner	52,033	0	3,300	55,333	43,700	65,100	9,767
<u>Public Health and Welfare</u>							
Local Health Center	117,068	(147)	0	116,921	133,334	133,334	16,413
Rabies and Animal Control	10,450	(2,420)	0	8,030	8,000	8,150	120

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Maternal and Child Health Services	\$ 1,350	\$ 0	\$ 0	\$ 1,350	\$ 1,350	\$ 0	0
Alcohol and Drug Programs	9,640	0	0	9,640	15,540	15,540	5,900
Crippled Children Services	2,660	0	0	2,660	2,660	2,660	0
Other Local Health Services	20,200	0	0	20,200	20,200	20,200	0
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	109,320	0	0	109,320	125,083	125,083	15,763
Libraries	122,700	0	0	122,700	122,700	122,700	0
Parks and Fair Boards	6,000	0	0	6,000	6,000	6,000	0
Other Social, Cultural, and Recreational	27,500	0	0	27,500	35,000	35,000	7,500
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	119,767	0	0	119,767	142,385	144,635	24,868
Soil Conservation	31,317	0	0	31,317	32,203	32,203	886
Flood Control	21,808	0	0	21,808	21,808	21,808	0
<u>Other Operations</u>							
Tourism	26,550	0	0	26,550	26,550	26,550	0
Tourism-Resort District	430,268	(5,000)	0	425,268	644,017	644,017	218,749
Industrial Development	55,000	0	0	55,000	55,000	55,000	0
Airport	519,937	0	18,802	538,739	352,504	1,515,004	976,265
Veterans' Services	36,901	(81)	0	36,820	40,353	40,353	3,533
Other Charges	127,065	(110)	0	126,955	120,390	128,590	1,635
Contributions to Other Agencies	292,548	(6,050)	14,920	301,418	312,641	312,641	11,223
Employee Benefits	1,468,300	0	0	1,468,300	1,521,651	1,523,453	55,153
ARRA Grant # B	4,074	0	0	4,074	4,074	4,074	0
Miscellaneous	5,399	0	0	5,399	482,500	7,500	2,101
Total Expenditures	\$ 9,477,458	\$ (21,764)	\$ 50,335	\$ 9,506,029	\$ 10,471,111	\$ 11,305,584	\$ 1,799,555

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 77,834 \$	21,764 \$	(50,335) \$	49,263 \$	(617,546) \$	(141,273) \$	190,536
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 10,564 \$	0 \$	0 \$	10,564 \$	100 \$	100 \$	10,464
Transfers In	0	0	0	0	100,000	0	0
City General Fund Transfer	0	0	0	0	50,475	0	0
Transfers Out	(454,767)	0	0	(454,767)	0	(475,000)	20,233
Total Other Financing Sources (Uses)	\$ (444,203) \$	0 \$	0 \$	(444,203) \$	150,575 \$	(474,900) \$	30,697
Net Change in Fund Balance	\$ (366,369) \$	21,764 \$	(50,335) \$	(394,940) \$	(466,971) \$	(616,173) \$	221,233
Fund Balance, July 1, 2010	2,879,778	(21,764)	0	2,858,014	3,717,780	3,717,780	(859,766)
Fund Balance, June 30, 2011	\$ 2,513,409 \$	0 \$	(50,335) \$	2,463,074 \$	3,250,809 \$	3,101,607 \$	(638,533)

Exhibit E-2

Henry 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	\$ 1,525,288	\$ 0	\$ 0	\$ 1,525,288	\$ 1,920,561	\$ 1,485,561	\$ 39,727
Other Local Revenues	27,274	0	0	27,274	21,200	21,200	6,074
State of Tennessee	2,515,459	0	0	2,515,459	2,734,108	3,022,046	(506,587)
Federal Government	97,310	0	0	97,310	0	0	97,310
Other Governments and Citizens Groups	5,000	0	0	5,000	0	5,000	0
Total Revenues	\$ 4,170,331	\$ 0	\$ 0	\$ 4,170,331	\$ 4,675,869	\$ 4,533,807	\$ (363,476)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 269,290	\$ 0	\$ 0	\$ 269,290	\$ 275,124	\$ 275,124	\$ 5,834
Highway and Bridge Maintenance	1,473,710	0	0	1,473,710	1,678,600	1,780,500	306,790
Operation and Maintenance of Equipment	622,307	0	0	622,307	673,350	690,150	67,843
Quarry Operations	400	0	0	400	1,000	1,000	600
Litter and Trash Collection	34,680	0	0	34,680	34,680	34,680	0
Other Charges	231,367	0	0	231,367	239,197	239,197	7,830
Employee Benefits	552,091	0	0	552,091	575,575	575,575	23,484
Capital Outlay	2,748,266	(16,575)	448	2,732,139	3,379,015	3,238,253	506,114
<u>Principal on Debt</u>							
Highways and Streets	310,000	0	0	310,000	0	310,000	0
Interest on Debt							
Highways and Streets	4,618	0	0	4,618	30,000	25,539	20,921
<u>Other Debt Service</u>							
Highways and Streets	4,461	0	0	4,461	0	4,461	0
Total Expenditures	\$ 6,251,190	\$ (16,575)	\$ 448	\$ 6,235,063	\$ 6,886,541	\$ 7,174,479	\$ 939,416

(Continued)

Exhibit E-2

Henry County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund (Cont.)

	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	
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,080,859)	\$ 16,575	\$ (448)	\$ (2,064,732)	\$ (2,210,672)	\$ (2,640,672)	\$ 575,940
<u>Other Financing Sources (Uses)</u>							
Other Loans Issued	\$ 656,250	\$ 0	\$ 0	\$ 656,250	\$ 1,500,000	\$ 1,500,000	\$ (843,750)
Transfers In	429,767	0	0	429,767	5,000	435,000	(5,233)
Total Other Financing Sources (Uses)	\$ 1,086,017	\$ 0	\$ 0	\$ 1,086,017	\$ 1,505,000	\$ 1,935,000	\$ (848,983)
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (994,842)	\$ 16,575	\$ (448)	\$ (978,715)	\$ (705,672)	\$ (705,672)	\$ (273,043)
	1,865,146	(16,575)	0	1,848,571	705,672	705,672	1,142,899
Fund Balance, June 30, 2011	\$ 870,304	\$ 0	\$ (448)	\$ 869,856	\$ 0	\$ 0	\$ 869,856

Exhibit E-3

Henry County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and the Discretely Presented Henry 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)
7-1-09	\$ 59,383	\$ 68,720	9,337	86.41 %	\$ 30,498	30.61 %
7-1-07	54,541	61,013	6,472	89.39	27,436	23.59

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 frozen entry age actuarial cost method went into effect during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit E-4

Henry County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and the Discretely Presented Henry County School Department
June 30, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-07	\$ 0	74	\$ 74	0%	\$ 1,096	7%
"	7-1-09	0	179	179	0	1,234	15
"	7-1-10	0	192	192	0	1,209	16
<u>DISCRETELY PRESENTED HENRY COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-07	0	6,224	6,224	0	12,894	48
"	7-1-09	0	4,871	4,871	0	10,461	47
"	7-1-10	0	4,900	4,900	0	10,505	47

HENRY 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 Henry 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, Other Boards and Committees, County Mayor/Executive, etc.). Management may make revisions within major categories, but only the Henry County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. CASH SHORTAGE – PRIOR YEAR

The audit of Henry County for the 2005-06 year reported a cash shortage of \$162,658 existed in the General (\$118,878), Drug Control (\$23,502), and General Capital Projects (\$20,278) funds as a result of irregularities in the Office of Sheriff. Former Sheriff David Bumpus, former business manager Faye Scott, and former owner of Elite Firearms, Jason Ferren, all pled guilty to various charges and received various sentences and fines. These three defendants have been ordered to pay restitution totaling \$71,512. This amount is net of estimated auction proceeds of items recovered from David Bumpus. The actual auction proceeds received during the 2008-09 year totaled \$12,205. During the 2010-11 fiscal year, no restitution had been received. As of June 30, 2011, the cash shortage totaled \$93,693, which included the General (\$49,913), Drug Control (\$23,502), and General Capital Projects (\$20,278) funds.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Capital Projects Fund

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

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

Exhibit F-1

Henry County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2011

	Special Revenue Funds			Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees		General Capital Projects		
Cash	\$ 0	\$ 0	\$ 10,735	\$ 10,735	\$ 0	\$ 0	10,735
Equity in Pooled Cash and Investments	368,518	220,047	0	588,565	448,587		1,037,152
Accounts Receivable	6,753	0	0	6,753	0	0	6,753
Due from Other Governments	388	0	0	388	87,491		87,879
Due from Other Funds	11,790	0	0	11,790	0	0	11,790
Property Taxes Receivable	293,651	0	0	293,651	0	0	293,651
Allowance for Uncollectible Property Taxes	(7,736)	0	0	(7,736)	0	0	(7,736)
Cash Shortage	0	23,502	0	23,502	20,278		43,780
Total Assets	\$ 673,364	\$ 243,549	\$ 10,735	\$ 927,648	\$ 556,356	\$ 1,484,004	

ASSETS

Cash	\$ 0	\$ 0	\$ 10,735	\$ 10,735	\$ 0	\$ 0	10,735
Equity in Pooled Cash and Investments	368,518	220,047	0	588,565	448,587		1,037,152
Accounts Receivable	6,753	0	0	6,753	0	0	6,753
Due from Other Governments	388	0	0	388	87,491		87,879
Due from Other Funds	11,790	0	0	11,790	0	0	11,790
Property Taxes Receivable	293,651	0	0	293,651	0	0	293,651
Allowance for Uncollectible Property Taxes	(7,736)	0	0	(7,736)	0	0	(7,736)
Cash Shortage	0	23,502	0	23,502	20,278		43,780
Total Assets	\$ 673,364	\$ 243,549	\$ 10,735	\$ 927,648	\$ 556,356	\$ 1,484,004	

LIABILITIES AND FUND BALANCES

Liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 119	\$ 119	119
Accounts Payable	0	0	10,735	10,735	0	0	10,735
Due to Other Funds	274,530	0	0	274,530	0	0	274,530
Deferred Revenue - Current Property Taxes	9,270	0	0	9,270	0	0	9,270
Deferred Revenue - Delinquent Property Taxes	283,800	0	10,735	294,535	119	\$ 294,654	
Total Liabilities	\$ 567,330	\$ 0	\$ 10,735	\$ 578,065	\$ 119	\$ 294,654	
Fund Balances	\$ 0	\$ 243,549	\$ 0	\$ 243,549	\$ 0	\$ 243,549	
Restricted:	119,252	0	0	119,252	0	0	119,252
Restricted for Public Safety	0	0	0	0	556,237	556,237	556,237
Restricted for Public Health and Welfare	0	0	0	0	0	0	0
Restricted for Capital Outlay	270,312	0	0	270,312	0	0	270,312
Committed:	389,564	243,549	0	633,113	556,237	1,189,350	
Committed for Public Health and Welfare	673,364	243,549	10,735	927,648	556,356	1,484,004	
Total Fund Balances	\$ 673,364	\$ 243,549	\$ 10,735	\$ 927,648	\$ 556,356	\$ 1,484,004	
Total Liabilities and Fund Balances	\$ 673,364	\$ 243,549	\$ 10,735	\$ 927,648	\$ 556,356	\$ 1,484,004	

Exhibit F-2

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

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>Solid</u>	<u>Drug</u>	<u>Total</u>	<u>Projects</u>	
	<u>Waste /</u>	<u>Control</u>		<u>General</u>	<u>Nonmajor</u>
	<u>Sanitation</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>Revenues</u>					
Local Taxes	\$ 293,422	\$ 0	\$ 293,422	\$ 0	\$ 293,422
Fines, Forfeitures, and Penalties	0	25,921	25,921	0	25,921
Other Local Revenues	247,269	7,661	254,930	0	254,930
State of Tennessee	26,205	0	26,205	77,491	103,696
Federal Government	0	51,858	51,858	100,000	151,858
Other Governments and Citizens Groups	40	2,734	2,774	0	2,774
Total Revenues	\$ 566,936	\$ 88,174	\$ 655,110	\$ 177,491	\$ 832,601
<u>Expenditures</u>					
Current:					
Public Safety	\$ 0	\$ 133,247	\$ 133,247	\$ 0	\$ 133,247
Public Health and Welfare	493,262	0	493,262	0	493,262
Other Operations	5,708	0	5,708	0	5,708
Capital Projects	0	0	0	1,068,928	1,068,928
Total Expenditures	\$ 498,970	\$ 133,247	\$ 632,217	\$ 1,068,928	\$ 1,701,145
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 67,966	\$ (45,073)	\$ 22,893	\$ (891,437)	\$ (868,544)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 808,000	\$ 808,000
Transfers Out	(18,464)	0	(18,464)	0	(18,464)
Total Other Financing Sources (Uses)	\$ (18,464)	\$ 0	\$ (18,464)	\$ 808,000	\$ 789,536
Net Change in Fund Balances	\$ 49,502	\$ (45,073)	\$ 4,429	\$ (83,437)	\$ (79,008)
Fund Balance, July 1, 2010	340,062	288,622	628,684	639,674	1,268,358
Fund Balance, June 30, 2011	\$ 389,564	\$ 243,549	\$ 633,113	\$ 556,237	\$ 1,189,350

Exhibit F-3

Henry County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 293,422	\$ 0	\$ 293,422	\$ 301,317	\$ 301,317	\$ (7,895)
Other Local Revenues	247,269	0	247,269	200,600	205,114	42,155
State of Tennessee	26,205	0	26,205	33,600	33,600	(7,395)
Other Governments and Citizens Groups	40	0	40	0	0	40
Total Revenues	\$ 566,936	\$ 0	\$ 566,936	\$ 535,517	\$ 540,031	\$ 26,905
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Sanitation Management	\$ 43,388	\$ 0	\$ 43,388	\$ 47,506	\$ 46,506	\$ 3,118
Recycling Center	391,472	(1,188)	390,284	430,311	446,025	55,741
Landfill Operation and Maintenance	38,191	0	38,191	60,000	60,000	21,809
Other Waste Disposal	20,211	0	20,211	33,600	33,600	13,389
<u>Other Operations</u>						
Other Charges	5,708	0	5,708	7,000	7,000	1,292
Miscellaneous	0	0	0	18,500	0	0
Total Expenditures	\$ 498,970	\$ (1,188)	\$ 497,782	\$ 596,917	\$ 593,131	\$ 95,349
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ 67,966	\$ 1,188	\$ 69,154	\$ (61,400)	\$ (53,100)	\$ 122,254
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (18,464)	\$ 0	\$ (18,464)	\$ 0	\$ (18,500)	\$ 36
Total Other Financing Sources (Uses)	\$ (18,464)	\$ 0	\$ (18,464)	\$ 0	\$ (18,500)	\$ 36
<u>Net Change in Fund Balance</u> <u>Fund Balance, July 1, 2010</u>	\$ 49,502	\$ 1,188	\$ 50,690	\$ (61,400)	\$ (71,600)	\$ 122,290
	340,062	(1,188)	338,874	61,400	71,600	267,274
<u>Fund Balance, June 30, 2011</u>	\$ 389,564	\$ 0	\$ 389,564	\$ 0	\$ 0	\$ 389,564

Exhibit F-4

Henry 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>				
Local Taxes	\$ 0	\$ 1,000	\$ 1,000	\$ (1,000)
Fines, Forfeitures, and Penalties	25,921	78,000	85,776	(59,855)
Other Local Revenues	7,661	13,000	13,000	(5,339)
Federal Government	51,858	0	51,858	0
Other Governments and Citizens Groups	2,734	0	7,000	(4,266)
Total Revenues	\$ 88,174	\$ 92,000	\$ 158,634	\$ (70,460)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 133,247	\$ 108,681	\$ 172,215	\$ 38,968
Total Expenditures	\$ 133,247	\$ 108,681	\$ 172,215	\$ 38,968
Excess (Deficiency) of Revenues Over Expenditures	\$ (45,073)	\$ (16,681)	\$ (13,581)	\$ (31,492)
<u>Other Financing Sources (Uses)</u>				
City General Fund Transfer	\$ 0	\$ 7,000	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 7,000	\$ 0	\$ 0
Net Change in Fund Balance	\$ (45,073)	\$ (9,681)	\$ (13,581)	\$ (31,492)
Fund Balance, July 1, 2010	288,622	9,681	13,581	275,041
Fund Balance, June 30, 2011	\$ 243,549	\$ 0	\$ 0	\$ 243,549

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Henry 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	\$ 715,616	\$ 729,258	\$ 729,258	\$ (13,642)
Other Local Revenues	161,957	306,429	306,429	(144,472)
Other Governments and Citizens Groups	1,686,738	0	1,686,738	0
Total Revenues	\$ 2,564,311	\$ 1,035,687	\$ 2,722,425	\$ (158,114)
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 9,663	\$ 13,000	\$ 13,000	\$ 3,337
<u>Principal on Debt</u>				
General Government	845,906	835,907	845,907	1
Education	1,138,141	1,138,142	1,138,142	1
<u>Interest on Debt</u>				
General Government	43,074	52,474	47,874	4,800
Education	752,555	756,397	756,326	3,771
<u>Other Debt Service</u>				
General Government	3,138	9,000	3,600	462
Education	6,269	9,000	9,071	2,802
Total Expenditures	\$ 2,798,746	\$ 2,813,920	\$ 2,813,920	\$ 15,174
Excess (Deficiency) of Revenues Over Expenditures	\$ (234,435)	\$ (1,778,233)	\$ (91,495)	\$ (142,940)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 43,464	\$ 1,730,239	\$ 43,501	\$ (37)
Total Other Financing Sources (Uses)	\$ 43,464	\$ 1,730,239	\$ 43,501	\$ (37)
Net Change in Fund Balance	\$ (190,971)	\$ (47,994)	\$ (47,994)	\$ (142,977)
Fund Balance, July 1, 2010	2,992,796	2,925,582	2,925,582	67,214
Fund Balance, June 30, 2011	\$ 2,801,825	\$ 2,877,588	\$ 2,877,588	\$ (75,763)

Fiduciary Funds

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

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

Watershed District Fund – The Watershed District Fund is used to account for prior years' acreage assessments collected on drainage district properties that are held in trust for the watershed district.

Special School District Fund – The Special School District Fund is used to account for property taxes collected for the Paris Special School District and the district's share of education revenues collected by the county that must be apportioned between the Henry County School System and the Paris Special School District on an average daily attendance basis. These collections are remitted to the Paris Special School District on a monthly basis.

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

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for transactions of the Judicial District Drug Task Force, a joint venture of the various law enforcement agencies of the Twenty-fourth Judicial District.

Exhibit H-1

Henry County, Tennessee
 Combining Statement of Fiduciary Assets and Liabilities
 Fiduciary Funds
 For the Year Ended June 30, 2011

	Agency Funds						Total
	Cities - Sales Tax	Watershed District	Special School District	Constitu- tional Officers - Agency	Judicial District Drug		
Cash	\$ 0	\$ 0	\$ 0	\$ 1,100,913	\$ 1,253	\$ 1,102,166	
Equity in Pooled Cash and Investments	0	1,606	193,155	0	205,964	400,725	
Accounts Receivable	0	0	0	0	29,076	29,076	
Due from Other Governments	592,572	0	270,317	0	9,177	872,066	
Property Taxes Receivable	0	0	3,424,423	0	0	3,424,423	
Allowance for Uncollectible Property Taxes	0	0	(89,572)	0	0	(89,572)	
Total Assets	\$ 592,572	\$ 1,606	\$ 3,798,323	\$ 1,100,913	\$ 245,470	\$ 5,738,884	
Due to Other Taxing Units	\$ 592,572	\$ 1,606	\$ 3,798,323	\$ 0	\$ 0	\$ 4,392,501	
Due to Litigants, Heirs, and Others	0	0	0	1,100,913	0	1,100,913	
Due to Joint Ventures	0	0	0	0	245,470	245,470	
Total Liabilities	\$ 592,572	\$ 1,606	\$ 3,798,323	\$ 1,100,913	\$ 245,470	\$ 5,738,884	

ASSETS

LIABILITIES

Exhibit H-2

Henry 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	\$ 2,775,146	\$ 2,775,146	\$ 0
Due from Other Governments	592,307	592,572	592,307	592,572
Total Assets	\$ 592,307	\$ 3,367,718	\$ 3,367,453	\$ 592,572
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 592,307	\$ 3,367,718	\$ 3,367,453	\$ 592,572
Total Liabilities	\$ 592,307	\$ 3,367,718	\$ 3,367,453	\$ 592,572
<u>Watershed District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,606	\$ 0	\$ 0	\$ 1,606
Total Assets	\$ 1,606	\$ 0	\$ 0	\$ 1,606
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,606	\$ 0	\$ 0	\$ 1,606
Total Liabilities	\$ 1,606	\$ 0	\$ 0	\$ 1,606
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 187,257	\$ 1,078,160	\$ 1,072,262	\$ 193,155
Due from Other Governments	271,850	270,317	271,850	270,317
Property Taxes Receivable	3,307,947	3,424,423	3,307,947	3,424,423
Allowance for Uncollectible Property Taxes	(66,000)	(89,572)	(66,000)	(89,572)
Total Assets	\$ 3,701,054	\$ 4,683,328	\$ 4,586,059	\$ 3,798,323
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,701,054	\$ 4,683,328	\$ 4,586,059	\$ 3,798,323
Total Liabilities	\$ 3,701,054	\$ 4,683,328	\$ 4,586,059	\$ 3,798,323

(Continued)

Exhibit H-2

Henry County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,033,222	\$ 7,835,470	\$ 7,767,779	\$ 1,100,913
Total Assets	\$ 1,033,222	\$ 7,835,470	\$ 7,767,779	\$ 1,100,913
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,033,222	\$ 7,835,470	\$ 7,767,779	\$ 1,100,913
Total Liabilities	\$ 1,033,222	\$ 7,835,470	\$ 7,767,779	\$ 1,100,913
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 2,337	\$ 1,253	\$ 2,337	\$ 1,253
Equity in Pooled Cash and Investments	95,142	652,140	541,318	205,964
Accounts Receivable	23,325	29,076	23,325	29,076
Due From Other Governments	12,351	9,177	12,351	9,177
Total Assets	\$ 133,155	\$ 691,646	\$ 579,331	\$ 245,470
<u>Liabilities</u>				
Due to Joint Ventures	\$ 133,155	\$ 691,646	\$ 579,331	\$ 245,470
Total Liabilities	\$ 133,155	\$ 691,646	\$ 579,331	\$ 245,470
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,035,559	\$ 7,836,723	\$ 7,770,116	\$ 1,102,166
Equity in Pooled Cash and Investments	284,005	4,505,446	4,388,726	400,725
Accounts Receivable	23,325	29,076	23,325	29,076
Due from Other Governments	876,508	872,066	876,508	872,066
Property Taxes Receivable	3,307,947	3,424,423	3,307,947	3,424,423
Allowance for Uncollectible Property Taxes	(66,000)	(89,572)	(66,000)	(89,572)
Total Assets	\$ 5,461,344	\$ 16,578,162	\$ 16,300,622	\$ 5,738,884
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,294,967	\$ 8,051,046	\$ 7,953,512	\$ 4,392,501
Due to Litigants, Heirs, and Others	1,033,222	7,835,470	7,767,779	1,100,913
Due to Joint Ventures	133,155	691,646	579,331	245,470
Total Liabilities	\$ 5,461,344	\$ 16,578,162	\$ 16,300,622	\$ 5,738,884

Henry County School Department

This section presents combining and individual fund financial statements for the Henry County School Department, a discretely presented component unit. The School Department uses a General Fund, two Special Revenue Funds, and one Capital Projects 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 for specific education programs.

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department.

Exhibit I-1

Henry County, Tennessee
Statement of Activities
Discretely Presented Henry 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	
Governmental Activities:				
Instruction	\$ 17,624,903	\$ 0	2,430,192	\$ (15,194,711)
Support Services	8,521,538	64,381	557,198	(7,899,959)
Operation of Non-Instructional Services	2,585,799	602,061	1,512,715	(471,023)
Interest on Long-term Debt	1,686,738	0	0	(1,686,738)
Total Governmental Activities	\$ 30,418,978	\$ 666,442	\$ 4,500,105	\$ (25,252,431)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 4,520,349
Local Option Sales Taxes				2,636,903
Business Tax				130,584
Other Local Taxes				1,432
Grants and Contributions Not Restricted to Specific Programs				16,703,607
Miscellaneous				78,993
Total General Revenues				\$ 24,071,868
Change in Net Assets				\$ (1,180,563)
Net Assets, July 1, 2010				30,870,611
Net Assets, June 30, 2011				<u>\$ 29,690,048</u>

Exhibit I-2

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total Govern- mental Funds</u>
	General Purpose School	Other Govern- mental Funds	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 2,933,883	\$ 639,088	\$ 3,572,971
Due from Other Governments	956,065	50,058	1,006,123
Due from Other Funds	24,124	39,292	63,416
Due from Primary Government	0	2,117	2,117
Property Taxes Receivable	4,724,386	0	4,724,386
Allowance for Uncollectible Property Taxes	(124,476)	0	(124,476)
Total Assets	\$ 8,513,982	\$ 730,555	\$ 9,244,537
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 46,932	\$ 3,736	\$ 50,668
Contracts Payable	0	30,376	30,376
Due to Other Funds	39,292	19,565	58,857
Deferred Revenue - Current Property Taxes	4,416,755	0	4,416,755
Deferred Revenue - Delinquent Property Taxes	149,201	0	149,201
Other Deferred Revenues	246,873	0	246,873
Total Liabilities	\$ 4,899,053	\$ 53,677	\$ 4,952,730
<u>Fund Balances</u>			
Restricted:			
Restricted for Education	\$ 290,473	\$ 8,316	\$ 298,789
Restricted for Operation of Non-Instructional Services	0	488,562	488,562
Restricted for Capital Projects	0	30,000	30,000
Assigned:			
Assigned for Education	69,763	150,000	219,763
Assigned for Capital Projects	458,752	0	458,752
Unassigned	2,795,941	0	2,795,941
Total Fund Balances	\$ 3,614,929	\$ 676,878	\$ 4,291,807
Total Liabilities and Fund Balances	\$ 8,513,982	\$ 730,555	\$ 9,244,537

Exhibit I-3

Henry County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Henry 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 I-2)		\$ 4,291,807
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 610,066	
Add: construction in progress	3,459,151	
Add: buildings and improvements net of accumulated depreciation	20,601,248	
Add: other capital assets net of accumulated depreciation	<u>1,663,957</u>	26,334,422
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		396,074
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: compensated absences payable	\$ (71,818)	
Less: other postemployment benefits liability	<u>(1,260,437)</u>	<u>(1,332,255)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 29,690,048</u>

Exhibit I-4

Henry County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Henry County School Department
For the Year Ended June 30, 2011

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 7,364,130	\$ 0	\$ 7,364,130
Licenses and Permits	1,897	0	1,897
Charges for Current Services	64,895	600,739	665,634
Other Local Revenues	141,650	15,744	157,394
State of Tennessee	16,963,733	16,678	16,980,411
Federal Government	377,047	3,983,892	4,360,939
Total Revenues	<u>\$ 24,913,352</u>	<u>\$ 4,617,053</u>	<u>\$ 29,530,405</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 13,536,917	\$ 2,174,496	\$ 15,711,413
Support Services	8,107,876	597,321	8,705,197
Operation of Non-Instructional Services	715,639	1,850,056	2,565,695
Capital Outlay	263,944	0	263,944
Debt Service:			
Interest on Debt	1,686,738	0	1,686,738
Capital Projects	0	2,671,519	2,671,519
Total Expenditures	<u>\$ 24,311,114</u>	<u>\$ 7,293,392</u>	<u>\$ 31,604,506</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 602,238</u>	<u>\$ (2,676,339)</u>	<u>\$ (2,074,101)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 101,023	\$ 0	\$ 101,023
Transfers In	24,395	414,919	439,314
Transfers Out	(414,919)	(24,395)	(439,314)
Total Other Financing Sources (Uses)	<u>\$ (289,501)</u>	<u>\$ 390,524</u>	<u>\$ 101,023</u>
Net Change in Fund Balances	\$ 312,737	\$ (2,285,815)	\$ (1,973,078)
Fund Balance, July 1, 2010	3,302,192	2,962,693	6,264,885
Fund Balance, June 30, 2011	<u>\$ 3,614,929</u>	<u>\$ 676,878</u>	<u>\$ 4,291,807</u>

Exhibit I-5

Henry County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Henry 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 I-4)		\$ (1,973,078)
(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	\$ 3,294,296	
Less: current-year depreciation expense	<u>(2,019,774)</u>	1,274,522
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, donations) is to decrease net assets.		
Less: proceeds received from the sale of capital assets		(1,274)
(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	\$ 396,074	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(679,064)</u>	(282,990)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ (11,478)	
Change in other postemployment benefits liability	<u>(186,265)</u>	<u>(197,743)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (1,180,563)</u>

Exhibit I-6

Henry County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Henry County School Department
June 30, 2011

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 148,912	\$ 469,092	\$ 618,004	\$ 21,084	\$ 639,088
Due from Other Governments	30,588	19,470	50,058	0	50,058
Due from Other Funds	0	0	0	39,292	39,292
Due from Primary Government	2,117	0	2,117	0	2,117
Total Assets	<u>\$ 181,617</u>	<u>\$ 488,562</u>	<u>\$ 670,179</u>	<u>\$ 60,376</u>	<u>\$ 730,555</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 3,736	\$ 0	\$ 3,736	\$ 0	\$ 3,736
Contracts Payable	0	0	0	30,376	30,376
Due to Other Funds	19,565	0	19,565	0	19,565
Total Liabilities	<u>\$ 23,301</u>	<u>\$ 0</u>	<u>\$ 23,301</u>	<u>\$ 30,376</u>	<u>\$ 53,677</u>
<u>Fund Balances</u>					
Restricted:					
Restricted for Education	\$ 8,316	\$ 0	\$ 8,316	\$ 0	\$ 8,316
Restricted for Operation of Non-Instructional Services	0	488,562	488,562	0	488,562
Restricted for Capital Projects	0	0	0	30,000	30,000
Assigned:					
Assigned for Education	150,000	0	150,000	0	150,000
Total Fund Balances	<u>\$ 158,316</u>	<u>\$ 488,562</u>	<u>\$ 646,878</u>	<u>\$ 30,000</u>	<u>\$ 676,878</u>
Total Liabilities and Fund Balances	<u>\$ 181,617</u>	<u>\$ 488,562</u>	<u>\$ 670,179</u>	<u>\$ 60,376</u>	<u>\$ 730,555</u>

Exhibit I-7

Henry County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Henry County School Department
For the Year Ended June 30, 2011

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 600,739	\$ 600,739	\$ 0	\$ 600,739
Other Local Revenues	0	15,744	15,744	0	15,744
State of Tennessee	0	16,678	16,678	0	16,678
Federal Government	2,803,662	1,180,230	3,983,892	0	3,983,892
Total Revenues	\$ 2,803,662	\$ 1,813,391	\$ 4,617,053	\$ 0	\$ 4,617,053
<u>Expenditures</u>					
Current:					
Instruction	\$ 2,174,496	\$ 0	\$ 2,174,496	\$ 0	\$ 2,174,496
Support Services	597,321	0	597,321	0	597,321
Operation of Non-Instructional Services	0	1,850,056	1,850,056	0	1,850,056
Capital Projects	0	0	0	2,671,519	2,671,519
Total Expenditures	\$ 2,771,817	\$ 1,850,056	\$ 4,621,873	\$ 2,671,519	\$ 7,293,392
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 31,845	\$ (36,665)	\$ (4,820)	\$ (2,671,519)	\$ (2,676,339)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 150,000	\$ 0	\$ 150,000	\$ 264,919	\$ 414,919
Transfers Out	(24,395)	0	(24,395)	0	(24,395)
Total Other Financing Sources (Uses)	\$ 125,605	\$ 0	\$ 125,605	\$ 264,919	\$ 390,524
Net Change in Fund Balances					
Fund Balance, July 1, 2010	\$ 157,450	\$ (36,665)	\$ 120,785	\$ (2,406,600)	\$ (2,285,815)
	866	525,227	526,093	2,436,600	2,962,693
Fund Balance, June 30, 2011	\$ 158,316	\$ 488,562	\$ 646,878	\$ 30,000	\$ 676,878

Exhibit I-8

Henry County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Henry County School Department
General Purpose School 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	
Revenues							
Local Taxes	\$ 7,364,130	\$ 0	\$ 0	\$ 7,364,130	\$ 7,437,078	\$ 7,437,079	\$ (72,949)
Licenses and Permits	1,897	0	0	1,897	2,200	2,200	(303)
Charges for Current Services	64,895	0	0	64,895	55,961	55,004	9,891
Other Local Revenues	141,650	0	0	141,650	157,669	174,413	(32,763)
State of Tennessee	16,963,733	0	0	16,963,733	16,690,470	16,888,654	75,079
Federal Government	377,047	0	0	377,047	413,013	439,021	(61,974)
Total Revenues	\$ 24,913,352	\$ 0	\$ 0	\$ 24,913,352	\$ 24,756,391	\$ 24,996,371	\$ (83,019)
Expenditures							
<u>Instruction</u>							
Regular Instruction Program	\$ 10,886,239	\$ (36,742)	\$ 1,687	\$ 10,851,184	\$ 10,943,983	\$ 10,955,585	\$ 104,401
Alternative Instruction Program	159,372	0	0	159,372	159,490	159,476	104
Special Education Program	1,460,737	0	0	1,460,737	1,495,254	1,483,271	22,534
Vocational Education Program	801,794	(199)	0	801,595	840,939	831,184	29,589
Adult Education Program	228,775	0	0	228,775	213,348	276,214	47,439
<u>Support Services</u>							
Attendance	237,559	0	0	237,559	234,792	242,099	4,540
Health Services	324,102	0	0	324,102	334,137	334,101	9,999
Other Student Support	567,041	0	0	567,041	604,182	596,866	29,825
Regular Instruction Program	1,016,570	(562)	1,192	1,017,200	1,057,228	1,075,665	58,465
Alternative Instruction Program	86,055	0	0	86,055	89,854	89,888	3,833
Special Education Program	118,072	0	0	118,072	114,372	118,341	269
Vocational Education Program	57,837	0	0	57,837	60,915	65,742	7,905
Other Programs	172,249	0	0	172,249	0	172,249	0
Board of Education	418,833	0	8,623	427,456	405,276	444,635	17,179
Director of Schools	229,608	0	0	229,608	258,757	258,052	28,444
Office of the Principal	1,154,091	(563)	0	1,153,528	1,265,127	1,248,381	94,853
Fiscal Services	154,420	0	0	154,420	159,721	158,737	4,317

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less:		Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		7/1/2010	Encumbrances			Original	Final	
<u>Expenditures (Cont.)</u>								
<u>Support Services (Cont.)</u>								
Operation of Plant	\$ 1,458,380	\$ 0	\$ 0	\$ 0	\$ 1,458,380	\$ 1,539,822	\$ 1,539,822	\$ 81,442
Maintenance of Plant	572,399	(835)	1,750	1,750	573,314	645,519	653,283	79,969
Transportation	1,540,660	(1,949)	56,511	56,511	1,595,222	1,614,785	1,623,864	28,642
<u>Operation of Non-Instructional Services</u>								
Community Services	438,421	(5,967)	0	0	432,454	578,921	545,976	113,522
Early Childhood Education	277,218	0	0	0	277,218	288,030	295,201	17,983
<u>Capital Outlay</u>								
Regular Capital Outlay	263,944	0	0	0	263,944	200,000	266,259	2,315
Principal on Debt	0	0	0	0	0	1,001,154	0	0
Education								
Interest on Debt								
Education	1,686,738	0	0	0	1,686,738	675,585	1,686,739	1
Total Expenditures	\$ 24,311,114	\$ (46,817)	\$ 69,763	\$ 69,763	\$ 24,334,060	\$ 24,781,191	\$ 25,121,630	\$ 787,570
Excess (Deficiency) of Revenues Over Expenditures	\$ 602,238	\$ 46,817	\$ (69,763)	\$ (69,763)	\$ 579,292	\$ (24,800)	\$ (125,259)	\$ 704,551
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 101,023	\$ 0	\$ 0	\$ 0	\$ 101,023	\$ 0	\$ 100,170	\$ 853
<u>Other Financing Sources (Uses) (Cont.)</u>								
Transfers In	\$ 24,395	\$ 0	\$ 0	\$ 0	\$ 24,395	\$ 24,800	\$ 24,800	\$ (405)
Transfers Out	(414,919)	0	0	0	(414,919)	0	(414,919)	0
Total Other Financing Sources (Uses)	\$ (289,501)	\$ 0	\$ 0	\$ 0	\$ (289,501)	\$ 24,800	\$ (289,949)	\$ 448
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 312,737	\$ 46,817	\$ (69,763)	\$ (69,763)	\$ 289,791	\$ 0	\$ (415,208)	\$ 704,999
Fund Balance, July 1, 2010	3,302,192	(46,817)	0	0	3,255,375	2,692,932	2,692,932	562,443
Fund Balance, June 30, 2011	\$ 3,614,929	\$ 0	\$ (69,763)	\$ (69,763)	\$ 3,545,166	\$ 2,692,932	\$ 2,277,724	\$ 1,267,442

Exhibit I-9

Henry County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Henry 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	\$ 2,803,662	\$ 2,367,437	\$ 2,994,165	\$ (190,503)
Total Revenues	\$ 2,803,662	\$ 2,367,437	\$ 2,994,165	\$ (190,503)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,224,676	\$ 1,240,890	\$ 1,275,289	\$ 50,613
Special Education Program	894,070	592,979	980,929	86,859
Vocational Education Program	55,750	54,430	56,429	679
<u>Support Services</u>				
Attendance	13,030	0	13,093	63
Other Student Support	36,057	40,580	42,393	6,336
Regular Instruction Program	221,900	234,117	255,053	33,153
Special Education Program	179,630	159,252	194,492	14,862
Vocational Education Program	4,356	4,356	4,356	0
Transportation	142,348	19,026	146,212	3,864
Total Expenditures	\$ 2,771,817	\$ 2,345,630	\$ 2,968,246	\$ 196,429
Excess (Deficiency) of Revenues Over Expenditures	\$ 31,845	\$ 21,807	\$ 25,919	\$ 5,926
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 150,000	\$ 129,113	\$ 0	\$ 150,000
Transfers Out	(24,395)	(150,920)	(25,919)	1,524
Total Other Financing Sources (Uses)	\$ 125,605	\$ (21,807)	\$ (25,919)	\$ 151,524
Net Change in Fund Balance	\$ 157,450	\$ 0	\$ 0	\$ 157,450
Fund Balance, July 1, 2010	866	0	0	866
Fund Balance, June 30, 2011	\$ 158,316	\$ 0	\$ 0	\$ 158,316

Exhibit I-10

Henry County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Henry County School Department
 Central Cafeteria Fund
 For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 600,739	\$ 0	\$ 600,739	\$ 645,788	\$ 645,788	\$ (45,049)
Other Local Revenues	15,744	0	15,744	4,747	4,747	10,997
State of Tennessee	16,678	0	16,678	16,389	16,389	289
Federal Government	1,180,230	0	1,180,230	1,155,254	1,259,718	(79,488)
Total Revenues	\$ 1,813,391	\$ 0	\$ 1,813,391	\$ 1,822,178	\$ 1,926,642	\$ (113,251)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 1,850,056	\$ (40,787)	\$ 1,809,269	\$ 1,874,972	\$ 1,979,436	\$ 170,167
Total Expenditures	\$ 1,850,056	\$ (40,787)	\$ 1,809,269	\$ 1,874,972	\$ 1,979,436	\$ 170,167
Excess (Deficiency) of Revenues Over Expenditures	\$ (36,665)	\$ 40,787	\$ 4,122	\$ (52,794)	\$ (52,794)	\$ 56,916
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (36,665)	\$ 40,787	\$ 4,122	\$ (52,794)	\$ (52,794)	\$ 56,916
	\$ 525,227	\$ (40,787)	\$ 484,440	\$ 496,882	\$ 496,882	\$ (12,442)
Fund Balance, June 30, 2011	\$ 488,562	\$ 0	\$ 488,562	\$ 444,088	\$ 444,088	\$ 44,474

MISCELLANEOUS SCHEDULES

Exhibit J-1

Henry County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
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	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School Energy Efficiency Improvement	\$ 499,872	0 %	2-2-07	2-15-14	\$ 285,642	\$ 0	\$ 71,410	\$ 214,232
Jail Renovation Projects	300,000	3.9	11-26-07	11-26-10	100,000	0	100,000	0
Right-of-Way and Utility Relocation	500,000	3.74	6-17-08	6-17-18	413,789	0	45,538	368,251
Airport Industrial Building	960,000	0	8-6-08	7-31-18	960,000	0	110,000	850,000
Solid Waste Bailer	80,000	3.85	9-24-08	9-24-13	64,000	0	16,000	48,000
Emergency Services Complex	426,000	3.99	11-4-09	11-4-21	426,000	0	28,368	397,632
Energy Efficiency Projects	660,000	3.22	11-30-10	11-20-22	0	660,000	0	660,000
General Improvement Projects	148,000	.87	11-30-10	6-30-11	0	148,000	148,000	0
Total Notes Payable					\$ 2,249,431	\$ 808,000	\$ 519,316	\$ 2,538,115
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Grove School/Campus Renovation	3,000,000	Variable	5-17-1996	5-25-15	\$ 1,103,700	\$ 0	\$ 197,800	\$ 905,900
Jail Renovation Projects	4,944,998	Variable	5-25-1999	5-25-14	757,998	0	398,000	359,998
Total Payable through General Debt Service Fund					\$ 1,861,698	\$ 0	\$ 595,800	\$ 1,265,898
<u>Payable through Highway/Public Works Fund</u>								
Road Improvements	(1)	Variable	8-25-09	5-25-16	\$ 801,414	\$ 656,250	\$ 310,000	\$ 1,147,664
Total Payable through Highway/Public Works Fund					\$ 801,414	\$ 656,250	\$ 310,000	\$ 1,147,664
Total Other Loans Payable					\$ 2,663,112	\$ 656,250	\$ 905,800	\$ 2,413,562
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School, Series 2001B (CAB) (2)	3,693,361	4.6 to 5.2	3-1-01	5-1-21	\$ 3,365,447	\$ 0	\$ 288,931	\$ 3,076,516
School, Rural Series 2003	6,600,000	4.25 to 4.6	1-1-03	5-1-25	6,600,000	0	0	6,600,000
School, Refunding Series 2005	5,790,000	3 to 3.85	5-27-05	5-1-18	5,130,000	0	535,000	4,595,000
School, Series 2010	2,500,000	1.6 to 4.25	1-22-10	5-1-26	2,500,000	0	45,000	2,455,000
Total Bonds Payable					\$ 17,595,447	\$ 0	\$ 868,931	\$ 16,726,516

(1) Total amount available for draws from the Montgomery County Public Building Authority is \$2,800,000, of which Henry County has drawn \$1,857,664.

(2) These (CAB) bonds accrete interest that is paid at bond maturity. As of June 30, 2011, interest of \$2,049,234 has accreted on the bonds.

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 330,560	\$ 52,214	\$ 382,774
2013	334,420	47,738	382,158
2014	339,055	42,487	381,542
2015	256,394	37,122	293,516
2016	261,315	32,201	293,516
2017	266,379	27,137	293,516
2018	269,755	21,815	291,570
2019	106,092	16,410	122,502
2020	99,485	13,017	112,502
2021	102,982	9,520	112,502
2022	106,636	5,864	112,500
2023	65,042	2,094	67,136
Total	\$ 2,538,115	\$ 307,619	\$ 2,845,734

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2012	\$ 818,598	\$ 9,429	\$ 6,785	\$ 834,812
2013	483,100	5,911	4,135	493,146
2014	508,200	4,100	2,861	515,161
2015	535,000	2,193	1,518	538,711
2016	68,664	185	103	68,952
Total	\$ 2,413,562	\$ 21,818	\$ 15,402	\$ 2,450,782

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 872,438	\$ 744,782	\$ 1,617,220
2013	880,447	736,803	1,617,250
2014	885,341	731,064	1,616,405
2015	898,169	726,240	1,624,409
2016	1,168,040	712,930	1,880,970
2017	1,195,910	690,460	1,886,370
2018	971,633	907,387	1,879,020
2019	642,109	1,263,746	1,905,855
2020	607,815	1,296,115	1,903,930
2021	1,299,614	597,391	1,897,005
2022	1,575,000	320,665	1,895,665
2023	1,650,000	250,968	1,900,968
2024	1,720,000	177,172	1,897,172
2025	1,800,000	99,400	1,899,400
2026	560,000	23,800	583,800
Total	\$ 16,726,516	\$ 9,278,923	\$ 26,005,439

Exhibit J-3

Henry County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Henry 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>			
General	Highway/Public Works	Net wheel tax revenue	\$ 429,767
General	General Debt Service	Debt payments	25,000
Solid Waste/Sanitation	General Debt Service	Debt payments	18,464
Total Transfers Primary Government			<u>\$ 473,231</u>
<u>DISCRETELY PRESENTED HENRY COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash flow	\$ 150,000
General Purpose School	Education Capital Projects	Capital outlay	264,919
School Federal Projects	General Purpose School	Indirect costs	<u>24,395</u>
Total Transfers Discretely Presented Henry County School Department			<u>\$ 439,314</u>

Exhibit J-4

Henry County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Henry County School Department
For the Year Ended June 30, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 71,322	\$ 50,000	RLI Insurance Company
County Road Supervisor	Section 8-24-102, TCA	67,927	100,000	"
Director of Schools	State Board of Education and County Board of Education	131,886	50,000	Western Surety Company
Trustee	Section 8-24-102, TCA	61,751	1,212,416	RLI Insurance Company
Assessor of Property	Section 8-24-102, TCA	61,751	10,000	"
County Clerk:				
Jerry Bomar (7-1-10 through 8-31-10)	Section 8-24-102, TCA	10,292	50,000	"
Donna Craig (9-1-10 through 6-30-11)	Section 8-24-102, TCA	51,459	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk:				
Rondall Myers (7-1-10 through 8-31-10)	Section 8-24-102, TCA	10,292	50,000	"
Mike Wilson (9-1-10 through 6-30-11)	Section 8-24-102, TCA	51,459	100,000	"
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge	61,751 (1)	60,000	"
Register:				
Alice Webb (7-1-10 through 8-31-10)	Section 8-24-102, TCA	10,292	25,000	"
Pam Martin (9-1-10 through 6-30-11)	Section 8-24-102, TCA	51,459	25,000	"
Sheriff	Section 8-24-102, TCA	67,927 (2)	25,000	"
Employee Blanket Bonds:				
Offices of County Mayor and County Road Supervisor			150,000	Tennessee Risk Management Trust
Office of Director of Schools			150,000	"

(1) Does not include special commissioner fees of \$650.

(2) Does not include a \$600 law enforcement training supplement.

Exhibit J-5

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

	Special Revenue Funds							Total	
	General	Solid			Highway / Public Works	Debt Service Fund			Capital Projects Fund
		Waste / Sanitation	Drug Control			General Debt Service	General Capital Projects		
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 2,686,157	\$ 255,712	\$ 0	\$ 1,336,452	\$ 128,114	\$ 0	\$ 4,406,435		
Trustee's Collections - Prior Year	91,428	9,974	0	45,431	4,988	0	151,821		
Trustee's Collections - Bankruptcy	5,427	546	0	2,865	273	0	9,111		
Circuit/Clerk & Master Collections - Prior Years	15,300	1,670	0	7,947	834	0	25,751		
Interest and Penalty	22,615	2,399	0	12,875	1,185	0	39,074		
Pick-up Taxes	1,172	118	0	622	59	0	1,971		
Payments in-Lieu-of Taxes - Local Utilities	41,597	4,085	0	21,206	2,046	0	68,934		
Payments in-Lieu-of Taxes - Other	0	7,892	0	40,980	3,954	0	52,826		
<u>County Local Option Taxes</u>									
Local Option Sales Tax	593,149	0	0	0	0	0	593,149		
Hotel/Motel Tax	223,082	0	0	0	0	0	223,082		
Wheel Tax	434,139	0	0	0	535,444	0	969,583		
Litigation Tax - General	99,609	0	0	0	0	0	99,609		
Litigation Tax - Jail, Workhouse, or Courthouse Business Tax	0	0	0	0	33,200	0	33,200		
Statutory Local Taxes	79,746	8,414	0	43,349	4,210	0	135,719		
Bank Excise Tax	26,600	2,612	0	13,561	1,309	0	44,082		
Wholesale Beer Tax	425,197	0	0	0	0	0	425,197		
Interstate Telecommunications Tax	1,395	0	0	0	0	0	1,395		
Total Local Taxes	\$ 4,746,613	\$ 293,422	\$ 0	\$ 1,525,288	\$ 715,616	\$ 0	\$ 7,280,939		
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Animal Registration	\$ 11,451	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,451		
Cable TV Franchise	128,976	0	0	0	0	0	128,976		
Total Licenses and Permits	\$ 140,427	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 140,427		

(Continued)

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

	General	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
		Solid Waste / Sanitation	Drug Control	Highway / Public Works	Debt Service Fund				
					General	Debt Service			
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 7,072	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	7,072	
Officers Costs	4,906	0	0	0	0	0	0	4,906	
Drug Control Fines	5,377	0	5,981	0	0	0	0	11,358	
Data Entry Fee - Circuit Court	392	0	0	0	0	0	0	392	
Courtroom Security Fee	95	0	0	0	0	0	0	95	
<u>General Sessions Court</u>									
Fines	52,349	0	0	0	0	0	0	52,349	
Officers Costs	65,536	0	0	0	0	0	0	65,536	
Game and Fish Fines	2,832	0	0	0	0	0	0	2,832	
Drug Control Fines	3,838	0	10,680	0	0	0	0	14,518	
Drug Court Fees	8,415	0	0	0	0	0	0	8,415	
Jail Fees	1,490	0	0	0	0	0	0	1,490	
DUI Treatment Fines	7,106	0	0	0	0	0	0	7,106	
Data Entry Fee - General Sessions Court	6,015	0	0	0	0	0	0	6,015	
Courtroom Security Fee	512	0	0	0	0	0	0	512	
Victims Assistance Assessments	31,749	0	0	0	0	0	0	31,749	
<u>Juvenile Court</u>									
Fines	9,940	0	0	0	0	0	0	9,940	
Officers Costs	44	0	0	0	0	0	0	44	
Data Entry Fee - Juvenile Court	298	0	0	0	0	0	0	298	
Courtroom Security Fee	298	0	0	0	0	0	0	298	
<u>Chancery Court</u>									
Officers Costs	1,471	0	0	0	0	0	0	1,471	
Data Entry Fee - Chancery Court	1,338	0	0	0	0	0	0	1,338	
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	0	6,556	0	0	0	0	6,556	
Other Fines, Forfeitures, and Penalties	0	0	2,704	0	0	0	0	2,704	
Total Fines, Forfeitures, and Penalties	\$ 211,073	\$ 0	\$ 25,921	\$ 0	\$ 0	\$ 0	\$ 0	236,994	

(Continued)

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

	Special Revenue Funds										Total
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	Debt Service Fund		Capital Projects Fund		General Capital Projects	Total	
					General	Debt Service	General	Capital Projects			
Charges for Current Services											
<u>General Service Charges</u>											
Sale of Electricity	\$ 33,987	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,987
Work Release Charges for Board Fees	600	0	0	0	0	0	0	0	0	0	600
Airport Fees	25,319	0	0	0	0	0	0	0	0	0	25,319
Copy Fees	2,581	0	0	0	0	0	0	0	0	0	2,581
Greenbelt Late Application Fee	500	0	0	0	0	0	0	0	0	0	500
Telephone Commissions	62,321	0	0	0	0	0	0	0	0	0	62,321
Vending Machine Collections	303	0	0	0	0	0	0	0	0	0	303
Data Processing Fee - Register	11,150	0	0	0	0	0	0	0	0	0	11,150
Data Processing Fee - Sheriff	10,735	0	0	0	0	0	0	0	0	0	10,735
Sexual Offender Registration Fees - Sheriff	2,500	0	0	0	0	0	0	0	0	0	2,500
Data Processing Fee - County Clerk	2,804	0	0	0	0	0	0	0	0	0	2,804
<u>Education Charges</u>											
Tuition - Other	2,600	0	0	0	0	0	0	0	0	0	2,600
Total Charges for Current Services	\$ 155,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 155,400
Other Local Revenues											
<u>Recurring Items</u>											
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 125,336	\$ 0	\$ 0	\$ 0	\$ 0	\$ 125,336
Lease/Rentals	36,839	0	0	1,200	27,513	0	0	0	0	0	65,552
Commissary Sales	36,358	0	0	0	0	0	0	0	0	0	36,358
Sale of Gasoline	251,754	0	0	22,786	0	0	0	0	0	0	274,540
Sale of Recycled Materials	0	243,251	0	0	0	0	0	0	0	0	243,251
Sale of Animals/Livestock	480	0	0	0	0	0	0	0	0	0	480
Miscellaneous Refunds	10,668	4,018	6,180	3,288	9,108	0	0	0	0	0	33,262
<u>Nonrecurring Items</u>											
Sale of Equipment	0	0	1,481	0	0	0	0	0	0	0	1,481
Sale of Property	2,839	0	0	0	0	0	0	0	0	0	2,839

(Continued)

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

	Special Revenue Funds							Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	Debt Service Fund		Capital Projects Fund			
					General	Debt Service				
<u>Other Local Revenues (Cont.)</u>										
<u>Nonrecurring Items (Cont.)</u>										
Damages Recovered from Individuals	\$ 3,086	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,086	
Performance Bond Forfeitures	13,244	0	0	0	0	0	0	0	13,244	
<u>Other Local Revenues</u>	65,592	0	0	0	0	0	0	0	65,592	
Total Other Local Revenues	\$ 420,860	\$ 247,269	\$ 7,661	\$ 27,274	\$ 161,957	\$ 0	\$ 0	\$ 0	\$ 865,021	
<u>Fees Received from County Officials</u>										
<u>Fees in-Lieu-of Salary</u>										
County Clerk	\$ 427,578	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 427,578	
Circuit Court Clerk	59,641	0	0	0	0	0	0	0	59,641	
General Sessions Court Clerk	208,197	0	0	0	0	0	0	0	208,197	
Clerk and Master	82,478	0	0	0	0	0	0	0	82,478	
Juvenile Court Clerk	51,066	0	0	0	0	0	0	0	51,066	
Probate Court Clerk	8,574	0	0	0	0	0	0	0	8,574	
Register	129,887	0	0	0	0	0	0	0	129,887	
Sheriff	9,579	0	0	0	0	0	0	0	9,579	
Trustee	445,941	0	0	0	0	0	0	0	445,941	
Total Fees Received from County Officials	\$ 1,422,941	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,422,941	
<u>State of Tennessee</u>										
<u>General Government Grants</u>										
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000	
Airport Maintenance Program	139,614	0	0	0	0	0	0	0	139,614	
Aging Programs	39,204	0	0	0	0	0	0	0	39,204	
Solid Waste Grants	0	26,205	0	0	0	0	0	0	26,205	
On-Behalf Contributions for OPEB	1,802	0	0	0	0	0	0	0	1,802	

(Continued)

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

	Special Revenue Funds							Total
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	Debt Service Fund		Capital Projects Fund	
					General	Debt Service		
<u>State of Tennessee (Cont.)</u>								
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	\$ 19,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,200	
Other Public Safety Grants	10,772	0	0	0	0	0	10,772	
<u>Health and Welfare Grants</u>								
Other Health and Welfare Grants	72,453	0	0	0	0	0	72,453	
<u>Public Works Grants</u>								
Bridge Program	0	0	0	217,813	0	0	217,813	
State Aid Program	0	0	0	377,484	0	0	377,484	
Litter Program	0	0	0	28,452	0	0	28,452	
<u>Other State Revenues</u>								
Resort District Sales Tax	870,018	0	0	0	0	0	870,018	
Beer Tax	18,724	0	0	0	0	0	18,724	
Alcoholic Beverage Tax	59,429	0	0	0	0	0	59,429	
Mixed Drink Tax	15,995	0	0	0	0	0	15,995	
Prisoner Transportation	2,232	0	0	0	0	0	2,232	
Contracted Prisoner Boarding	749,385	0	0	0	0	0	749,385	
Gasoline and Motor Fuel Tax	0	0	0	1,866,721	0	0	1,866,721	
Petroleum Special Tax	0	0	0	24,989	0	0	24,989	
Registrar's Salary Supplement	15,164	0	0	0	0	0	15,164	
Other State Grants	0	0	0	0	0	77,491	77,491	
Other State Revenues	6,199	0	0	0	0	0	6,199	
Total State of Tennessee	\$ 2,029,191	\$ 26,205	\$ 0	\$ 2,515,459	\$ 0	\$ 77,491	\$ 4,648,346	

(Continued)

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service			
<u>Federal Government</u>								
<u>Federal Through State</u>								
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 97,310	\$ 0	\$ 0	\$ 0	\$ 97,310
ARRA Grant No. 1	0	0	0	0	0	0	100,000	100,000
ARRA Grant No. B	3,632	0	0	0	0	0	0	3,632
<u>Direct Federal Revenue</u>	205,964	0	51,858	0	0	0	0	257,822
Other Direct Federal Revenue	\$ 209,596	\$ 0	\$ 51,858	\$ 97,310	\$ 0	\$ 0	\$ 100,000	\$ 458,764
Total Federal Government								
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	\$ 73,640	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 73,640
Contributions	89,841	40	0	5,000	1,686,738	0	0	1,781,619
Contracted Services	53,540	0	2,734	0	0	0	0	56,274
<u>Other</u>	2,170	0	0	0	0	0	0	2,170
Other	\$ 219,191	\$ 40	\$ 2,734	\$ 5,000	\$ 1,686,738	\$ 0	\$ 0	\$ 1,913,703
Total Other Governments and Citizens Groups								
Total	\$ 9,555,292	\$ 566,936	\$ 88,174	\$ 4,170,331	\$ 2,564,311	\$ 177,491	\$ 17,122,535	

Exhibit J-6

Henry County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Henry 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	\$ 4,134,640	\$ 0	\$ 0	\$ 4,134,640
Trustee's Collections - Prior Year	126,742	0	0	126,742
Trustee's Collections - Bankruptcy	8,679	0	0	8,679
Circuit/Clerk & Master Collections - Prior Years	26,184	0	0	26,184
Interest and Penalty	41,653	0	0	41,653
Pick-up Taxes	1,834	0	0	1,834
Payments in-Lieu-of Taxes - T.V.A.	3,127	0	0	3,127
Payments in-Lieu-of Taxes - Local Utilities	65,606	0	0	65,606
Payments in-Lieu-of Taxes - Other	133,411	0	0	133,411
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,648,268	0	0	2,648,268
Business Tax	130,584	0	0	130,584
<u>Statutory Local Taxes</u>				
Bank Excise Tax	41,954	0	0	41,954
Interstate Telecommunications Tax	1,448	0	0	1,448
Total Local Taxes	\$ 7,364,130	\$ 0	\$ 0	\$ 7,364,130
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,897	\$ 0	\$ 0	\$ 1,897
Total Licenses and Permits	\$ 1,897	\$ 0	\$ 0	\$ 1,897
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 299,175	\$ 299,175
Lunch Payments - Adults	0	0	52,787	52,787
Income from Breakfast	0	0	33,445	33,445
A la carte Sales	0	0	215,332	215,332
Receipts from Individual Schools	37,568	0	0	37,568
Community Service Fees - Children	287	0	0	287
Community Service Fees - Adults	1,035	0	0	1,035
<u>Other Charges for Services</u>				
Other Charges for Services	26,005	0	0	26,005
Total Charges for Current Services	\$ 64,895	\$ 0	\$ 600,739	\$ 665,634
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 2,959	\$ 2,959
Lease/Rentals	250	0	0	250
Sale of Materials and Supplies	5,683	0	0	5,683
Miscellaneous Refunds	51,966	0	12,785	64,751
<u>Nonrecurring Items</u>				
Sale of Equipment	9,536	0	0	9,536
Damages Recovered from Individuals	8,023	0	0	8,023
Contributions and Gifts	65,634	0	0	65,634

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Local Revenues (Cont.)</u>				
<u>Other Local Revenues</u>				
Other Local Revenues	\$ 558	\$ 0	\$ 0	\$ 558
Total Other Local Revenues	\$ 141,650	\$ 0	\$ 15,744	\$ 157,394
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 172,249	\$ 0	\$ 0	\$ 172,249
<u>State Education Funds</u>				
Basic Education Program	12,534,921	0	0	12,534,921
Basic Education Program - ARRA	1,419,079	0	0	1,419,079
Early Childhood Education	407,710	0	0	407,710
School Food Service	0	0	16,678	16,678
Driver Education	17,302	0	0	17,302
Other State Education Funds	209,437	0	0	209,437
Coordinated School Health - ARRA	119,980	0	0	119,980
Family Resource Centers - ARRA	33,300	0	0	33,300
Statewide Student Management System (SSMS) - ARRA	8,053	0	0	8,053
Career Ladder Program	126,999	0	0	126,999
Career Ladder - Extended Contract - ARRA	169,581	0	0	169,581
<u>Other State Revenues</u>				
Income Tax	77,053	0	0	77,053
Mixed Drink Tax	10,864	0	0	10,864
State Revenue Sharing - T.V.A.	1,591,410	0	0	1,591,410
Other State Grants	48,395	0	0	48,395
Safe Schools - ARRA	17,400	0	0	17,400
Total State of Tennessee	\$ 16,963,733	\$ 0	\$ 16,678	\$ 16,980,411
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 786,107	\$ 786,107
USDA - Commodities	0	0	104,464	104,464
Breakfast	0	0	289,659	289,659
USDA - Other	38,691	0	0	38,691
Adult Education State Grant Program	208,986	0	0	208,986
Vocational Education - Basic Grants to States	0	85,640	0	85,640
Title I Grants to Local Education Agencies	0	1,022,556	0	1,022,556
Special Education - Grants to States	0	1,186,747	0	1,186,747
Special Education Preschool Grants	0	48,963	0	48,963
English Language Acquisition Grants	0	1,958	0	1,958
Safe and Drug-free Schools - State Grants	0	17,906	0	17,906
Rural Education	0	77,538	0	77,538
Education for Homeless Children and Youth	0	452	0	452
Eisenhower Professional Development State Grants	0	177,924	0	177,924
Race to the Top - ARRA	0	177,970	0	177,970
Other Federal through State	129,370	6,008	0	135,378
Total Federal Government	\$ 377,047	\$ 2,803,662	\$ 1,180,230	\$ 4,360,939
Total	\$ 24,913,352	\$ 2,803,662	\$ 1,813,391	\$ 29,530,405

Exhibit J-7

Henry 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	\$	27,000	
Dues and Memberships		1,850	
Travel		<u>15,277</u>	
Total County Commission			\$ 44,127

Board of Equalization

Other Per Diem and Fees	\$	<u>320</u>	
Total Board of Equalization			320

Other Boards and Committees

Board and Committee Members Fees	\$	<u>4,325</u>	
Total Other Boards and Committees			4,325

County Mayor/Executive

County Official/Administrative Officer	\$	71,322	
Secretary(ies)		29,865	
Custodial Personnel		42,027	
Maintenance Personnel		42,070	
Dues and Memberships		1,650	
Operating Lease Payments		2,230	
Maintenance and Repair Services - Office Equipment		120	
Postal Charges		706	
Travel		6,500	
Office Supplies		1,443	
In Service/Staff Development		<u>348</u>	
Total County Mayor/Executive			198,281

County Attorney

Other Per Diem and Fees	\$	<u>19,765</u>	
Total County Attorney			19,765

Election Commission

County Official/Administrative Officer	\$	55,576	
Deputy(ies)		28,282	
Election Commission		3,740	
Election Workers		26,950	
Data Processing Services		24,050	
Dues and Memberships		175	
Maintenance and Repair Services - Office Equipment		302	
Postal Charges		<u>2,953</u>	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Printing, Stationery, and Forms	\$	4,709	
Rentals		600	
Travel		3,009	
Office Supplies		3,913	
Total Election Commission			\$ 154,259

Register of Deeds

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		80,942	
Dues and Memberships		592	
Maintenance and Repair Services - Office Equipment		92	
Postal Charges		1,000	
Printing, Stationery, and Forms		985	
Travel		654	
Data Processing Supplies		15,916	
Duplicating Supplies		2,088	
Office Supplies		598	
Other Charges		328	
Total Register of Deeds			164,946

Building

Maintenance Personnel	\$	24,055	
Part-time Personnel		5,418	
Communication		229	
Maintenance and Repair Services - Buildings		6,885	
Other Contracted Services		1,500	
Custodial Supplies		4,428	
Utilities		38,817	
Total Building			81,332

County Buildings

Communication	\$	58,036	
Natural Gas		27,385	
Utilities		59,977	
Total County Buildings			145,398

Other General Administration

Maintenance and Repair Services - Buildings	\$	27,805	
Maintenance and Repair Services - Equipment		265	
Custodial Supplies		5,000	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Other Supplies and Materials	\$	261	
Building and Contents Insurance		103,064	
Other Charges		213	
Total Other General Administration			\$ 136,608

Preservation of Records

Part-time Personnel	\$	7,264	
Other Supplies and Materials		800	
Other Charges		5,950	
Total Preservation of Records			14,014

Finance

Accounting and Budgeting

Supervisor/Director	\$	44,781	
Deputy(ies)		27,917	
Data Processing Services		7,865	
Operating Lease Payments		1,764	
Maintenance and Repair Services - Office Equipment		225	
Postal Charges		1,580	
Travel		65	
Data Processing Supplies		1,848	
Office Supplies		937	
In Service/Staff Development		875	
Total Accounting and Budgeting			87,857

Property Assessor's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		130,796	
Data Processing Services		3,000	
Dues and Memberships		1,295	
Operating Lease Payments		4,123	
Maintenance and Repair Services - Office Equipment		370	
Postal Charges		1,382	
Travel		119	
Office Supplies		1,471	
Other Supplies and Materials		787	
Other Charges		186	
Total Property Assessor's Office			205,280

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Deputy(ies)	\$	26,944	
Contracts with Private Agencies		42,720	
Data Processing Services		4,875	
Operating Lease Payments		988	
Maintenance and Repair Services - Vehicles		584	
Postal Charges		1,783	
Gasoline		2,349	
Other Charges		1,924	
Total Reappraisal Program			\$ 82,167

County Trustee's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		79,026	
Data Processing Services		23,692	
Dues and Memberships		707	
Operating Lease Payments		2,256	
Legal Notices, Recording, and Court Costs		397	
Postal Charges		9,966	
Printing, Stationery, and Forms		3,022	
Travel		3,387	
Office Supplies		1,702	
In Service/Staff Development		552	
Total County Trustee's Office			186,458

County Clerk's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		127,553	
Part-time Personnel		3,416	
Data Processing Services		13,426	
Dues and Memberships		632	
Operating Lease Payments		4,907	
Maintenance and Repair Services - Office Equipment		400	
Postal Charges		7,832	
Travel		1,330	
Office Supplies		1,854	
In Service/Staff Development		207	
Other Charges		189	
Total County Clerk's Office			223,497

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		83,781	
Part-time Personnel		3,846	
Jury and Witness Expense		9,239	
Data Processing Services		14,361	
Dues and Memberships		577	
Maintenance and Repair Services - Office Equipment		3,376	
Postal Charges		3,610	
Travel		2,550	
Other Contracted Services		481	
Office Supplies		18,918	
Other Charges		1,073	
Furniture and Fixtures		1,500	
Office Equipment		3,878	
Total Circuit Court			\$ 208,941

General Sessions Court

Deputy(ies)	\$	105,711	
Total General Sessions Court			105,711

General Sessions Judge

Judge(s)	\$	137,348	
Dues and Memberships		1,995	
Travel		2,060	
Periodicals		1,623	
Other Charges		26,560	
Total General Sessions Judge			169,586

Chancery Court

County Official/Administrative Officer	\$	61,751
Deputy(ies)		60,312
Data Processing Services		4,742
Dues and Memberships		652
Legal Notices, Recording, and Court Costs		195
Maintenance and Repair Services - Office Equipment		656
Postal Charges		6,000
Travel		366
Data Processing Supplies		987
Office Supplies		6,244
Other Charges		317

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Data Processing Equipment	\$	7,555	
Office Equipment		<u>1,860</u>	
Total Chancery Court	\$		151,637

Juvenile Court

Deputy(ies)	\$	29,865	
Probation Officer(s)		72,899	
Youth Service Officer(s)		37,987	
Part-time Personnel		24,230	
Communication		5,048	
Contracts with Other Public Agencies		11,117	
Data Processing Services		4,372	
Dues and Memberships		160	
Maintenance and Repair Services - Vehicles		329	
Postal Charges		686	
Travel		1,881	
Data Processing Supplies		85	
Gasoline		535	
Office Supplies		2,400	
Other Supplies and Materials		331	
Other Charges		<u>178</u>	
Total Juvenile Court			192,103

Probate Court

Deputy(ies)	\$	23,221	
Maintenance and Repair Services - Office Equipment		59	
Postal Charges		350	
Printing, Stationery, and Forms		250	
Office Supplies		2,648	
Furniture and Fixtures		1,350	
Office Equipment		<u>1,912</u>	
Total Probate Court			29,790

Other Administration of Justice

Legal Services	\$	<u>2,902</u>	
Total Other Administration of Justice			2,902

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,927	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Assistant(s)	\$	46,581	
Supervisor/Director		33,256	
Deputy(ies)		430,798	
Investigator(s)		195,690	
Captain(s)		7,294	
Lieutenant(s)		41,742	
Sergeant(s)		354,123	
Salary Supplements		19,200	
Dispatchers/Radio Operators		107,283	
Clerical Personnel		55,426	
Attendants		28,515	
Maintenance Personnel		7,631	
Temporary Personnel		16,000	
Overtime Pay		14,108	
Other Salaries and Wages		32,857	
Communication		5,458	
Data Processing Services		20,370	
Dues and Memberships		2,430	
Operating Lease Payments		2,495	
Maintenance and Repair Services - Buildings		5,252	
Maintenance and Repair Services - Equipment		9,516	
Maintenance and Repair Services - Office Equipment		75	
Maintenance and Repair Services - Vehicles		33,255	
Postal Charges		3,029	
Tow-in Services		1,000	
Travel		7,770	
Other Contracted Services		4,800	
Custodial Supplies		3,625	
Gasoline		118,880	
Law Enforcement Supplies		6,616	
Office Supplies		15,707	
Tires and Tubes		8,491	
Uniforms		16,741	
Utilities		106,273	
Other Supplies and Materials		4,802	
In Service/Staff Development		4,520	
Other Charges		2,330	
Furniture and Fixtures		654	
Law Enforcement Equipment		2,096	
Total Sheriff's Department			\$ 1,844,616

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Special Patrols

Nightwatchmen	\$ 78,157	
Total Special Patrols		\$ 78,157

Jail

Deputy(ies)	\$ 64,884	
Captain(s)	42,357	
Lieutenant(s)	41,742	
Guards	639,994	
Cafeteria Personnel	27,273	
Maintenance Personnel	30,522	
Temporary Personnel	4,648	
Part-time Personnel	8,652	
Overtime Pay	19,999	
Other Salaries and Wages	27,652	
Data Processing Services	1,000	
Maintenance and Repair Services - Buildings	12,877	
Maintenance and Repair Services - Equipment	4,203	
Maintenance and Repair Services - Office Equipment	531	
Maintenance and Repair Services - Vehicles	1,252	
Medical and Dental Services	41,258	
Transportation - Other than Students	3,588	
Travel	4,187	
Custodial Supplies	18,582	
Drugs and Medical Supplies	18,353	
Food Preparation Supplies	3,466	
Food Supplies	163,877	
Prisoners Clothing	2,694	
Uniforms	12,972	
Other Supplies and Materials	2,933	
In Service/Staff Development	450	
Other Charges	17,320	
Total Jail		1,217,266

Fire Prevention and Control

Contributions	\$ 33,200	
Total Fire Prevention and Control		33,200

Rescue Squad

Contributions	\$ 4,800	
Total Rescue Squad		4,800

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Supervisor/Director	\$	17,811	
Social Security		1,104	
State Retirement		1,395	
Employer Medicare		258	
Communication		3,432	
Maintenance and Repair Services - Buildings		334	
Maintenance and Repair Services - Equipment		207	
Maintenance and Repair Services - Vehicles		1,382	
Travel		1,885	
Utilities		1,200	
Other Supplies and Materials		1,763	
Other Charges		41,489	
Total Other Emergency Management			\$ 72,260

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	18,125	
Pauper Burials		100	
Other Contracted Services		33,546	
Gasoline		262	
Total County Coroner/Medical Examiner			52,033

Public Health and Welfare

Local Health Center

Medical Personnel	\$	40,971	
Part-time Personnel		2,038	
Other Salaries and Wages		12,631	
Social Security		3,393	
State Retirement		1,906	
Medical Insurance		10,739	
Unemployment Compensation		807	
Employer Medicare		794	
Communication		954	
Contracts with Government Agencies		21,500	
Dues and Memberships		261	
Maintenance and Repair Services - Buildings		11,954	
Maintenance and Repair Services - Office Equipment		835	
Postal Charges		435	
Travel		271	
Custodial Supplies		2,068	
Drugs and Medical Supplies		2,200	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Office Supplies	\$	2,660	
Other Charges		651	
Total Local Health Center			\$ 117,068

Rabies and Animal Control

Contracts with Other Public Agencies	\$	10,420	
Other Charges		30	
Total Rabies and Animal Control			10,450

Maternal and Child Health Services

Contributions	\$	1,350	
Total Maternal and Child Health Services			1,350

Alcohol and Drug Programs

Contributions	\$	6,540	
Drug Treatment		3,100	
Total Alcohol and Drug Programs			9,640

Crippled Children Services

Contracts with Government Agencies	\$	2,660	
Total Crippled Children Services			2,660

Other Local Health Services

Contributions	\$	19,000	
Other Supplies and Materials		1,200	
Total Other Local Health Services			20,200

Social, Cultural, and Recreational Services

Adult Activities

Supervisor/Director	\$	25,214
Social Workers		16,624
Bus Drivers		9,892
Part-time Personnel		16,514
Other Salaries and Wages		8,880
Social Security		4,885
Handling Charges and Administrative Costs		2,010
State Retirement		2,786
Unemployment Compensation		1,601
Employer Medicare		1,142
Communication		568

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Adult Activities (Cont.)

Maintenance and Repair Services - Office Equipment	\$	581	
Maintenance and Repair Services - Vehicles		1,792	
Postal Charges		800	
Printing, Stationery, and Forms		534	
Travel		3,840	
Other Contracted Services		6,007	
Gasoline		2,950	
Office Supplies		1,200	
Other Charges		1,500	
Total Adult Activities			\$ 109,320

Libraries

Contributions	\$	122,700	
Total Libraries			122,700

Parks and Fair Boards

Contributions	\$	6,000	
Total Parks and Fair Boards			6,000

Other Social, Cultural, and Recreational

Contributions	\$	27,000	
Other Supplies and Materials		500	
Total Other Social, Cultural, and Recreational			27,500

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	53,013	
Secretary(ies)		7,352	
Part-time Personnel		8,423	
Social Security		3,020	
State Retirement		7,218	
Employer Medicare		875	
Communication		2,652	
Operating Lease Payments		2,398	
Postal Charges		300	
Rentals		10,000	
Travel		4,000	
Custodial Supplies		5,423	
Office Supplies		558	
Utilities		12,313	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Other Charges	\$	822	
Data Processing Equipment		<u>1,400</u>	
Total Agriculture Extension Service	\$		119,767

Soil Conservation

Secretary(ies)	\$	26,944	
Social Security		1,670	
State Retirement		2,110	
Unemployment Compensation		202	
Employer Medicare		<u>391</u>	
Total Soil Conservation			31,317

Flood Control

Contributions	\$	<u>21,808</u>	
Total Flood Control			21,808

Other Operations

Tourism

Advertising	\$	6,000	
Contributions		<u>20,550</u>	
Total Tourism			26,550

Tourism-Resort District

Contributions	\$	<u>430,268</u>	
Total Tourism-Resort District			430,268

Industrial Development

Contributions	\$	<u>55,000</u>	
Total Industrial Development			55,000

Airport

Supervisor/Director	\$	35,934	
Part-time Personnel		19,360	
Other Salaries and Wages		24,582	
Social Security		4,938	
State Retirement		4,738	
Employer Medicare		1,152	
Communication		2,002	
Maintenance and Repair Services - Buildings		5,287	
Maintenance and Repair Services - Equipment		9,375	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Maintenance and Repair Services - Vehicles	\$	431	
Travel		1,424	
Remittance of Revenue Collected		10,816	
Other Contracted Services		4,541	
Diesel Fuel		1,217	
Gasoline		166,655	
Office Supplies		261	
Utilities		17,993	
Liability Insurance		3,250	
Other Charges		2,789	
Airport Improvement		203,192	
Total Airport			\$ 519,937

Veterans' Services

County Official/Administrative Officer	\$	29,585	
Dues and Memberships		55	
Maintenance and Repair Services - Vehicles		383	
Postal Charges		332	
Transportation - Other than Students		960	
Travel		989	
Other Contracted Services		195	
Gasoline		2,130	
Office Supplies		698	
In Service/Staff Development		100	
Data Processing Equipment		1,474	
Total Veterans' Services			36,901

Other Charges

Advertising	\$	632	
Audit Services		9,335	
Dues and Memberships		14,355	
Pest Control		11,187	
Other Supplies and Materials		3,433	
Premiums on Corporate Surety Bonds		4,694	
Trustee's Commission		83,429	
Total Other Charges			127,065

Contributions to Other Agencies

Contributions	\$	21,600	
Matching Share		56,826	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies (Cont.)

Remittance of Revenue Collected	\$ 213,242	
Other Charges	880	
Total Contributions to Other Agencies		\$ 292,548

Employee Benefits

Longevity Pay	\$ 16,950	
Social Security	263,052	
State Retirement	311,038	
Medical Insurance	684,577	
Unemployment Compensation	36,418	
Employer Medicare	61,465	
On-Behalf Payments to OPEB	1,802	
Workers' Compensation Insurance	92,998	
Total Employee Benefits		1,468,300

ARRA Grant No. B

Law Enforcement Equipment	\$ 4,074	
Total ARRA Grant No. B		4,074

Miscellaneous

Other Contracted Services	\$ 5,399	
Total Miscellaneous		5,399

Total General Fund \$ 9,477,458

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$ 31,765	
Social Security	1,969	
State Retirement	2,488	
Medical Insurance	5,856	
Unemployment Compensation	270	
Employer Medicare	461	
Advertising	340	
Dues and Memberships	100	
Travel	107	
Office Supplies	32	
Total Sanitation Management		\$ 43,388

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center

Foremen	\$	29,498	
Truck Drivers		175,323	
Longevity Pay		450	
Overtime Pay		581	
Social Security		13,943	
State Retirement		14,216	
Medical Insurance		51,246	
Unemployment Compensation		2,516	
Employer Medicare		2,965	
Communication		2,462	
Freight Expenses		14,760	
Maintenance and Repair Services - Buildings		1,232	
Maintenance and Repair Services - Equipment		7,776	
Maintenance and Repair Services - Office Equipment		50	
Maintenance and Repair Services - Vehicles		5,738	
Pest Control		160	
Rentals		8	
Custodial Supplies		896	
Drugs and Medical Supplies		111	
Food Supplies		3,845	
Gasoline		39,053	
Natural Gas		251	
Office Supplies		88	
Small Tools		825	
Tires and Tubes		4,901	
Utilities		10,519	
Wire		4,662	
Other Supplies and Materials		2,121	
Other Charges		1,276	
Total Recycling Center			\$ 391,472

Landfill Operation and Maintenance

Contracts with Government Agencies	\$	38,191	
Total Landfill Operation and Maintenance			38,191

Other Waste Disposal

Disposal Fees	\$	20,211	
Total Other Waste Disposal			20,211

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations

Other Charges

Trustee's Commission	\$ 5,708	
Total Other Charges		\$ 5,708

Total Solid Waste/Sanitation Fund \$ 498,970

Drug Control Fund

Public Safety

Drug Enforcement

Part-time Personnel	\$ 11,422	
Social Security	706	
Unemployment Compensation	101	
Employer Medicare	166	
Communication	388	
Confidential Drug Enforcement Payments	12,000	
Dues and Memberships	635	
Maintenance Agreements	5,467	
Maintenance and Repair Services - Vehicles	320	
Rentals	2,500	
Tow-in Services	2,215	
Travel	2,249	
Remittance of Revenue Collected	2,176	
Other Contracted Services	1,000	
Animal Food and Supplies	2,305	
Gasoline	2,451	
Law Enforcement Supplies	1,379	
Natural Gas	691	
Utilities	466	
Trustee's Commission	244	
In Service/Staff Development	1,670	
Other Charges	22,459	
Data Processing Equipment	10,594	
Law Enforcement Equipment	14,687	
Motor Vehicles	34,956	
Total Drug Enforcement		\$ 133,247

Total Drug Control Fund 133,247

(Continued)

Exhibit J-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,927	
Assistant(s)		33,914	
Guards		60,996	
Secretary(ies)		30,572	
Clerical Personnel		27,753	
Custodial Personnel		6,098	
Part-time Personnel		3,800	
Other Salaries and Wages		19,800	
Board and Committee Members Fees		8,280	
Maintenance and Repair Services - Buildings		1,317	
Maintenance and Repair Services - Office Equipment		1,423	
Postal Charges		1,000	
Printing, Stationery, and Forms		916	
Travel		318	
Permits		2,080	
Custodial Supplies		364	
Drugs and Medical Supplies		737	
Office Supplies		756	
In Service/Staff Development		649	
Other Charges		590	
Total Administration			\$ 269,290

Highway and Bridge Maintenance

Equipment Operators	\$	426,918	
Truck Drivers		260,744	
Laborers		150,501	
Overtime Pay		15,986	
Rentals		2,681	
Other Contracted Services		186,427	
Asphalt - Hot Mix		46,286	
Asphalt - Liquid		85,060	
Concrete		4,309	
Crushed Stone		230,299	
General Construction Materials		1,539	
Other Road Supplies		443	
Pipe		40,838	
Road Signs		13,998	
Small Tools		570	
Wood Products		4,537	
Other Charges		2,574	
Total Highway and Bridge Maintenance			1,473,710

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Mechanic(s)	\$	165,978	
Overtime Pay		7,900	
Maintenance and Repair Services - Equipment		19,937	
Tow-in Services		690	
Other Contracted Services		17,917	
Diesel Fuel		181,994	
Equipment and Machinery Parts		107,983	
Garage Supplies		1,800	
Gasoline		44,850	
Ice		1,297	
Lubricants		13,046	
Propane Gas		260	
Small Tools		1,414	
Tires and Tubes		42,162	
Other Supplies and Materials		13,894	
Other Charges		1,185	
Total Operation and Maintenance of Equipment			\$ 622,307

Quarry Operations

Other Contracted Services	\$	400	
Total Quarry Operations			400

Litter and Trash Collection

Educational Assistants	\$	4,336	
Other Salaries and Wages		21,867	
Handling Charges and Administrative Costs		1,646	
Instructional Supplies and Materials		2,619	
Library Books/Media		1,756	
Other Charges		2,456	
Total Litter and Trash Collection			34,680

Other Charges

Communication	\$	6,497	
Data Processing Services		5,330	
Dues and Memberships		3,014	
Evaluation and Testing		594	
Legal Notices, Recording, and Court Costs		254	
Data Processing Supplies		454	
Utilities		18,796	
Water and Sewer		969	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Premiums on Corporate Surety Bonds	\$	800	
Trustee's Commission		54,523	
Vehicle and Equipment Insurance		16,800	
Workers' Compensation Insurance		122,507	
Other Charges		829	
Total Other Charges	\$		231,367

Employee Benefits

Salary Supplements	\$	20,415	
Social Security		81,810	
State Retirement		92,503	
Medical Insurance		325,556	
Unemployment Compensation		13,121	
Employer Medicare		18,686	
Total Employee Benefits			552,091

Capital Outlay

Engineering Services	\$	26,234	
Bridge Construction		231,476	
Building Improvements		3,974	
Highway Construction		2,035,846	
Highway Equipment		20,060	
Office Equipment		3,220	
Plant Operation Equipment		4,864	
State Aid Projects		422,592	
Total Capital Outlay			2,748,266

Principal on Debt

Highways and Streets

Principal on Other Loans	\$	310,000	
Total Highways and Streets			310,000

Interest on Debt

Highways and Streets

Interest on Other Loans	\$	4,618	
Total Highways and Streets			4,618

Other Debt Service

Highways and Streets

Other Debt Service	\$	4,461	
Total Highways and Streets			4,461

Total Highway/Public Works Fund \$ 6,251,190

(Continued)

Exhibit J-7

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

General Debt Service Fund

Other Operations

Other Charges

Trustee's Commission	\$ 9,663	
Total Other Charges		\$ 9,663

Principal on Debt

General Government

Principal on Notes	\$ 447,906	
Principal on Other Loans	398,000	
Total General Government		845,906

Education

Principal on Bonds	\$ 868,931	
Principal on Notes	71,410	
Principal on Other Loans	197,800	
Total Education		1,138,141

Interest on Debt

General Government

Interest on Notes	\$ 39,725	
Interest on Other Loans	3,349	
Total General Government		43,074

Education

Interest on Bonds	\$ 746,397	
Interest on Other Loans	6,158	
Total Education		752,555

Other Debt Service

General Government

Bank Charges	\$ 3,138	
Total General Government		3,138

Education

Bank Charges	\$ 6,269	
Total Education		6,269

Total General Debt Service Fund		\$ 2,798,746
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(Continued)

Exhibit J-7

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

General Capital Projects Fund

Capital Projects

General Administration Projects

Airport Improvement	\$ 30,501	
Building Improvements	3,196	
Data Processing Equipment	7,574	
Law Enforcement Equipment	32,471	
Motor Vehicles	78,914	
Transportation Equipment	16,765	
Other Construction	5,833	
Other Capital Outlay	<u>5,000</u>	
Total General Administration Projects		\$ 180,254

Other General Government Projects

Airport Improvement	\$ 51,268	
Building Improvements	755,779	
Other Construction	<u>81,627</u>	
Total Other General Government Projects		<u>888,674</u>

Total General Capital Projects Fund \$ 1,068,928

Total Governmental Funds - Primary Government \$ 20,228,539

Exhibit J-8

Henry County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Henry County School Department
For the Year Ended June 30, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,114,310	
Career Ladder Program	76,160	
Career Ladder Extended Contracts	54,780	
Homebound Teachers	30,019	
Educational Assistants	259,455	
Other Salaries and Wages	16,808	
Certified Substitute Teachers	21,802	
Non-certified Substitute Teachers	61,084	
Social Security	437,522	
State Retirement	656,262	
Medical Insurance	1,148,474	
Unemployment Compensation	9,060	
Employer Medicare	105,158	
Other Fringe Benefits	2,193	
Maintenance and Repair Services - Equipment	9,520	
Other Contracted Services	48,682	
Instructional Supplies and Materials	211,376	
Textbooks	362,346	
Other Supplies and Materials	35,600	
Other Charges	83,556	
Regular Instruction Equipment	142,072	
Total Regular Instruction Program		\$ 10,886,239

Alternative Instruction Program

Teachers	\$ 109,927	
Educational Assistants	12,578	
Non-certified Substitute Teachers	56	
Social Security	7,240	
State Retirement	10,933	
Medical Insurance	16,194	
Unemployment Compensation	175	
Employer Medicare	1,693	
Other Fringe Benefits	90	
Instructional Supplies and Materials	486	
Total Alternative Instruction Program		159,372

Special Education Program

Teachers	\$ 903,972
Career Ladder Program	8,505

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Career Ladder Extended Contracts	\$	3,950	
Educational Assistants		75,789	
Speech Pathologist		131,747	
Certified Substitute Teachers		1,559	
Non-certified Substitute Teachers		12,105	
Social Security		67,955	
State Retirement		99,556	
Medical Insurance		136,421	
Unemployment Compensation		1,549	
Employer Medicare		15,949	
Other Fringe Benefits		1,680	
Total Special Education Program			\$ 1,460,737

Vocational Education Program

Teachers	\$	583,872	
Career Ladder Program		1,000	
Certified Substitute Teachers		1,420	
Non-certified Substitute Teachers		9,194	
Social Security		34,479	
State Retirement		51,406	
Medical Insurance		91,866	
Unemployment Compensation		699	
Employer Medicare		8,080	
Other Fringe Benefits		480	
Maintenance and Repair Services - Equipment		894	
Instructional Supplies and Materials		14,366	
Textbooks		4,038	
Total Vocational Education Program			801,794

Adult Education Program

Teachers	\$	118,957	
Other Salaries and Wages		44,187	
Social Security		9,223	
State Retirement		6,529	
Unemployment Compensation		150	
Employer Medicare		2,351	
Other Fringe Benefits		180	
Communication		931	
Other Contracted Services		15,408	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

Instructional Supplies and Materials	\$	19,853	
Other Charges		7,276	
Other Equipment		3,730	
Total Adult Education Program			\$ 228,775

Support Services

Attendance

Supervisor/Director	\$	67,803	
Career Ladder Program		1,800	
Social Workers		42,385	
Other Salaries and Wages		37,152	
Social Security		7,042	
State Retirement		10,064	
Medical Insurance		7,247	
Unemployment Compensation		155	
Employer Medicare		2,124	
Other Fringe Benefits		150	
Postal Charges		500	
Travel		2,584	
Other Contracted Services		58,053	
Other Supplies and Materials		500	
Total Attendance			237,559

Health Services

Medical Personnel	\$	174,088	
Other Salaries and Wages		41,081	
Social Security		13,155	
State Retirement		16,427	
Medical Insurance		4,572	
Unemployment Compensation		450	
Employer Medicare		3,076	
Other Fringe Benefits		240	
Travel		10,069	
Other Contracted Services		2,344	
Drugs and Medical Supplies		7,513	
Other Supplies and Materials		51,087	
Total Health Services			324,102

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

Career Ladder Program	\$	4,000	
Guidance Personnel		389,545	
Secretary(ies)		25,244	
Social Security		24,778	
State Retirement		37,592	
Medical Insurance		42,993	
Unemployment Compensation		500	
Employer Medicare		5,795	
Other Fringe Benefits		1,980	
Evaluation and Testing		16,291	
Travel		609	
Other Supplies and Materials		6,205	
Other Charges		11,509	
Total Other Student Support			\$ 567,041

Regular Instruction Program

Supervisor/Director	\$	230,168	
Career Ladder Program		8,000	
Career Ladder Extended Contracts		6,640	
Librarians		279,445	
Instructional Computer Personnel		89,018	
Secretary(ies)		26,134	
Clerical Personnel		27,634	
Other Salaries and Wages		66,986	
Social Security		40,014	
State Retirement		60,557	
Medical Insurance		74,692	
Unemployment Compensation		747	
Employer Medicare		9,888	
Other Fringe Benefits		390	
Travel		24,994	
Library Books/Media		40,543	
Other Supplies and Materials		17,989	
In Service/Staff Development		12,731	
Total Regular Instruction Program			1,016,570

Alternative Instruction Program

Supervisor/Director	\$	65,858	
Career Ladder Program		2,000	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Alternative Instruction Program (Cont.)

Social Security	\$	4,149	
State Retirement		6,141	
Medical Insurance		5,419	
Unemployment Compensation		50	
Employer Medicare		970	
Other Fringe Benefits		30	
Communication		1,438	
Total Alternative Instruction Program			\$ 86,055

Special Education Program

Supervisor/Director	\$	62,575	
Career Ladder Program		1,000	
Secretary(ies)		26,382	
Social Security		5,121	
State Retirement		7,819	
Medical Insurance		13,817	
Unemployment Compensation		100	
Employer Medicare		1,198	
Other Fringe Benefits		60	
Total Special Education Program			118,072

Vocational Education Program

Supervisor/Director	\$	36,675	
Career Ladder Program		1,000	
Social Security		2,316	
State Retirement		3,410	
Medical Insurance		3,674	
Unemployment Compensation		25	
Employer Medicare		542	
Other Fringe Benefits		30	
Travel		10,165	
Total Vocational Education Program			57,837

Other Programs

On-Behalf Payments to OPEB	\$	172,249	
Total Other Programs			172,249

Board of Education

Secretary to Board	\$	2,214	
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(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Other Salaries and Wages	\$	2,515	
Board and Committee Members Fees		9,360	
Social Security		866	
State Retirement		385	
Employer Medicare		203	
Audit Services		19,530	
Dues and Memberships		5,384	
Legal Services		3,970	
Travel		7,038	
Other Contracted Services		1,799	
Liability Insurance		24,646	
Trustee's Commission		177,146	
Workers' Compensation Insurance		137,632	
Refund to Applicant for Criminal Investigation		1,980	
Other Charges		24,165	
Total Board of Education			\$ 418,833

Director of Schools

County Official/Administrative Officer	\$	131,886	
Clerical Personnel		20,610	
Social Security		9,620	
State Retirement		13,840	
Medical Insurance		6,050	
Unemployment Compensation		100	
Employer Medicare		2,250	
Other Fringe Benefits		270	
Communication		6,754	
Dues and Memberships		2,778	
Postal Charges		7,605	
Travel		4,806	
Other Contracted Services		3,888	
Office Supplies		10,363	
Other Charges		2,756	
Administration Equipment		6,032	
Total Director of Schools			229,608

Office of the Principal

Principals	\$	431,258	
Career Ladder Program		7,000	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Accountants/Bookkeepers	\$	23,910	
Career Ladder Extended Contracts		11,500	
Assistant Principals		263,797	
Secretary(ies)		130,044	
Clerical Personnel		20,103	
Social Security		53,056	
State Retirement		78,205	
Medical Insurance		69,030	
Unemployment Compensation		899	
Employer Medicare		12,408	
Other Fringe Benefits		600	
Communication		18,201	
Dues and Memberships		8,505	
Travel		904	
Office Supplies		5,913	
Other Charges		18,758	
Total Office of the Principal			\$ 1,154,091

Fiscal Services

Accountants/Bookkeepers	\$	72,260	
Secretary(ies)		46,679	
Other Salaries and Wages		4,691	
Social Security		7,188	
State Retirement		9,109	
Medical Insurance		4,532	
Unemployment Compensation		162	
Employer Medicare		1,689	
Other Fringe Benefits		150	
Travel		390	
Other Contracted Services		7,080	
Data Processing Supplies		410	
Office Supplies		80	
Total Fiscal Services			154,420

Operation of Plant

Other Contracted Services	\$	546,134
Electricity		625,441
Natural Gas		102,837
Water and Sewer		75,702

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Boiler Insurance	\$	5,633	
Building and Contents Insurance		102,633	
Total Operation of Plant			\$ 1,458,380

Maintenance of Plant

Supervisor/Director	\$	58,000	
Secretary(ies)		11,510	
Maintenance Personnel		186,582	
Social Security		14,200	
State Retirement		18,231	
Medical Insurance		13,565	
Unemployment Compensation		475	
Employer Medicare		3,658	
Other Fringe Benefits		270	
Communication		1,145	
Laundry Service		3,958	
Other Contracted Services		52,719	
Other Supplies and Materials		206,430	
Other Charges		1,656	
Total Maintenance of Plant			572,399

Transportation

Supervisor/Director	\$	46,679	
Mechanic(s)		103,813	
Bus Drivers		512,220	
Clerical Personnel		25,022	
Other Salaries and Wages		24,306	
In-Service Training		2,508	
Social Security		41,871	
State Retirement		49,131	
Medical Insurance		10,304	
Unemployment Compensation		2,498	
Employer Medicare		10,203	
Other Fringe Benefits		1,224	
Communication		6,977	
Laundry Service		3,575	
Maintenance and Repair Services - Vehicles		2,287	
Medical and Dental Services		7,020	
Diesel Fuel		248,163	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Garage Supplies	\$	409	
Gasoline		18,866	
Lubricants		9,255	
Tires and Tubes		36,497	
Vehicle Parts		70,803	
Other Supplies and Materials		6,760	
Vehicle and Equipment Insurance		31,688	
Other Charges		10,645	
Transportation Equipment		257,936	
Total Transportation			\$ 1,540,660

Operation of Non-Instructional Services

Community Services

Teachers	\$	55,294	
Other Salaries and Wages		109,954	
Social Security		9,615	
State Retirement		12,624	
Medical Insurance		10,123	
Unemployment Compensation		150	
Employer Medicare		2,296	
Communication		546	
Travel		9,301	
Other Contracted Services		81,327	
Food Supplies		29,460	
Other Supplies and Materials		78,379	
Other Charges		39,352	
Total Community Services			438,421

Early Childhood Education

Teachers	\$	118,475	
Educational Assistants		72,294	
Other Salaries and Wages		160	
Certified Substitute Teachers		924	
Non-certified Substitute Teachers		3,377	
Social Security		11,780	
State Retirement		16,348	
Medical Insurance		15,116	
Unemployment Compensation		450	
Employer Medicare		2,756	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Travel	\$	519	
Other Contracted Services		302	
Food Supplies		4,230	
Instructional Supplies and Materials		20,708	
Other Supplies and Materials		8,131	
In Service/Staff Development		975	
Other Charges		673	
Total Early Childhood Education			\$ 277,218

Capital Outlay

Regular Capital Outlay

Architects	\$	2,000	
Building Improvements		261,944	
Total Regular Capital Outlay			263,944

Interest on Debt

Education

Contributions	\$	1,686,738	
Total Education			1,686,738

Total General Purpose School Fund \$ 24,311,114

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	470,125	
Educational Assistants		93,236	
Other Salaries and Wages		96,932	
Certified Substitute Teachers		5,920	
Non-certified Substitute Teachers		6,432	
Social Security		39,652	
State Retirement		57,641	
Medical Insurance		63,555	
Unemployment Compensation		1,100	
Employer Medicare		9,305	
Instructional Supplies and Materials		142,532	
Regular Instruction Equipment		238,246	
Total Regular Instruction Program			\$ 1,224,676

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	191,060	
Educational Assistants		273,903	
Certified Substitute Teachers		188	
Non-certified Substitute Teachers		800	
Social Security		26,608	
State Retirement		36,805	
Medical Insurance		71,873	
Unemployment Compensation		1,427	
Employer Medicare		6,260	
Maintenance and Repair Services - Equipment		1,617	
Instructional Supplies and Materials		141,283	
Other Supplies and Materials		4,998	
Special Education Equipment		137,248	
Total Special Education Program			\$ 894,070

Vocational Education Program

Other Salaries and Wages	\$	16,295	
Social Security		996	
State Retirement		643	
Employer Medicare		233	
Instructional Supplies and Materials		23,583	
Vocational Instruction Equipment		14,000	
Total Vocational Education Program			55,750

Support Services

Attendance

Other Salaries and Wages	\$	11,508	
Social Security		602	
State Retirement		760	
Unemployment Compensation		19	
Employer Medicare		141	
Total Attendance			13,030

Other Student Support

Other Salaries and Wages	\$	2,590	
Social Security		160	
State Retirement		234	
Employer Medicare		38	
Travel		21,982	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Other Supplies and Materials	\$	3,783	
In Service/Staff Development		3,402	
Other Charges		3,868	
Total Other Student Support			\$ 36,057

Regular Instruction Program

Supervisor/Director	\$	58,098	
Secretary(ies)		26,382	
Clerical Personnel		6,777	
In-Service Training		3,500	
Social Security		5,756	
State Retirement		7,896	
Medical Insurance		4,836	
Unemployment Compensation		90	
Employer Medicare		1,346	
Consultants		52,209	
Travel		5,830	
Other Supplies and Materials		2,690	
In Service/Staff Development		46,450	
Other Charges		40	
Total Regular Instruction Program			221,900

Special Education Program

Psychological Personnel	\$	96,556	
Clerical Personnel		6,777	
Social Security		6,290	
State Retirement		9,288	
Medical Insurance		12,926	
Unemployment Compensation		84	
Employer Medicare		1,471	
Travel		7,190	
Other Contracted Services		30,091	
In Service/Staff Development		8,957	
Total Special Education Program			179,630

Vocational Education Program

Travel	\$	2,156	
Other Supplies and Materials		1,100	
Other Charges		1,100	
Total Vocational Education Program			4,356

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation

Bus Drivers	\$	31,712	
Other Salaries and Wages		13,056	
Social Security		2,686	
State Retirement		3,186	
Employer Medicare		629	
Contracts with Parents		3,079	
Transportation Equipment		88,000	
Total Transportation			\$ 142,348

Total School Federal Projects Fund \$ 2,771,817

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	46,679	
Accountants/Bookkeepers		23,297	
Cafeteria Personnel		469,468	
Social Security		31,504	
State Retirement		34,192	
Medical Insurance		37,213	
Unemployment Compensation		2,348	
Employer Medicare		7,487	
Communication		1,897	
Maintenance and Repair Services - Equipment		5,525	
Travel		1,965	
Other Contracted Services		60,424	
Food Preparation Supplies		4,530	
Food Supplies		833,565	
Uniforms		5,675	
USDA - Commodities		104,464	
Other Supplies and Materials		63,213	
In Service/Staff Development		5,476	
Other Charges		2,572	
Food Service Equipment		108,562	
Total Food Service			\$ 1,850,056

Total Central Cafeteria Fund 1,850,056

(Continued)

Exhibit J-8

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

<u>Education Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Architects	\$	14,187	
Building Construction		<u>2,657,332</u>	
Total Education Capital Projects			<u>\$ 2,671,519</u>
Total Education Capital Projects Fund			<u>\$ 2,671,519</u>
Total Governmental Funds - Henry County School Department			<u>\$ 31,604,506</u>

Exhibit J-9

Henry County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2011

	Cities - Sales Tax Fund	Special School District Fund	Total
<u>Cash Receipts</u>			
Current Property Tax	\$ 0	\$ 2,028,631	\$ 2,028,631
Trustee's Collections - Prior Year	0	75,682	75,682
Trustee's Collections - Bankruptcy	0	3,894	3,894
Circuit/Clerk and Master Collections - Prior Years	0	12,968	12,968
Interest and Penalty	0	21,056	21,056
Pick-up Taxes	0	927	927
Payments in-Lieu-of Taxes - T.V.A.	0	1,546	1,546
Payments in-Lieu-of Taxes - Local Utilities	0	32,425	32,425
Payments in-Lieu-of Taxes - Other	0	62,639	62,639
Local Option Sales Tax	3,367,718	1,308,899	4,676,617
Business Tax	0	75,427	75,427
Bank Excise Tax	0	20,735	20,735
Interstate Telecommunications Tax	0	830	830
City/School District Property Taxes:			
Current Property Tax	0	929,259	929,259
Prior Year's Property Tax	0	39,809	39,809
Interest and Penalty	0	1,974	1,974
Payments in-Lieu-of Taxes	0	23,712	23,712
Marriage Licenses	0	668	668
Income Tax	0	37,157	37,157
Mixed Drink Tax	0	5,090	5,090
Total Cash Receipts	<u>\$ 3,367,718</u>	<u>\$ 4,683,328</u>	<u>\$ 8,051,046</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,334,041	\$ 4,601,152	\$ 7,935,193
Trustee's Commission	33,677	76,278	109,955
Total Cash Disbursements	<u>\$ 3,367,718</u>	<u>\$ 4,677,430</u>	<u>\$ 8,045,148</u>
Excess of Cash Receipts Over (Under)			
Cash Disbursements	\$ 0	\$ 5,898	\$ 5,898
Cash Balance, July 1, 2010	0	187,257	187,257
Cash Balance, June 30, 2011	<u>\$ 0</u>	<u>\$ 193,155</u>	<u>\$ 193,155</u>

SINGLE AUDIT SECTION



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

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

November 14, 2011

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henry County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Henry County's basic financial statements and have issued our report thereon dated November 14, 2011. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Henry County Emergency Communications District, which were not available from other auditors as of the date of this report. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of the Henry County Medical Center, a discretely presented component unit, as described in our report on Henry County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Henry 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 Henry County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Henry 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 11.03.

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 deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency: 11.04.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Henry 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 11.02.

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

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb



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

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

November 14, 2011

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

To the County Mayor and Board of County Commissioners:

Compliance

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

In our opinion, Henry 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 Henry 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 Henry 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 Henry 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.

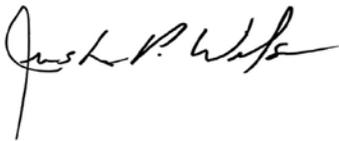
Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henry County as of and for the year ended June 30, 2011, and have issued our report thereon dated November 14, 2011. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Henry 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.

This report is intended solely for the information and use of management, the county mayor, county road supervisor, director of schools, County Commission, Board of Education, others within Henry 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 long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Henry 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	\$ 289,659
National School Lunch Program	10.555	N/A	786,107 (9)
Child and Adult Care Food Program	10.558	(2)	38,691
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	104,464 (9)
Total U.S. Department of Agriculture			<u>\$ 1,218,921</u>
U.S. Department of Housing and Urban Development:			
Direct Program:			
Shelter Plus Care	14.238	N/A	\$ 187,764
Total U.S. Department of Housing and Urban Development			<u>\$ 187,764</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(3)	\$ 57,395
Direct Program:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	N/A	3,632
Total U.S. Department of Justice			<u>\$ 61,027</u>
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce Development:			
WIA Dislocated Workers, Recovery Act	17.260	DG-11-32213-00	\$ 22,338
Total U.S. Department of Labor			<u>\$ 22,338</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(4)	\$ 128,912
Alcohol Open Container Requirements	20.607	Z-11-GHS149-00	4,272
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	N/A	6,500
Total U.S. Department of Transportation			<u>\$ 139,684</u>
U.S. Department of Energy:			
Passed-through State Department of Economic and Community Development:			
Energy Efficiency and Conservation Block Grant Program (EECBG), Recovery Act	81.128	GG-11-33469-00	\$ 100,000
Total U.S. Department of Energy			<u>\$ 100,000</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(5)	\$ 186,648
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	799,855
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	222,701
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	761,459
Special Education - Preschool Grants	84.173	N/A	49,434
Special Education - Grants to States, Recovery Act	84.391	N/A	417,971
Special Education - Preschool Grants, Recovery Act	84.392	N/A	386
Career and Technical Education - Basic Grants to States	84.048	N/A	85,490
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	17,906
Rural Education	84.358	N/A	77,538
English Language Acquisition Grants	84.365	N/A	1,958

(Continued)

Henry 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
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Improving Teacher Quality State Grants	84.367	N/A	\$ 180,607
Education Technology State Grants, Recovery Act	84.386	N/A	3,333
Education for Homeless Children and Youth, Recovery Act	84.387	N/A	452
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	1,419,079
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	266,419
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395		<u>177,121</u>
Total U.S. Department of Education			<u>\$ 4,668,357</u>
U.S. Department of Health and Human Services:			
Passed-through Northwest Tennessee Development District:			
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	(2)	\$ 3,500
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	26,430
Passed-through Tennessee State University:			
Head Start	93.600	(2)	101,000
Passed-through State Department of Education:			
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	(2)	<u>28,370</u>
Total U.S. Department of Health and Human Services			<u>\$ 159,300</u>
U.S. Corporation for National and Community Service:			
Passed-through State Department of Education:			
Learn and Serve America - School and Community Based Programs	94.004	GG-10-29920	<u>\$ 29,264</u>
Total U.S. Corporation for National and Community Service			<u>\$ 29,264</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-DR-1909-TN	<u>\$ 97,310</u>
Total U.S. Department of Homeland Security			<u>\$ 97,310</u>
Total Federal Grants			<u>\$ 6,683,965</u>
<u>State Grants</u>			
Airport Maintenance Program - State Department of Transportation	N/A	Contract Number (6)	\$ 10,632
Airport Apron Grant - State Department of Transportation	N/A	Z-08-200682-00	70
Airport Upgrade - State Department of Transportation	N/A	(7)	77,491
Preventive Health and Human Services - State Department of Health	N/A	(8)	72,453
Optional Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-08-212946-02	26,205
Litter Grant - State Department of Transportation	N/A	(2)	28,452
Early Childhood Education - State Department of Education	N/A	(2)	407,710
Lottery for Education: Afterschool Programs - State Department of Education	N/A	119-09-2-018	136,167
Energy Efficiency State Grant - State Department of Education	N/A	(2)	<u>35,642</u>
Total State Grants			<u>\$ 794,822</u>

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) Information not available.

(3) GG-10-28642-00: \$48,395; GG-10-29739-00: \$9,000.

(4) DG-10-29290-00: \$13,200; DG-11-33041-00: \$115,712.

(5) Z-10-218517-00: \$34,547; DG-11-31220-00: \$152,101.

(6) DG-10-28727-00: \$3,066; DG-11-31518-00: \$7,566.

(7) Z-09-213906: \$26,223; DG-11-33041-00: \$51,268.

(8) Z-10-219802-00: \$12,747; GG-11-31971-00: \$59,706.

(9) Total for CFDA No. 10.555 is \$890,571.

Henry 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 Henry County, Tennessee, for the year ended June 30, 2010, which have not been corrected.

HENRY COUNTY HIGHWAY DEPARTMENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.01	162	Material audit adjustments were required for proper financial statement presentation

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.04	164	Henry County has a material recurring audit finding
10.05	164-165	Duties were not segregated adequately in the Offices of County Clerk, Circuit and General Sessions Courts Clerk, Register, and Sheriff

HENRY 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, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Henry County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Henry 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 Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); and the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act and State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Henry County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response; however, management did not provide responses for inclusion in this report.

OFFICE OF COUNTY ROAD SUPERVISOR

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, certain general ledger account balances in the Highway/Public Works Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the Highway Department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the Highway Department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the Highway Department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. 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

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

OFFICE OF JUVENILE COURT CLERK

FINDING 11.02 **THE OFFICE DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION**
(Noncompliance Under *Government Auditing Standards*)

In some instances, funds were not deposited within three days of collection. Section 5-8-207, *Tennessee Code Annotated*, requires county officials to deposit public funds to the office bank account within three days of collection. This deficiency is the result of management's failure to ensure deposits were made in a timely manner. The delay in depositing funds increases the risks of fraud and misappropriation.

RECOMMENDATION

The clerk should ensure that all funds are deposited to the office bank account within three days of collection as required by state statute.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 11.03 **HENRY COUNTY HAS A MATERIAL RECURRING AUDIT FINDING**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

Henry County has a material audit finding that has been reported in its annual financial reports for three or more consecutive years. This recurring material finding is listed below:

<u>Finding Numbers</u>	<u>Description</u>
11.01, 10.01, 09.01	Several funds required material audit adjustments for proper financial statement presentation.

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. 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

Henry 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, Henry County may be required to establish an Audit Committee under the provisions of Section 9-3-405, *TCA*.

FINDING 11.04 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; REGISTER; AND SHERIFF
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among the officials and employees in the Offices of County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Register; and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, posting, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of 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, the 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.

BEST PRACTICE

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

Henry 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 Henry 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.

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

There were no findings and questioned costs for federal awards.

**HENRY 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 10.02 and 10.06

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