

**ANNUAL FINANCIAL REPORT  
HUMPHREYS COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2012**



**ANNUAL FINANCIAL REPORT  
HUMPHREYS COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2012**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT  
JAMES R. ARNETTE  
Director***

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

***HORACE B. WISEMAN, CGFM  
Auditor 4***

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

This financial report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov)

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***Audit Highlights***  
Annual Financial Report  
Humphreys County, Tennessee  
For the Year Ended June 30, 2012

***Scope***

We have audited the basic financial statements of Humphreys County as of and for the year ended June 30, 2012.

***Results***

Our report on Humphreys County's financial statements is unqualified.

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

***Findings and Best Practice***

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

**OFFICE OF COUNTY EXECUTIVE**

- ◆ A formal purchase order system had not been established.
- ◆ Expenditures exceeded appropriations.

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**OFFICE OF ROAD SUPERVISOR**

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

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**OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ Appropriations exceeded estimated available funding in the General Purpose School Fund.

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**OFFICE OF SHERIFF**

- ◆ Some collections were not receipted and deposited properly.
- ◆ The sheriff did not file R-84 Disposition Cards with the Tennessee Bureau of Investigation.

## **OFFICES OF COUNTY EXECUTIVE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND CLERK AND MASTER**

- ◆ Duties were not segregated adequately.
- 

### **HUMPHREYS COUNTY**

- ◆ The county used a questionable method of funding workers' compensation expenses, employees' dental insurance, general liability insurance, officials' corporate surety bonds, and employees' dishonesty bonds.
  - ◆ Humphreys County has material recurring audit findings.
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### **BEST PRACTICE**

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

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# INTRODUCTORY SECTION

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# Humphreys County Officials

## June 30, 2012

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### **Officials**

Jessie Wallace, County Executive  
Ronald Carter, Road Supervisor  
James Long, Director of Schools  
Leigh Ann Waggoner, Trustee  
Vickie Cowell, Assessor of Property  
Betty Etheridge, County Clerk  
Elaine Choate, Circuit and General Sessions Courts Clerk  
Michael Bullion, Clerk and Master  
Jan Crowell, Register  
Chris Davis, Sheriff

### **Board of County Commissioners**

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

### **Board of Education**

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

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## FINANCIAL SECTION

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

**INDEPENDENT AUDITOR'S REPORT**

March 1, 2013

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

To the County Executive and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Humphreys County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Humphreys County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Humphreys County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Humphreys County Emergency Communication District, which represent 6.2 percent and 2.6 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 Humphreys County Emergency Communications District, 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.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Humphreys County, Tennessee, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows 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 March 1, 2013, on our consideration of Humphreys County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 68 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 Humphreys County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Humphreys County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of

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

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Humphreys County, Tennessee  
Statement of Net Assets  
June 30, 2012

	Primary Government			Component Units	
	Governmental	Business-	Total	Humphreys	Emergency
	Activities	type		County	Communications
		Activities		School	District
				Department	
<b>ASSETS</b>					
Cash	\$ 41,615	\$ 0	\$ 41,615	\$ 0	\$ 16,978
Equity in Pooled Cash and Investments	10,225,695	213,432	10,439,127	1,383,573	0
Investments	0	0	0	0	601,187
Accounts Receivable	37,886	9,235	47,121	3,022	20,580
Due from Other Governments	753,366	0	753,366	379,618	7,141
Property Taxes Receivable	6,070,599	0	6,070,599	3,203,927	0
Allowance for Uncollectible Property Taxes	(206,872)	0	(206,872)	(109,183)	0
Prepaid Items	309,500	0	309,500	0	41,528
Restricted Assets:					
Other Restricted Assets	0	113,276	113,276	0	0
Deferred Charges	0	0	0	0	1,458
Notes Receivable - Long-term	104,280	0	104,280	0	0
Capital Assets Not Depreciated:					
Land	1,498,084	12,000	1,510,084	141,175	0
Construction in Progress	445,361	0	445,361	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	5,003,942	126,739	5,130,681	8,864,299	0
Infrastructure	20,734,298	634,236	21,368,534	45,183	0
Other Capital Assets	367,518	58,545	426,063	1,458,985	326,768
Total Assets	\$ 45,385,272	\$ 1,167,463	\$ 46,552,735	\$ 15,370,599	\$ 1,015,640
<b>LIABILITIES</b>					
Accounts Payable	\$ 78,235	\$ 180	\$ 78,415	\$ 1,729	\$ 603
Payroll Deductions Payable	0	0	0	0	88
Accrued Leave	0	0	0	0	5,187
Contracts Payable	130,568	0	130,568	1,500	0
Accrued Interest Payable	13,490	0	13,490	0	0
Customer Deposits Payable	0	113,276	113,276	0	0
Deferred Revenue - Current Property Taxes	5,704,641	0	5,704,641	3,010,782	0
Noncurrent Liabilities:					
Due Within One Year	876,464	0	876,464	5,000	0
Due in More Than One Year	5,247,725	0	5,247,725	3,135,822	0
Total Liabilities	\$ 12,051,123	\$ 113,456	\$ 12,164,579	\$ 6,154,833	\$ 5,878
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	\$ 26,753,003	\$ 0	\$ 26,753,003	\$ 10,489,642	\$ 0
Invested in Capital Assets	0	831,520	831,520	0	326,768
Restricted For:					
Public Safety	712,677	0	712,677	0	0
Public Health and Welfare	865,211	0	865,211	0	0
Other Operations	132,184	0	132,184	0	0
Highways/Public Works	3,587,070	0	3,587,070	0	0
Education	0	0	0	10,091	0
Operation of Non-Instructional Services	0	0	0	259,319	0
Debt Service	1,614,814	0	1,614,814	0	0
Capital Projects	991,902	0	991,902	0	0
Other Purposes	112,078	0	112,078	0	0
Unrestricted	(1,434,790)	222,487	(1,212,303)	(1,543,286)	682,994
Total Net Assets	\$ 33,334,149	\$ 1,054,007	\$ 34,388,156	\$ 9,215,766	\$ 1,009,762

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

Exhibit B

Humphreys County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Humphreys County School Department	Emergency Communications District	
<b>Primary Government:</b>										
Governmental Activities:										
General Government	\$ 906,047	\$ 81,020	\$ 15,164	\$ 0	\$ (809,863)	\$ 0	\$ (809,863)	\$ 0	\$ 0	\$ 0
Finance	717,285	572,611	0	0	(144,674)	0	(144,674)	0	0	0
Administration of Justice	777,101	400,388	9,300	0	(367,413)	0	(367,413)	0	0	0
Public Safety	2,806,467	215,600	84,896	0	(2,505,971)	0	(2,505,971)	0	0	0
Public Health and Welfare	1,247,004	57,340	130,014	0	(1,059,650)	0	(1,059,650)	0	0	0
Social, Cultural, and Recreational Services	295,127	0	2,553	0	(292,574)	0	(292,574)	0	0	0
Agriculture and Natural Resources	213,989	31,000	27,912	0	(155,077)	0	(155,077)	0	0	0
Other Operations	1,032,720	216,473	174,538	186,012	(455,697)	0	(455,697)	0	0	0
Highways/Public Works	4,144,830	297,117	2,447,458	29,991	(1,370,264)	0	(1,370,264)	0	0	0
Education	215,830	0	0	0	(215,830)	0	(215,830)	0	0	0
Interest on Long-term Debt	62,607	0	0	0	(62,607)	0	(62,607)	0	0	0
Other Debt Service	45,926	0	0	0	(45,926)	0	(45,926)	0	0	0
<b>Total Governmental Activities</b>	<b>\$ 12,464,933</b>	<b>\$ 1,871,549</b>	<b>\$ 2,891,835</b>	<b>\$ 216,003</b>	<b>\$ (7,485,546)</b>	<b>\$ 0</b>	<b>\$ (7,485,546)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Business-type Activities:</b>										
Public Utility	\$ 150,836	\$ 98,064	\$ 0	\$ 0	\$ 0	\$ (52,772)	\$ (52,772)	\$ 0	\$ 0	\$ 0
<b>Total Primary Government</b>	<b>\$ 12,615,769</b>	<b>\$ 1,969,613</b>	<b>\$ 2,891,835</b>	<b>\$ 216,003</b>	<b>\$ (7,485,546)</b>	<b>\$ (52,772)</b>	<b>\$ (7,538,318)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Component Units:</b>										
Humphreys County School Department	\$ 24,915,166	\$ 740,169	\$ 4,020,166	\$ 0	\$ 0	\$ 0	\$ 0	\$ (20,154,831)	\$ 0	\$ 0
Emergency Communications District	693,485	200,036	417,576	0	0	0	0	0	(75,873)	0
<b>Total Component Units</b>	<b>\$ 25,608,651</b>	<b>\$ 940,205</b>	<b>\$ 4,437,742</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (20,154,831)</b>	<b>\$ (75,873)</b>	<b>\$ 0</b>

(Continued)

Exhibit B

Humphreys County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Humphreys County School Department	Emergency Communications District	
					Governmental Activities	Business-type Activities			Total
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes		\$ 4,629,562	\$ 0	\$ 0	\$ 4,629,562	\$ 0	\$ 3,102,823	\$ 0	0
Property Taxes Levied for Debt Service		1,141,160	0	0	1,141,160	0	0	0	0
Local Option Sales Tax		629,656	0	0	629,656	0	1,853,494	0	0
Hotel/Motel Tax		87,624	0	0	87,624	0	0	0	0
Litigation Taxes		168,258	0	0	168,258	0	0	0	0
Business Tax		144,621	0	0	144,621	0	0	0	0
Wholesale Beer Tax		76,091	0	0	76,091	0	0	0	0
Other Local Taxes		1,431	0	0	1,431	0	1,152	0	0
Grants and Contributions Not Restricted to Specific Programs		1,900,031	2,033	0	1,902,064	2,033	13,694,336	0	0
Unrestricted Investment Income		29,214	0	0	29,214	0	0	0	737
Miscellaneous		24,060	0	0	24,060	0	90,011	6,000	0
Total General Revenues		\$ 8,831,708	\$ 2,033	\$ 8,833,741	\$ 8,833,741	\$ 2,033	\$ 18,741,816	\$ 6,737	
Change in Net Assets		\$ 1,346,162	\$ (50,739)	\$ 1,295,423	\$ 1,295,423	\$ (50,739)	\$ (1,413,015)	\$ (69,136)	
Net Assets, July 1, 2011		31,987,987	1,104,746	33,092,733	33,092,733	1,104,746	10,628,781	1,078,898	
Net Assets, June 30, 2012		\$ 33,334,149	\$ 1,054,007	\$ 34,388,156	\$ 34,388,156	\$ 1,054,007	\$ 9,215,766	\$ 1,009,762	

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

Humphreys County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2012

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other	Governmental Funds	
Cash	\$ 21,616	\$ 0	\$ 0	\$ 0	\$ 19,999	\$ 41,615	
Equity in Pooled Cash and Investments	3,347,360	822,070	2,907,370	1,493,091	1,655,804	10,225,695	
Accounts Receivable	0	0	37,886	0	0	37,886	
Due from Other Governments	273,869	2,200	361,526	0	1,15,771	753,366	
Due from Other Funds	26,537	0	4,885	0	0	31,422	
Property Taxes Receivable	3,032,572	844,957	716,668	1,180,394	296,008	6,070,599	
Allowance for Uncollectible Property Taxes	(102,366)	(29,446)	(24,422)	(40,226)	(10,412)	(206,872)	
Prepaid Items	0	0	309,500	0	0	309,500	
Notes Receivable - Long-term	0	0	0	104,280	0	104,280	
<b>Total Assets</b>	<b>\$ 6,599,588</b>	<b>\$ 1,639,781</b>	<b>\$ 4,313,413</b>	<b>\$ 2,737,539</b>	<b>\$ 2,077,170</b>	<b>\$ 17,367,491</b>	

ASSETS

LIABILITIES AND FUND BALANCES

<b>Liabilities</b>	\$ 56,612	\$ 13,689	\$ 269	\$ 0	\$ 7,665	\$ 78,235
Accounts Payable	0	0	11,650	0	118,918	130,568
Contracts Payable	449	3,353	0	0	27,620	31,422
Due to Other Funds	2,852,320	792,311	673,465	1,109,235	277,310	5,704,641
Deferred Revenue - Current Property Taxes	68,290	20,341	16,467	27,122	7,393	139,613
Deferred Revenue - Delinquent Property Taxes	107,207	0	156,786	0	0	263,993
Other Deferred Revenues	3,084,878	829,694	858,637	1,136,357	438,906	6,348,472
<b>Total Liabilities</b>	<b>\$ 3,084,878</b>	<b>\$ 829,694</b>	<b>\$ 858,637</b>	<b>\$ 1,136,357</b>	<b>\$ 438,906</b>	<b>\$ 6,348,472</b>
<b>Fund Balances</b>	\$ 0	\$ 0	\$ 309,500	\$ 0	\$ 0	\$ 309,500
Nonspendable:						
Prepaid Items	693	0	0	0	0	693
Restricted:	50,313	0	0	0	0	50,313
Restricted for Finance	119,994	0	0	0	0	119,994
Restricted for Administration of Justice	81,597	763,273	0	0	587,712	1,192,582
Restricted for Public Safety						
Restricted for Public Health and Welfare						

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other	Governmental Funds	
\$ 132,184	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	132,184
0	0	3,145,276	0	0	0	0	3,145,276
0	0	0	1,601,182	0	0	0	1,601,182
0	0	0	0	0	989,480	0	989,480
0	0	0	0	0	61,072	0	61,072
313,880	0	0	0	0	0	0	313,880
0	46,814	0	0	0	0	0	46,814
44,682	0	0	0	0	0	0	44,682
2,771,367	0	0	0	0	0	0	2,771,367
\$ 3,514,710	\$ 810,087	\$ 3,454,776	\$ 1,601,182	\$ 1,601,182	\$ 1,638,264	\$ 0	\$ 11,019,019
\$ 6,599,588	\$ 1,639,781	\$ 4,313,413	\$ 2,737,539	\$ 2,077,170	\$ 2,077,170	\$ 0	\$ 17,367,491

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)

Restricted (Cont.):
Restricted for Other Operations
Restricted for Highways/Public Works
Restricted for Debt Service
Restricted for Capital Projects
Restricted for Other Purposes
Committed:
Committed for Public Safety
Committed for Public Health and Welfare
Assigned:
Assigned for Capital Projects
Unassigned
Total Fund Balances

Total Liabilities and Fund Balances

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

Exhibit C-2

Humphreys County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
June 30, 2012

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)		\$ 11,019,019
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,498,084	
Add: construction in progress	445,361	
Add: buildings and improvements net of accumulated depreciation	5,003,942	
Add: infrastructure net of accumulated depreciation	20,734,298	
Add: other capital assets net of accumulated depreciation	<u>367,518</u>	28,049,203
(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	\$ (915,000)	
Less: other loans payable	(4,050,000)	
Less: bonds payable	(76,700)	
Less: compensated absences payable	(129,680)	
Less: landfill closure/postclosure care costs	(851,554)	
Less: other postemployment benefits liability	(101,255)	
Less: accrued interest on notes	<u>(13,490)</u>	(6,137,679)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>403,606</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 33,334,149</u>

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

Humphreys County, Tennessee  
 Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2012

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other	Governmental Funds	
<b>Revenues</b>							
Local Taxes	\$ 3,975,456	\$ 846,210	\$ 678,551	\$ 1,142,436	\$ 256,610	\$ 6,899,263	
Licenses and Permits	1,188	0	0	0	0	1,188	
Fines, Forfeitures, and Penalties	61,665	0	0	0	157,579	219,244	
Charges for Current Services	11,920	20,793	0	0	35	32,748	
Other Local Revenues	223,459	2,025	182,268	29,214	18,129	455,095	
Fees Received from County Officials	913,903	0	0	0	0	913,903	
State of Tennessee	2,350,052	11,400	1,740,375	0	24,209	4,126,036	
Federal Government	49,320	0	728,739	0	109,283	887,342	
Other Governments and Citizens Groups	67,238	0	114,934	5,197	53,720	241,089	
<b>Total Revenues</b>	<b>\$ 7,654,201</b>	<b>\$ 880,428</b>	<b>\$ 3,444,867</b>	<b>\$ 1,176,847</b>	<b>\$ 619,565</b>	<b>\$ 13,775,908</b>	
<b>Expenditures</b>							
Current:							
General Government	\$ 851,957	0	0	0	0	851,957	
Finance	516,082	0	0	0	35	516,117	
Administration of Justice	594,103	0	0	0	0	594,103	
Public Safety	1,828,225	0	0	0	337,708	2,165,933	
Public Health and Welfare	467,483	558,805	0	0	0	1,026,288	
Social, Cultural, and Recreational Services	163,046	0	0	0	0	163,046	
Agriculture and Natural Resources	161,111	0	0	0	0	161,111	
Other Operations	2,076,346	77,365	0	0	25,299	2,179,010	
Highways	0	0	2,755,207	0	0	2,755,207	
Debt Service:							
Principal on Debt	0	0	0	805,100	0	805,100	
Interest on Debt	0	0	0	65,883	0	65,883	
Other Debt Service	0	0	0	45,926	0	45,926	
Capital Projects	234,558	0	0	0	151,700	386,258	
<b>Total Expenditures</b>	<b>\$ 6,892,911</b>	<b>\$ 636,170</b>	<b>\$ 2,755,207</b>	<b>\$ 916,909</b>	<b>\$ 514,742</b>	<b>\$ 11,715,939</b>	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 761,290</b>	<b>\$ 244,258</b>	<b>\$ 689,660</b>	<b>\$ 259,938</b>	<b>\$ 104,823</b>	<b>\$ 2,059,969</b>	

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other	Governmental Funds	Other	
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 23,816	\$ 0	\$ 20,101	\$ 0	\$ 0	\$ 4,476	\$ 48,393	
Total Other Financing Sources (Uses)	\$ 23,816	\$ 0	\$ 20,101	\$ 0	\$ 0	\$ 4,476	\$ 48,393	
Net Change in Fund Balances	\$ 785,106	\$ 244,258	\$ 709,761	\$ 259,938	\$ 109,299	\$ 1,528,965	\$ 2,108,362	
Fund Balance, July 1, 2011	2,729,604	565,829	2,745,015	1,341,244	1,528,965	8,910,657	8,910,657	
Fund Balance, June 30, 2012	\$ 3,514,710	\$ 810,087	\$ 3,454,776	\$ 1,601,182	\$ 1,638,264	\$ 11,019,019	\$ 11,019,019	

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

Exhibit C-4

Humphreys County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2012

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 2,108,362
(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	\$ 1,360,445	
Less: current year depreciation expense	<u>(2,937,226)</u>	(1,576,781)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$ 403,606	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(368,419)</u>	35,187
(3) The issuance of long-term debt (e.g. notes, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Add: principal payments on bonds	\$ 21,100	
Add: principal payments on notes	190,000	
Add: principal payments on other loans	<u>594,000</u>	805,100
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 3,276	
Change in compensated absences payable	10,178	
Change in other postemployment benefits liability	(19,202)	
Change in landfill closure/postclosure care costs	<u>(19,958)</u>	<u>(25,706)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,346,162</u>

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

Exhibit D-1

Humphreys County, Tennessee  
Statement of Net Assets  
Proprietary Fund  
June 30, 2012

	Major Enterprise Fund
	Public Utility Fund
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 213,432
Accounts Receivable	9,235
Total Current Assets	<u>\$ 222,667</u>
Noncurrent Assets:	
Restricted Assets:	
Other Restricted Assets	\$ 113,276
Capital Assets:	
Assets Not Depreciated:	
Land	12,000
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	126,739
Infrastructure	634,236
Other Capital Assets	58,545
Total Noncurrent Assets	<u>\$ 944,796</u>
Total Assets	<u>\$ 1,167,463</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 180
Current Liabilities Payable from Restricted Assets:	
Customer Deposits Payable	113,276
Total Current Liabilities	<u>\$ 113,456</u>
Total Liabilities	<u>\$ 113,456</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 831,520
Unrestricted	222,487
Total Net Assets	<u>\$ 1,054,007</u>

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

Exhibit D-2

Humphreys County, Tennessee  
Statement of Revenues, Expenses,  
and Changes in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2012

	Major Enterprise Fund Public Utility Fund
<u>Operating Revenues</u>	
Wastewater Treatment Charges	\$ 98,064
Total Operating Revenues	<u>\$ 98,064</u>
<u>Operating Expenses</u>	
Communication	\$ 1,098
Contracts with Private Agencies	52,352
Engineering Services	15,457
Maintenance and Repair Services - Equipment	17,137
Permits	1,040
Electricity	14,072
Water	2,263
Depreciation	45,677
Other Charges	30
Maintenance Equipment	1,710
Total Operating Expenses	<u>\$ 150,836</u>
Operating Income (Loss)	<u>\$ (52,772)</u>
<u>Nonoperating Revenues</u>	
Disaster Grants	\$ 2,033
Total Nonoperating Revenues	<u>\$ 2,033</u>
Change in Net Assets	(50,739)
Net Assets, July 1, 2011	<u>1,104,746</u>
Net Assets, July 1, 2012	<u>\$ 1,054,007</u>

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

Exhibit D-3

Humphreys County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2012

	Major Enterprise Fund Public Utility Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 98,577
Payments to Vendors	(106,087)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (7,510)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Disaster Grants	\$ 2,033
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 2,033</u>
Increase (Decrease) in Cash	\$ (5,477)
Cash, July 1, 2011	<u>332,185</u>
Cash, June 30, 2012	<u><u>\$ 326,708</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided</u>	
<u>By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (52,772)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	45,677
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	513
Increase (Decrease) in Accounts Payable	<u>(928)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (7,510)</u>
<u>Reconciliation of Cash With the Statement of Net Assets</u>	
Equity in Pooled Cash and Investments	\$ 213,432
Cash - Other Restricted Assets	<u>113,276</u>
Cash, June 30, 2012	<u><u>\$ 326,708</u></u>

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

Exhibit E

Humphreys County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 716,814
Accounts Receivable	121
Due from Other Governments	<u>229,039</u>
Total Assets	<u><u>\$ 945,974</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 229,039
Due to Litigants, Heirs, and Others	<u>716,935</u>
Total Liabilities	<u><u>\$ 945,974</u></u>

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

**HUMPHREYS COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2012**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

Humphreys County is a public municipal corporation governed by an elected 14-member board. As required by GAAP, these financial statements present Humphreys County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Humphreys County School Department operates the public school system in the county, and the voters of Humphreys County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Humphreys County Emergency Communications district provides a simplified means of securing emergency services through a uniform emergency number for the residents of Humphreys County, and the Humphreys 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 Humphreys County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Humphreys County

Emergency Communications district can be obtained from its administrative office at the following address:

Administrative Office:

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

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

**B. Government-wide and Fund Financial Statements**

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

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

Humphreys County issues all debt for the discretely presented Humphreys County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2012.

Separate financial statements are provided for governmental funds, the proprietary fund (enterprise), and fiduciary funds. The fiduciary funds are

excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

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

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

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

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

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

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

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

Humphreys County reports the following major governmental funds:

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

**Solid Waste/Sanitation Fund** – This special revenue fund accounts for all solid waste activities, including those activities specifically related to the landfill. Local taxes and general service charges are the foundational revenues of this fund.

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

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

Humphreys County reports the following major enterprise fund:

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

Additionally, Humphreys County reports the following fund types:

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

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Humphreys County. Agency funds are custodial in nature (assets

equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Humphreys County School Department reports the following major governmental 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 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.

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

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

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

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

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

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Humphreys County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Humphreys County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

**2. Receivables and Payables**

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds. Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.79 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. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaids are offset in the nonspendable fund balance account in governmental funds.

**4. Restricted Assets**

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

**5. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

Assets	Primary Government		Humphreys
	Governmental Activities	Business- type Activities	County School Department
	Years	Years	Years
Buildings and Improvements	25 or life of note	24	20 - 40
Other Capital Assets	5 - 15	24	5 - 20
Infrastructure	10 - 30 or life of note	50	20 - 30

**6. Compensated Absences**

It is the policy of Humphreys County to permit employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation from service. In addition, it is the policy of the Humphreys County Highway Department to permit its employees to accumulate earned but unused sick leave, which will be paid to employees upon separation from service. The granting of sick leave, except for the Highway Department, as described above, has no guaranteed payment attached and therefore is not required to be accrued or recorded. All vacation

benefits, along with sick leave benefits for the Highway/Public Works Fund, are accrued when incurred in the government-wide financial statements for the county. A liability for vacation benefits and sick leave benefits of the Highway Department is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

## **7. Long-term Obligations**

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

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

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

## 8. Net Assets and Fund Equity

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

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

The government-wide Statement of Net Assets reports \$8,015,936 of restricted net assets, of which \$132,184 is restricted by enabling legislation.

As of June 30, 2012, Humphreys County had \$3,745,500 of outstanding debt for capital purposes for the discretely presented Humphreys County School Department. This debt is a liability of Humphreys County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Humphreys County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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

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

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

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

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

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

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and 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 with the government-wide Statement of Net Assets.

#### **Discretely Presented Humphreys County School Department**

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

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

**Primary Government**

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

**Discretely Presented Humphreys County School Department**

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

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

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

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

At June 30, 2012, Humphreys County reported significant encumbrances of \$199,379 for bridge construction in the Highway/Public Works Fund.

**B. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in the Chancery Court, Jail, and Public Safety Projects major appropriation categories (the legal level of control) of the General Fund by \$530, \$3,785, and \$8,708, respectively. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

**C. Appropriations Exceeded Estimated Available Funds**

The budget and subsequent amendments approved by the County Commission for the discretely presented School Department's General Purpose School Fund resulted in appropriations exceeding estimated available funding by \$146,572.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

**Deposits**

**Legal Provisions.** All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for the purposes of credit risk disclosure.

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

**Investments**

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

**Investment Balances.** As of June 30, 2012, Humphreys County had the following investments carried at cost. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Humphreys County and the discretely presented Humphreys County School Department since both pool their deposits and investments through the county trustee.

Investment	Average Weighted Maturity (days)	Cost
State Treasurer's Investment Pool	6 to 164	\$ 1,379,339

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

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Humphreys County has no investment policy that would further limit its investment choices. As of June 30, 2012, Humphreys County's investment in the State Treasurer's Investment Pool was unrated.

**B. Note Receivable**

The note receivable in the General Debt Service Fund totaling \$104,280 resulted from the county issuing a \$173,800 capital outlay note in March 2008, to fund construction of an emergency communications tower. The City of Waverly entered into an agreement with Humphreys County to pay the county for a prorated share of the capital outlay note. The note receivable is included in the restricted fund balance account.

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2012, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 1,498,084	\$ 0	\$ 0	\$ 1,498,084
Construction in Progress	0	445,361	0	445,361
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 1,498,084</b>	<b>\$ 445,361</b>	<b>\$ 0</b>	<b>\$ 1,943,445</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,232,007	\$ 0	\$ 0	\$ 9,232,007
Infrastructure	53,163,959	888,584	0	54,052,543
Other Capital Assets	4,444,616	26,500	(428,783)	4,042,333
<b>Total Capital Assets Depreciated</b>	<b>\$ 66,840,582</b>	<b>\$ 915,084</b>	<b>\$ (428,783)</b>	<b>\$ 67,326,883</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,911,100	\$ 316,965	\$ 0	\$ 4,228,065
Infrastructure	30,816,338	2,501,907	0	33,318,245
Other Capital Assets	3,985,244	118,354	(428,783)	3,674,815
<b>Total Accumulated Depreciation</b>	<b>\$ 38,712,682</b>	<b>\$ 2,937,226</b>	<b>\$ (428,783)</b>	<b>\$ 41,221,125</b>

**Governmental Activities (Cont.):**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Governmental Activities				
Capital Assets, Net	\$ 29,625,984	\$ (1,576,781)	0	\$ 28,049,203

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

**Governmental Activities:**

General Government	\$ 206,630
Finance	9,517
Public Safety	143,765
Public Health and Welfare	36,639
Social, Cultural, and Recreational Services	4,728
Agriculture and Natural Resources	4,546
Other Operations	77,305
Highway/Public Works	<u>2,454,096</u>
Total	<u>\$ 2,937,226</u>

**Business-type Activities:**

	Balance 7-1-11	Increases	Balance 6-30-12
Capital Assets Not Depreciated:			
Land	\$ 12,000	\$ 0	\$ 12,000
Total Capital Assets Not Depreciated	<u>\$ 12,000</u>	<u>\$ 0</u>	<u>\$ 12,000</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 506,953	\$ 0	\$ 506,953
Infrastructure	775,950	0	775,950
Other Capital Assets	216,848	0	216,848
Total Capital Assets Depreciated	<u>\$ 1,499,751</u>	<u>\$ 0</u>	<u>\$ 1,499,751</u>

**Business-type Activities (Cont.):**

	Balance 7-1-11	Increases	Balance 6-30-12
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 354,757	\$ 25,457	\$ 380,214
Infrastructure	126,196	15,518	141,714
Other Capital Assets	153,601	4,702	158,303
Total Accumulated Depreciation	<u>\$ 634,554</u>	<u>\$ 45,677</u>	<u>\$ 680,231</u>
Total Capital Assets Depreciated, Net	<u>\$ 865,197</u>	<u>\$ (45,677)</u>	<u>\$ 819,520</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 877,197</u></u>	<u><u>\$ (45,677)</u></u>	<u><u>\$ 831,520</u></u>

There were no decreases in capital assets to report during the year ended June 30, 2012.

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

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 141,175	\$ 0	\$ 0	\$ 141,175
Total Capital Assets Not Depreciated	<u>\$ 141,175</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 141,175</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 19,416,410	\$ 0	\$ 0	\$ 19,416,410
Infrastructure	71,974	0	0	71,974
Other Capital Assets	3,821,403	329,806	(195,781)	3,955,428
Total Capital Assets Depreciated	<u>\$ 23,309,787</u>	<u>\$ 329,806</u>	<u>\$ (195,781)</u>	<u>\$ 23,443,812</u>

**Governmental Activities (Cont.):**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 10,105,616	\$ 446,495	\$ 0	\$ 10,552,111
Infrastructure	24,391	2,400	0	26,791
Other Capital Assets	2,436,221	256,003	(195,781)	2,496,443
Total Accumulated Depreciation	<u>\$ 12,566,228</u>	<u>\$ 704,898</u>	<u>\$ (195,781)</u>	<u>\$ 13,075,345</u>
Total Capital Assets Depreciated, Net	<u>\$ 10,743,559</u>	<u>\$ (375,092)</u>	<u>\$ 0</u>	<u>\$ 10,368,467</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,884,734</u>	<u>\$ (375,092)</u>	<u>\$ 0</u>	<u>\$ 10,509,642</u>

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

**Governmental Activities:**

Instruction	\$ 356,342
Support Services	308,229
Operation of Non-Instructional Services	<u>40,327</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 704,898</u>

**D. Construction Commitments**

At June 30, 2012, the Highway/Public Works Fund had uncompleted construction contracts of \$199,379 for bridge construction. Funding for these future expenditures is expected to be provided from available fund balance and state funds.

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2012, was as follows:

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 26,537
Highway/Public Works	General	449
"	Solid Waste/Sanitation	3,353
"	Nonmajor governmental	1,083

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

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2012, consisted of the following amounts:

**Discretely Presented Humphreys County School Department**

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Fund
Nonmajor governmental fund	\$ 7,000	\$ 0
General Purpose School Fund	0	100,000

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

**F. Long-term Debt**

**Primary Government**

**General Obligation Bonds, Notes, and Other Loans**

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were

issued for original terms of up to 40 years for bonds, up to 10 years for notes, and up to 20 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, other loans, and capital outlay notes included in long-term debt as of June 30, 2012, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	4.371 to 5 %	1-1-16	\$ 438,500	\$ 76,700
Capital Outlay Notes	3.75 to 3.85	3-27-18	1,750,000	915,000
Other Loans	variable	5-25-20	9,200,000	4,050,000

During the 1999-2000 year, Humphreys County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$7,000,000 to Humphreys County for school renovation and construction. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent, Bank of America (BOA) daily or weekly. In addition, the county pays various other fees (letter of credit, administrative, and debt remarketing) in connection with this loan. At June 30, 2012, the variable interest rate was .47 percent, and other fees totaled .58 percent of the outstanding loan principal.

During the 2003-04 year, Humphreys County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$2,200,000 to Humphreys County for various renovation and construction projects. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent, BOA, daily or weekly. In addition, the county pays various other fees (letter of credit, administrative, and debt remarketing) in connection with this loan. At June 30, 2012, the variable interest rate was .49 percent, and other fees totaled .73 percent of the outstanding loan principal.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2012, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 22,400	\$ 3,689	\$ 26,089
2014	23,700	2,603	26,303
2015	24,400	1,454	25,854
2016	6,200	271	6,471
Total	\$ 76,700	\$ 8,017	\$ 84,717

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 190,000	\$ 35,003	\$ 225,003
2014	190,000	27,763	217,763
2015	190,000	20,523	210,523
2016	115,000	13,319	128,319
2017	115,000	8,855	123,855
2018	115,000	4,428	119,428
Total	\$ 915,000	\$ 109,891	\$ 1,024,891

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2013	\$ 616,000	\$ 19,127	\$ 25,203	\$ 660,330
2014	640,000	16,187	21,290	677,477
2015	421,000	13,132	17,225	451,357
2016	438,000	11,153	14,783	463,936
2017	456,000	9,095	12,243	477,338
2018-2020	1,479,000	14,081	20,437	1,513,518
Total	\$ 4,050,000	\$ 82,775	\$ 111,181	\$ 4,243,956

There is \$1,601,182 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$4, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans totaled \$272, based on the 2010 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2011	\$ 97,800	\$ 1,105,000	\$ 4,644,000
Reductions	(21,100)	(190,000)	(594,000)
Balance, June 30, 2012	<u>\$ 76,700</u>	<u>\$ 915,000</u>	<u>\$ 4,050,000</u>
Balance Due Within One Year	<u>\$ 22,400</u>	<u>\$ 190,000</u>	<u>\$ 616,000</u>

	Compensated Absences	Landfill Closure/ Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2011	\$ 139,858	\$ 831,596	\$ 82,053
Additions	125,045	19,958	33,798
Reductions	(135,223)	0	(14,596)
Balance, June 30, 2012	<u>\$ 129,680</u>	<u>\$ 851,554</u>	<u>\$ 101,255</u>
Balance Due Within One Year	<u>\$ 6,484</u>	<u>\$ 41,580</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 6,124,189
Less: Balance Due Within One Year	<u>(876,464)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 5,247,725</u>

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

**Discretely Presented Humphreys County School Department**

Notes

The county issues capital outlay notes on behalf of the School Department to provide funds for capital facilities and other capital outlay purchases, such as equipment. These notes are direct obligations and pledge the full faith and credit of the government. The note included in long-term debt as of

June 30, 2012, will be retired from the General Purpose School Fund, and was issued for original terms of up to six years.

The note outstanding as of June 30, 2012, for governmental activities is as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
Capital Outlay Note	0 %	4-27-16	\$ 35,000	\$ 20,000

The annual requirements to amortize the note outstanding as of June 30, 2012, are presented in the following table:

Year Ending June 30	Note Principal
2013	\$ 5,000
2014	5,000
2015	5,000
2016	5,000
Total	<u>\$ 20,000</u>

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Humphreys County School Department for the year ended June 30, 2012, was as follows:

Governmental Activities:	Notes	Other Postemployment Benefits
Balance, July 1, 2011	\$ 27,433	\$ 2,512,758
Additions	0	804,820
Reductions	(7,433)	(196,756)
Balance, June 30, 2012	<u>\$ 20,000</u>	<u>\$ 3,120,822</u>
Balance Due Within One Year	<u>\$ 5,000</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 3,140,822
Less: Balance Due Within One Year	<u>(5,000)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,135,822</u>

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

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

The State of Tennessee pays health insurance premiums for retired teacher's on-behalf of the Humphreys County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2012, were \$62,326 and \$21,119, 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**

Liability, Property, Casualty, and Workers' Compensation Insurance

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

Employee Health Insurance

Humphreys County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local

governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. State statute provides for the LGGIF to be self-sustaining through member premiums.

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

**B. Subsequent Event**

On August 31, 2012, Ronald Carter left the Office of Road Supervisor and was succeeded by Randy Woods.

**C. Contingent Liabilities**

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

**D. Landfill Closure/Postclosure Care Costs**

Humphreys County has active permits on file with the state Department of Environment and Conservation for a sanitary landfill and a demolition landfill. The county has provided financial assurances for estimated postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Humphreys County closed its sanitary landfill in 1999. The \$851,554 reported as postclosure care liability at June 30, 2012, represents amounts based on what it would cost to perform all postclosure

care in 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**E. Joint Venture**

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

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

Administrative Office:

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

**F. Retirement Commitments**

**Plan Description**

Employees of Humphreys County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years

of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Humphreys County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

### **Funding Policy**

The 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, 2012, was 8.56 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2012, the county's annual pension cost of \$542,703 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 three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected 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, 2011, which established contribution rates effective July 1, 2012.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$542,703	100%	\$0
6-30-11	474,909	100	0
6-30-10	530,878	100	0

### Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 97.18 percent funded. The actuarial accrued liability for benefits was \$17.98 million, and the actuarial value of assets was \$17.47 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.51 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6 million, and the ratio of the UAAL to the covered payroll was 8.44 percent.

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

### SCHOOL TEACHERS

#### Plan Description

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

provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs/Schools](http://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, 2012, 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, 2012, 2011, and 2010, were \$1,002,972, \$1,007,180, and \$712,805 respectively, equal to the required contributions for each year.

## **G. Other Postemployment Benefits (OPEB)**

### **Plan Description**

Humphreys County and the School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, *Tennessee Code Annotated (TCA)*, for local governments and Section 8-27-302, *TCA*, for teachers and support personnel. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

### **Funding Policy**

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using

actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The School Department makes a contribution toward the health insurance premium of the group medical plan for certified employees who retire with at least 20 years of service; participate in the Tennessee Consolidated Retirement System, have accumulated sick leave at retirement, and have been covered under the group medical plan prior to retirement. Currently, ten school retirees meet those eligibility requirements. The School Department contributes toward the medical premium for each eligible retiree and their dependents based on a value calculated from the retiree's total salary and accumulated sick days at retirement. The retiree's annual salary at retirement (excluding career ladder, extended contract, or other supplements) is divided by a 200-day year then multiplied by 25 percent to yield a daily compensation value. This daily compensation value is multiplied by the retiree's accumulated sick leave days at retirement date. The School Department allocates this calculated amount to each eligible retiree and depletes it monthly to pay the health insurance premium until the amount is exhausted, the retiree reaches Medicare eligibility, or is deceased. During the year, this contribution was \$46,081. Retirees' contributions vary depending on the insurance options they select. During the year ended June 30, 2012, Humphreys County and the School Department contributed \$14,596 and \$196,756 respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
	<u>Plan</u>	<u>Plan</u>
ARC	\$ 34,000	\$ 811,000
Interest on the NPO	3,282	100,510
Adjustment to the ARC	(3,484)	(106,690)
Annual OPEB cost	\$ 33,798	\$ 804,820
Less: Amount of contribution	(14,596)	(196,756)
Increase/decrease in NPO	\$ 19,202	\$ 608,064
Net OPEB obligation, 7-1-11	<u>82,053</u>	<u>2,512,758</u>
Net OPEB obligation, 6-30-12	<u>\$ 101,255</u>	<u>\$ 3,120,822</u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Government Group	\$ 48,029	28%	\$ 46,296
6-30-11	"	50,110	29	82,053
6-30-12	"	33,798	43	101,255
6-30-10	Local Education Group	767,347	28	1,964,093
6-30-11	"	772,667	29	2,512,758
6-30-12	"	804,820	24	3,120,822

### Funded Status and Funding Progress

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

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 252,000	\$ 6,774,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 252,000	\$ 6,774,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 3,723,915	\$ 15,220,079
UAAL as a % of covered payroll	7%	45%

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

### Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation for the Local Education Group and the Local Government Group plans, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent for fiscal year 2012. The trend will decrease to 8.75 percent in fiscal year 2013 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

## **H. Purchasing Laws**

### Office of County Executive

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

### Office of Road Supervisor

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

### Office of Director of Schools

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

VI. **OTHER NOTES – DISCRETELY PRESENTED HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

A. **Summary of Significant Accounting Policies**

1. **Financial Reporting Entity**

The Humphreys County Emergency Communications District was created under *Tennessee Code Annotated (TCA) Section 7-86-104 et. seq., Emergency Communications Districted Law* by a referendum of voters in Humphreys County, Tennessee, in May 1988. The assessment of service fees began September 1, 1989.

The purpose of the district is to provide a simplified means of securing emergency services by telephone to those persons living in the county. In November 2001, emergency service dispatch functions were consolidated under a centralized communications center for the governments of Humphreys County, City of Waverly, City of New Johnsonville, and City of McEwen.

The district is considered a component unit of the county because the Board of Directors is appointed by the County Commission. The County Commission has the authority to adjust rates charged by the district, and the County Commission must approve most debts issued by the district.

2. **Measurement Focus/Basis of Accounting**

The accounting policies of the district conform to generally accepted accounting principles applicable to government as defined in the statements of the *Governmental Accounting Standards Board (GASB)*. The district also elected to apply generally accepted accounting principles as defined by *Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions* and *Accounting Research Bulletins* issued on or before November 30, 1989. After that date the district is required by the Office of the Comptroller of the Treasury to apply only GASB pronouncements.

The financial statements are prepared on the basis of GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis for State and Local Governments* and related standards. This statement provides for various terminology and includes recognition of capital grants in the Statement of Revenues, Expenses and Changes in Net Assets; a presentation of net assets; as well as an inclusion of a management discussion and analysis; supplementary information; and other changes.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The district is considered an enterprise fund, which uses the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for using an economic resources measurement focus. This means that all assets and liabilities (whether current or non-current) associated with this activity are included on the balance sheet. Their reported net assets is segregated into amounts invested in capital assets, restricted net assets, and unrestricted net assets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

**3. Cash and Investments**

Cash and cash equivalents include amounts of cash on hand, demand deposits and time deposits with original maturities of three months or less.

State statutes (*TCA*, Section 5-8-301) determine what investments are allowable for the district. For the most part, allowable investments consist of bonds, notes or treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States or any of its agencies, repurchase agreements, the Tennessee Local Government Investment Pool, and certificates of deposits.

**4. Due from Tennessee Emergency Communications Board**

The amount due from the Tennessee Emergency Communications Board includes the amount of wireless surcharges collected by the state prior to June 30, 2012, but not remitted to the district until after June 30, 2012.

**5. Due from Primary and Other Governments**

In November 2001, the district entered into an inter-local cooperation agreement between the governments of Humphreys County, City of Waverly, City of New Johnsonville, and City of McEwen. The inter-local cooperation agreement essentially consolidated the dispatching of emergency services process for all the governments to a central location and in turn the governments contribute funds to the district to cover personnel costs. There were no amounts owed the

district by the primary government or other local governments at June 30, 2012.

**6. Accounts Receivable**

Accounts receivable represents amounts due from AT&T, TDS Telecom, and other service providers that operate in the area and collect the user fees assessed by the district.

**7. Accounts Payable**

Payables are accrued for goods, services, and equipment that have been received by June 30, but for which payment was not made by the balance sheet date.

**8. Property and Equipment**

Property and equipment is recorded at historical cost. Maintenance repairs and minor renewals are expensed as incurred. Depreciation has been provided over the estimated useful lives of the capital assets by the straight-line method. The estimated useful lives are as follows:

Equipment, furniture, and fixtures	4 to 10 years
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**B. Deposits, Investments, and Custodial Credit Risk**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the district's deposits may not be returned or the district will not be able to recover collateral securities in the possession of an outside party. 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. Further, state statutes require that the collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the district.

At June 30, 2012, the carrying value (bank balance) of deposits of the district was \$50,531. Therefore, all deposits would be considered insured.

Investments consisted of an account with the Tennessee Local Government Investment Pool, with interest being earned at a variable rate. The market value of the account is equivalent to the carrying value, which was \$601,187 at June 30, 2012.

**C. Funding Sources**

Funds for operations are provided by monthly fees from service users in the county. Two major service suppliers in the county, AT&T and Humphreys County Telephone, collect the service fees and remit the funds to the district. The telephone companies retain one to three percent of the collections as an

administrative fee. The district also receives a portion of the wireless phone surcharge administered by the State of Tennessee, Department of Commerce and Insurance, Tennessee Emergency Communications Board.

**D. Risk Management**

The district is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. It is the policy of the district to purchase commercial insurance for these risks. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**E. Budgetary Information**

The district is required by Section 7-86-120, *TCA*, to adopt an annual budget. The budget must be prepared at the line-item level. The district's budgetary basis of accounting is consistent with generally accepted accounting principles. Therefore, capital outlay items, although authorized, are not presented in the Budgetary Comparison Schedule, which compares budgetary revenues and expenses to actual.

**F. Property and Equipment**

Changes in property and equipment for the period ended June 30, 2012, were:

	Balance		Balance	
	7-1-11	Increases	Decreases	6-30-12
Capital Assets Depreciated:				
Furniture and Fixtures	\$ 51,103	\$ 0	\$ (26,834)	\$ 24,269
Office Equipment	3,008	0	0	3,008
Other Equipment	14,410	1,210	(14,410)	1,210
Vehicles	24,995	0	0	24,995
Communications Equipment	880,424	3,640	(342,038)	542,026
Total Capital Assets Depreciated	\$ 973,940	\$ 4,850	\$ (383,282)	\$ 595,508
Less Accumulated Depreciation For:				
Furniture and Fixtures	\$ 44,710	\$ 5,100	\$ (26,834)	\$ 22,976
Office Equipment	2,382	570	0	2,952
Other Equipment	14,410	144	(14,410)	144
Vehicles	24,995	0	0	24,995
Communications Equipment	464,413	95,198	(341,938)	217,673
Total Accumulated Depreciation	\$ 550,910	\$ 101,012	\$ (383,182)	\$ 268,740
Governmental Activities Capital Assets, Net	\$ 423,030	\$ (96,162)	\$ (100)	\$ 326,768

**G. Commitments**

In 2001, the district entered into a 20-year lease with the City of Waverly for premises in order to operate the central dispatching functions of the district. The lease term is for 240 monthly payments of \$3,200 each, beginning July 1, 2002.

**H. Tower Purchases by County and Future Commitment**

During the year ended June 30, 2009, Humphreys County, Tennessee, purchased two, 300-foot self-supported towers for \$154,589 each. One of the towers is located on a county-owned site while the other tower is located on a City of Waverly site. It is the intent of all parties involved that the district will maintain and manage the towers upon completion as long as the district is providing central dispatching functions. The towers are financially being accounted for by Humphreys County, Tennessee, and no amounts are reflected within these financial statements.

**I. Supplemental Cash Flow Information**

There were no amounts of interest expense capitalized during the current year.

**J. Subsequent Events**

There were no subsequent events that occurred after the fiscal year-end and through the date of the auditor's report that would require adjustment or disclosure to the financial statements.

**K. Pension Plan**

Employees of the district are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the district 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, Tennessee 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

### **Funding Policy**

The district requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2012, was 4.35 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the Humphreys County Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ending June 30, 2012, the district's annual pension cost of \$13,667 to TCRS was equal to the district'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 three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected 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 district'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 15 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$ 13,667	100	% \$ 0
6-30-11	14,459	100	0
6-30-10	13,043	100	0

### Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 82.03 percent funded. The actuarial accrued liability for benefits was \$.25 million, and the actuarial value of assets was \$.20 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.04 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.24 million, and the ratio of the UAAL to the covered payroll was 18.22 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.

#### **L. Concentration of Revenues and Grants**

Whether from pass-through wireless collections, grants/reimbursement programs or operational funding programs, the district often receives 30 to 40 percent of its revenue from the Tennessee Emergency Communications Board. Any significant change in the Tennessee Emergency Communications Board's funding policies could have a significant impact on the district.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Humphreys County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 3,975,456	\$ 0	\$ 3,975,456	\$ 3,668,956	\$ 3,668,956	\$ 306,500
Licenses and Permits	1,188	0	1,188	800	800	388
Fines, Forfeitures, and Penalties	61,665	0	61,665	66,430	76,430	(14,765)
Charges for Current Services	11,920	0	11,920	10,350	10,350	1,570
Other Local Revenues	223,459	0	223,459	145,100	134,100	89,359
Fees Received from County Officials	913,903	0	913,903	738,324	738,324	175,579
State of Tennessee	2,350,052	0	2,350,052	2,040,480	2,321,679	28,373
Federal Government	49,320	0	49,320	64,100	99,087	(49,767)
Other Governments and Citizens Groups	67,238	0	67,238	35,000	79,885	(12,647)
<u>Total Revenues</u>	<u>\$ 7,654,201</u>	<u>\$ 0</u>	<u>\$ 7,654,201</u>	<u>\$ 6,769,540</u>	<u>\$ 7,129,611</u>	<u>\$ 524,590</u>
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 99,391	\$ 0	\$ 99,391	\$ 111,943	\$ 111,943	\$ 12,552
Board of Equalization	690	0	690	2,000	2,000	1,310
Beer Board	630	0	630	800	800	170
County Mayor/Executive	183,772	0	183,772	196,695	196,695	12,923
County Attorney	40,320	0	40,320	40,320	40,320	0
Election Commission	162,857	0	162,857	185,558	184,957	22,100
Register of Deeds	129,266	0	129,266	134,880	134,880	5,614
Planning	9,250	0	9,250	0	9,250	0
County Buildings	219,362	0	219,362	243,900	260,328	40,966
Other General Administration	6,419	0	6,419	11,260	12,510	6,091
<u>Finance</u>						
Property Assessor's Office	165,168	0	165,168	176,487	176,487	11,319

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
Reappraisal Program	\$ 4,282	\$ 0	4,282	5,200	5,200	\$ 918
County Trustee's Office	142,662	0	142,662	144,798	144,798	2,136
County Clerk's Office	203,970	0	203,970	200,071	204,871	901
<u>Administration of Justice</u>						
Circuit Court	215,222	0	215,222	220,933	224,824	9,602
General Sessions Court	78,845	0	78,845	79,178	79,178	333
Chancery Court	149,527	0	149,527	146,183	148,997	(530)
Juvenile Court	114,500	0	114,500	117,619	128,219	13,719
District Attorney General	6,000	0	6,000	6,000	6,000	0
Judicial Commissioners	30,009	0	30,009	30,010	30,010	1
<u>Public Safety</u>						
Sheriff's Department	1,013,415	0	1,013,415	953,118	1,018,837	5,422
Jail	231,921	0	231,921	202,293	228,136	(3,785)
Workhouse	325,320	0	325,320	317,773	329,430	4,110
Work Release Program	175	0	175	1,000	1,000	825
Fire Prevention and Control	2,000	0	2,000	2,000	2,000	0
Inspection and Regulation	57,616	0	57,616	41,203	86,265	28,649
County Coroner/Medical Examiner	28,513	0	28,513	17,400	28,513	0
Other Public Safety	169,265	0	169,265	163,687	169,687	422
<u>Public Health and Welfare</u>						
Local Health Center	84,284	0	84,284	66,702	101,222	16,938
Ambulance/Emergency Medical Services	270,000	0	270,000	270,000	270,000	0
Other Local Health Services	25,000	0	25,000	25,000	25,000	0
General Welfare Assistance	400	0	400	1,200	1,200	800

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	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>						
Sanitation Education/Information	\$ 34,014	\$ 0	\$ 34,014	\$ 28,399	\$ 42,838	\$ 8,824
Other Public Health and Welfare	53,785	0	53,785	85,500	85,500	31,715
<u>Social, Cultural, and Recreational Services</u>						
Libraries	163,046	0	163,046	162,745	163,130	84
Other Social, Cultural, and Recreational Agriculture and Natural Resources	0	0	0	400	400	400
Agriculture Extension Service	77,462	0	77,462	77,462	77,462	0
Soil Conservation	83,649	0	83,649	90,228	121,228	37,579
<u>Other Operations</u>						
Tourism	142,384	0	142,384	150,000	150,000	7,616
Other Economic and Community Development	0	0	0	20,000	20,000	20,000
Airport	202,989	0	202,989	189,284	243,284	40,295
Veterans' Services	12,732	0	12,732	12,183	13,588	856
Other Charges	686,071	0	686,071	667,765	688,507	2,436
Contributions to Other Agencies	43,773	0	43,773	44,373	44,373	600
Employee Benefits	988,397	0	988,397	1,125,990	1,128,008	139,611
<u>Capital Projects</u>						
Public Safety Projects	234,558	44,682	279,240	0	270,532	(8,708)
Public Utility Projects	0	0	0	0	28,940	28,940
Total Expenditures	\$ 6,892,911	\$ 44,682	\$ 6,937,593	\$ 6,769,540	\$ 7,441,347	\$ 503,754
Excess (Deficiency) of Revenues Over Expenditures	\$ 761,290	\$ (44,682)	\$ 716,608	\$ 0	\$ (311,736)	\$ 1,028,344

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 23,816	0	23,816	0	50,018	(26,202)
Total Other Financing Sources (Uses)	\$ 23,816	0	23,816	0	50,018	(26,202)
Net Change in Fund Balance	\$ 785,106	(44,682)	740,424	0	(261,718)	1,002,142
Fund Balance, July 1, 2011	2,729,604	0	2,729,604	2,620,404	2,620,404	109,200
Fund Balance, June 30, 2012	\$ 3,514,710	(44,682)	3,470,028	2,620,404	2,358,686	1,111,342

Exhibit F-2

Humphreys County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 846,210	\$ 812,273	\$ 812,273	\$ 33,937
Charges for Current Services	20,793	13,500	13,500	7,293
Other Local Revenues	2,025	1,500	1,500	525
State of Tennessee	11,400	11,400	11,400	0
Total Revenues	<u>\$ 880,428</u>	<u>\$ 838,673</u>	<u>\$ 838,673</u>	<u>\$ 41,755</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Landfill Operation and Maintenance	\$ 558,805	\$ 743,263	\$ 739,763	\$ 180,958
<u>Other Operations</u>				
Other Charges	16,963	15,000	18,500	1,537
Employee Benefits	60,402	80,410	80,410	20,008
Total Expenditures	<u>\$ 636,170</u>	<u>\$ 838,673</u>	<u>\$ 838,673</u>	<u>\$ 202,503</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 244,258</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 244,258</u>
Net Change in Fund Balance	\$ 244,258	\$ 0	\$ 0	\$ 244,258
Fund Balance, July 1, 2011	<u>565,829</u>	<u>604,348</u>	<u>604,348</u>	<u>(38,519)</u>
Fund Balance, June 30, 2012	<u>\$ 810,087</u>	<u>\$ 604,348</u>	<u>\$ 604,348</u>	<u>\$ 205,739</u>

Exhibit F-3

Humphreys County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 678,551	\$ 0	\$ 0	\$ 678,551	\$ 655,552	\$ 655,552	\$ 22,999
Other Local Revenues	182,268	0	0	182,268	85,000	85,000	97,268
State of Tennessee	1,740,375	0	0	1,740,375	2,498,699	2,498,699	(758,324)
Federal Government	728,739	0	0	728,739	0	0	728,739
Other Governments and Citizens Groups	114,934	0	0	114,934	0	0	114,934
Total Revenues	\$ 3,444,867	\$ 0	\$ 0	\$ 3,444,867	\$ 3,239,251	\$ 3,239,251	\$ 205,616
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 138,705	\$ 0	\$ 0	\$ 138,705	\$ 155,511	\$ 155,511	\$ 16,806
Highway and Bridge Maintenance	807,423	0	0	807,423	1,382,878	1,382,878	575,455
Operation and Maintenance of Equipment	505,152	0	0	505,152	493,348	643,348	138,196
Other Charges	31,417	0	0	31,417	35,500	35,500	4,083
Employee Benefits	263,798	0	0	263,798	295,960	295,960	32,162
Capital Outlay	1,008,712	(156,765)	199,379	1,051,326	869,900	1,714,400	663,074
Total Expenditures	\$ 2,755,207	\$ (156,765)	\$ 199,379	\$ 2,797,821	\$ 3,233,097	\$ 4,227,597	\$ 1,429,776
Excess (Deficiency) of Revenues Over Expenditures	\$ 689,660	\$ 156,765	\$ (199,379)	\$ 647,046	\$ 6,154	\$ (988,346)	\$ 1,635,392
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 20,101	\$ 0	\$ 0	\$ 20,101	\$ 0	\$ 0	\$ 20,101
Total Other Financing Sources (Uses)	\$ 20,101	\$ 0	\$ 0	\$ 20,101	\$ 0	\$ 0	\$ 20,101
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 709,761	\$ 156,765	\$ (199,379)	\$ 667,147	\$ 6,154	\$ (988,346)	\$ 1,655,493
	2,745,015	(156,765)	0	2,588,250	2,673,293	2,673,293	(85,043)
Fund Balance, June 30, 2012	\$ 3,454,776	\$ 0	\$ (199,379)	\$ 3,255,397	\$ 2,679,447	\$ 1,684,947	\$ 1,570,450

Exhibit F-4

Humphreys County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Humphreys County School Department  
June 30, 2012

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-11	\$ 17,473	\$ 17,980	\$ 506	97.18 %	\$ 6,002	8.44 %
6-30-09	14,333	14,450	117	99.19	5,750	2.04
6-30-07	13,411	13,558	147	98.92	5,056	2.91

Exhibit F-5

Humphreys County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Discretely Presented Humphreys County Emergency Communications District  
June 30, 2012

(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)
7-1-11	\$ 202	\$ 247	\$ 44	82.03 %	\$ 243	18.22 %
7-1-09	107	155	48	68.9	234	20.54
7-1-07	67	119	52	53.3	230	22.61

Exhibit F-6

Humphreys County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Humphreys County School Department  
June 30, 2012

(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	7-1-09	\$ 0	\$ 376	\$ 376	0 %	\$ 3,206	12 %
"	7-1-10	0	405	405	0	3,717	11
"	7-1-11	0	252	252	0	3,724	7
<u>DISCRETELY PRESENTED HUMPHREYS COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	6,489	6,489	0	10,106	64
"	7-1-10	0	6,559	6,559	0	10,807	61
"	7-1-11	0	6,774	6,774	0	15,220	45

**HUMPHREYS COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2012**

**A. BUDGETARY INFORMATION**

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

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

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

At June 30, 2012, Humphreys County reported significant encumbrances of \$199,379 for bridge construction in the Highway/Public Works Fund.

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

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

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Chancery Court	\$ 530
Jail	3,785
Public Safety Projects	8,708

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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

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

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

## Capital Projects Funds

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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.

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

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

Exhibit G-1

Humphreys County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2012

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Local Purpose Tax	Drug Control	Constituti- onal Officers - Fees	Total	General Capital Projects	Other Capital Projects	Total	
<b>ASSETS</b>								
Cash	\$ 0	\$ 0	\$ 19,999	\$ 19,999	\$ 0	\$ 0	\$ 0	\$ 19,999
Equity in Pooled Cash and Investments	132,068	463,839	0	595,907	998,825	61,072	1,059,897	1,655,804
Due from Other Governments	0	0	0	0	115,771	0	115,771	115,771
Property Taxes Receivable	210,785	0	0	210,785	85,223	0	85,223	296,008
Allowance for Uncollectible Property Taxes	(7,183)	0	0	(7,183)	(3,229)	0	(3,229)	(10,412)
Total Assets	\$ 335,670	\$ 463,839	\$ 19,999	\$ 819,508	\$ 1,196,590	\$ 61,072	\$ 1,257,662	\$ 2,077,170
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts Payable	\$ 6,937	\$ 728	\$ 0	\$ 7,665	\$ 0	\$ 0	\$ 0	\$ 7,665
Contracts Payable	0	0	0	0	118,918	0	118,918	118,918
Due to Other Funds	1,083	0	19,999	21,082	6,538	0	6,538	27,620
Deferred Revenue - Current Property Taxes	198,078	0	0	198,078	79,232	0	79,232	277,310
Deferred Revenue - Delinquent Property Taxes	4,971	0	0	4,971	2,422	0	2,422	7,393
Total Liabilities	\$ 211,069	\$ 728	\$ 19,999	\$ 231,796	\$ 207,110	\$ 0	\$ 207,110	\$ 438,906
<b>Fund Balances</b>								
Restricted:								
Restricted for Public Safety	\$ 124,601	\$ 463,111	\$ 0	\$ 587,712	\$ 0	\$ 0	\$ 0	\$ 587,712
Restricted for Capital Projects	0	0	0	0	989,480	0	989,480	989,480
Restricted for Other Purposes	0	0	0	0	0	61,072	61,072	61,072
Total Fund Balances	\$ 124,601	\$ 463,111	\$ 0	\$ 587,712	\$ 989,480	\$ 61,072	\$ 1,050,552	\$ 1,638,264
Total Liabilities and Fund Balances	\$ 335,670	\$ 463,839	\$ 19,999	\$ 819,508	\$ 1,196,590	\$ 61,072	\$ 1,257,662	\$ 2,077,170

Exhibit G-2

Humphreys County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2012

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Local Purpose Tax	Drug Control	Constituti- onal Officers - Fees	Total	General Capital Projects	Other Capital Projects	Total	
<b>Revenues</b>								
Local Taxes	\$ 150,609	\$ 0	\$ 0	\$ 150,609	\$ 106,001	\$ 0	\$ 106,001	\$ 256,610
Fines, Forfeitures, and Penalties	0	157,579	0	157,579	0	0	0	157,579
Charges for Current Services	0	0	35	35	0	0	0	35
Other Local Revenues	0	1,893	0	1,893	16,236	0	16,236	18,129
State of Tennessee	0	1,200	0	1,200	23,009	0	23,009	24,209
Federal Government	0	0	0	0	109,283	0	109,283	109,283
Other Governments and Citizens Groups	0	0	0	0	53,720	0	53,720	53,720
<b>Total Revenues</b>	<b>\$ 150,609</b>	<b>\$ 160,672</b>	<b>\$ 35</b>	<b>\$ 311,316</b>	<b>\$ 308,249</b>	<b>\$ 0</b>	<b>\$ 308,249</b>	<b>\$ 619,565</b>
<b>Expenditures</b>								
Current:								
Finance	\$ 0	\$ 0	\$ 35	\$ 35	\$ 0	\$ 0	\$ 0	\$ 35
Public Safety	195,600	142,108	0	337,708	0	0	0	337,708
Other Operations	0	25,299	0	25,299	0	0	0	25,299
Capital Projects	0	0	0	0	149,100	2,600	151,700	151,700
<b>Total Expenditures</b>	<b>\$ 195,600</b>	<b>\$ 167,407</b>	<b>\$ 35</b>	<b>\$ 363,042</b>	<b>\$ 149,100</b>	<b>\$ 2,600</b>	<b>\$ 151,700</b>	<b>\$ 514,742</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (44,991)</b>	<b>\$ (6,735)</b>	<b>\$ 0</b>	<b>\$ (51,726)</b>	<b>\$ 159,149</b>	<b>\$ (2,600)</b>	<b>\$ 156,549</b>	<b>\$ 104,823</b>
<b>Other Financing Sources (Uses)</b>								
Insurance Recovery	\$ 4,476	\$ 0	\$ 0	\$ 4,476	\$ 0	\$ 0	\$ 0	\$ 4,476
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 4,476</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,476</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,476</b>
<b>Net Change in Fund Balances Fund Balance, July 1, 2011</b>	<b>\$ (40,515)</b>	<b>\$ (6,735)</b>	<b>\$ 0</b>	<b>\$ (47,250)</b>	<b>\$ 159,149</b>	<b>\$ (2,600)</b>	<b>\$ 156,549</b>	<b>\$ 109,299</b>
<b>Fund Balance, July 1, 2011</b>	<b>165,116</b>	<b>469,846</b>	<b>0</b>	<b>634,962</b>	<b>830,331</b>	<b>63,672</b>	<b>894,003</b>	<b>1,528,965</b>
<b>Fund Balance, June 30, 2012</b>	<b>\$ 124,601</b>	<b>\$ 463,111</b>	<b>\$ 0</b>	<b>\$ 587,712</b>	<b>\$ 989,480</b>	<b>\$ 61,072</b>	<b>\$ 1,050,552</b>	<b>\$ 1,638,264</b>

Exhibit G-3

Humphreys County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Local Purpose Tax Fund  
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 150,609	\$ 143,269	\$ 143,269	\$ 7,340
Total Revenues	\$ 150,609	\$ 143,269	\$ 143,269	\$ 7,340
<u>Expenditures</u>				
<u>Public Safety</u>				
Fire Prevention and Control	\$ 195,600	\$ 169,300	\$ 212,693	\$ 17,093
Total Expenditures	\$ 195,600	\$ 169,300	\$ 212,693	\$ 17,093
Excess (Deficiency) of Revenues Over Expenditures	\$ (44,991)	\$ (26,031)	\$ (69,424)	\$ 24,433
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 4,476	\$ 0	\$ 4,443	\$ 33
Total Other Financing Sources (Uses)	\$ 4,476	\$ 0	\$ 4,443	\$ 33
Net Change in Fund Balance	\$ (40,515)	\$ (26,031)	\$ (64,981)	\$ 24,466
Fund Balance, July 1, 2011	165,116	170,018	170,018	(4,902)
Fund Balance, June 30, 2012	\$ 124,601	\$ 143,987	\$ 105,037	\$ 19,564

Exhibit G-4

Humphreys County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 157,579	\$ 82,500	\$ 82,500	\$ 75,079
Other Local Revenues	1,893	0	0	1,893
State of Tennessee	1,200	0	0	1,200
Total Revenues	<u>\$ 160,672</u>	<u>\$ 82,500</u>	<u>\$ 82,500</u>	<u>\$ 78,172</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 142,108	\$ 134,245	\$ 145,475	\$ 3,367
<u>Other Operations</u>				
Employee Benefits	25,299	23,000	25,451	152
Total Expenditures	<u>\$ 167,407</u>	<u>\$ 157,245</u>	<u>\$ 170,926</u>	<u>\$ 3,519</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (6,735)</u>	<u>\$ (74,745)</u>	<u>\$ (88,426)</u>	<u>\$ 81,691</u>
Net Change in Fund Balance	\$ (6,735)	\$ (74,745)	\$ (88,426)	\$ 81,691
Fund Balance, July 1, 2011	<u>469,846</u>	<u>449,298</u>	<u>449,298</u>	<u>20,548</u>
Fund Balance, June 30, 2012	<u>\$ 463,111</u>	<u>\$ 374,553</u>	<u>\$ 360,872</u>	<u>\$ 102,239</u>

Exhibit G-5

Humphreys County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Capital Projects Fund  
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 106,001	\$ 0	\$ 0	\$ 106,001	\$ 334,605	\$ 109,496	\$ (3,495)
Other Local Revenues	16,236	0	0	16,236	20,395	20,395	(4,159)
State of Tennessee	23,009	0	0	23,009	0	0	23,009
Federal Government	109,283	0	0	109,283	0	262,280	(152,997)
Other Governments and Citizens Groups	53,720	0	0	53,720	0	53,720	0
Total Revenues	\$ 308,249	\$ 0	\$ 0	\$ 308,249	\$ 355,000	\$ 445,891	\$ (137,642)
<u>Expenditures</u>							
<u>Capital Projects</u>							
General Administration Projects	\$ 12,414	(6,538)	\$ 0	\$ 5,876	\$ 35,000	\$ 35,000	\$ 29,124
Public Safety Projects	5,314	(5,314)	0	0	0	0	0
Public Utility Projects	131,372	(36,979)	138,571	232,964	0	316,000	83,036
Highway and Street Capital Projects	0	0	0	0	100,000	100,000	100,000
Education Capital Projects	0	0	0	0	220,000	0	0
Total Expenditures	\$ 149,100	(48,831)	\$ 138,571	\$ 238,840	\$ 355,000	\$ 451,000	\$ 212,160
Excess (Deficiency) of Revenues Over Expenditures	\$ 159,149	\$ 48,831	(138,571)	\$ 69,409	\$ 0	(5,109)	\$ 74,518
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 159,149	\$ 48,831	(138,571)	\$ 69,409	\$ 0	(5,109)	\$ 74,518
Fund Balance, July 1, 2011	830,331	(48,831)	0	781,500	831,422	831,422	(49,922)
Fund Balance, June 30, 2012	\$ 989,480	\$ 0	(138,571)	\$ 850,909	\$ 831,422	\$ 826,313	\$ 24,596

# **Major Governmental Fund**

## **General Debt Service Fund**

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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.

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Exhibit H

Humphreys County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,142,436	\$ 1,111,180	\$ 1,111,180	\$ 31,256
Other Local Revenues	29,214	60,000	60,000	(30,786)
Other Governments and Citizens Groups	5,197	0	0	5,197
Total Revenues	<u>\$ 1,176,847</u>	<u>\$ 1,171,180</u>	<u>\$ 1,171,180</u>	<u>\$ 5,667</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 338,600	\$ 338,600	\$ 338,600	\$ 0
Education	466,500	466,500	466,500	0
<u>Interest on Debt</u>				
General Government	30,588	49,295	49,295	18,707
Education	35,295	216,785	216,785	181,490
<u>Other Debt Service</u>				
General Government	27,772	100,000	81,846	54,074
Education	18,154	0	18,154	0
Total Expenditures	<u>\$ 916,909</u>	<u>\$ 1,171,180</u>	<u>\$ 1,171,180</u>	<u>\$ 254,271</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 259,938</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 259,938</u>
Net Change in Fund Balance	\$ 259,938	\$ 0	\$ 0	\$ 259,938
Fund Balance, July 1, 2011	1,341,244	1,512,759	1,512,759	(171,515)
Fund Balance, June 30, 2012	<u>\$ 1,601,182</u>	<u>\$ 1,512,759</u>	<u>\$ 1,512,759</u>	<u>\$ 88,423</u>

# Fiduciary Funds

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

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

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

Exhibit I-1

Humphreys County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2012

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 716,814	\$ 716,814
Accounts Receivable	0	121	121
Due from Other Governments	229,039	0	229,039
Total Assets	<u>\$ 229,039</u>	<u>\$ 716,935</u>	<u>\$ 945,974</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 229,039	\$ 0	\$ 229,039
Due to Litigants, Heirs, and Others	0	716,935	716,935
Total Liabilities	<u>\$ 229,039</u>	<u>\$ 716,935</u>	<u>\$ 945,974</u>

Exhibit I-2

Humphreys County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,194,402	\$ 1,194,402	\$ 0
Due from Other Governments	199,819	229,039	199,819	229,039
<b>Total Assets</b>	<b>\$ 199,819</b>	<b>\$ 1,423,441</b>	<b>\$ 1,394,221</b>	<b>\$ 229,039</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 199,819	\$ 1,423,441	\$ 1,394,221	\$ 229,039
<b>Total Liabilities</b>	<b>\$ 199,819</b>	<b>\$ 1,423,441</b>	<b>\$ 1,394,221</b>	<b>\$ 229,039</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 774,279	\$ 4,052,107	\$ 4,109,572	\$ 716,814
Accounts Receivable	153	121	153	121
<b>Total Assets</b>	<b>\$ 774,432</b>	<b>\$ 4,052,228</b>	<b>\$ 4,109,725</b>	<b>\$ 716,935</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 774,432	\$ 4,052,228	\$ 4,109,725	\$ 716,935
<b>Total Liabilities</b>	<b>\$ 774,432</b>	<b>\$ 4,052,228</b>	<b>\$ 4,109,725</b>	<b>\$ 716,935</b>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 774,279	\$ 4,052,107	\$ 4,109,572	\$ 716,814
Equity in Pooled Cash and Investments	0	1,194,402	1,194,402	0
Accounts Receivable	153	121	153	121
Due from Other Governments	199,819	229,039	199,819	229,039
<b>Total Assets</b>	<b>\$ 974,251</b>	<b>\$ 5,475,669</b>	<b>\$ 5,503,946</b>	<b>\$ 945,974</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 199,819	\$ 1,423,441	\$ 1,394,221	\$ 229,039
Due to Litigants, Heirs, and Others	774,432	4,052,228	4,109,725	716,935
<b>Total Liabilities</b>	<b>\$ 974,251</b>	<b>\$ 5,475,669</b>	<b>\$ 5,503,946</b>	<b>\$ 945,974</b>

# Humphreys County School Department

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

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

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

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

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

Exhibit J-1

Humphreys County, Tennessee  
Statement of Activities  
Discretely Presented Humphreys County School Department  
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities:				
Instruction	\$ 15,693,625	\$ 21,782	\$ 1,463,622	\$ (14,208,221)
Support Services	7,442,908	55,456	1,482,548	(5,904,904)
Operation of Non-Instructional Services	1,778,633	662,931	1,073,996	(41,706)
Total Governmental Activities	\$ 24,915,166	\$ 740,169	\$ 4,020,166	\$ (20,154,831)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 3,102,823
Local Option Sales Tax				1,853,494
Other Local Taxes				1,152
Grants and Contributions Not Restricted to Specific Programs				13,694,336
Miscellaneous				90,011
Total General Revenues				\$ 18,741,816
Change in Net Assets				\$ (1,413,015)
Net Assets, July 1, 2011				10,628,781
Net Assets, June 30, 2012				\$ 9,215,766

Exhibit J-2

Humphreys County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Humphreys County School Department  
June 30, 2012

	<u>Major Fund</u> General Purpose School	<u>Nonmajor Funds</u> Other Govern- mental Funds	Total Govern- mental Funds
<b><u>ASSETS</u></b>			
Equity in Pooled Cash and Investments	\$ 1,012,821	\$ 370,752	\$ 1,383,573
Accounts Receivable	3,022	0	3,022
Due from Other Governments	379,618	0	379,618
Property Taxes Receivable	3,203,927	0	3,203,927
Allowance for Uncollectible Property Taxes	(109,183)	0	(109,183)
<b>Total Assets</b>	<b>\$ 4,490,205</b>	<b>\$ 370,752</b>	<b>\$ 4,860,957</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 387	\$ 1,342	\$ 1,729
Contracts Payable	1,500	0	1,500
Deferred Revenue - Current Property Taxes	3,010,782	0	3,010,782
Deferred Revenue - Delinquent Property Taxes	73,617	0	73,617
Other Deferred Revenues	189,737	0	189,737
<b>Total Liabilities</b>	<b>\$ 3,276,023</b>	<b>\$ 1,342</b>	<b>\$ 3,277,365</b>
<b><u>Fund Balances</u></b>			
Restricted:			
Restricted for Education	\$ 0	\$ 10,091	\$ 10,091
Restricted for Operation of Non-Instructional Services	0	259,319	259,319
Assigned:			
Assigned for Education	26,757	100,000	126,757
Unassigned	1,187,425	0	1,187,425
<b>Total Fund Balances</b>	<b>\$ 1,214,182</b>	<b>\$ 369,410</b>	<b>\$ 1,583,592</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,490,205</b>	<b>\$ 370,752</b>	<b>\$ 4,860,957</b>

Exhibit J-3

Humphreys County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Humphreys County School Department  
June 30, 2012

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 1,583,592
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 141,175	
Add: buildings and improvements net of accumulated depreciation	8,864,299	
Add: infrastructure net of accumulated depreciation	45,183	
Add: other capital assets net of accumulated depreciation	<u>1,458,985</u>	10,509,642
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: note payable	\$ (20,000)	
Less: other postemployment benefits liability	<u>(3,120,822)</u>	(3,140,822)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>263,354</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 9,215,766</u>

Exhibit J-4

Humphreys County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Humphreys County School Department  
For the Year Ended June 30, 2012

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 4,933,363	\$ 0	\$ 4,933,363
Licenses and Permits	936	0	936
Charges for Current Services	76,206	662,931	739,137
Other Local Revenues	142,689	7,659	150,348
State of Tennessee	15,074,652	16,024	15,090,676
Federal Government	1,333,409	2,782,097	4,115,506
Other Governments and Citizens Groups	11,232	0	11,232
Total Revenues	<u>\$ 21,572,487</u>	<u>\$ 3,468,711</u>	<u>\$ 25,041,198</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 13,293,300	\$ 1,435,919	\$ 14,729,219
Support Services	7,159,716	305,171	7,464,887
Operation of Non-Instructional Services	0	1,738,306	1,738,306
Capital Outlay	25,000	0	25,000
Debt Service:			
Principal on Debt	7,433	0	7,433
Total Expenditures	<u>\$ 20,485,449</u>	<u>\$ 3,479,396</u>	<u>\$ 23,964,845</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,087,038</u>	<u>\$ (10,685)</u>	<u>\$ 1,076,353</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 107,023	\$ 0	\$ 107,023
Transfers In	7,000	100,000	107,000
Transfers Out	(100,000)	(7,000)	(107,000)
Total Other Financing Sources (Uses)	<u>\$ 14,023</u>	<u>\$ 93,000</u>	<u>\$ 107,023</u>
Net Change in Fund Balances	\$ 1,101,061	\$ 82,315	\$ 1,183,376
Fund Balance, July 1, 2011	113,121	287,095	400,216
Fund Balance, June 30, 2012	<u>\$ 1,214,182</u>	<u>\$ 369,410</u>	<u>\$ 1,583,592</u>

Exhibit J-5

Humphreys County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Humphreys County School Department  
For the Year Ended June 30, 2012

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 1,183,376
(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	\$ 329,806	
Less: current-year depreciation expense	<u>(704,898)</u>	(375,092)
(2) The issuance of long-term debt (e.g. notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Add: principal payments on notes		7,433
(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, 2012	\$ 263,354	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(1,884,022)</u>	(1,620,668)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in other postemployment benefits liability		<u>(608,064)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (1,413,015)</u>

Exhibit J-6

Humphreys County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Humphreys County School Department  
June 30, 2012

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 111,356	\$ 259,396	\$ 370,752
Total Assets	<u>\$ 111,356</u>	<u>\$ 259,396</u>	<u>\$ 370,752</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 1,265	\$ 77	\$ 1,342
Total Liabilities	<u>\$ 1,265</u>	<u>\$ 77</u>	<u>\$ 1,342</u>
<u>Fund Balances</u>			
Restricted:			
Restricted for Education	\$ 10,091	\$ 0	\$ 10,091
Restricted for Operation of Non-Instructional Services	0	259,319	259,319
Assigned:			
Assigned for Education	100,000	0	100,000
Total Fund Balances	<u>\$ 110,091</u>	<u>\$ 259,319</u>	<u>\$ 369,410</u>
Total Liabilities and Fund Balances	<u>\$ 111,356</u>	<u>\$ 259,396</u>	<u>\$ 370,752</u>

Exhibit J-7

Humphreys County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Humphreys County School Department  
For the Year Ended June 30, 2012

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 662,931	\$ 662,931
Other Local Revenues	0	7,659	7,659
State of Tennessee	0	16,024	16,024
Federal Government	1,724,210	1,057,887	2,782,097
Total Revenues	<u>\$ 1,724,210</u>	<u>\$ 1,744,501</u>	<u>\$ 3,468,711</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,435,919	\$ 0	\$ 1,435,919
Support Services	305,171	0	305,171
Operation of Non-Instructional Services	0	1,738,306	1,738,306
Total Expenditures	<u>\$ 1,741,090</u>	<u>\$ 1,738,306</u>	<u>\$ 3,479,396</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (16,880)</u>	<u>\$ 6,195</u>	<u>\$ (10,685)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 100,000	\$ 0	\$ 100,000
Transfers Out	(7,000)	0	(7,000)
Total Other Financing Sources (Uses)	<u>\$ 93,000</u>	<u>\$ 0</u>	<u>\$ 93,000</u>
Net Change in Fund Balances	\$ 76,120	\$ 6,195	\$ 82,315
Fund Balance, July 1, 2011	33,971	253,124	287,095
Fund Balance, June 30, 2012	<u>\$ 110,091</u>	<u>\$ 259,319</u>	<u>\$ 369,410</u>

Exhibit J-8

Humphreys County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Humphreys County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 4,933,363	\$ 0	\$ 4,933,363	\$ 4,778,101	\$ 4,887,935	\$ 45,428
Licenses and Permits	936	0	936	850	850	86
Charges for Current Services	76,206	0	76,206	70,880	70,880	5,326
Other Local Revenues	142,689	0	142,689	117,220	123,270	19,419
State of Tennessee	15,074,652	0	15,074,652	14,983,640	15,123,046	(48,394)
Federal Government	1,333,409	0	1,333,409	1,300,000	197,000	1,136,409
Other Governments and Citizens Groups	11,232	0	11,232	0	11,232	0
Total Revenues	\$ 21,572,487	\$ 0	\$ 21,572,487	\$ 20,080,691	\$ 20,414,213	\$ 1,158,274
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 11,217,826	\$ 0	\$ 11,217,826	\$ 11,166,683	\$ 11,225,473	\$ 7,647
Alternative Instruction Program	75,627	0	75,627	76,270	76,507	880
Special Education Program	1,110,406	0	1,110,406	1,110,657	1,111,884	1,478
Vocational Education Program	878,514	0	878,514	881,500	881,500	2,986
Adult Education Program	10,927	0	10,927	12,956	14,208	3,281
<u>Support Services</u>						
Health Services	216,596	0	216,596	216,165	218,680	2,084
Other Student Support	428,983	0	428,983	440,460	440,460	11,477
Regular Instruction Program	690,401	0	690,401	690,572	690,997	596
Special Education Program	71,182	0	71,182	71,185	71,185	3
Vocational Education Program	88,817	0	88,817	88,973	89,202	385
Adult Programs	57,848	0	57,848	63,179	63,179	5,331
Other Programs	83,445	0	83,445	0	83,445	0

(Continued)

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Board of Education	\$ 150,062	\$ 0	\$ 150,062	\$ 162,797	\$ 162,797	\$ 12,735
Director of Schools	168,579	0	168,579	170,518	170,518	1,939
Office of the Principal	1,350,037	0	1,350,037	1,347,400	1,350,059	22
Fiscal Services	113,956	0	113,956	114,418	115,993	2,037
Operation of Plant	1,497,743	0	1,497,743	1,559,320	1,521,990	24,247
Maintenance of Plant	556,229	26,757	582,986	535,788	664,442	81,456
Transportation	1,275,960	0	1,275,960	945,150	1,322,230	46,270
Central and Other	409,878	0	409,878	406,200	411,426	1,548
<u>Capital Outlay</u>						
Regular Capital Outlay	25,000	0	25,000	0	25,000	0
Principal on Debt	7,433	0	7,433	20,000	7,433	0
Education	\$ 20,485,449	\$ 26,757	\$ 20,512,206	\$ 20,080,191	\$ 20,718,608	\$ 206,402
Total Expenditures						
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,087,038	\$ (26,757)	\$ 1,060,281	\$ 500	\$ (304,395)	\$ 1,364,676
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 107,023	\$ 0	\$ 107,023	\$ 0	\$ 14,150	\$ 92,873
Transfers In	7,000	0	7,000	0	22,745	(15,745)
Transfers Out	(100,000)	0	(100,000)	(500)	(114,500)	14,500
Total Other Financing Sources (Uses)	\$ 14,023	\$ 0	\$ 14,023	\$ (500)	\$ (77,605)	\$ 91,628
Net Change in Fund Balance	\$ 1,101,061	\$ (26,757)	\$ 1,074,304	\$ 0	\$ (382,000)	\$ 1,456,304
Fund Balance, July 1, 2011	113,121	0	113,121	235,428	235,428	(122,307)
Fund Balance, June 30, 2012	\$ 1,214,182	\$ (26,757)	\$ 1,187,425	\$ 235,428	\$ (146,572)	\$ 1,333,997

Exhibit J-9

Humphreys County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Humphreys County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,724,210	\$ 1,667,957	\$ 2,006,212	\$ (282,002)
Total Revenues	\$ 1,724,210	\$ 1,667,957	\$ 2,006,212	\$ (282,002)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 723,719	\$ 695,840	\$ 944,185	\$ 220,466
Special Education Program	675,673	663,403	675,673	0
Vocational Education Program	36,527	36,745	36,527	0
<u>Support Services</u>				
Other Student Support	4,600	4,600	4,600	0
Regular Instruction Program	197,001	157,512	234,657	37,656
Special Education Program	47,456	45,721	47,456	0
Vocational Education Program	2,153	2,176	2,153	0
Transportation	53,961	58,960	53,961	0
Total Expenditures	\$ 1,741,090	\$ 1,664,957	\$ 1,999,212	\$ 258,122
Excess (Deficiency) of Revenues Over Expenditures	\$ (16,880)	\$ 3,000	\$ 7,000	\$ (23,880)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 100,000	\$ 0	\$ 25,679	\$ 74,321
Transfers Out	(7,000)	(3,000)	(32,679)	25,679
Total Other Financing Sources (Uses)	\$ 93,000	\$ (3,000)	\$ (7,000)	\$ 100,000
Net Change in Fund Balance	\$ 76,120	\$ 0	\$ 0	\$ 76,120
Fund Balance, July 1, 2011	33,971	15,578	15,578	18,393
Fund Balance, June 30, 2012	\$ 110,091	\$ 15,578	\$ 15,578	\$ 94,513

Exhibit J-10

Humphreys County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Humphreys County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 662,931	\$ 747,000	\$ 747,000	\$ (84,069)
Other Local Revenues	7,659	15,000	15,000	(7,341)
State of Tennessee	16,024	16,768	16,768	(744)
Federal Government	1,057,887	901,000	966,150	91,737
Total Revenues	<u>\$ 1,744,501</u>	<u>\$ 1,679,768</u>	<u>\$ 1,744,918</u>	<u>\$ (417)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,738,306	\$ 1,679,768	\$ 1,744,918	\$ 6,612
Total Expenditures	<u>\$ 1,738,306</u>	<u>\$ 1,679,768</u>	<u>\$ 1,744,918</u>	<u>\$ 6,612</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 6,195</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,195</u>
Net Change in Fund Balance	\$ 6,195	\$ 0	\$ 0	\$ 6,195
Fund Balance, July 1, 2011	<u>253,124</u>	<u>204,607</u>	<u>204,607</u>	<u>48,517</u>
Fund Balance, June 30, 2012	<u>\$ 259,319</u>	<u>\$ 204,607</u>	<u>\$ 204,607</u>	<u>\$ 54,712</u>

Exhibit J-11

Humphreys County, Tennessee  
Statement of Fiduciary Net Assets  
Discretely Presented Humphreys County School Department  
Fiduciary Fund  
June 30, 2012

	<u>Private- Purpose Trust Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	<u>\$ 56,645</u>
Total Assets	<u>\$ 56,645</u>
<u>NET ASSETS</u>	
Held in Trust for Scholarships	<u>\$ 56,645</u>
Total Net Assets	<u>\$ 56,645</u>

Exhibit J-12

Humphreys County, Tennessee  
Statement of Changes in Fiduciary Net Assets  
Discretely Presented Humphreys County School Department  
Fiduciary Fund  
For the Year Ended June 30, 2012

	<u>Private- Purpose Trust Fund</u>
<u>ADDITIONS</u>	
<u>Other Local Revenues</u>	
Investment Income	\$ 525
Total Additions	<u>\$ 525</u>
<u>DEDUCTIONS</u>	
<u>Other</u>	
Scholarships	\$ 2,000
Total Deductions	<u>\$ 2,000</u>
Change in Net Assets	\$ (1,475)
Net Assets, July 1, 2011	<u>58,120</u>
Net Assets, June 30, 2012	<u><u>\$ 56,645</u></u>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Humphreys County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, and Bonds  
Primary Government and Discretely Presented Humphreys County School Department  
For the Year Ended June 30, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Paid and/or Matured During Period	Outstanding 6-30-12
<b><u>PRIMARY GOVERNMENT</u></b>							
<b><u>NOTES PAYABLE</u></b>							
Payable through General Debt Service Fund							
School Roofs, Buses, Equipment, and E-911 Towers/Facilities	\$ 600,000	3.75 %	10-2-06	10-2-14	\$ 300,000	\$ 75,000	\$ 225,000
E-911 Towers	750,000	3.85	3-27-08	3-27-18	525,000	75,000	450,000
Center for Higher Learning Expansion	400,000	3.85	3-27-08	3-27-18	280,000	40,000	240,000
Total Notes Payable					\$ 1,105,000	\$ 190,000	\$ 915,000
<b><u>OTHER LOANS PAYABLE</u></b>							
Payable through General Debt Service Fund							
School	7,000,000	Variable	3-7-00	5-25-20	\$ 3,962,000	\$ 374,000	\$ 3,588,000
Jail Renovation/Road, Bridge, and Sewer Improvement/Career Center	2,200,000	Variable	10-15-03	5-25-14	682,000	220,000	462,000
Total Other Loans Payable					\$ 4,644,000	\$ 594,000	\$ 4,050,000
<b><u>BONDS PAYABLE</u></b>							
Payable through General Debt Service Fund							
Courthouse Annex, FmHA	328,500	5	7-1-1976	1-1-15	\$ 69,500	\$ 16,000	\$ 53,500
Flood Control, FmHA	110,000	4.371	7-1-1976	1-1-16	28,300	5,100	23,200
Total Bonds Payable					\$ 97,800	\$ 21,100	\$ 76,700
<b><u>DISCRETELY PRESENTED HUMPHREYS COUNTY SCHOOL DEPARTMENT</u></b>							
<b><u>NOTES PAYABLE</u></b>							
Payable through General Purpose School Fund							
Asbestos Removal	16,933	0	5-22-1995	5-15-12	\$ 2,433	\$ 2,433	\$ 0
Greenhouse Capital Outlay Note 2009	35,000	0	4-27-10	4-27-16	25,000	5,000	20,000
Total Notes Payable					\$ 27,433	\$ 7,433	\$ 20,000

Exhibit K-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 190,000	\$ 35,003	\$ 225,003
2014	190,000	27,763	217,763
2015	190,000	20,523	210,523
2016	115,000	13,319	128,319
2017	115,000	8,855	123,855
2018	115,000	4,428	119,428
Total	<u>\$ 915,000</u>	<u>\$ 109,891</u>	<u>\$ 1,024,891</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2013	\$ 616,000	\$ 19,127	\$ 25,203	\$ 660,330
2014	640,000	16,187	21,290	677,477
2015	421,000	13,132	17,225	451,357
2016	438,000	11,153	14,783	463,936
2017	456,000	9,095	12,243	477,338
2018	474,000	6,951	9,598	490,549
2019	493,000	4,724	6,849	504,573
2020	512,000	2,406	3,990	518,396
Total	<u>\$ 4,050,000</u>	<u>\$ 82,775</u>	<u>\$ 111,181</u>	<u>\$ 4,243,956</u>

(Continued)

Exhibit K-2

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

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 22,400	\$ 3,689	\$ 26,089
2014	23,700	2,603	26,303
2015	24,400	1,454	25,854
2016	6,200	271	6,471
Total	<u>\$ 76,700</u>	<u>\$ 8,017</u>	<u>\$ 84,717</u>

DISCRETELY PRESENTED HUMPHREYS  
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Note	
	Principal	Total
2013	\$ 5,000	\$ 5,000
2014	5,000	5,000
2015	5,000	5,000
2016	5,000	5,000
Total	<u>\$ 20,000</u>	<u>\$ 20,000</u>

Exhibit K-3

Humphreys County, Tennessee  
Schedule of Notes Receivable  
June 30, 2012

<u>Description of Indebtedness</u>	<u>Debtor</u>	<u>Original Amount of Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Outstanding 6-30-12</u>
<u>General Debt Service Fund</u>						
<u>City of Waverly - E-911 Tower</u>	City of Waverly	\$ 173,800	3-27-08	3-27-18	3.85%	\$ 104,280
<u>Total Notes Receivable</u>						<u>\$ 104,280</u>

Exhibit K-4

Humphreys County, Tennessee  
Schedule of Transfers  
Discretely Presented Humphreys County School Department  
For the Year Ended June 30, 2012

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>DISCRETELY PRESENTED HUMPHREYS</u>			
<u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash flow funds	\$ 100,000
School Federal Projects	General Purpose School	Indirect costs	<u>7,000</u>
Total Transfers Discretely Presented			
Humphreys County School Department			<u>\$ 107,000</u>

Exhibit K-5

Humphreys County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Humphreys County School Department  
For the Year Ended June 30, 2012

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, TCA	\$ 66,702	\$ 50,000	Auto-Owners Insurance Company
Road Supervisor	Section 8-24-102, TCA	63,527	100,000	Travelers Casualty and Surety Company of America
Director of Schools	State Board of Education and County Board of Education	89,564 (1)	50,000	"
Trustee	Section 8-24-102, TCA	57,751	810,000	Auto-Owners Insurance Company
Assessor of Property	Section 8-24-102, TCA	57,751	10,000	Travelers Casualty and Surety Company of America
County Clerk	Section 8-24-102, TCA	57,751	50,000	Auto-Owners Insurance Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	57,751	50,000	"
Clerk and Master	Section 8-24-102, TCA	57,751	75,000	Travelers Casualty and Surety Company of America
Register	Section 8-24-102, TCA	57,751	25,000	Auto-Owners Insurance Company
Sheriff	Section 8-24-102, TCA	63,527 (2)	25,000	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Department			150,000	"

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

Exhibit K-6

Humphreys County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2012

	Special Revenue Funds										Total	
	General	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund		Capital Projects Fund			
							General	Debt Service	General	Capital Projects		
<b>Local Taxes</b>												
<b>County Property Taxes</b>												
Current Property Tax	\$ 2,701,325	\$ 804,667	\$ 143,400	\$ 0	\$ 0	\$ 651,176	\$ 1,072,870	\$ 95,784	\$ 5,469,222			
Trustee's Collections - Prior Year	49,599	17,250	3,972	0	0	9,927	29,103	4,317	114,168			
Trustee's Collections - Bankruptcy	302	99	8	0	0	54	144	38	645			
Circuit/Clerk & Master Collections - Prior Years	59,329	20,592	2,473	0	0	11,649	34,654	5,114	133,811			
Interest and Penalty	10,925	3,602	756	0	0	2,313	5,665	748	24,009			
Payments in-Lieu-of Taxes - T.V.A.	6,875	0	0	0	0	3,432	0	0	10,307			
Payments in-Lieu-of Taxes - Other	1,050	0	0	0	0	0	0	0	1,050			
<b>County Local Option Taxes</b>												
Local Option Sales Tax	626,124	0	0	0	0	0	0	0	626,124			
Hotel/Motel Tax	87,624	0	0	0	0	0	0	0	87,624			
Local Amusement Tax	787	0	0	0	0	0	0	0	787			
Litigation Tax - General	97,286	0	0	0	0	0	0	0	97,286			
Litigation Tax - Special Purpose	13,123	0	0	0	0	0	0	0	13,123			
Litigation Tax - Jail, Workhouse, or Courthouse	52,674	0	0	0	0	0	0	0	52,674			
Litigation Tax - Courtroom Security	5,175	0	0	0	0	0	0	0	5,175			
Business Tax	144,621	0	0	0	0	0	0	0	144,621			
Other County Local Option Taxes	1,534	0	0	0	0	0	0	0	1,534			
<b>Statutory Local Taxes</b>												
Bank Excise Tax	40,373	0	0	0	0	0	0	0	40,373			
Wholesale Beer Tax	76,091	0	0	0	0	0	0	0	76,091			
Interstate Telecommunications Tax	639	0	0	0	0	0	0	0	639			
<b>Total Local Taxes</b>	<b>\$ 3,975,456</b>	<b>\$ 846,210</b>	<b>\$ 150,609</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 678,551</b>	<b>\$ 1,142,436</b>	<b>\$ 106,001</b>	<b>\$ 6,899,263</b>			
<b>Licenses and Permits</b>												
<b>Permits</b>												
Beer Permits	1,188	0	0	0	0	0	0	0	1,188			
Total Licenses and Permits	1,188	0	0	0	0	0	0	0	1,188			

(Continued)

Exhibit K-6

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

	Special Revenue Funds											Total
	General	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund		Capital Projects Fund		Total	
							General Debt Service	General Capital Projects				
<u>Fines, Forfeitures, and Penalties</u>												
<u>Circuit Court</u>												
Fines	5,433	0	0	0	0	0	0	0	0	0	0	5,433
Officers Costs	4,572	0	0	0	0	0	0	0	0	0	0	4,572
Jail Fees	643	0	0	0	0	0	0	0	0	0	0	643
Judicial Commissioner Fees	514	0	0	0	0	0	0	0	0	0	0	514
DUI Treatment Fines	1,045	0	0	0	0	0	0	0	0	0	0	1,045
Data Entry Fee - Circuit Court	967	0	0	0	0	0	0	0	0	0	0	967
Victims Assistance Assessments	1,827	0	0	0	0	0	0	0	0	0	0	1,827
<u>Criminal Court</u>												
Courtroom Security Fee	2,712	0	0	0	0	0	0	0	0	0	0	2,712
<u>General Sessions Court</u>												
Fines	6,864	0	0	0	0	0	0	0	0	0	0	6,864
Officers Costs	8,038	0	0	0	0	0	0	0	0	0	0	8,038
Game and Fish Fines	362	0	0	0	0	0	0	0	0	0	0	362
Drug Control Fines	0	0	0	27,385	0	0	0	0	0	0	0	27,385
Jail Fees	2,083	0	0	0	0	0	0	0	0	0	0	2,083
Judicial Commissioner Fees	2,267	0	0	0	0	0	0	0	0	0	0	2,267
DUI Treatment Fines	2,594	0	0	0	0	0	0	0	0	0	0	2,594
Data Entry Fee - General Sessions Court	3,618	0	0	0	0	0	0	0	0	0	0	3,618
<u>Juvenile Court</u>												
Fines	746	0	0	0	0	0	0	0	0	0	0	746
Officers Costs	3,741	0	0	0	0	0	0	0	0	0	0	3,741
Victims Assistance Assessments	6,000	0	0	0	0	0	0	0	0	0	0	6,000
<u>Chancery Court</u>												
Officers Costs	2,111	0	0	0	0	0	0	0	0	0	0	2,111
Data Entry Fee - Chancery Court	923	0	0	0	0	0	0	0	0	0	0	923
<u>Other Courts - In-county</u>												
Drug Control Fines	4,605	0	0	22,640	0	0	0	0	0	0	0	27,245
<u>Judicial District Drug Program</u>												
Drug Task Force Forfeitures and Seizures	0	0	0	24,392	0	0	0	0	0	0	0	24,392

(Continued)

Exhibit K-6

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

	Special Revenue Funds										Total
	General	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund		Capital Projects Fund		
							General Debt Service	General Capital Projects			
<b>Fines, Forfeitures, and Penalties (Cont.)</b>											
<b>Other Fines, Forfeitures, and Penalties</b>											
Proceeds from Confiscated Property	\$ 0	\$ 0	\$ 0	\$ 83,162	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 83,162
<b>Total Fines, Forfeitures, and Penalties</b>	\$ 61,665	\$ 0	\$ 0	\$ 157,579	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 219,244
<b>Charges for Current Services</b>											
<b>General Service Charges</b>											
Tipping Fees	\$ 0	\$ 20,793	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,793
Work Release Charges for Board Fees	170	0	0	0	0	0	0	0	0	0	170
Copy Fees	1,244	0	0	0	0	0	0	0	0	0	1,244
Greenbelt Late Application Fee	150	0	0	0	0	0	0	0	0	0	150
Constitutional Officers' Fees and Commissions	0	0	0	0	35	0	0	0	0	0	35
Data Processing Fee - Register	5,948	0	0	0	0	0	0	0	0	0	5,948
Data Processing Fee - Sheriff	2,084	0	0	0	0	0	0	0	0	0	2,084
Sexual Offender Registration Fees - Sheriff	750	0	0	0	0	0	0	0	0	0	750
Data Processing Fee - County Clerk	1,574	0	0	0	0	0	0	0	0	0	1,574
<b>Total Charges for Current Services</b>	\$ 11,920	\$ 20,793	\$ 0	\$ 0	\$ 35	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,748
<b>Other Local Revenues</b>											
<b>Recurring Items</b>											
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,214	\$ 0	\$ 0	\$ 0	\$ 29,214
Lease/Rentals	24,396	0	0	0	0	0	0	16,236	40,632	0	81,264
Sale of Gasoline	175,907	0	0	0	0	124,701	0	0	0	0	300,608
Sale of Recycled Materials	0	2,025	0	0	0	0	0	0	0	0	2,025
Miscellaneous Refunds	7,459	0	0	1,893	0	0	0	0	0	0	9,352
<b>Nonrecurring Items</b>											
Sale of Equipment	0	0	0	0	0	57,482	0	0	0	0	57,482
Sale of Property	13,394	0	0	0	0	0	0	0	0	0	13,394
Damages Recovered from Individuals	1,000	0	0	0	0	85	0	0	0	0	1,085
Contributions and Gifts	1,303	0	0	0	0	0	0	0	0	0	1,303
<b>Total Other Local Revenues</b>	\$ 223,459	\$ 2,025	\$ 0	\$ 1,893	\$ 0	\$ 182,268	\$ 29,214	\$ 16,236	\$ 40,632	\$ 0	\$ 455,095

(Continued)

Exhibit K-6

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

	Special Revenue Funds											Total
	General	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund		Capital Projects Fund		Total	
							General	Debt Service	General	Capital Projects		
<u>Fees Received from County Officials</u>												
<u>Fees in-Lieu-of Salary</u>												
County Clerk	\$ 184,830	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 184,830
Circuit Court Clerk	103,088	0	0	0	0	0	0	0	0	0	0	103,088
General Sessions Court Clerk	100,966	0	0	0	0	0	0	0	0	0	0	100,966
Clerk and Master	59,252	0	0	0	0	0	0	0	0	0	0	59,252
Register	70,926	0	0	0	0	0	0	0	0	0	0	70,926
Sheriff	8,669	0	0	0	0	0	0	0	0	0	0	8,669
Trustee	386,172	0	0	0	0	0	0	0	0	0	0	386,172
<b>Total Fees Received from County Officials</b>	<b>\$ 913,903</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 913,903</b>
<u>State of Tennessee</u>												
<u>General Government Grants</u>												
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Airport Maintenance Program	3,297	0	0	0	0	0	0	0	0	0	0	3,297
<u>Public Safety Grants</u>												
Law Enforcement Training Programs	9,000	0	0	1,200	0	0	0	0	0	0	0	10,200
Other Public Safety Grants	0	0	0	0	0	0	0	0	0	0	23,009	23,009
Health and Welfare Grants												
Health Department Programs	78,764	0	0	0	0	0	0	0	0	0	0	78,764
<u>Public Works Grants</u>												
Bridge Program	0	0	0	0	0	29,991	0	0	0	0	0	29,991
Litter Program	45,078	0	0	0	0	0	0	0	0	0	0	45,078
<u>Other State Revenues</u>												
Income Tax	35,395	0	0	0	0	0	0	0	0	0	0	35,395
Resort District Sales Tax	342,482	0	0	0	0	0	0	0	0	0	0	342,482
Beer Tax	18,421	0	0	0	0	0	0	0	0	0	0	18,421
Alcoholic Beverage Tax	45,809	0	0	0	0	0	0	0	0	0	0	45,809
State Revenue Sharing - T.V.A.	1,564,093	0	0	0	0	0	0	0	0	0	0	1,564,093
Prisoner Transportation	101	0	0	0	0	0	0	0	0	0	0	101
Contracted Prisoner Boarding	91,245	0	0	0	0	0	0	0	0	0	0	91,245
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,697,008	0	0	0	0	0	1,697,008

(Continued)

Exhibit K-6

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

	Special Revenue Funds										Total	
	General	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund		Capital Projects Fund			
							General Debt Service	General Debt Service	General Capital Projects	General Capital Projects		
<u>State of Tennessee (Cont.)</u>												
<u>Other State Revenues (Cont.)</u>												
Petroleum Special Tax	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	13,376 \$	0 \$	0 \$	0 \$	0 \$	13,376	
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0	0	0	15,164	
Other State Grants	11,852	11,400	0	0	0	0	0	0	0	0	23,252	
Other State Revenues	80,351	0	0	0	0	0	0	0	0	0	80,351	
Total State of Tennessee	\$ 2,350,052 \$	11,400 \$	0 \$	1,200 \$	0 \$	1,740,375 \$	0 \$	23,009 \$	0 \$	23,009 \$	4,126,036	
<u>Federal Government</u>												
<u>Federal Through State</u>												
Community Development	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	109,283 \$	0 \$	109,283 \$	109,283	
Disaster Relief	1,815	0	0	0	0	728,739	0	0	0	0	730,554	
Homeland Security Grants	27,593	0	0	0	0	0	0	0	0	0	27,593	
<u>Direct Federal Revenue</u>												
Other Direct Federal Revenue	19,912	0	0	0	0	0	0	0	0	0	19,912	
Total Federal Government	\$ 49,320 \$	0 \$	0 \$	0 \$	0 \$	728,739 \$	0 \$	109,283 \$	0 \$	109,283 \$	887,342	
<u>Other Governments and Citizens Groups</u>												
<u>Other Governments</u>												
Contributions	\$ 44,885 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	53,720 \$	0 \$	53,720 \$	98,605	
Contracted Services	0	0	0	0	0	114,934	0	0	0	0	114,934	
Citizens Groups												
Donations	30	0	0	0	0	0	0	0	0	0	30	
<u>Other</u>												
Other	22,323	0	0	0	0	0	0	5,197	0	5,197	27,520	
Total Other Governments and Citizens Groups	\$ 67,238 \$	0 \$	0 \$	0 \$	0 \$	114,934 \$	0 \$	58,917 \$	0 \$	58,917 \$	241,089	
Total	\$ 7,654,201 \$	880,428 \$	150,609 \$	160,672 \$	35 \$	3,444,867 \$	1,176,847 \$	308,249 \$	13,775,908			

Exhibit K-7

Humphreys County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Humphreys County School Department  
For the Year Ended June 30, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,912,102	\$ 0	\$ 0	\$ 2,912,102
Trustee's Collections - Prior Year	81,915	0	0	81,915
Trustee's Collections - Bankruptcy	473	0	0	473
Circuit/Clerk & Master Collections - Prior Years	97,508	0	0	97,508
Interest and Penalty	15,785	0	0	15,785
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,824,437	0	0	1,824,437
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,143	0	0	1,143
<b>Total Local Taxes</b>	<b>\$ 4,933,363</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,933,363</b>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 505	\$ 0	\$ 0	\$ 505
<u>Permits</u>				
Other Permits	431	0	0	431
<b>Total Licenses and Permits</b>	<b>\$ 936</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 936</b>
<u>Charges for Current Services</u>				
<u>Fees</u>				
Copy Fees	\$ 49	\$ 0	\$ 0	\$ 49
Vending Machine Collections	166	0	0	166
<u>Education Charges</u>				
Tuition - Regular Day Students	4,000	0	0	4,000
Tuition - Summer School	5,100	0	0	5,100
Tuition - Other	12,682	0	0	12,682
Lunch Payments - Children	0	0	353,239	353,239
Lunch Payments - Adults	0	0	67,390	67,390
Income from Breakfast	0	0	28,152	28,152
A la carte Sales	0	0	211,294	211,294
Receipts from Individual Schools	54,209	0	0	54,209
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	2,856	2,856
<b>Total Charges for Current Services</b>	<b>\$ 76,206</b>	<b>\$ 0</b>	<b>\$ 662,931</b>	<b>\$ 739,137</b>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 85	\$ 85
Lease/Rentals	4,075	0	0	4,075
Sale of Materials and Supplies	5,000	0	0	5,000
Sale of Recycled Materials	1,032	0	0	1,032
Refund of Telecommunication & Internet Fees (E-Rate)	53,820	0	0	53,820
Miscellaneous Refunds	21,035	0	7,574	28,609
<u>Nonrecurring Items</u>				
Sale of Equipment	51,750	0	0	51,750
Damages Recovered from Individuals	577	0	0	577
Contributions and Gifts	5,400	0	0	5,400
<b>Total Other Local Revenues</b>	<b>\$ 142,689</b>	<b>\$ 0</b>	<b>\$ 7,659</b>	<b>\$ 150,348</b>

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 83,445	\$ 0	\$ 0	\$ 83,445
<u>State Education Funds</u>				
Basic Education Program	13,687,000	0	0	13,687,000
Early Childhood Education	856,256	0	0	856,256
School Food Service	0	0	16,024	16,024
Energy Efficient School Initiative	14,385	0	0	14,385
Driver Education	4,536	0	0	4,536
Other State Education Funds	197,267	0	0	197,267
Statewide Student Management System (SSMS) - ARRA	8,105	0	0	8,105
Career Ladder Program	153,358	0	0	153,358
Career Ladder - Extended Contract	70,300	0	0	70,300
Total State of Tennessee	\$ 15,074,652	\$ 0	\$ 16,024	\$ 15,090,676
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 744,773	\$ 744,773
USDA - Commodities	0	0	3,117	3,117
Breakfast	0	0	218,041	218,041
USDA - Other	0	0	91,956	91,956
Vocational Education - Basic Grants to States	0	43,058	0	43,058
Title I Grants to Local Education Agencies	0	558,534	0	558,534
Special Education - Grants to States	0	755,441	0	755,441
Special Education Preschool Grants	0	21,865	0	21,865
Safe and Drug-free Schools - State Grants	97,000	0	0	97,000
Rural Education	0	66,413	0	66,413
Eisenhower Professional Development State Grants	0	120,197	0	120,197
Disaster Relief	1,236,409	0	0	1,236,409
Race-to-the-Top - ARRA	0	146,915	0	146,915
Other Federal through State	0	11,787	0	11,787
Total Federal Government	\$ 1,333,409	\$ 1,724,210	\$ 1,057,887	\$ 4,115,506
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 11,232	\$ 0	\$ 0	\$ 11,232
Total Other Governments and Citizens Groups	\$ 11,232	\$ 0	\$ 0	\$ 11,232
Total	\$ 21,572,487	\$ 1,724,210	\$ 1,744,501	\$ 25,041,198

Exhibit K-8

Humphreys County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 25,050	
Audit Services	5,561	
Contracts with Government Agencies	35,000	
Contracts with Private Agencies	2,208	
Data Processing Services	228	
Dues and Memberships	10,462	
Tax Relief Program	11,887	
Other Charges	<u>8,995</u>	
Total County Commission		\$ 99,391

Board of Equalization

Board and Committee Members Fees	\$ 690	
Total Board of Equalization		690

Beer Board

Board and Committee Members Fees	\$ 630	
Total Beer Board		630

County Mayor/Executive

County Official/Administrative Officer	\$ 66,702	
Secretary(ies)	67,012	
Part-time Personnel	8,753	
Other Salaries and Wages	1,567	
Communication	4,730	
Operating Lease Payments	4,201	
Maintenance Agreements	13,240	
Postal Charges	3,154	
Travel	8,630	
Duplicating Supplies	1,000	
Gasoline	554	
Office Supplies	1,827	
Other Supplies and Materials	958	
Other Charges	28	
Data Processing Equipment	<u>1,416</u>	
Total County Mayor/Executive		183,772

County Attorney

Legal Services	\$ 40,320	
Total County Attorney		40,320

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$ 51,976	
Secretary(ies)	54,179	
Overtime Pay	2,740	
Other Salaries and Wages	778	
Election Commission	1,600	
Election Workers	12,820	
Audit Services	1,600	
Communication	3,963	
Data Processing Services	9,480	
Dues and Memberships	200	
Operating Lease Payments	2,589	
Maintenance and Repair Services - Office Equipment	426	
Postal Charges	5,206	
Printing, Stationery, and Forms	11,452	
Office Supplies	3,848	
Total Election Commission		\$ 162,857

Register of Deeds

County Official/Administrative Officer	\$ 57,751	
Secretary(ies)	60,595	
Communication	1,608	
Dues and Memberships	512	
Operating Lease Payments	1,144	
Postal Charges	231	
Other Contracted Services	5,799	
Duplicating Supplies	1,283	
Office Supplies	306	
Other Charges	37	
Total Register of Deeds		129,266

Planning

Consultants	\$ 9,250	
Total Planning		9,250

County Buildings

Custodial Personnel	\$ 37,162
Communication	2,492
Maintenance Agreements	19,360
Maintenance and Repair Services - Buildings	9,833
Maintenance and Repair Services - Vehicles	1,222

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Pest Control	\$ 802	
Custodial Supplies	6,563	
Electricity	104,250	
Natural Gas	12,937	
Water and Sewer	15,036	
Building Improvements	5,450	
Motor Vehicles	4,255	
Total County Buildings		\$ 219,362

Other General Administration

Part-time Personnel	\$ 5,457	
Communication	962	
Total Other General Administration		6,419

Finance

Property Assessor's Office

County Official/Administrative Officer	\$ 57,751	
Secretary(ies)	87,685	
Communication	2,298	
Data Processing Services	4,170	
Dues and Memberships	1,575	
Operating Lease Payments	2,487	
Postal Charges	576	
Other Contracted Services	7,543	
Office Supplies	796	
Other Charges	287	
Total Property Assessor's Office		165,168

Reappraisal Program

Data Processing Services	\$ 2,182	
Postal Charges	416	
Gasoline	729	
Motor Vehicles	955	
Total Reappraisal Program		4,282

County Trustee's Office

County Official/Administrative Officer	\$ 57,751
Secretary(ies)	59,771
Part-time Personnel	591
Communication	3,469

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Data Processing Services	\$ 3,807	
Dues and Memberships	497	
Operating Lease Payments	1,321	
Legal Notices, Recording, and Court Costs	403	
Maintenance Agreements	7,239	
Postal Charges	4,158	
Printing, Stationery, and Forms	777	
Office Supplies	<u>2,878</u>	
Total County Trustee's Office		\$ 142,662

County Clerk's Office

County Official/Administrative Officer	\$ 57,751	
Deputy(ies)	114,774	
Other Salaries and Wages	417	
Communication	2,500	
Dues and Memberships	497	
Operating Lease Payments	2,297	
Maintenance Agreements	11,118	
Postal Charges	5,199	
Office Supplies	4,617	
Data Processing Equipment	<u>4,800</u>	
Total County Clerk's Office		203,970

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 57,751	
Secretary(ies)	114,774	
Jury and Witness Expense	12,855	
Communication	3,767	
Dues and Memberships	457	
Operating Lease Payments	2,937	
Maintenance Agreements	9,374	
Postal Charges	4,392	
Printing, Stationery, and Forms	1,454	
Data Processing Supplies	751	
Office Supplies	2,819	
Data Processing Equipment	<u>3,891</u>	
Total Circuit Court		215,222

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Judge(s)	\$ 77,676	
Other Charges	1,169	
Total General Sessions Court		\$ 78,845

Chancery Court

County Official/Administrative Officer	\$ 57,751	
Secretary(ies)	60,595	
Communication	4,423	
Dues and Memberships	397	
Operating Lease Payments	2,218	
Maintenance Agreements	7,494	
Postal Charges	2,027	
Printing, Stationery, and Forms	5,001	
Data Processing Supplies	1,268	
Office Supplies	3,410	
Data Processing Equipment	4,943	
Total Chancery Court		149,527

Juvenile Court

Judge(s)	\$ 77,676	
Youth Service Officer(s)	30,906	
Communication	3,304	
Other Contracted Services	2,184	
Office Supplies	345	
Other Charges	85	
Total Juvenile Court		114,500

District Attorney General

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

Judicial Commissioners

Other Salaries and Wages	\$ 30,009	
Total Judicial Commissioners		30,009

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 63,527	
Deputy(ies)	543,366	
Accountants/Bookkeepers	67,012	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Salary Supplements	\$ 9,000	
School Resource Officer	34,125	
Overtime Pay	55,254	
Other Salaries and Wages	47,982	
In-Service Training	2,105	
Communication	11,485	
Data Processing Services	6,595	
Dues and Memberships	1,600	
Maintenance Agreements	6,454	
Postal Charges	2,953	
Gasoline	124,703	
Office Supplies	6,727	
Uniforms	7,865	
Other Charges	2,719	
Data Processing Equipment	2,781	
Law Enforcement Equipment	15,562	
Maintenance Equipment	1,600	
Total Sheriff's Department		\$ 1,013,415

Jail

Cafeteria Personnel	\$ 18,608	
Maintenance Agreements	10,787	
Maintenance and Repair Services - Buildings	6,692	
Medical and Dental Services	79,826	
Transportation - Other than Students	3,034	
Custodial Supplies	6,928	
Food Preparation Supplies	507	
Food Supplies	98,967	
Office Supplies	3,565	
Other Charges	3,007	
Total Jail		231,921

Workhouse

Guards	\$ 293,356	
Overtime Pay	28,808	
Small Tools	907	
Uniforms	2,249	
Total Workhouse		325,320

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Work Release Program

Board and Committee Members Fees	\$ 175	
Total Work Release Program		\$ 175

Fire Prevention and Control

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

Inspection and Regulation

County Official/Administrative Officer	\$ 20,342	
Part-time Personnel	20,246	
Communication	1,683	
Postal Charges	100	
Gasoline	3,556	
Vehicle Parts	2,606	
Other Supplies and Materials	3,084	
Other Equipment	5,999	
Total Inspection and Regulation		57,616

County Coroner/Medical Examiner

County Official/Administrative Officer	\$ 900	
Specialized Medical Treatment	24,950	
Other Charges	2,663	
Total County Coroner/Medical Examiner		28,513

Other Public Safety

Dispatchers/Radio Operators	\$ 100,937	
Maintenance and Repair Services - Vehicles	28,546	
Lubricants	1,667	
Tires and Tubes	9,281	
Motor Vehicles	28,834	
Total Other Public Safety		169,265

Public Health and Welfare

Local Health Center

Communication	\$ 3,899	
Contracts with Government Agencies	60,152	
Office Supplies	1,187	
Other Supplies and Materials	2,888	
Building Improvements	16,158	
Total Local Health Center		84,284

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

Contracts with Private Agencies	\$ 270,000	
Total Ambulance/Emergency Medical Services		\$ 270,000

Other Local Health Services

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

General Welfare Assistance

Pauper Burials	\$ 400	
Total General Welfare Assistance		400

Sanitation Education/Information

Supervisor/Director	\$ 11,483	
Part-time Personnel	3,210	
Communication	1,570	
Other Contracted Services	185	
Gasoline	2,471	
Instructional Supplies and Materials	7,894	
Transportation Equipment	7,201	
Total Sanitation Education/Information		34,014

Other Public Health and Welfare

Other Salaries and Wages	\$ 52,592	
Travel	1,193	
Total Other Public Health and Welfare		53,785

Social, Cultural, and Recreational Services

Libraries

Supervisor/Director	\$ 35,159
Clerical Personnel	54,179
Part-time Personnel	33,763
Communication	3,665
Maintenance Agreements	1,994
Postal Charges	1,200
Printing, Stationery, and Forms	300
Library Books/Media	18,578
Periodicals	369
Other Supplies and Materials	6,287
Indirect Cost	987
Other Charges	993

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Data Processing Equipment	\$ 5,572	
Total Libraries		\$ 163,046

Agriculture and Natural Resources

Agriculture Extension Service

Contributions	\$ 77,462	
Total Agriculture Extension Service		77,462

Soil Conservation

Assistant(s)	\$ 36,050	
Secretary(ies)	25,462	
Other Salaries and Wages	18,026	
Dues and Memberships	985	
Gasoline	984	
Office Supplies	845	
Other Supplies and Materials	821	
Office Equipment	476	
Total Soil Conservation		83,649

Other Operations

Tourism

Advertising	\$ 12,935	
Contributions	25,000	
Travel	5,038	
Other Contracted Services	78,000	
Other Supplies and Materials	2,298	
Other Charges	19,113	
Total Tourism		142,384

Airport

Supervisor/Director	\$ 29,184	
Part-time Personnel	371	
Communication	2,695	
Maintenance and Repair Services - Buildings	4,740	
Gasoline	135,722	
Office Supplies	556	
Utilities	9,467	
Other Charges	19,754	
Airport Improvement	500	
Total Airport		202,989

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Supervisor/Director	\$ 9,473	
Communication	1,722	
Postal Charges	18	
Other Charges	114	
Data Processing Equipment	<u>1,405</u>	
Total Veterans' Services		\$ 12,732

Other Charges

Liability Insurance	\$ 324,440	
Premiums on Corporate Surety Bonds	175	
Trustee's Commission	167,564	
Workers' Compensation Insurance	<u>193,892</u>	
Total Other Charges		686,071

Contributions to Other Agencies

Contributions	\$ <u>43,773</u>	
Total Contributions to Other Agencies		43,773

Employee Benefits

Social Security	\$ 178,581	
State Retirement	220,649	
Life Insurance	9,310	
Medical Insurance	524,261	
Unemployment Compensation	13,660	
Employer Medicare	<u>41,936</u>	
Total Employee Benefits		988,397

Capital Projects

Public Safety Projects

Architects	\$ 3,600	
Building Construction	<u>230,958</u>	
Total Public Safety Projects		<u>234,558</u>

Total General Fund \$ 6,892,911

Solid Waste/Sanitation Fund

Public Health and Welfare

Landfill Operation and Maintenance

Supervisor/Director	\$ 65,239
Laborers	215,978

(Continued)

Exhibit K-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Landfill Operation and Maintenance (Cont.)

Communication	\$ 7,792	
Maintenance and Repair Services - Equipment	13,677	
Postal Charges	44	
Disposal Fees	180,298	
Diesel Fuel	34,055	
Fertilizer, Lime, and Seed	1,390	
Lubricants	2,091	
Office Supplies	348	
Tires and Tubes	9,807	
Other Supplies and Materials	3,300	
Other Charges	4,955	
Other Equipment	19,831	
Total Landfill Operation and Maintenance		\$ 558,805

Other Operations

Other Charges

Trustee's Commission	\$ 16,963	
Total Other Charges		16,963

Employee Benefits

Social Security	\$ 17,436	
State Retirement	10,658	
Life Insurance	300	
Medical Insurance	27,930	
Employer Medicare	4,078	
Total Employee Benefits		60,402

Total Solid Waste/Sanitation Fund \$ 636,170

Local Purpose Tax Fund

Public Safety

Fire Prevention and Control

Equipment Operators	\$ 47,580
In-Service Training	450
Communication	4,792
Maintenance and Repair Services - Buildings	17
Maintenance and Repair Services - Equipment	6,635
Maintenance and Repair Services - Vehicles	7,704
Other Contracted Services	4,800
Diesel Fuel	7,661

(Continued)

Exhibit K-8

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

Local Purpose Tax Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Electricity	\$	3,694	
Gasoline		6,306	
Natural Gas		597	
Tires and Tubes		1,992	
Water and Sewer		544	
Liability Insurance		41,710	
Trustee's Commission		2,997	
Other Charges		530	
Communication Equipment		<u>57,591</u>	
Total Fire Prevention and Control	\$		<u>195,600</u>

Total Local Purpose Tax Fund \$ 195,600

Drug Control Fund

Public Safety

Drug Enforcement

Deputy(ies)	\$	65,142	
Salary Supplements		1,200	
Overtime Pay		4,910	
Communication		2,441	
Travel		1,016	
Instructional Supplies and Materials		2,539	
Refunds		1,130	
Trustee's Commission		1,566	
Law Enforcement Equipment		61,395	
Other Equipment		<u>769</u>	
Total Drug Enforcement	\$		<u>142,108</u>

Other Operations

Employee Benefits

Social Security	\$	4,418	
State Retirement		5,930	
Life Insurance		174	
Medical Insurance		13,744	
Employer Medicare		<u>1,033</u>	
Total Employee Benefits			<u>25,299</u>

Total Drug Control Fund 167,407

(Continued)

Exhibit K-8

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

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 35	
Total County Trustee's Office		\$ 35

Total Constitutional Officers - Fees Fund \$ 35

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 63,527	
Accountants/Bookkeepers	26,726	
Clerical Personnel	26,726	
Board and Committee Members Fees	200	
Advertising	174	
Communication	2,770	
Data Processing Services	4,630	
Dues and Memberships	2,667	
Pest Control	132	
Postal Charges	597	
Travel	756	
Custodial Supplies	991	
Electricity	3,572	
Natural Gas	1,389	
Office Supplies	2,487	
Water and Sewer	1,196	
Other Charges	165	
Total Administration		\$ 138,705

Highway and Bridge Maintenance

Foremen	\$ 56,984	
Equipment Operators	77,673	
Truck Drivers	181,586	
Laborers	125,807	
Other Contracted Services	3,825	
Asphalt - Cold Mix	82,585	
Crushed Stone	263,262	
Pipe - Metal	13,488	
Road Signs	2,205	
Other Supplies and Materials	8	
Total Highway and Bridge Maintenance		807,423

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Foremen	\$ 27,458	
Mechanic(s)	25,891	
Diesel Fuel	163,247	
Equipment and Machinery Parts	85,201	
Garage Supplies	9,925	
Gasoline	122,902	
Lubricants	9,861	
Tires and Tubes	50,465	
Other Supplies and Materials	10,202	
Total Operation and Maintenance of Equipment		\$ 505,152

Other Charges

Medical and Dental Services	\$ 785	
Trustee's Commission	30,632	
Total Other Charges		31,417

Employee Benefits

Social Security	\$ 48,106	
State Retirement	50,200	
Medical Insurance	163,319	
Unemployment Compensation	2,085	
Other Fringe Benefits	88	
Total Employee Benefits		263,798

Capital Outlay

Engineering Services	\$ 75,903	
Bridge Construction	915,560	
Motor Vehicles	14,500	
Office Equipment	2,749	
Total Capital Outlay		1,008,712

Total Highway/Public Works Fund \$ 2,755,207

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 21,100	
Principal on Notes	97,500	
Principal on Other Loans	220,000	
Total General Government		\$ 338,600

(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Education

Principal on Notes	\$ 92,500	
Principal on Other Loans	374,000	
Total Education		\$ 466,500

Interest on Debt

General Government

Interest on Bonds	\$ 4,694	
Interest on Notes	23,588	
Interest on Other Loans	2,306	
Total General Government		30,588

Education

Interest on Notes	\$ 18,668	
Interest on Other Loans	16,627	
Total Education		35,295

Other Debt Service

General Government

Trustee's Commission	\$ 22,846	
Other Debt Issuance Charges	4,926	
Total General Government		27,772

Education

Other Debt Issuance Charges	\$ 18,154	
Total Education		18,154

Total General Debt Service Fund \$ 916,909

General Capital Projects Fund

Capital Projects

General Administration Projects

Maintenance and Repair Services - Buildings	\$ 6,538	
Trustee's Commission	2,246	
Other Capital Outlay	3,630	
Total General Administration Projects		\$ 12,414

Public Safety Projects

Engineering Services	\$ 5,314	
Total Public Safety Projects		5,314

(Continued)

Exhibit K-8

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Public Utility Projects

Consultants	\$ 8,750	
Engineering Services	15,891	
Other Charges	225	
Other Construction	<u>106,506</u>	
Total Public Utility Projects		<u>\$ 131,372</u>

Total General Capital Projects Fund \$ 149,100

Other Capital Projects Fund

Capital Projects

Agriculture and Natural Resource Projects

Other Charges	\$ <u>2,600</u>	
Total Agriculture and Natural Resource Projects		<u>\$ 2,600</u>

Total Other Capital Projects Fund 2,600

Total Governmental Funds - Primary Government \$ 11,715,939

Exhibit K-9

Humphreys County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Humphreys County School Department  
For the Year Ended June 30, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,351,605	
Career Ladder Program	132,510	
Career Ladder Extended Contracts	87,377	
Educational Assistants	563,067	
Other Salaries and Wages	31,248	
Certified Substitute Teachers	25,568	
Non-certified Substitute Teachers	136,963	
Social Security	475,705	
State Retirement	715,683	
Medical Insurance	1,143,074	
Dental Insurance	7,346	
Unemployment Compensation	2,880	
Employer Medicare	112,529	
Communication	412	
Maintenance and Repair Services - Equipment	1,088	
Travel	240	
Other Contracted Services	10,001	
Instructional Supplies and Materials	103,280	
Textbooks	171,481	
In Service/Staff Development	1,050	
Fee Waivers	25,136	
Other Charges	50,829	
Building Improvements	68,754	
Total Regular Instruction Program		\$ 11,217,826

Alternative Instruction Program

Teachers	\$ 41,551	
Educational Assistants	13,691	
Social Security	3,048	
State Retirement	4,932	
Medical Insurance	11,632	
Unemployment Compensation	60	
Employer Medicare	713	
Total Alternative Instruction Program		75,627

Special Education Program

Teachers	\$ 674,470
Educational Assistants	64,993
Speech Pathologist	84,646

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Salaries and Wages	\$ 39,210	
Non-certified Substitute Teachers	625	
Social Security	49,893	
State Retirement	77,144	
Medical Insurance	103,996	
Dental Insurance	987	
Unemployment Compensation	483	
Employer Medicare	11,669	
Contracts with Private Agencies	1,724	
Maintenance and Repair Services - Equipment	245	
Travel	321	
Total Special Education Program		\$ 1,110,406

Vocational Education Program

Teachers	\$ 627,134	
Certified Substitute Teachers	1,672	
Non-certified Substitute Teachers	8,277	
Social Security	36,174	
State Retirement	58,235	
Medical Insurance	110,242	
Dental Insurance	650	
Unemployment Compensation	400	
Employer Medicare	8,865	
Travel	759	
Instructional Supplies and Materials	20,530	
Textbooks	5,576	
Total Vocational Education Program		878,514

Adult Education Program

Other Salaries and Wages	\$ 10,122	
Social Security	628	
Unemployment Compensation	30	
Employer Medicare	147	
Total Adult Education Program		10,927

Support Services

Health Services

Supervisor/Director	\$ 58,000	
Medical Personnel	72,166	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Other Salaries and Wages	\$	21,362	
Social Security		8,931	
State Retirement		12,547	
Medical Insurance		14,356	
Dental Insurance		68	
Unemployment Compensation		141	
Employer Medicare		2,089	
Medical and Dental Services		8,671	
Postal Charges		557	
Travel		4,374	
Other Supplies and Materials		12,376	
Other Charges		958	
Total Health Services			\$ 216,596

Other Student Support

Guidance Personnel	\$	319,654	
Social Security		18,410	
State Retirement		28,929	
Medical Insurance		46,931	
Dental Insurance		441	
Unemployment Compensation		160	
Employer Medicare		4,306	
Evaluation and Testing		10,152	
Total Other Student Support			428,983

Regular Instruction Program

Supervisor/Director	\$	188,485	
Librarians		266,464	
Materials Supervisor		23,769	
Other Salaries and Wages		1,229	
Social Security		24,378	
State Retirement		37,411	
Medical Insurance		36,462	
Dental Insurance		348	
Unemployment Compensation		200	
Employer Medicare		6,826	
Travel		4,037	
Other Contracted Services		68,288	
Library Books/Media		31,610	

(Continued)

Exhibit K-9

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

<u>General Purpose School Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Regular Instruction Program (Cont.)</u>		
In Service/Staff Development	\$ 894	
Total Regular Instruction Program		\$ 690,401
 <u>Special Education Program</u>		
Supervisor/Director	\$ 56,943	
Social Security	3,428	
State Retirement	5,153	
Medical Insurance	4,783	
Dental Insurance	48	
Unemployment Compensation	25	
Employer Medicare	802	
Total Special Education Program		71,182
 <u>Vocational Education Program</u>		
Supervisor/Director	\$ 58,310	
Secretary(ies)	13,946	
Social Security	3,697	
State Retirement	5,267	
Medical Insurance	2,776	
Dental Insurance	28	
Unemployment Compensation	45	
Employer Medicare	864	
Communication	3,544	
Travel	340	
Total Vocational Education Program		88,817
 <u>Adult Programs</u>		
Supervisor/Director	\$ 41,068	
Social Security	2,288	
State Retirement	3,717	
Medical Insurance	9,790	
Employer Medicare	535	
Travel	102	
In Service/Staff Development	348	
Total Adult Programs		57,848
 <u>Other Programs</u>		
On-Behalf Payments to OPEB	\$ 83,445	
Total Other Programs		83,445

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Other Salaries and Wages	\$	9,600	
Social Security		573	
Dental Insurance		48	
Employer Medicare		134	
Audit Services		10,750	
Dues and Memberships		7,989	
Legal Services		5,269	
Travel		2,543	
Trustee's Commission		113,156	
Total Board of Education			\$ 150,062

Director of Schools

County Official/Administrative Officer	\$	88,564	
Social Security		5,322	
State Retirement		8,015	
Medical Insurance		4,779	
Dental Insurance		48	
Unemployment Compensation		35	
Employer Medicare		1,245	
Communication		24,090	
Dues and Memberships		1,962	
Postal Charges		2,651	
Travel		1,926	
Other Contracted Services		8,193	
Office Supplies		12,698	
Other Charges		2,351	
Regular Instruction Equipment		6,700	
Total Director of Schools			168,579

Office of the Principal

Assistant(s)	\$	364,277	
Principals		403,217	
Secretary(ies)		204,174	
Social Security		54,788	
State Retirement		83,368	
Medical Insurance		98,669	
Dental Insurance		1,018	
Unemployment Compensation		600	
Employer Medicare		13,238	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Office Supplies	\$ 27,078	
Other Supplies and Materials	99,610	
Total Office of the Principal		\$ 1,350,037

Fiscal Services

Accountants/Bookkeepers	\$ 33,580	
Secretary(ies)	58,038	
Social Security	5,507	
State Retirement	7,842	
Medical Insurance	4,310	
Unemployment Compensation	70	
Employer Medicare	1,288	
Travel	1,407	
Other Supplies and Materials	1,914	
Total Fiscal Services		113,956

Operation of Plant

Supervisor/Director	\$ 23,251	
Custodial Personnel	460,099	
Social Security	26,670	
State Retirement	36,663	
Medical Insurance	70,710	
Dental Insurance	453	
Unemployment Compensation	600	
Employer Medicare	6,384	
Communication	1,777	
Disposal Fees	48,607	
Custodial Supplies	49,919	
Electricity	630,675	
Natural Gas	95,512	
Water and Sewer	44,963	
Other Charges	1,460	
Total Operation of Plant		1,497,743

Maintenance of Plant

Other Salaries and Wages	\$ 240,025
Social Security	13,701
State Retirement	18,207
Medical Insurance	21,960

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Dental Insurance	\$	66	
Unemployment Compensation		240	
Employer Medicare		3,385	
Maintenance and Repair Services - Buildings		61,625	
Maintenance and Repair Services - Equipment		21,531	
Other Contracted Services		122,148	
Other Supplies and Materials		14,367	
Other Charges		1,161	
Maintenance Equipment		37,813	
Total Maintenance of Plant			\$ 556,229

Transportation

Supervisor/Director	\$	38,499	
Mechanic(s)		77,764	
Bus Drivers		315,804	
Clerical Personnel		26,416	
Other Salaries and Wages		220	
Social Security		25,426	
State Retirement		13,663	
Medical Insurance		75,418	
Dental Insurance		339	
Unemployment Compensation		800	
Employer Medicare		5,939	
Maintenance and Repair Services - Vehicles		3,890	
Medical and Dental Services		1,617	
Equipment and Machinery Parts		520	
Gasoline		251,974	
Lubricants		6,626	
Tires and Tubes		28,629	
Vehicle Parts		56,902	
Other Charges		10,008	
Transportation Equipment		335,506	
Total Transportation			1,275,960

Central and Other

Supervisor/Director	\$	47,040	
Other Salaries and Wages		193,042	
Social Security		13,442	
State Retirement		19,316	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Medical Insurance	\$ 15,980	
Dental Insurance	176	
Unemployment Compensation	200	
Employer Medicare	3,352	
Consultants	4,000	
Maintenance and Repair Services - Equipment	3,849	
Other Contracted Services	4,047	
Instructional Supplies and Materials	51,467	
Other Charges	2,068	
Data Processing Equipment	19,254	
Regular Instruction Equipment	<u>32,645</u>	
Total Central and Other		\$ 409,878

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$ <u>25,000</u>	
Total Regular Capital Outlay		25,000

Principal on Debt

Education

Principal on Notes	\$ <u>7,433</u>	
Total Education		<u>7,433</u>

Total General Purpose School Fund \$ 20,485,449

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 290,776
Educational Assistants	80,443
Other Salaries and Wages	35,813
Certified Substitute Teachers	893
Non-certified Substitute Teachers	3,286
Social Security	24,521
State Retirement	36,276
Medical Insurance	29,022
Dental Insurance	232
Unemployment Compensation	309
Employer Medicare	5,993

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Maintenance and Repair Services - Equipment	\$	350	
Other Contracted Services		2,629	
Instructional Supplies and Materials		90,564	
Other Supplies and Materials		988	
Other Charges		14,526	
Regular Instruction Equipment		<u>107,098</u>	
Total Regular Instruction Program	\$		723,719

Special Education Program

Teachers	\$	20,000	
Educational Assistants		415,363	
Other Salaries and Wages		1,603	
Certified Substitute Teachers		1,561	
Non-certified Substitute Teachers		15,360	
Social Security		27,917	
State Retirement		33,895	
Medical Insurance		49,488	
Dental Insurance		554	
Unemployment Compensation		602	
Employer Medicare		6,320	
Contracts with Private Agencies		92,834	
Instructional Supplies and Materials		7,682	
Textbooks		500	
Other Supplies and Materials		1,484	
In Service/Staff Development		<u>510</u>	
Total Special Education Program			675,673

Vocational Education Program

Clerical Personnel	\$	1,717	
Educational Assistants		20,554	
Social Security		1,252	
State Retirement		1,906	
Dental Insurance		40	
Unemployment Compensation		48	
Employer Medicare		293	
Vocational Instruction Equipment		<u>10,717</u>	
Total Vocational Education Program			36,527

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services

Other Student Support

Travel	\$ 4,600	
Total Other Student Support		\$ 4,600

Regular Instruction Program

Supervisor/Director	\$ 74,154	
Secretary(ies)	26,764	
Social Security	6,066	
State Retirement	9,002	
Medical Insurance	5,902	
Dental Insurance	48	
Unemployment Compensation	37	
Employer Medicare	1,419	
Travel	6,264	
In Service/Staff Development	67,345	
Total Regular Instruction Program		197,001

Special Education Program

Secretary(ies)	\$ 39,589	
Social Security	2,417	
State Retirement	3,386	
Employer Medicare	587	
In Service/Staff Development	1,477	
Total Special Education Program		47,456

Vocational Education Program

Supervisor/Director	\$ 1,843	
Social Security	115	
State Retirement	168	
Employer Medicare	27	
Total Vocational Education Program		2,153

Transportation

Bus Drivers	\$ 46,691	
Social Security	2,834	
State Retirement	2,617	
Medical Insurance	1,149	
Employer Medicare	670	
Total Transportation		53,961

Total School Federal Projects Fund \$ 1,741,090

(Continued)

Exhibit K-9

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

<u>Central Cafeteria Fund</u>		
<u>Operation of Non-Instructional Services</u>		
<u>Food Service</u>		
Supervisor/Director	\$ 53,305	
Clerical Personnel	28,078	
Cafeteria Personnel	287,519	
Custodial Personnel	47,859	
Other Salaries and Wages	196,682	
Social Security	35,973	
State Retirement	33,812	
Medical Insurance	44,833	
Dental Insurance	356	
Unemployment Compensation	885	
Employer Medicare	8,413	
Communication	2,380	
Maintenance and Repair Services - Equipment	16,884	
Travel	3,498	
Other Contracted Services	9,188	
Food Supplies	840,445	
Office Supplies	1,290	
USDA - Commodities	3,117	
Other Supplies and Materials	110,562	
In Service/Staff Development	7,882	
Data Processing Equipment	1,045	
Food Service Equipment	4,300	
Total Food Service	<u>\$ 1,738,306</u>	
Total Central Cafeteria Fund		<u>\$ 1,738,306</u>
Total Governmental Funds - Humphreys County School Department		<u><u>\$ 23,964,845</u></u>

Humphreys County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2012

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,194,402
Total Cash Receipts	<u>\$ 1,194,402</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,182,458
Trustee's Commission	11,944
Total Cash Disbursements	<u>\$ 1,194,402</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2011	<u>0</u>
Cash Balance, June 30, 2012	<u><u>\$ 0</u></u>

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## **SINGLE AUDIT SECTION**

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

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

March 1, 2013

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

To the County Executive and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Humphreys County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Humphreys County's basic financial statements and have issued our report thereon dated March 1, 2013. 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 Humphreys County Emergency Communications District as described in our report on Humphreys 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

The management of Humphreys County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Humphreys County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Humphreys County's internal control over financial reporting. Accordingly, we do not

express an opinion on the effectiveness of Humphreys County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 12.03 and 12.09.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 12.01, 12.05(A), and 12.07.

#### Compliance and Other Matters

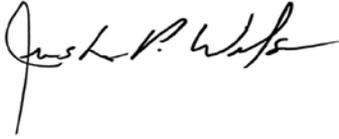
As part of obtaining reasonable assurance about whether Humphreys County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 12.02, 12.04, 12.05(B), 12.06, and 12.08.

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

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

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

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu



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

REPORT ON COMPLIANCE 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

Independent Auditor's Report

March 1, 2013

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

To the County Executive and Board of County Commissioners:

Compliance

We have audited Humphreys County's compliance 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, 2012. Humphreys County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Humphreys County's management. Our responsibility is to express an opinion on Humphreys County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and

material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Humphreys County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Humphreys County's compliance with those requirements.

In our opinion, Humphreys County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

#### Internal Control Over Compliance

The management of Humphreys County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Humphreys County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Humphreys County's internal control over compliance.

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

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

#### Schedule of Expenditures of Federal Awards

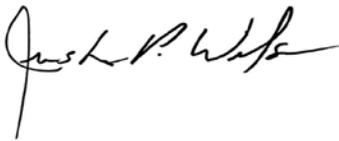
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Humphreys County as of and for the year ended June 30, 2012, and have issued our report thereon dated March 1, 2013. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the

financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

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

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

Humphreys County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2012

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	\$ 218,041
National School Lunch Program	10.555	N/A	836,729 (4)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	3,117 (4)
Direct Program:			
Conservation Reserve Program	10.069	N/A	2,179
Soil and Water Conservation	10.902	N/A	5,527
Environmental Quality Incentives Program	10.912	N/A	7,931
Conservation Security Program	10.921	N/A	2,275
Total U.S. Department of Agriculture			<u>\$ 1,075,799</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG1134915	\$ 109,283
Total U.S. Department of Housing and Urban Development			<u>\$ 109,283</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	31601-23380	\$ 261
Total U.S. Department of Justice			<u>\$ 261</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 67,939
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	593,790
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	755,443
Special Education - Preschool Grants	84.173	N/A	21,865
Career and Technical Education - Basic Grants to States	84.048	N/A	43,058
Twenty-first Century Community Learning Centers	84.287	N/A	97,000
Educational Technology State Grants Cluster:			
Educational Technology State Grants	84.318	(2)	468
Educational Technology State Grants, Recovery Act	84.386	N/A	660
Rural Education	84.358	N/A	63,055
Improving Teacher Quality State Grants	84.367	N/A	115,726
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	143,395
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	8,105
Education Jobs Fund	84.410	N/A	10,630
Total U.S. Department of Education			<u>\$ 1,921,134</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(3)	\$ 1,968,996
Emergency Management Performance Grants	97.042	34101-00000007880	25,000
Homeland Security Grant Program	97.067	DHS-2009-HSGP-Z-2943	2,593
Total U.S. Department of Homeland Security			<u>\$ 1,996,589</u>
Total Expenditures of Federal Awards			<u>\$ 5,103,066</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Juvenile Justice State Supplement - State Commission on Children and Youth	N/A	GG1029742	\$ 9,000
Airport Maintenance Program - State Department of Transportation	N/A	(2)	3,297
Airport Layout Plan Update - State Department of Transportation	N/A	(2)	23,009
Local Health Services - State Department of Health	N/A	(2)	78,764
Litter Grant - State Department of Transportation	N/A	43-500-4079-04	45,078
Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-08-212941-02	11,400
Early Childhood Education - State Department of Education	N/A	(2)	856,256
Energy Efficient School Initiative - State Department of Education	N/A	(2)	14,385
Coordinated School Health - State Department of Education	N/A	(2)	100,000
Safe Schools - State Department of Education	N/A	(2)	15,400
ConnTenn - State Department of Education	N/A	(2)	10,746
ACT/EXPLORE/PLAN - Testing - State Department of Education	N/A	(2)	3,182
Total State Grants			\$ 1,170,517

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) 34101-0000008729: \$1,815; FEMA-1909-DR-TN: \$1,402,318; FEMA-1965-DR-TN: \$79,728; FEMA-1974-DR-TN: \$485,135.
- (4) Total for CFDA No. 10.555 is \$839,846.

Humphreys County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2012

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Humphreys County, Tennessee, for the year ended June 30, 2011, which have not been corrected.

**OFFICE OF ROAD SUPERVISOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.01	146	Material audit adjustments were required for proper financial statement presentation

**OFFICE OF COUNTY EXECUTIVE**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.02	147	A formal purchase order system had not been established

**OFFICE OF SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.06	149	Some funds were not deposited within three days of collection

**HUMPHREYS COUNTY**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.08	151	The county used a questionable method of funding workers' compensation expenses, employees' dental insurance, general liability insurance, officials' corporate surety bonds, and employees' dishonesty bonds
11.09	152	Humphreys County has material recurring audit findings

**OFFICES OF COUNTY EXECUTIVE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND CLERK AND MASTER**

Finding Number	Page Number	Subject
11.10	153	Duties were not segregated adequately

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**HUMPHREYS COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2012**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. Our report on the financial statements of Humphreys County is unqualified.
2. The audit of the financial statements of Humphreys County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Humphreys County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555) and Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Humphreys County did not qualify as a low-risk auditee.

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

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

### **OFFICE OF COUNTY EXECUTIVE**

#### **FINDING 12.01      **A FORMAL PURCHASE ORDER SYSTEM HAD NOT BEEN ESTABLISHED****

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

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

#### **RECOMMENDATION**

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

#### **MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE**

I agree with the finding and recommendation. A system for general government operations would be a challenge to establish and administer, but could possibly be accomplished with existing staff.

---

#### **FINDING 12.02      **EXPENDITURES EXCEEDED APPROPRIATIONS**** (Noncompliance Under *Government Auditing Standards*)

General Fund expenditures exceeded appropriations approved by the County Commission in the Chancery Court, Jail, and Public Safety Projects major appropriation categories (the legal level of control) by \$530, \$3,785, and \$8,708, respectively. Section 5-9-401, *Tennessee Code Annotated*, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies." These deficiencies exist because management failed to hold spending to the limit authorized by the County Commission, which resulted in unauthorized expenditures.

## RECOMMENDATION

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

## MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

Some invoices for expenses were received too late in the fiscal year to reconcile with the original appropriations or for consideration by the County Commission for additional funding. Going forward, more diligence is necessary by me and the department's administration to curtail this occurrence.

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## OFFICE OF ROAD SUPERVISOR

**FINDING 12.03 MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION**  
(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2012, 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.

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## OFFICE OF DIRECTOR OF SCHOOLS

**FINDING 12.04 APPROPRIATIONS EXCEEDED ESTIMATED AVAILABLE FUNDING IN THE GENERAL PURPOSE SCHOOL FUND**  
(Noncompliance Under *Government Auditing Standards*)

The budget and subsequent amendments approved by the County Commission for the General Purpose School Fund resulted in appropriations exceeding estimated available

funding by \$146,572. Sound budgetary principles dictate that appropriations be held within estimated available funding. This deficiency was the result of a lack of management oversight.

### RECOMMENDATION

Appropriations that exceed estimated available funding should not be submitted to the County Commission, and the County Commission should not approve such appropriations.

### MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We thought the Federal Emergency Management Agency (FEMA) funds would automatically roll into the fund balance since this was an accounts receivable on July 1, 2011. When the budget amendments were made, the director of schools informed the Board of Education and the county Budget Committee that the expense for the school buses and the transfer to the School Federal Projects Fund were funded with the FEMA monies. We ended the year with an actual fund balance of \$1,214,182.

### AUDITOR'S COMMENT

The FEMA disaster assistance funds were not a receivable at June 30, 2011, and were not included in the budgeted estimated beginning fund balance for the General Purpose School Fund. The FEMA funds were subsequently received during the 2011-12 year; however, they were never appropriated as a revenue funding source in the original budget or subsequent amendments approved by the County Commission.

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### OFFICE OF SHERIFF

#### FINDING 12.05      **SOME COLLECTIONS WERE NOT RECEIPTED AND DEPOSITED PROPERLY**

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

The following deficiencies concerning the receipt and deposit of collections were noted during our audit. These deficiencies can be attributed to a lack of oversight by management, a lack of understanding of internal controls, state statutes, and sound business practices, and the failure to correct part B., which was noted in the prior-year audit report.

- A. Receipts were not always issued at the time of collection. On June 6, 2012, we performed a cash count and determined that receipts had not been issued since May 23, 2012. Fees and other funds totaling \$1,136 were on hand that had not been receipted. Employees advised that these funds had not been receipted because the bookkeeper was on sick leave. The practice of issuing receipts subsequent to the actual collection increases the risk that collections will not be accounted for properly.

- B. The office did not deposit some cash bond funds to the official bank account within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*. This statute requires that county officials deposit public funds within three days of collection. During the period under examination, as many as 11 days lapsed between the date funds were receipted and the date funds were deposited to the bank. Due to the failure of the office to issue receipts promptly, as noted in Part A. above, we were unable to determine if these cash bonds or other funds had been held even longer than 11 days before deposit. The failure to deposit funds within three days of collection weakens internal controls and increases the risks for loss or theft.

#### RECOMMENDATION

Receipts should be issued at the time of collection, and all collections should be deposited within three days of receipt as required by state statute.

#### MANAGEMENT'S RESPONSE – SHERIFF

We have adopted the recommendations of the auditor. When cash and/or checks are received by the Sheriff's Office, such funds will be receipted and deposited daily.

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#### FINDING 12.06      **THE SHERIFF DID NOT FILE R-84 DISPOSITION CARDS WITH THE TENNESSEE BUREAU OF INVESTIGATION** (Noncompliance Under *Government Auditing Standards*)

The Sheriff's Department did not submit completed R-84 Disposition Cards to the Tennessee Bureau of Investigation as required by standardized procedures for booking of arrestees under Section 8-4-115, *Tennessee Code Annotated*. This statute requires the sheriff to obtain "a completed judgment order signed by a judge to be used by the local law enforcement agency for completion of an R-84 Disposition Card..." unless an automated system for final disposition reporting by the court has been established. It was determined that the disposition cards had not been filed for approximately seven years and a court automated filing system had not been established. This deficiency is the result of management's oversight. It should be noted that the Sheriff's Department has taken steps to correct the problem, and prior- and current-year R-84 Disposition Cards have now been filed.

#### RECOMMENDATION

The Sheriff's Department should ensure that R-84 Disposition Cards are filed as required by state statute.

#### MANAGEMENT'S RESPONSE – SHERIFF

All R-84 Disposition Cards are current, and procedures have been put into place to maintain and keep them current.

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**OFFICES OF COUNTY EXECUTIVE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND CLERK AND MASTER**

**FINDING 12.07**      **DUTIES WERE NOT SEGREGATED ADEQUATELY**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

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

**RECOMMENDATION**

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

**MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE**

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

**AUDITOR'S COMMENT**

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

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**HUMPHREYS COUNTY**

**FINDING 12.08**      **THE COUNTY USED A QUESTIONABLE METHOD OF FUNDING WORKERS' COMPENSATION EXPENSES, EMPLOYEES' DENTAL INSURANCE, GENERAL LIABILITY INSURANCE, OFFICIALS' CORPORATE SURETY BONDS, AND EMPLOYEES' DISHONESTY BONDS**  
(Material Noncompliance Under *Government Auditing Standards*)

During the year, premiums for workers' compensation expenses, employees' dental insurance, general liability insurance, officials' corporate surety bonds, and employees' dishonesty bonds for the Highway Department and the School Department were paid from the county's General Fund. The state attorney general has opined in Opinion No. 92-03 that state statutes authorize a county to levy a tax for county general purposes and has

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

#### RECOMMENDATION

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

#### MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

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

#### AUDITOR'S COMMENT

Humphreys County should comply with the state attorney general's opinion. The shifting of budgeted funds should not affect staffing.

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#### FINDING 12.09

#### **HUMPHREYS COUNTY HAS MATERIAL RECURRING AUDIT FINDINGS**

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

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

Finding Numbers	Description
12.03,11.01,10.04	Material audit adjustments were required for proper financial statement presentation
12.08, 11.08, 10.13	The county used a questionable method of funding workers' compensation expenses, general liability insurance, dental insurance, officials' corporate surety bonds, and employees' dishonesty bonds

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

#### RECOMMENDATION

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

#### MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

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

Material audit adjustments were made necessary in large part due to the presentation of invoices (and subsequent payment to vendors) after the closing of fiscal-year accounts. Efforts will be made to encourage prompt submission of invoices and consideration with regard to the timing of purchases.

As it relates to funding for employee benefits and other departmental-specific employee expenses, major budget adjustments would be necessary, including tax levy reallocations that would force an increase in future maintenance of effort requirements. Also a

migration of the administrative responsibility to other departments could require additional staffing. That said, I agree it could be accomplished.

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

#### AUDITOR'S COMMENT

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

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### **BEST PRACTICE**

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

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

#### MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

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

#### AUDITOR'S COMMENT

The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Humphreys County. Tennessee counties of various sizes have implemented central systems of

accounting, purchasing, and budgeting. While a central system may have some initial set-up costs, the consolidation of the current financial staff from the general government, highway, and school departments should minimize the increased costs.

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

There were no findings and questioned costs for federal awards.

**HUMPHREYS COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2012**

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