



**ANNUAL FINANCIAL REPORT  
HUMPHREYS COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2014**



**ANNUAL FINANCIAL REPORT  
HUMPHREYS COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2014**

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

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

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

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Auditor 4***

***JAKE McNATT, CFE  
SHELBI TUCKER  
MANDY SPENCER  
WENDY HEATH, CFE  
State Auditors***

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

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**HUMPHREYS COUNTY, TENNESSEE**  
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# *Summary of Audit Findings*

Annual Financial Report  
Humphreys County, Tennessee  
For the Year Ended June 30, 2014

## *Scope*

We have audited the basic financial statements of Humphreys County as of and for the year ended June 30, 2014.

## *Results*

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

Our audit resulted in five 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*

The following are summaries of the audit findings:

### **OFFICE OF COUNTY EXECUTIVE**

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

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

- ◆ Duties were not segregated adequately.

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### **OFFICES OF COUNTY EXECUTIVE AND SHERIFF**

- ◆ Employee leave records for the Sheriff's Department were not maintained adequately.

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### **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 a material recurring audit finding.

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# INTRODUCTORY SECTION

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# Humphreys County Officials

## June 30, 2014

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### **Officials**

Jessie Wallace, County Executive  
Randy Woods, 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 of Deeds  
Chris Davis, Sheriff

### **Board of County Commissioners**

Jessie Wallace, County Executive, Chairman  
Terry Coleman  
Tim Daniel  
Reed Dreaden  
James Graham  
Taylor Hall  
Kay Hampton  
Ricky Hooper

Ronald Hughes  
John E. Hunt  
John Hurt  
Larry Mayberry  
John S. McCaw  
Edward Rochelle  
Merideth Spencer

### **Board of Education**

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

### **Audit Committee**

Ronald Hughes, Chairman  
Tim Daniel  
Reed Dreaden  
Taylor Hall  
Ricky Hooper  
Larry Mayberry  
Merideth Spencer

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## FINANCIAL 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

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

**Report on the Financial Statements**

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, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Humphreys County, Tennessee, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Solid Waste/Sanitation, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note V.B., Humphreys County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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 schedules of funding progress – pension plan and other postemployment benefits plans on pages 66-68 be presented to supplement the basic financial statements. Such information,

although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Humphreys County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Humphreys County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Humphreys County School Department (a discretely presented component unit), and 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 miscellaneous schedules are fairly stated, in all material respects, in relation to the basic 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.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2014, on our consideration of Humphreys County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Humphreys County's internal control over financial reporting and compliance.

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 end.

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

November 17, 2014

JPW/kp

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Humphreys County, Tennessee  
Statement of Net Position  
June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Humphreys County School Department
<u>ASSETS</u>				
Cash	\$ 47,146	\$ 0	\$ 47,146	\$ 0
Equity in Pooled Cash and Investments	11,375,930	223,608	11,599,538	2,045,006
Accounts Receivable	6,363	7,888	14,251	1,863
Due from Other Governments	1,052,355	0	1,052,355	405,587
Due from Component Units	10,000	0	10,000	0
Property Taxes Receivable	6,400,933	0	6,400,933	3,378,270
Allowance for Uncollectible Property Taxes	(180,007)	0	(180,007)	(95,004)
Restricted Assets:				
Other Restricted Assets	0	113,276	113,276	0
Notes Receivable - Long-term	69,520	0	69,520	0
Capital Assets Not Depreciated:				
Land	1,498,084	12,000	1,510,084	141,175
Construction in Progress	649,931	0	649,931	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	4,620,631	84,492	4,705,123	8,082,911
Infrastructure	17,464,372	603,197	18,067,569	40,385
Other Capital Assets	1,592,046	40,475	1,632,521	1,195,287
<b>Total Assets</b>	<b>\$ 44,607,304</b>	<b>\$ 1,084,936</b>	<b>\$ 45,692,240</b>	<b>\$ 15,195,480</b>
<u>LIABILITIES</u>				
Accounts Payable	\$ 187,522	\$ 1,952	\$ 189,474	\$ 3,005
Accrued Payable	0	0	0	5,127
Payroll Deductions Payable	0	0	0	215,772
Contracts Payable	70,453	0	70,453	0
Retainage Payable	13,265	0	13,265	0
Due to Primary Government	0	0	0	10,000
Accrued Interest Payable	6,866	0	6,866	0
Customer Deposits Payable	0	113,276	113,276	0
Noncurrent Liabilities:				
Due Within One Year	703,187	0	703,187	0
Due in More Than One Year	3,826,697	0	3,826,697	4,212,536
<b>Total Liabilities</b>	<b>\$ 4,807,990</b>	<b>\$ 115,228</b>	<b>\$ 4,923,218</b>	<b>\$ 4,446,440</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 6,091,752	\$ 0	\$ 6,091,752	\$ 3,215,091
<b>Total Deferred Inflows of Resources</b>	<b>\$ 6,091,752</b>	<b>\$ 0</b>	<b>\$ 6,091,752</b>	<b>\$ 3,215,091</b>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 25,311,964	\$ 740,164	\$ 26,052,128	\$ 9,459,758
Restricted for:				
General Government	275,497	0	275,497	0
Finance	2,196	0	2,196	0
Administration of Justice	60,576	0	60,576	0
Public Safety	402,580	0	402,580	0
Public Health and Welfare	1,137,103	0	1,137,103	0
Highways/Public Works	2,460,538	0	2,460,538	0
Education	0	0	0	7,790
Operation of Non-instructional Services	0	0	0	155,637
Debt Service	2,130,426	0	2,130,426	0
Capital Projects	735,321	0	735,321	0
Unrestricted	1,191,361	229,544	1,420,905	(2,089,236)
<b>Total Net Position</b>	<b>\$ 33,707,562</b>	<b>\$ 969,708</b>	<b>\$ 34,677,270</b>	<b>\$ 7,533,949</b>

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

Humphreys County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2014

Exhibit B

Functions/Programs	Net (Expense) Revenue and Changes in Net Position										
	Program Revenues					Primary Government					Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Humphreys County School Department			
Primary Government:											
Governmental Activities:											
General Government	\$ 1,997,001	\$ 329,280	\$ 183,408	\$ 242,484	\$ (1,241,829)	\$ 0	\$ (1,241,829)	\$ 0	\$ 0	\$ 0	
Finance	775,873	615,665	0	0	(160,208)	0	(160,208)	0	0	0	
Administration of Justice	820,895	298,989	9,225	0	(512,681)	0	(512,681)	0	0	0	
Public Safety	3,015,283	224,549	125,736	0	(2,664,998)	0	(2,664,998)	0	0	0	
Public Health and Welfare	1,108,218	26,809	175,568	0	(905,841)	0	(905,841)	0	0	0	
Social, Cultural, and Recreational Services	319,881	0	2,405	0	(317,476)	0	(317,476)	0	0	0	
Agriculture and Natural Resources	233,327	0	19,000	0	(214,327)	0	(214,327)	0	0	0	
Highways/Public Works	5,301,472	126,359	2,298,701	558,159	(2,318,253)	0	(2,318,253)	0	0	0	
Education	280,164	0	0	0	(280,164)	0	(280,164)	0	0	0	
Interest on Long-term Debt	35,640	0	0	0	(35,640)	0	(35,640)	0	0	0	
Total Governmental Activities	\$ 13,887,754	\$ 1,621,651	\$ 2,814,043	\$ 800,643	\$ (8,651,417)	\$ 0	\$ (8,651,417)	\$ 0	\$ 0	\$ 0	
Business-type Activities:											
Public Utility	\$ 141,573	\$ 104,409	\$ 0	\$ 0	\$ 0	\$ (37,164)	\$ (37,164)	\$ 0	\$ 0	\$ 0	
Total Primary Government	\$ 14,029,327	\$ 1,726,060	\$ 2,814,043	\$ 800,643	\$ (8,651,417)	\$ (37,164)	\$ (8,688,581)	\$ 0	\$ 0	\$ 0	
Component Unit:											
Humphreys County School Department	\$ 25,749,387	\$ 678,376	\$ 3,619,255	\$ 0	\$ 0	\$ 0	\$ 0	\$ (21,451,756)	\$ 0	\$ (21,451,756)	
Total Component Unit	\$ 25,749,387	\$ 678,376	\$ 3,619,255	\$ 0	\$ 0	\$ 0	\$ 0	\$ (21,451,756)	\$ 0	\$ (21,451,756)	

(Continued)

Exhibit B

Humphreys County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Expenses	Primary Government			
					Governmental Activities	Business-type Activities	Total	
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 4,946,574	\$ 0	\$ 4,946,574	\$ 3,283,127
Property Taxes Levied for Debt Service					1,209,583	0	1,209,583	0
Local Option Sales Tax					827,369	0	827,369	2,294,114
Hotel/Motel Tax					102,454	0	102,454	0
Litigation Taxes					155,996	0	155,996	0
Business Tax					192,373	0	192,373	0
Wholesale Beer Tax					80,033	0	80,033	0
Other Local Taxes					1,970	0	1,970	1,896
Grants and Contributions Not Restricted to Specific Programs					1,828,775	0	1,828,775	15,072,554
Unrestricted Investment Income					21,261	0	21,261	0
Miscellaneous					59,477	0	59,477	171,011
Total General Revenues					\$ 9,425,865	\$ 0	\$ 9,425,865	\$ 20,822,702
Change in Net Position					\$ 774,448	\$ (37,164)	\$ 737,284	\$ (629,054)
Net Position, July 1, 2013					32,933,114	1,006,872	33,939,986	8,163,003
Net Position, June 30, 2014					\$ 33,707,562	\$ 969,708	\$ 34,677,270	\$ 7,533,949

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

Exhibit C-1

Humphreys County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2014

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other	Governmental Funds	
<u>ASSETS</u>							
Cash	\$ 19,543	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,603	\$ 47,146
Equity in Pooled Cash and Investments	5,150,219	1,176,135	1,847,524	2,042,655	1,159,397	11,375,930	11,375,930
Accounts Receivable	0	98	6,265	0	0	6,363	6,363
Due from Other Governments	346,185	0	678,721	0	27,449	1,052,355	1,052,355
Due from Other Funds	27,603	0	4,038	0	0	31,641	31,641
Property Taxes Receivable	4,230,856	889,018	755,666	128,370	397,023	6,400,933	6,400,933
Allowance for Uncollectible Property Taxes	(105,102)	(25,001)	(21,251)	(18,645)	(10,008)	(180,007)	(180,007)
Notes Receivable - Long-term	0	0	0	69,520	0	69,520	69,520
<b>Total Assets</b>	<b>\$ 9,669,304</b>	<b>\$ 2,040,250</b>	<b>\$ 3,270,963</b>	<b>\$ 2,221,900</b>	<b>\$ 1,601,464</b>	<b>\$ 18,803,881</b>	<b>\$ 18,803,881</b>
<u>LIABILITIES</u>							
Accounts Payable	\$ 165,135	\$ 14,542	\$ 4,463	\$ 0	\$ 3,382	\$ 187,522	\$ 187,522
Contracts Payable	0	0	9,104	0	61,349	70,453	70,453
Retainage Payable	13,265	0	0	0	0	13,265	13,265
Due to Other Funds	440	3,284	0	0	27,917	31,641	31,641
<b>Total Liabilities</b>	<b>\$ 178,840</b>	<b>\$ 17,826</b>	<b>\$ 13,567</b>	<b>\$ 0</b>	<b>\$ 92,648</b>	<b>\$ 302,881</b>	<b>\$ 302,881</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Deferred Current Property Taxes	\$ 4,061,167	\$ 846,076	\$ 719,165	\$ 84,608	\$ 380,736	\$ 6,091,752	\$ 6,091,752
Deferred Delinquent Property Taxes	58,191	16,164	13,740	22,628	5,848	116,571	116,571
Other Deferred/Unavailable Revenue	121,748	0	520,922	0	0	642,670	642,670
<b>Total Deferred Inflows of Resources</b>	<b>\$ 4,241,106</b>	<b>\$ 862,240</b>	<b>\$ 1,253,827</b>	<b>\$ 107,236</b>	<b>\$ 386,584</b>	<b>\$ 6,850,993</b>	<b>\$ 6,850,993</b>

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	Governmental Funds	
<b>FUND BALANCES</b>								
Restricted:								
Restricted for General Government	\$ 3,356	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,356
Restricted for Finance	2,196	0	0	0	0	0	0	2,196
Restricted for Administration of Justice	60,576	0	0	0	0	0	0	60,576
Restricted for Public Safety	64,593	0	0	0	0	333,755	0	398,348
Restricted for Public Health and Welfare	65,920	1,055,019	0	0	0	0	0	1,120,939
Restricted for Other Operations	200,869	0	0	0	0	0	0	200,869
Restricted for Highways/Public Works	0	0	2,003,569	0	0	0	0	2,003,569
Restricted for Debt Service	0	0	0	2,114,664	0	0	0	2,114,664
Restricted for Capital Projects	0	0	0	0	0	733,705	0	733,705
Restricted for Other Purposes	0	0	0	0	0	54,772	0	54,772
Committed:								
Committed for Public Safety	104,007	0	0	0	0	0	0	104,007
Committed for Public Health and Welfare	0	105,165	0	0	0	0	0	105,165
Unassigned	4,747,841	0	0	0	0	0	0	4,747,841
<b>Total Fund Balances</b>	<b>\$ 5,249,358</b>	<b>\$ 1,160,184</b>	<b>\$ 2,003,569</b>	<b>\$ 2,114,664</b>	<b>\$ 2,114,664</b>	<b>\$ 1,122,232</b>	<b>\$ 1,122,232</b>	<b>\$ 11,650,007</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 9,669,304</b>	<b>\$ 2,040,250</b>	<b>\$ 3,270,963</b>	<b>\$ 2,221,900</b>	<b>\$ 2,221,900</b>	<b>\$ 1,601,464</b>	<b>\$ 1,601,464</b>	<b>\$ 18,803,881</b>

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 Position  
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 11,650,007
(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	649,931	
Add: buildings and improvements net of accumulated depreciation	4,620,631	
Add: infrastructure net of accumulated depreciation	17,464,372	
Add: other capital assets net of accumulated depreciation	<u>1,592,046</u>	25,825,064
(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	\$ (545,000)	
Add: due from the School Department for debt retirement	10,000	
Less: other loans payable	(2,794,000)	
Less: bonds payable	(30,600)	
Less: compensated absences payable	(154,800)	
Less: landfill closure/postclosure care costs	(880,750)	
Less: other postemployment benefits liability	(124,734)	
Less: accrued interest on notes	<u>(6,866)</u>	(4,526,750)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>759,241</u>
Net position of governmental activities (Exhibit A)		<u>\$ 33,707,562</u>

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

Exhibit C-3

Humphreys County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2014

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	Nonmajor Funds		
<u>Revenues</u>								
Local Taxes	\$ 4,473,469	\$ 860,195	\$ 735,173	\$ 1,204,261	\$ 236,892	\$ 7,509,990		
Licenses and Permits	712	0	0	0	0	712		
Fines, Forfeitures, and Penalties	62,531	0	0	0	107,055	169,586		
Charges for Current Services	16,542	14,918	0	0	0	31,460		
Other Local Revenues	250,729	13,151	126,859	21,261	17,325	429,325		
Fees Received from County Officials	898,635	0	0	0	0	898,635		
State of Tennessee	2,359,273	7,710	2,284,309	0	53,640	4,704,932		
Federal Government	48,605	0	46,332	0	188,829	283,766		
Other Governments and Citizens Groups	133,782	0	0	9,022	165,000	307,804		
Total Revenues	\$ 8,244,278	\$ 895,974	\$ 3,192,673	\$ 1,234,544	\$ 768,741	\$ 14,336,210		
<u>Expenditures</u>								
Current:								
General Government	\$ 868,568	\$ 0	\$ 0	\$ 0	\$ 0	\$ 868,568		
Finance	554,663	0	0	0	0	554,663		
Administration of Justice	620,103	0	0	0	0	620,103		
Public Safety	2,058,435	0	0	0	445,094	2,503,529		
Public Health and Welfare	451,449	589,994	0	0	0	1,041,443		
Social, Cultural, and Recreational Services	170,270	0	0	0	0	170,270		
Agriculture and Natural Resources	171,909	0	0	0	0	171,909		
Other Operations	2,405,652	72,490	0	0	28,130	2,506,272		
Highways	0	0	3,242,610	0	0	3,242,610		
Debt Service:								
Principal on Debt	0	0	0	858,700	0	858,700		
Interest on Debt	0	0	0	38,955	0	38,955		
Other Debt Service	0	0	0	70,000	0	70,000		

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Expenditures (Cont.)</u>							
Capital Projects	\$ 268,506	\$ 0	\$ 0	\$ 0	\$ 532,142	\$	800,648
Total Expenditures	\$ 7,569,555	\$ 662,484	\$ 3,242,610	\$ 967,655	\$ 1,005,366	\$	13,447,670
Excess (Deficiency) of Revenues Over Expenditures	\$ 674,723	\$ 233,490	\$ (49,937)	\$ 266,889	\$ (236,625)	\$	888,540
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 7,842	\$ 0	\$ 0	\$ 0	\$ 23,938	\$	31,780
Total Other Financing Sources (Uses)	\$ 7,842	\$ 0	\$ 0	\$ 0	\$ 23,938	\$	31,780
Net Change in Fund Balances Fund Balance, July 1, 2013	\$ 682,565	\$ 233,490	\$ (49,937)	\$ 266,889	\$ (212,687)	\$	920,320
	4,566,793	926,694	2,053,506	1,847,775	1,334,919		10,729,687
Fund Balance, June 30, 2014	\$ 5,249,358	\$ 1,160,184	\$ 2,003,569	\$ 2,114,664	\$ 1,122,232	\$	11,650,007

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, 2014

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)		\$ 920,320
(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	\$ 1,412,651	
Less: current-year depreciation expense	<u>(2,689,572)</u>	(1,276,921)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(19,166)
(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, 2014	\$ 759,241	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(422,204)</u>	337,037
(4) The issuance of long-term debt (e.g., notes, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Add: principal payments on bonds	\$ 23,700	
Add: principal payments on notes	195,000	
Less: contributions from the School Department for note	(5,000)	
Add: principal payments on other loans	<u>640,000</u>	853,700
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 3,315	
Change in compensated absences payable	(25,274)	
Change in other postemployment benefits liability	(5,547)	
Change in landfill closure/postclosure care costs	<u>(13,016)</u>	(40,522)
Change in net position of governmental activities (Exhibit B)		<u>\$ 774,448</u>

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

Exhibit C-5

Humphreys County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,473,469	\$ 4,018,163	\$ 4,018,163	\$ 455,306
Licenses and Permits	712	800	800	(88)
Fines, Forfeitures, and Penalties	62,531	67,400	67,400	(4,869)
Charges for Current Services	16,542	11,150	11,150	5,392
Other Local Revenues	250,729	201,600	202,100	48,629
Fees Received from County Officials	898,635	792,500	792,500	106,135
State of Tennessee	2,359,273	2,323,500	2,363,775	(4,502)
Federal Government	48,605	100,200	102,950	(54,345)
Other Governments and Citizens Groups	133,782	132,156	132,156	1,626
<b>Total Revenues</b>	<b>\$ 8,244,278</b>	<b>\$ 7,647,469</b>	<b>\$ 7,690,994</b>	<b>\$ 553,284</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 108,328	\$ 108,200	\$ 120,888	\$ 12,560
Board of Equalization	590	2,000	2,000	1,410
Beer Board	270	800	800	530
County Mayor/Executive	194,686	210,611	210,611	15,925
County Attorney	42,568	42,568	42,568	0
Election Commission	140,327	151,875	153,415	13,088
Register of Deeds	140,004	141,728	141,728	1,724
Development	10,175	10,175	10,175	0
County Buildings	230,525	256,261	268,264	37,739
Other General Administration	1,095	12,304	12,304	11,209
<u>Finance</u>				
Property Assessor's Office	179,560	185,256	185,256	5,696
Reappraisal Program	5,062	5,200	5,200	138
County Trustee's Office	154,312	158,220	158,220	3,908
County Clerk's Office	215,729	219,637	219,637	3,908
<u>Administration of Justice</u>				
Circuit Court	224,953	242,711	244,653	19,700
General Sessions Court	82,762	84,847	84,847	2,085
Chancery Court	156,337	155,320	160,834	4,497
Juvenile Court	118,370	125,708	125,708	7,338
District Attorney General	6,000	6,000	6,000	0
Judicial Commissioners	31,681	31,683	31,683	2
<u>Public Safety</u>				
Sheriff's Department	1,222,270	1,195,251	1,246,762	24,492
Jail	261,077	251,684	264,834	3,757
Workhouse	341,921	349,136	343,136	1,215
Work Release Program	150	1,000	1,000	850
Fire Prevention and Control	2,000	2,000	2,000	0
Inspection and Regulation	72,885	67,690	74,849	1,964
County Coroner/Medical Examiner	21,190	28,300	28,300	7,110
Other Public Safety	136,942	136,942	136,942	0
<u>Public Health and Welfare</u>				
Local Health Center	71,985	81,132	118,467	46,482
Ambulance/Emergency Medical Services	258,750	270,000	270,000	11,250
Alcohol and Drug Programs	6,288	0	25,000	18,712
Other Local Health Services	25,000	25,000	25,000	0

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Sanitation Education/Information	\$ 29,835	\$ 43,196	\$ 46,391	\$ 16,556
Other Public Health and Welfare	59,591	92,316	92,316	32,725
<u>Social, Cultural, and Recreational Services</u>				
Libraries	170,270	169,620	171,020	750
Other Social, Cultural, and Recreational	0	800	800	800
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	81,781	81,781	81,781	0
Soil Conservation	90,128	91,975	91,975	1,847
<u>Other Operations</u>				
Tourism	148,006	160,000	167,500	19,494
Airport	241,228	257,911	272,911	31,683
Veterans' Services	11,812	12,711	12,711	899
Other Charges	858,509	840,398	876,494	17,985
Contributions to Other Agencies	66,362	66,362	66,362	0
Employee Benefits	1,079,735	1,236,666	1,236,666	156,931
<u>Capital Projects</u>				
Public Safety Projects	268,506	0	479,979	211,473
Total Expenditures	\$ 7,569,555	\$ 7,612,975	\$ 8,317,987	\$ 748,432
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 674,723	\$ 34,494	\$ (626,993)	\$ 1,301,716
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 7,842	\$ 0	\$ 0	\$ 7,842
Total Other Financing Sources	\$ 7,842	\$ 0	\$ 0	\$ 7,842
Net Change in Fund Balance	\$ 682,565	\$ 34,494	\$ (626,993)	\$ 1,309,558
Fund Balance, July 1, 2013	4,566,793	3,209,502	3,209,502	1,357,291
Fund Balance, June 30, 2014	\$ 5,249,358	\$ 3,243,996	\$ 2,582,509	\$ 2,666,849

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

Exhibit C-6

Humphreys County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 860,195	\$ 806,612	\$ 806,612	\$ 53,583
Charges for Current Services	14,918	21,200	21,200	(6,282)
Other Local Revenues	13,151	2,501	2,501	10,650
State of Tennessee	7,710	11,400	11,400	(3,690)
Total Revenues	<u>\$ 895,974</u>	<u>\$ 841,713</u>	<u>\$ 841,713</u>	<u>\$ 54,261</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Landfill Operation and Maintenance	\$ 589,994	\$ 774,686	\$ 778,636	\$ 188,642
<u>Other Operations</u>				
Other Charges	17,295	16,000	18,500	1,205
Employee Benefits	55,195	83,607	83,607	28,412
Total Expenditures	<u>\$ 662,484</u>	<u>\$ 874,293</u>	<u>\$ 880,743</u>	<u>\$ 218,259</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 233,490</u>	<u>\$ (32,580)</u>	<u>\$ (39,030)</u>	<u>\$ 272,520</u>
Net Change in Fund Balance	\$ 233,490	\$ (32,580)	\$ (39,030)	\$ 272,520
Fund Balance, July 1, 2013	<u>926,694</u>	<u>609,087</u>	<u>609,087</u>	<u>317,607</u>
Fund Balance, June 30, 2014	<u>\$ 1,160,184</u>	<u>\$ 576,507</u>	<u>\$ 570,057</u>	<u>\$ 590,127</u>

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

Exhibit C-7

Humphreys County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 735,173	\$ 0	\$ 735,173	\$ 680,940	\$ 680,940	\$ 54,233
Other Local Revenues	126,859	0	126,859	115,500	115,500	11,359
State of Tennessee	2,284,309	0	2,284,309	2,338,954	2,338,954	(54,645)
Federal Government	46,332	0	46,332	0	0	46,332
<b>Total Revenues</b>	<b>\$ 3,192,673</b>	<b>\$ 0</b>	<b>\$ 3,192,673</b>	<b>\$ 3,135,394</b>	<b>\$ 3,135,394</b>	<b>\$ 57,279</b>
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 178,787	\$ 0	\$ 178,787	\$ 169,059	\$ 199,059	\$ 20,272
Highway and Bridge Maintenance	1,291,080	0	1,291,080	1,694,515	1,734,515	443,435
Operation and Maintenance of Equipment	594,227	0	594,227	602,816	657,816	63,589
Other Charges	33,614	0	33,614	38,500	38,500	4,886
Employee Benefits	365,227	0	365,227	366,655	386,655	21,428
Capital Outlay	779,675	(32,284)	747,391	1,355,000	1,355,000	607,609
<b>Total Expenditures</b>	<b>\$ 3,242,610</b>	<b>\$ (32,284)</b>	<b>\$ 3,210,326</b>	<b>\$ 4,226,545</b>	<b>\$ 4,371,545</b>	<b>\$ 1,161,219</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (49,937)</b>	<b>\$ 32,284</b>	<b>\$ (17,653)</b>	<b>\$ (1,091,151)</b>	<b>\$ (1,236,151)</b>	<b>\$ 1,218,498</b>
<b>Net Change in Fund Balance Fund Balance, July 1, 2013</b>	<b>\$ (49,937)</b>	<b>\$ 32,284</b>	<b>\$ (17,653)</b>	<b>\$ (1,091,151)</b>	<b>\$ (1,236,151)</b>	<b>\$ 1,218,498</b>
	<b>2,053,506</b>	<b>(32,284)</b>	<b>2,021,222</b>	<b>2,350,264</b>	<b>2,205,264</b>	<b>(184,042)</b>
<b>Fund Balance, June 30, 2014</b>	<b>\$ 2,003,569</b>	<b>\$ 0</b>	<b>\$ 2,003,569</b>	<b>\$ 1,259,113</b>	<b>\$ 969,113</b>	<b>\$ 1,034,456</b>

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

Exhibit D-1

Humphreys County, Tennessee  
Statement of Net Position  
Proprietary Fund  
June 30, 2014

	Major Enterprise Fund <hr/> Public Utility Fund <hr/>
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 223,608
Accounts Receivable	7,888
Total Current Assets	<u>\$ 231,496</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	84,492
Infrastructure	603,197
Other Capital Assets	40,475
Total Noncurrent Assets	<u>\$ 853,440</u>
Total Assets	<u>\$ 1,084,936</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 1,952
Current Liabilities Payable from Restricted Assets:	
Customer Deposits Payable	113,276
Total Current Liabilities	<u>\$ 115,228</u>
Total Liabilities	<u>\$ 115,228</u>
<u>NET POSITION</u>	
Investment in Capital Assets	\$ 740,164
Unrestricted	229,544
Total Net Position	<u>\$ 969,708</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 Position  
Proprietary Fund  
For the Year Ended June 30, 2014

	Major Enterprise Fund <hr/> Public Utility Fund <hr/>
<u>Operating Revenues</u>	
Wastewater Treatment Charges	\$ 104,409
Total Operating Revenues	<u>\$ 104,409</u>
<u>Operating Expenses</u>	
Communication	\$ 1,362
Contracts with Private Agencies	52,352
Engineering Services	21,841
Maintenance and Repair Services - Equipment	1,730
Electricity	15,916
Water and Sewer	2,694
Depreciation	45,678
Total Operating Expenses	<u>\$ 141,573</u>
Operating Income (Loss)	\$ (37,164)
Net Position, July 1, 2013	<u>1,006,872</u>
Net Position, July 1, 2014	<u><u>\$ 969,708</u></u>

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

Exhibit D-3

Humphreys County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2014

	Major Enterprise Fund <hr/> Public Utility Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 105,290
Payments to Vendors	(98,320)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 6,970</u>
Increase (Decrease) in Cash	\$ 6,970
Cash, July 1, 2013	<u>329,914</u>
Cash, June 30, 2014	<u><u>\$ 336,884</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided</u>	
<u>By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (37,164)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	45,678
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	880
Increase (Decrease) in Accounts Payable	<u>(2,424)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 6,970</u></u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Equity in Pooled Cash and Investments	\$ 223,608
Cash - Other Restricted Assets	<u>113,276</u>
Cash, June 30, 2014	<u><u>\$ 336,884</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, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 944,771
Accounts Receivable	169
Due from Other Governments	<u>249,163</u>
Total Assets	<u>\$ 1,194,103</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 249,163
Due to Litigants, Heirs, and Others	<u>944,940</u>
Total Liabilities	<u>\$ 1,194,103</u>

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

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## HUMPHREYS COUNTY, TENNESSEE

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**HUMPHREYS COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**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, 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 financial statements of the Humphreys County Emergency Communications District were not available from other auditors in time for inclusion in this report; however, in our opinion, this omission is not material to the component units' opinion unit.

The Humphreys County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of

the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Humphreys County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Humphreys County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

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

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

The government-wide financial statements (i.e., the Statement of Net Position 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, 2014.

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

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, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance**

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 position 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. 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. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. 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.

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 1.47 percent of total taxes levied.

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 a deferred inflow of resources 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 as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

Retainage payable in the General Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the General Fund.

**3. Restricted Assets**

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

**4. Capital Assets**

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

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

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

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

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

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

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for

reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**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 Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner 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 Position and Fund Balance**

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

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of restricted or net investment of capital assets.

The government-wide Statement of Net Position reports \$7,204,237 of restricted net position, of which \$200,869 is restricted by enabling legislation.

As of June 30, 2014, Humphreys County had \$2,856,500 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 position 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 by resolution 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 Position**

**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 Position.

**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 Position.

**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 position 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 position of governmental activities reported in the government-wide Statement of Activities.

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

**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, 2014, the School Department reported significant encumbrances of \$171,882 for school bus purchases in the General Purpose School Fund.

#### 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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position 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, 2014, Humphreys County had the following investments carried at fair value. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Humphreys County and the discretely presented Humphreys County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Weighted Average Maturity (days)</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	109	\$ 1,382,423

**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, 2014, 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 \$69,520 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, 2014, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 1,498,084	\$ 0	\$ 0	\$ 1,498,084
Construction in Progress	0	649,931	0	649,931
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 1,498,084</b>	<b>\$ 649,931</b>	<b>\$ 0</b>	<b>\$ 2,148,015</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,496,894	\$ 0	\$ 0	\$ 9,496,894
Infrastructure	54,968,153	224,578	0	55,192,731
Other Capital Assets	4,592,128	538,142	(71,750)	5,058,520
<b>Total Capital Assets Depreciated</b>	<b>\$ 69,057,175</b>	<b>\$ 762,720</b>	<b>\$ (71,750)</b>	<b>\$ 69,748,145</b>

**Governmental Activities (Cont.):**

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,549,928	\$ 326,335	\$ 0	\$ 4,876,263
Infrastructure	35,602,571	2,125,788	0	37,728,359
Other Capital Assets	3,281,609	237,449	(52,584)	3,466,474
Total Accumulated Depreciation	<u>\$ 43,434,108</u>	<u>\$ 2,689,572</u>	<u>\$ (52,584)</u>	<u>\$ 46,071,096</u>
Total Capital Assets Depreciated, Net	<u>\$ 25,623,067</u>	<u>\$ (1,926,852)</u>	<u>\$ (19,166)</u>	<u>\$ 23,677,049</u>
Governmental Activities Capital Assets, Net	<u>\$ 27,121,151</u>	<u>\$ (1,276,921)</u>	<u>\$ (19,166)</u>	<u>\$ 25,825,064</u>

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

**Governmental Activities:**

General Government	\$ 215,242
Finance	9,517
Public Safety	169,510
Public Health and Welfare	44,134
Social, Cultural, and Recreational Services	4,728
Agriculture and Natural Resources	4,546
Other Operations	90,384
Highway/Public Works	<u>2,151,511</u>
Total	<u>\$ 2,689,572</u>

**Business-type Activities:**

	Balance 7-1-13	Increases	Balance 6-30-14
Capital Assets Not Depreciated:			
Land	\$ 12,000	\$ 0	\$ 12,000
Total Capital Assets Not Depreciated	<u>\$ 12,000</u>	<u>\$ 0</u>	<u>\$ 12,000</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 506,953	\$ 0	\$ 506,953
Infrastructure	775,950	0	775,950
Other Capital Assets	216,848	0	216,848
Total Capital Assets Depreciated	<u>\$ 1,499,751</u>	<u>\$ 0</u>	<u>\$ 1,499,751</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 401,337	\$ 21,124	\$ 422,461
Infrastructure	157,234	15,519	172,753
Other Capital Assets	167,338	9,035	176,373
Total Accumulated Depreciation	<u>\$ 725,909</u>	<u>\$ 45,678</u>	<u>\$ 771,587</u>
Total Capital Assets Depreciated, Net	<u>\$ 773,842</u>	<u>\$ (45,678)</u>	<u>\$ 728,164</u>
Business-type Activities Capital Assets, Net	<u>\$ 785,842</u>	<u>\$ (45,678)</u>	<u>\$ 740,164</u>

There were no decreases in capital assets to report during the year ended June 30, 2014.

Depreciation expense totaled \$45,678 for the year ended June 30, 2014.

**Discretely Presented Humphreys County School Department**

**Governmental Activities:**

	Balance 7-1-13	Increases	Balance 6-30-14
Capital Assets Not Depreciated:			
Land	\$ 141,175	\$ 0	\$ 141,175
Total Capital Assets Not Depreciated	<u>\$ 141,175</u>	<u>\$ 0</u>	<u>\$ 141,175</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 19,416,410	\$ 109,865	\$ 19,526,275
Infrastructure	71,974	0	71,974
Other Capital Assets	4,049,788	0	4,049,788
Total Capital Assets Depreciated	<u>\$ 23,538,172</u>	<u>\$ 109,865</u>	<u>\$ 23,648,037</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 10,998,607	\$ 444,757	\$ 11,443,364
Infrastructure	29,190	2,399	31,589
Other Capital Assets	2,592,537	261,964	2,854,501
Total Accumulated Depreciation	<u>\$ 13,620,334</u>	<u>\$ 709,120</u>	<u>\$ 14,329,454</u>
Total Capital Assets Depreciated, Net	<u>\$ 9,917,838</u>	<u>\$ (599,255)</u>	<u>\$ 9,318,583</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,059,013</u>	<u>\$ (599,255)</u>	<u>\$ 9,459,758</u>

There were no decreases in capital assets to report during the year ended June 30, 2014. Depreciation expense was charged to functions of the School Department as follows:

**Governmental Activities:**

Instruction	\$ 353,564
Support Services	316,112
Operation of Non-instructional Services	<u>39,444</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 709,120</u></u>

**D. Construction Commitments**

At June 30, 2014, the General Fund has uncompleted construction contracts of \$277,584 for jail renovations. Also, the Highway/Public Works Fund had uncompleted construction contracts of \$116,697 for bridge construction. Funding for these future expenditures is expected to be provided from available fund balances and state funds.

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

The composition of interfund balances as of June 30, 2014, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 27,603
Highway/Public Works	General	440
"	Solid Waste/Sanitation	3,284
"	Nonmajor governmental	314

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, 2014, consisted of the following amount:

**Discretely Presented Humphreys County School Department**

<u>Transfer Out</u>	<u>Transfer In</u>
	General Purpose School Fund
Nonmajor governmental fund	\$ 9,344

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 Obligations**

**Primary Government**

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

Humphreys County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 40 years for bonds, up to ten years for notes, and up to 20 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, other loans, and capital outlay notes included in long-term debt as of June 30, 2014, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds	4.371 to 5 %	1-1-16	\$ 438,500	\$ 30,600
Capital Outlay Notes	0 to 3.85	3-27-18	1,785,000	545,000
Other Loans	variable	5-25-20	7,000,000	2,794,000

In prior years, 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 renovations 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, 2014, the variable interest rate was .28 percent, and other fees totaled .94 percent of the outstanding loan principal.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2014, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 24,400	\$ 1,454	\$ 25,854
2016	6,200	271	6,471
Total	\$ 30,600	\$ 1,725	\$ 32,325

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 195,000	\$ 20,522	\$ 215,522
2016	120,000	13,319	133,319
2017	115,000	8,855	123,855
2018	115,000	4,428	119,428
Total	\$ 545,000	\$ 47,124	\$ 592,124

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2015	\$ 421,000	\$ 7,823	\$ 27,248	\$ 456,071
2016	438,000	6,644	23,296	467,940
2017	456,000	5,418	19,185	480,603
2018	474,000	4,141	14,904	493,045
2019	493,000	2,814	10,454	506,268
2020	512,000	1,434	5,826	519,260
Total	\$ 2,794,000	\$ 28,274	\$ 100,913	\$ 2,923,187

There is \$2,114,664 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled \$182, based on the 2010 federal census.

The School Department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government.

Description of Indebtedness	Outstanding 6-30-14
<u>Notes Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
Greenhouse Capital Outlay Note 2009	\$ 10,000

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2013	\$ 54,300	\$ 740,000	\$ 3,434,000
Reductions	(23,700)	(195,000)	(640,000)
Balance, June 30, 2014	<u>\$ 30,600</u>	<u>\$ 545,000</u>	<u>\$ 2,794,000</u>
Balance Due Within One Year	<u>\$ 24,400</u>	<u>\$ 195,000</u>	<u>\$ 421,000</u>

	Compensated Absences	Landfill Closure/ Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2013	\$ 129,526	\$ 867,734	\$ 119,187
Additions	182,054	13,016	16,122
Reductions	(156,780)	0	(10,575)
Balance, June 30, 2014	<u>\$ 154,800</u>	<u>\$ 880,750</u>	<u>\$ 124,734</u>
Balance Due Within One Year	<u>\$ 7,740</u>	<u>\$ 55,047</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 4,529,884
Less: Balance Due Within One Year	<u>(703,187)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,826,697</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**

**Changes in Long-term Obligations**

Long-term obligations activity for the discretely presented Humphreys County School Department for the year ended June 30, 2014, was as follows:

Governmental Activities:	<u>Other Postemployment Benefits</u>
Balance, July 1, 2013	\$ 3,703,480
Additions	747,816
Reductions	<u>(238,760)</u>
Balance, June 30, 2014	<u>\$ 4,212,536</u>
Balance Due Within One Year	<u>\$ 0</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, 2014, were \$65,771 and \$25,819, 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. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67 replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70 relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

#### **C. Subsequent Event**

On August 31, 2014, Betty Etheridge left the Office of County Clerk and was succeeded by Cindy Wilson.

**D. Contingent Liabilities**

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

**E. 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 \$880,750 reported as postclosure care liability at June 30, 2014, represents amounts based on what it would cost to perform all postclosure care in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. Joint Venture**

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

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

Administrative Office:

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

**G. Retirement Commitments**

**Plan Description**

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

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

**Funding Policy**

Humphreys County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 8.16 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, 2014, the county’s annual pension cost of \$562,771 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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 postretirement 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, 2011, was two 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
6-30-14	\$562,771	100%	\$0
6-30-13	528,182	100	0
6-30-12	542,703	100	0

**Funded Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, the plan was 96.65 percent funded. The actuarial accrued liability for benefits was \$20.2 million, and the actuarial value of assets was \$19.53 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.68 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6.33 million, and the ratio of the UAAL to the covered payroll was 10.69 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 salary to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2014, was 8.88 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, 2014, 2013, and 2012, were \$ 1,004,086, \$995,689, and \$1,002,972, respectively, equal to the required contributions for each year.

## H. Other Postemployment Benefits (OPEB)

### Plan Description

Humphreys County and the School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, *Tennessee Code Annotated (TCA)*, for local governments and Section 8-27-302, *TCA*, for teachers and support personnel. 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 Highway Department makes a contribution toward the health insurance premium of the group medical plan for employees who retire with 30 years of service. This contribution continues until the employee reaches age 65 and is Medicare eligible. 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. 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. Retirees' contributions vary depending on the insurance options they select. During the year ended June 30, 2014, Humphreys County and the School Department contributed \$10,575 and \$238,760, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 16,000	\$ 744,000
Interest on the NOPEBO	4,767	148,139
Adjustment to the ARC	(4,645)	(144,323)
Annual OPEB cost	\$ 16,122	\$ 747,816
Less: Amount of contribution	(10,575)	(238,760)
Increase/decrease in NOPEBO	\$ 5,547	\$ 509,056
Net OPEB obligation, 7-1-13	119,187	3,703,480
Net OPEB obligation, 6-30-14	\$ 124,734	\$ 4,212,536

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Government Group	\$ 33,798	43%	\$ 101,255
6-30-13	"	33,751	47	119,187
6-30-14	"	16,122	66	124,734
6-30-12	Local Education Group	804,820	24	3,120,822
6-30-13	"	811,325	28	3,703,480
6-30-14	"	747,816	32	4,212,536

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 110,000	\$ 6,323,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 110,000	\$ 6,323,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 3,723,744	\$ 10,814,879
UAAL as a % of covered payroll	3%	58%

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, 2013, 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 7.5 percent for fiscal year 2014. The trend will decrease to seven percent in fiscal year 2015 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. 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 July 1, 2007.

**I. Purchasing Laws**

Office of County Executive

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

Office of Road Supervisor

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

Office of Director of Schools

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

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Humphreys County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Humphreys County School Department  
June 30, 2014

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen 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)
6-30-13	\$ 19,527	\$ 20,204	\$ 677	96.65 %	\$ 6,332	10.69 %
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

Exhibit F-2

Humphreys County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Humphreys County School Department  
June 30, 2014

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Projected Unit Credit (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	7-1-10	\$ 0	\$ 405	\$ 405	0 %	\$ 3,717	11 %
"	7-1-11	0	252	252	0	3,724	7
"	7-1-13	0	110	110	0	3,724	3
<u>DISCRETELY PRESENTED HUMPHREYS COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	6,559	6,559	0	10,807	61
"	7-1-11	0	6,774	6,774	0	15,220	45
"	7-1-13	0	6,323	6,323	0	10,815	58

**HUMPHREYS COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2014**

NONE

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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 of deeds, 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, 2014

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Total	General Capital Projects	Other Capital Projects	Total	
<b>ASSETS</b>								
Cash	\$ 0	\$ 0	\$ 27,603	\$ 27,603	\$ 0	\$ 0	\$ 0	\$ 27,603
Equity in Pooled Cash and Investments	68,500	268,698	0	337,198	767,427	54,772	822,199	1,159,397
Due from Other Governments	0	0	0	0	27,449	0	27,449	27,449
Property Taxes Receivable	222,255	0	0	222,255	174,768	0	174,768	397,023
Allowance for Uncollectible Property Taxes	(6,250)	0	0	(6,250)	(3,758)	0	(3,758)	(10,008)
<b>Total Assets</b>	\$ 284,505	\$ 268,698	\$ 27,603	\$ 580,806	\$ 965,886	\$ 54,772	\$ 1,020,658	\$ 1,601,464
<b>LIABILITIES</b>								
Accounts Payable	\$ 827	\$ 2,555	\$ 0	\$ 3,382	\$ 0	\$ 0	\$ 0	\$ 3,382
Contracts Payable	0	0	0	0	61,349	0	61,349	61,349
Due to Other Funds	314	0	27,603	27,917	0	0	0	27,917
<b>Total Liabilities</b>	\$ 1,141	\$ 2,555	\$ 27,603	\$ 31,299	\$ 61,349	\$ 0	\$ 61,349	\$ 92,648
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred Current Property Taxes	\$ 211,520	\$ 0	\$ 0	\$ 211,520	\$ 169,216	\$ 0	\$ 169,216	\$ 380,736
Deferred Delinquent Property Taxes	4,232	0	0	4,232	1,616	0	1,616	5,848
<b>Total Deferred Inflows of Resources</b>	\$ 215,752	\$ 0	\$ 0	\$ 215,752	\$ 170,832	\$ 0	\$ 170,832	\$ 386,584
<b>FUND BALANCES</b>								
Restricted:								
Restricted for Public Safety	\$ 67,612	\$ 266,143	\$ 0	\$ 333,755	\$ 0	\$ 0	\$ 0	\$ 333,755
Restricted for Capital Projects	0	0	0	0	733,705	0	733,705	733,705
Restricted for Other Purposes	0	0	0	0	0	54,772	54,772	54,772
<b>Total Fund Balances</b>	\$ 67,612	\$ 266,143	\$ 0	\$ 333,755	\$ 733,705	\$ 54,772	\$ 788,477	\$ 1,122,232
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	\$ 284,505	\$ 268,698	\$ 27,603	\$ 580,806	\$ 965,886	\$ 54,772	\$ 1,020,658	\$ 1,601,464

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, 2014

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Local Purpose Tax	Drug Control	Total	General Capital Projects	Other Capital Projects	Total		
<u>Revenues</u>								
Local Taxes	\$ 150,842	\$ 0	\$ 150,842	\$ 86,050	\$ 0	\$ 86,050	\$ 236,892	
Fines, Forfeitures, and Penalties	0	107,055	107,055	0	0	0	107,055	
Other Local Revenues	1,440	0	1,440	15,885	0	15,885	17,325	
State of Tennessee	0	0	0	53,640	0	53,640	53,640	
Federal Government	0	0	0	188,829	0	188,829	188,829	
Other Governments and Citizens Groups	0	0	0	165,000	0	165,000	165,000	
Total Revenues	\$ 152,282	\$ 107,055	\$ 259,337	\$ 509,404	\$ 0	\$ 509,404	\$ 768,741	
<u>Expenditures</u>								
Current:								
Public Safety	\$ 180,006	\$ 265,088	\$ 445,094	\$ 0	\$ 0	\$ 0	\$ 445,094	
Other Operations	0	28,130	28,130	0	0	0	28,130	
Capital Projects	0	0	0	527,992	4,150	532,142	532,142	
Total Expenditures	\$ 180,006	\$ 293,218	\$ 473,224	\$ 527,992	\$ 4,150	\$ 532,142	\$ 1,005,366	
Excess (Deficiency) of Revenues Over Expenditures	\$ (27,724)	\$ (186,163)	\$ (213,887)	\$ (18,588)	\$ (4,150)	\$ (22,738)	\$ (236,625)	
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 287	\$ 23,651	\$ 23,938	\$ 0	\$ 0	\$ 0	\$ 23,938	
Total Other Financing Sources (Uses)	\$ 287	\$ 23,651	\$ 23,938	\$ 0	\$ 0	\$ 0	\$ 23,938	
Net Change in Fund Balances Fund Balance, July 1, 2013	\$ (27,437)	\$ (162,512)	\$ (189,949)	\$ (18,588)	\$ (4,150)	\$ (22,738)	\$ (212,687)	
Fund Balance, July 1, 2013	95,049	428,655	523,704	752,293	58,922	811,215	1,334,919	
Fund Balance, June 30, 2014	\$ 67,612	\$ 266,143	\$ 333,755	\$ 733,705	\$ 54,772	\$ 788,477	\$ 1,122,232	

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 150,842	\$ 151,032	\$ 151,032	\$ (190)
Other Local Revenues	1,440	8,000	0	1,440
Total Revenues	<u>\$ 152,282</u>	<u>\$ 159,032</u>	<u>\$ 151,032</u>	<u>\$ 1,250</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Fire Prevention and Control	\$ 180,006	\$ 181,800	\$ 181,799	\$ 1,793
Total Expenditures	<u>\$ 180,006</u>	<u>\$ 181,800</u>	<u>\$ 181,799</u>	<u>\$ 1,793</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (27,724)</u>	<u>\$ (22,768)</u>	<u>\$ (30,767)</u>	<u>\$ 3,043</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 287	0	\$ 8,000	\$ (7,713)
Total Other Financing Sources	<u>\$ 287</u>	<u>\$ 0</u>	<u>\$ 8,000</u>	<u>\$ (7,713)</u>
Net Change in Fund Balance	\$ (27,437)	\$ (22,768)	\$ (22,767)	\$ (4,670)
Fund Balance, July 1, 2013	<u>95,049</u>	<u>95,396</u>	<u>95,396</u>	<u>(347)</u>
Fund Balance, June 30, 2014	<u>\$ 67,612</u>	<u>\$ 72,628</u>	<u>\$ 72,629</u>	<u>\$ (5,017)</u>

Exhibit G-4

Humphreys County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 107,055	\$ 140,000	\$ 140,000	\$ (32,945)
Other Local Revenues	0	0	11,428	(11,428)
Total Revenues	\$ 107,055	\$ 140,000	\$ 151,428	\$ (44,373)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 265,088	\$ 240,469	\$ 275,279	\$ 10,191
<u>Other Operations</u>				
Employee Benefits	28,130	28,622	28,464	334
Total Expenditures	\$ 293,218	\$ 269,091	\$ 303,743	\$ 10,525
Excess (Deficiency) of Revenues Over Expenditures	\$ (186,163)	\$ (129,091)	\$ (152,315)	\$ (33,848)
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 23,651	\$ 0	\$ 12,223	\$ 11,428
Total Other Financing Sources	\$ 23,651	\$ 0	\$ 12,223	\$ 11,428
Net Change in Fund Balance	\$ (162,512)	\$ (129,091)	\$ (140,092)	\$ (22,420)
Fund Balance, July 1, 2013	428,655	328,598	328,598	100,057
Fund Balance, June 30, 2014	\$ 266,143	\$ 199,507	\$ 188,506	\$ 77,637

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 86,050	\$ 0	\$ 86,050	\$ 93,861	\$ 93,861	\$ (7,811)
Other Local Revenues	15,885	0	15,885	21,372	21,372	(5,487)
State of Tennessee	53,640	0	53,640	60,000	560,000	(506,360)
Federal Government	188,829	0	188,829	0	1,136,798	(947,969)
Other Governments and Citizens Groups	165,000	0	165,000	53,720	143,720	21,280
Total Revenues	\$ 509,404	\$ 0	\$ 509,404	\$ 228,953	\$ 1,955,751	\$ (1,446,347)
<u>Expenditures</u>						
<u>Capital Projects</u>						
General Administration Projects	\$ 6,523	\$ 0	\$ 6,523	\$ 35,000	\$ 35,000	\$ 28,477
Public Safety Projects	208,451	(159,798)	48,653	80,000	1,216,798	1,168,145
Public Utility Projects	61,104	0	61,104	40,000	630,000	568,896
Other General Government Projects	26,914	0	26,914	25,000	50,914	24,000
Highway and Street Capital Projects	225,000	0	225,000	100,000	225,000	0
Total Expenditures	\$ 527,992	\$ (159,798)	\$ 368,194	\$ 280,000	\$ 2,157,712	\$ 1,789,518
Excess (Deficiency) of Revenues Over Expenditures	\$ (18,588)	\$ 159,798	\$ 141,210	\$ (51,047)	\$ (201,961)	\$ 343,171
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (18,588)	\$ 159,798	\$ 141,210	\$ (51,047)	\$ (201,961)	\$ 343,171
	752,293	(159,798)	592,495	922,200	922,200	(329,705)
Fund Balance, June 30, 2014	\$ 733,705	\$ 0	\$ 733,705	\$ 871,153	\$ 720,239	\$ 13,466

# **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.

---

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,204,261	\$ 1,159,434	\$ 1,159,434	\$ 44,827
Other Local Revenues	21,261	18,000	18,000	3,261
Other Governments and Citizens Groups	9,022	0	5,000	4,022
Total Revenues	<u>\$ 1,234,544</u>	<u>\$ 1,177,434</u>	<u>\$ 1,182,434</u>	<u>\$ 52,110</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 356,200	\$ 356,200	\$ 356,200	\$ 0
Education	502,500	497,500	502,500	0
<u>Interest on Debt</u>				
General Government	19,174	26,231	26,155	6,981
Education	19,781	171,588	171,004	151,223
<u>Other Debt Service</u>				
General Government	27,932	100,000	58,592	30,660
Education	42,068	0	42,068	0
Total Expenditures	<u>\$ 967,655</u>	<u>\$ 1,151,519</u>	<u>\$ 1,156,519</u>	<u>\$ 188,864</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 266,889</u>	<u>\$ 25,915</u>	<u>\$ 25,915</u>	<u>\$ 240,974</u>
Net Change in Fund Balance	\$ 266,889	\$ 25,915	\$ 25,915	\$ 240,974
Fund Balance, July 1, 2013	1,847,775	1,601,182	1,601,182	246,593
Fund Balance, June 30, 2014	<u>\$ 2,114,664</u>	<u>\$ 1,627,097</u>	<u>\$ 1,627,097</u>	<u>\$ 487,567</u>

# Fiduciary Funds

---

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

---

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

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register of deeds, 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, 2014

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 944,771	\$ 944,771
Accounts Receivable	0	169	169
Due from Other Governments	249,163	0	249,163
Total Assets	<u>\$ 249,163</u>	<u>\$ 944,940</u>	<u>\$ 1,194,103</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 249,163	\$ 0	\$ 249,163
Due to Litigants, Heirs, and Others	0	944,940	944,940
Total Liabilities	<u>\$ 249,163</u>	<u>\$ 944,940</u>	<u>\$ 1,194,103</u>

Exhibit I-2

Humphreys County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,501,558	\$ 1,501,558	\$ 0
Due from Other Governments	260,815	249,163	260,815	249,163
Total Assets	\$ 260,815	\$ 1,750,721	\$ 1,762,373	\$ 249,163
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 260,815	\$ 1,750,721	\$ 1,762,373	\$ 249,163
Total Liabilities	\$ 260,815	\$ 1,750,721	\$ 1,762,373	\$ 249,163
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 859,840	\$ 3,309,675	\$ 3,224,744	\$ 944,771
Accounts Receivable	70	169	70	169
Total Assets	\$ 859,910	\$ 3,309,844	\$ 3,224,814	\$ 944,940
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 859,910	\$ 3,309,844	\$ 3,224,814	\$ 944,940
Total Liabilities	\$ 859,910	\$ 3,309,844	\$ 3,224,814	\$ 944,940
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 859,840	\$ 3,309,675	\$ 3,224,744	\$ 944,771
Equity in Pooled Cash and Investments	0	1,501,558	1,501,558	0
Accounts Receivable	70	169	70	169
Due from Other Governments	260,815	249,163	260,815	249,163
Total Assets	\$ 1,120,725	\$ 5,060,565	\$ 4,987,187	\$ 1,194,103
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 260,815	\$ 1,750,721	\$ 1,762,373	\$ 249,163
Due to Litigants, Heirs, and Others	859,910	3,309,844	3,224,814	944,940
Total Liabilities	\$ 1,120,725	\$ 5,060,565	\$ 4,987,187	\$ 1,194,103

# 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, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 15,943,783	\$ 17,172	\$ 1,964,408	\$ (13,962,203)
Support Services	8,019,295	45,004	580,672	(7,393,619)
Operation of Non-instructional Services	1,786,309	616,200	1,074,175	(95,934)
Total Governmental Activities	\$ 25,749,387	\$ 678,376	\$ 3,619,255	\$ (21,451,756)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 3,283,127
Local Option Sales Taxes				2,294,114
Other Local Taxes				1,896
Grants and Contributions Not Restricted to Specific Programs				15,072,554
Miscellaneous				171,011
Total General Revenues				\$ 20,822,702
Change in Net Position				\$ (629,054)
Net Position, July 1, 2013				8,163,003
Net Position, June 30, 2014				\$ 7,533,949

Exhibit J-2

Humphreys County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Humphreys County School Department  
June 30, 2014

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 1,791,224	\$ 253,782	\$ 2,045,006
Accounts Receivable	1,863	0	1,863
Due from Other Governments	395,767	9,820	405,587
Property Taxes Receivable	3,378,270	0	3,378,270
Allowance for Uncollectible Property Taxes	(95,004)	0	(95,004)
Total Assets	<u>\$ 5,472,120</u>	<u>\$ 263,602</u>	<u>\$ 5,735,722</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 2,830	\$ 175	\$ 3,005
Accrued Payroll	5,127	0	5,127
Payroll Deductions Payable	215,772	0	215,772
Total Liabilities	<u>\$ 223,729</u>	<u>\$ 175</u>	<u>\$ 223,904</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 3,215,091	\$ 0	\$ 3,215,091
Deferred Delinquent Property Taxes	61,419	0	61,419
Other Deferred/Unavailable Revenue	177,005	0	177,005
Total Deferred Inflows of Resources	<u>\$ 3,453,515</u>	<u>\$ 0</u>	<u>\$ 3,453,515</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 7,790	\$ 7,790
Restricted for Operation of Non-instructional Services	0	155,637	155,637
Assigned:			
Assigned for Education	171,882	100,000	271,882
Unassigned	1,622,994	0	1,622,994
Total Fund Balances	<u>\$ 1,794,876</u>	<u>\$ 263,427</u>	<u>\$ 2,058,303</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,472,120</u>	<u>\$ 263,602</u>	<u>\$ 5,735,722</u>

Exhibit J-3

Humphreys County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
Discretely Presented Humphreys County School Department  
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 2,058,303
(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	8,082,911	
Add: infrastructure net of accumulated depreciation	40,385	
Add: other capital assets net of accumulated depreciation	<u>1,195,287</u>	9,459,758
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: contributions due on primary government debt for notes	\$ (10,000)	
Less: other postemployment benefits liability	<u>(4,212,536)</u>	(4,222,536)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>238,424</u>
Net position of governmental activities (Exhibit A)		<u>\$ 7,533,949</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, 2014

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern- mental	Governmental
	School	Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 5,588,870	\$ 0	\$ 5,588,870
Licenses and Permits	968	0	968
Charges for Current Services	60,956	616,200	677,156
Other Local Revenues	161,339	24,043	185,382
State of Tennessee	15,541,571	16,138	15,557,709
Federal Government	438,274	2,681,707	3,119,981
Total Revenues	<u>\$ 21,791,978</u>	<u>\$ 3,338,088</u>	<u>\$ 25,130,066</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 13,748,529	\$ 1,332,634	\$ 15,081,163
Support Services	7,508,369	282,265	7,790,634
Operation of Non-instructional Services	0	1,746,865	1,746,865
Capital Outlay	80,365	0	80,365
Debt Service:			
Other Debt Service	5,000	0	5,000
Total Expenditures	<u>\$ 21,342,263</u>	<u>\$ 3,361,764</u>	<u>\$ 24,704,027</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 449,715</u>	<u>\$ (23,676)</u>	<u>\$ 426,039</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 57,951	\$ 0	\$ 57,951
Transfers In	9,344	0	9,344
Transfers Out	0	(9,344)	(9,344)
Total Other Financing Sources (Uses)	<u>\$ 67,295</u>	<u>\$ (9,344)</u>	<u>\$ 57,951</u>
Net Change in Fund Balances	\$ 517,010	\$ (33,020)	\$ 483,990
Fund Balance, July 1, 2013	<u>1,277,866</u>	<u>296,447</u>	<u>1,574,313</u>
Fund Balance, June 30, 2014	<u>\$ 1,794,876</u>	<u>\$ 263,427</u>	<u>\$ 2,058,303</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, 2014

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)		\$	483,990
(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	\$	109,865	
Less: current-year depreciation expense		<u>(709,120)</u>	(599,255)
(2) The contributions of long-term debt (e.g., notes) by the primary government provides current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
Add: principal contributions on notes to primary government			5,000
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$	238,424	
Less: deferred delinquent property taxes and other deferred June 30, 2013		<u>(248,157)</u>	(9,733)
(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>(509,056)</u>
Change in net position of governmental activities (Exhibit B)		\$	<u><u>(629,054)</u></u>

Exhibit J-6

Humphreys County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Humphreys County School Department  
June 30, 2014

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 97,970	\$ 155,812	\$ 253,782
Due from Other Governments	9,820	0	9,820
Total Assets	<u>\$ 107,790</u>	<u>\$ 155,812</u>	<u>\$ 263,602</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 175	\$ 175
Total Liabilities	<u>\$ 0</u>	<u>\$ 175</u>	<u>\$ 175</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 7,790	\$ 0	\$ 7,790
Restricted for Operation of Non-instructional Services	0	155,637	155,637
Assigned:			
Assigned for Education	100,000	0	100,000
Total Fund Balances	<u>\$ 107,790</u>	<u>\$ 155,637</u>	<u>\$ 263,427</u>
Total Liabilities and Fund Balances	<u>\$ 107,790</u>	<u>\$ 155,812</u>	<u>\$ 263,602</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, 2014

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 616,200	\$ 616,200
Other Local Revenues	0	24,043	24,043
State of Tennessee	0	16,138	16,138
Federal Government	1,623,732	1,057,975	2,681,707
Total Revenues	<u>\$ 1,623,732</u>	<u>\$ 1,714,356</u>	<u>\$ 3,338,088</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,332,634	\$ 0	\$ 1,332,634
Support Services	282,265	0	282,265
Operation of Non-instructional Services	0	1,746,865	1,746,865
Total Expenditures	<u>\$ 1,614,899</u>	<u>\$ 1,746,865</u>	<u>\$ 3,361,764</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 8,833</u>	<u>\$ (32,509)</u>	<u>\$ (23,676)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (9,344)	\$ 0	\$ (9,344)
Total Other Financing Sources (Uses)	<u>\$ (9,344)</u>	<u>\$ 0</u>	<u>\$ (9,344)</u>
Net Change in Fund Balances	\$ (511)	\$ (32,509)	\$ (33,020)
Fund Balance, July 1, 2013	108,301	188,146	296,447
Fund Balance, June 30, 2014	<u>\$ 107,790</u>	<u>\$ 155,637</u>	<u>\$ 263,427</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, 2014

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 5,588,870	\$ 0	\$ 5,588,870	\$ 5,528,254	\$ 5,528,254	\$ 60,616
Licenses and Permits	968	0	968	650	650	318
Charges for Current Services	60,956	0	60,956	66,400	66,400	(5,444)
Other Local Revenues	161,339	0	161,339	150,750	155,750	5,589
State of Tennessee	15,541,571	0	15,541,571	15,508,227	15,679,704	(138,133)
Federal Government	438,274	0	438,274	1,677,150	1,780,017	(1,341,743)
<b>Total Revenues</b>	<b>\$ 21,791,978</b>	<b>\$ 0</b>	<b>\$ 21,791,978</b>	<b>\$ 22,931,431</b>	<b>\$ 23,210,775</b>	<b>\$ (1,418,797)</b>
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 11,467,659	\$ 0	\$ 11,467,659	\$ 11,507,560	\$ 11,545,412	\$ 77,753
Alternative Instruction Program	85,346	0	85,346	86,600	86,600	1,254
Special Education Program	1,273,045	0	1,273,045	1,205,800	1,281,800	8,755
Vocational Education Program	893,951	0	893,951	910,000	910,000	16,049
Adult Education Program	28,528	0	28,528	30,155	30,155	1,627
<u>Support Services</u>						
Health Services	224,070	0	224,070	224,421	224,421	351
Other Student Support	459,323	0	459,323	461,460	461,460	2,137
Regular Instruction Program	743,441	0	743,441	735,133	747,134	3,693
Special Education Program	90,374	0	90,374	91,095	91,095	721
Vocational Education Program	99,705	0	99,705	99,798	99,798	93
Adult Programs	0	0	0	0	17	17
Other Programs	91,590	0	91,590	0	91,590	0
Board of Education	162,326	0	162,326	164,797	164,797	2,471
Director of Schools	162,670	0	162,670	177,082	177,082	14,412
Office of the Principal	1,407,629	0	1,407,629	1,426,100	1,427,487	19,858

(Continued)

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 (Cont.)

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Fiscal Services	\$ 108,801	\$ 0	\$ 108,801	\$ 117,918	\$ 117,918	\$ 9,117
Operation of Plant	1,565,045	0	1,565,045	1,566,500	1,566,500	1,455
Maintenance of Plant	681,999	0	681,999	709,720	722,220	40,221
Transportation	993,904	171,882	1,165,786	1,153,200	1,196,200	30,414
Central and Other	717,492	0	717,492	725,800	725,800	8,308
<u>Capital Outlay</u>						
Regular Capital Outlay	80,365	0	80,365	1,780,000	1,780,000	1,699,635
<u>Other Debt Service</u>						
Education	5,000	0	5,000	500	5,500	500
Total Expenditures	\$ 21,342,263	\$ 171,882	\$ 21,514,145	\$ 23,173,639	\$ 23,452,986	\$ 1,938,841
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 449,715	(171,882)	\$ 277,833	(242,208)	(242,211)	\$ 520,044
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 57,951	\$ 0	\$ 57,951	\$ 10,000	\$ 10,000	\$ 47,951
Transfers In	9,344	0	9,344	24,761	24,761	(15,417)
Transfers Out	0	0	0	(38,761)	(38,761)	38,761
Total Other Financing Sources	\$ 67,295	\$ 0	\$ 67,295	(4,000)	(4,000)	\$ 71,295
Net Change in Fund Balance	\$ 517,010	(171,882)	\$ 345,128	(246,208)	(246,211)	\$ 591,339
Fund Balance, July 1, 2013	1,277,866	0	1,277,866	1,532,989	1,532,989	(255,123)
Fund Balance, June 30, 2014	\$ 1,794,876	(171,882)	\$ 1,622,994	\$ 1,286,781	\$ 1,286,778	\$ 336,216

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,623,732	\$ 1,543,676	\$ 1,803,915	\$ (180,183)
Total Revenues	\$ 1,623,732	\$ 1,543,676	\$ 1,803,915	\$ (180,183)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 785,754	\$ 636,817	\$ 906,972	\$ 121,218
Special Education Program	513,037	544,264	540,552	27,515
Vocational Education Program	33,843	34,512	33,843	0
<u>Support Services</u>				
Other Student Support	5,580	4,939	5,580	0
Regular Instruction Program	175,122	201,303	200,947	25,825
Special Education Program	55,583	53,130	56,202	619
Vocational Education Program	2,104	2,076	2,104	0
Transportation	43,876	59,635	48,371	4,495
Total Expenditures	\$ 1,614,899	\$ 1,536,676	\$ 1,794,571	\$ 179,672
Excess (Deficiency) of Revenues Over Expenditures	\$ 8,833	\$ 7,000	\$ 9,344	\$ (511)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (9,344)	\$ (7,000)	\$ (9,344)	\$ 0
Total Other Financing Sources	\$ (9,344)	\$ (7,000)	\$ (9,344)	\$ 0
Net Change in Fund Balance	\$ (511)	\$ 0	\$ 0	\$ (511)
Fund Balance, July 1, 2013	108,301	0	0	108,301
Fund Balance, June 30, 2014	\$ 107,790	\$ 0	\$ 0	\$ 107,790

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 616,200	\$ 815,000	\$ 815,000	\$ (198,800)
Other Local Revenues	24,043	11,903	11,903	12,140
State of Tennessee	16,138	16,768	16,768	(630)
Federal Government	1,057,975	1,055,000	1,055,000	2,975
Total Revenues	<u>\$ 1,714,356</u>	<u>\$ 1,898,671</u>	<u>\$ 1,898,671</u>	<u>\$ (184,315)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 1,746,865	\$ 1,898,671	\$ 1,898,671	\$ 151,806
Total Expenditures	<u>\$ 1,746,865</u>	<u>\$ 1,898,671</u>	<u>\$ 1,898,671</u>	<u>\$ 151,806</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (32,509)	\$ 0	\$ 0	\$ (32,509)
Net Change in Fund Balance	\$ (32,509)	\$ 0	\$ 0	\$ (32,509)
Fund Balance, July 1, 2013	188,146	259,319	259,319	(71,173)
Fund Balance, June 30, 2014	<u>\$ 155,637</u>	<u>\$ 259,319</u>	<u>\$ 259,319</u>	<u>\$ (103,682)</u>

Exhibit J-11

Humphreys County, Tennessee  
Statement of Fiduciary Net Position  
Discretely Presented Humphreys County School Department  
Fiduciary Fund  
June 30, 2014

	<u>Private- Purpose Trust Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	<u>\$ 53,214</u>
Total Assets	<u>\$ 53,214</u>
<u>NET POSITION</u>	
Held in Trust for Scholarships	<u>\$ 53,214</u>
Total Net Position	<u>\$ 53,214</u>

Exhibit J-12

Humphreys County, Tennessee  
Statement of Changes in Fiduciary Net Position  
Discretely Presented Humphreys County School Department  
Fiduciary Fund  
For the Year Ended June 30, 2014

	<u>Private- Purpose Trust Fund</u>
<u>ADDITIONS</u>	
<u>Other Local Revenues</u>	
Investment Income	\$ 185
Total Additions	<u>\$ 185</u>
<u>DEDUCTIONS</u>	
<u>Other</u>	
Scholarships	\$ 2,000
Total Deductions	<u>\$ 2,000</u>
Change in Net Position	\$ (1,815)
Net Position, July 1, 2013	<u>55,029</u>
Net Position, June 30, 2014	<u><u>\$ 53,214</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  
For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Paid and/or Matured During Period	Outstanding 6-30-14
<b>NOTES PAYABLE</b>							
<u>Payable through General Debt Service Fund</u>							
School Roofs, Buses, Equipment, and E-911 Towers/Facilities	\$ 600,000	3.75 %	10-2-06	10-2-14	\$ 150,000	\$ 75,000	\$ 75,000
E-911 Towers	750,000	3.85	3-27-08	3-27-18	375,000	75,000	300,000
Center for Higher Learning Expansion	400,000	3.85	3-27-08	3-27-18	200,000	40,000	160,000
Total Payable through General Debt Service Fund					\$ 725,000	\$ 190,000	\$ 535,000
<u>Payable by School Department Contributions from the</u>							
<u>General Purpose School Fund to the General Debt Service Fund</u>	35,000	0	4-27-10	4-27-16	\$ 15,000	\$ 5,000	\$ 10,000
Greenhouse Capital Outlay Note 2009					\$ 15,000	\$ 5,000	\$ 10,000
Total Payable by School Department Contributions from the					\$ 740,000	\$ 195,000	\$ 545,000
General Purpose School Fund to the General Debt Service Fund							
Total Notes Payable							
<b>OTHER LOANS PAYABLE</b>							
<u>Payable through General Debt Service Fund</u>							
School	7,000,000	Variable	3-7-00	5-25-20	\$ 3,199,000	\$ 405,000	\$ 2,794,000
Jail Renovation/Road, Bridge, and Sewer Improvement/Career Center	2,200,000	Variable	10-15-03	5-25-14	235,000	235,000	0
Total Other Loans Payable					\$ 3,434,000	\$ 640,000	\$ 2,794,000
<b>BONDS PAYABLE</b>							
<u>Payable through General Debt Service Fund</u>							
Courthouse Annex, FmHA	328,500	5	7-1-76	1-1-15	\$ 36,500	\$ 18,000	\$ 18,500
Flood Control, FmHA	110,000	4.371	7-1-76	1-1-16	17,800	5,700	12,100
Total Bonds Payable					\$ 54,300	\$ 23,700	\$ 30,600

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 195,000	\$ 20,522	\$ 215,522
2016	120,000	13,319	133,319
2017	115,000	8,855	123,855
2018	115,000	4,428	119,428
Total	<u>\$ 545,000</u>	<u>\$ 47,124</u>	<u>\$ 592,124</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2015	\$ 421,000	\$ 7,823	\$ 27,248	\$ 456,071
2016	438,000	6,644	23,296	467,940
2017	456,000	5,418	19,185	480,603
2018	474,000	4,141	14,904	493,045
2019	493,000	2,814	10,454	506,268
2020	512,000	1,434	5,826	519,260
Total	<u>\$ 2,794,000</u>	<u>\$ 28,274</u>	<u>\$ 100,913</u>	<u>\$ 2,923,187</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 24,400	\$ 1,454	\$ 25,854
2016	6,200	271	6,471
Total	<u>\$ 30,600</u>	<u>\$ 1,725</u>	<u>\$ 32,325</u>

Exhibit K-3

Humphreys County, Tennessee  
Schedule of Notes Receivable  
June 30, 2014

<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 6-30-14</u>
<u>General Debt Service Fund</u>						
City of Waverly - E-911 Tower	City of Waverly	\$ 173,800	3-27-08	3-27-18	3.85%	\$ 69,520
<u>Total Notes Receivable</u>						<u>\$ 69,520</u>

Exhibit K-4

Humphreys County, Tennessee  
Schedule of Transfers  
Discretely Presented Humphreys County School Department  
For the Year Ended June 30, 2014

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 9,344
Total Transfers			<u>\$ 9,344</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, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, TCA	\$ 71,184	\$ 50,000	Auto-Owners Insurance Company
Road Supervisor	Section 8-24-102, TCA	67,795	100,000	Travelers Casualty and Surety Company of America
Director of Schools	State Board of Education and County Board of Education	91,759 (1)	50,000	"
Trustee	Section 8-24-102, TCA	61,632	810,000	Auto-Owners Insurance Company
Assessor of Property	Section 8-24-102, TCA	61,632	50,000	Travelers Casualty and Surety Company of America
County Clerk	Section 8-24-102, TCA	61,632	50,000	Auto-Owners Insurance Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	61,632	50,000	"
Clerk and Master	Section 8-24-102, TCA	61,632	75,000	Travelers Casualty and Surety Company of America
Register of Deeds	Section 8-24-102, TCA	61,632	25,000	Auto-Owners Insurance Company
Sheriff	Section 8-24-102, TCA	67,795 (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, 2014

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Highway / Public Works			
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 2,968,257	\$ 824,516	\$ 144,525	\$ 0	\$ 697,257	\$ 1,154,326	\$ 82,452	\$ 5,871,333
Trustee's Collections - Prior Year	56,899	15,806	2,866	0	17,031	22,129	1,581	116,312
Trustee's Collections - Bankruptcy	474	147	17	0	102	225	25	990
Circuit/Clerk and Master Collections - Prior Years	61,775	16,293	2,826	0	14,676	24,045	1,735	121,350
Interest and Penalty	9,041	3,433	608	0	2,051	3,536	257	18,926
Payments in-Lieu-of Taxes - T.V.A.	8,125	0	0	0	4,056	0	0	12,181
Payments in-Lieu-of Taxes - Other	1,188	0	0	0	0	0	0	1,188
<u>County Local Option Taxes</u>								
Local Option Sales Tax	822,171	0	0	0	0	0	0	822,171
Hotel/Motel Tax	102,454	0	0	0	0	0	0	102,454
Local Amusement Tax	878	0	0	0	0	0	0	878
Litigation Tax - General	91,637	0	0	0	0	0	0	91,637
Litigation Tax - Special Purpose	13,960	0	0	0	0	0	0	13,960
Litigation Tax - Jail, Workhouse, or Courthouse	45,824	0	0	0	0	0	0	45,824
Litigation Tax - Courthouse Security	4,575	0	0	0	0	0	0	4,575
Business Tax	192,373	0	0	0	0	0	0	192,373
Other County Local Option Taxes	1,354	0	0	0	0	0	0	1,354
<u>Statutory Local Taxes</u>								
Bank Excise Tax	11,357	0	0	0	0	0	0	11,357
Wholesale Beer Tax	80,033	0	0	0	0	0	0	80,033
Interstate Telecommunications Tax	1,094	0	0	0	0	0	0	1,094
Total Local Taxes	\$ 4,473,469	\$ 860,195	\$ 150,842	\$ 0	\$ 735,173	\$ 1,204,261	\$ 86,050	\$ 7,509,990

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Highway / Public Works			
<u>Licenses and Permits</u>								
<u>Permits</u>								
Beer Permits	712	0	0	0	0	0	0	712
Total Licenses and Permits	712	0	0	0	0	0	0	712
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	2,919	0	0	0	0	0	0	2,919
Officers Costs	3,251	0	0	0	0	0	0	3,251
Jail Fees	1,396	0	0	0	0	0	0	1,396
Judicial Commissioner Fees	477	0	0	0	0	0	0	477
DUI Treatment Fines	897	0	0	0	0	0	0	897
Data Entry Fee - Circuit Court	874	0	0	0	0	0	0	874
Victims Assistance Assessments	7,762	0	0	0	0	0	0	7,762
<u>Criminal Court</u>								
DUI Treatment Fines	173	0	0	0	0	0	0	173
Courtroom Security Fee	4	0	0	0	0	0	0	4
<u>General Sessions Court</u>								
Fines	10,307	0	0	0	0	0	0	10,307
Officers Costs	7,619	0	0	0	0	0	0	7,619
Game and Fish Fines	67	0	0	0	0	0	0	67
Drug Control Fines	0	0	0	30,163	0	0	0	30,163
Jail Fees	490	0	0	0	0	0	0	490
Judicial Commissioner Fees	2,072	0	0	0	0	0	0	2,072
DUI Treatment Fines	3,884	0	0	0	0	0	0	3,884
Data Entry Fee - General Sessions Court	6,284	0	0	0	0	0	0	6,284

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Highway / Public Works			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Juvenile Court</u>								
Fines	\$ 983	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	983	
Officers Costs	3,902	0	0	0	0	0	3,902	
<u>Chancery Court</u>								
Officers Costs	2,627	0	0	0	0	0	2,627	
Data Entry Fee - Chancery Court	2,228	0	0	0	0	0	2,228	
<u>Other Courts - In-county</u>								
Drug Control Fines	4,315	0	0	6,200	0	0	10,515	
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	0	70,692	0	0	70,692	
Total Fines, Forfeitures, and Penalties	\$ 62,531	\$ 0	\$ 0	\$ 107,055	\$ 0	\$ 0	\$ 169,586	
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Tipping Fees	\$ 0	\$ 14,918	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,918	
Work Release Charges for Board Fees	1,650	0	0	0	0	0	1,650	
Copy Fees	1,181	0	0	0	0	0	1,181	
Greenbelt Late Application Fee	200	0	0	0	0	0	200	
Data Processing Fee - Register	6,688	0	0	0	0	0	6,688	
Data Processing Fee - Sheriff	2,582	0	0	0	0	0	2,582	
Sexual Offender Registration Fee - Sheriff	1,100	0	0	0	0	0	1,100	
Data Processing Fee - County Clerk	3,141	0	0	0	0	0	3,141	
Total Charges for Current Services	\$ 16,542	\$ 14,918	\$ 0	\$ 0	\$ 0	\$ 0	\$ 31,460	

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Highway / Public Works			
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,261	\$ 0	\$ 21,261
Lease/Rentals	19,829	0	0	0	0	0	15,885	35,714
Sale of Materials and Supplies	0	0	0	0	3,663	0	0	3,663
Sale of Gasoline	207,329	0	0	0	116,058	0	0	323,387
Sale of Recycled Materials	0	11,891	0	0	6,638	0	0	18,529
Miscellaneous Refunds	9,539	0	1,440	0	0	0	0	10,979
<u>Nonrecurring Items</u>								
Sale of Equipment	3,692	0	0	0	0	0	0	3,692
Sale of Property	9,335	1,260	0	0	0	0	0	10,595
Damages Recovered from Individuals	0	0	0	0	500	0	0	500
Contributions and Gifts	1,005	0	0	0	0	0	0	1,005
Total Other Local Revenues	\$ 250,729	\$ 13,151	\$ 1,440	\$ 0	\$ 126,859	\$ 21,261	\$ 15,885	\$ 429,325
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 205,822	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 205,822
Circuit Court Clerk	63,927	0	0	0	0	0	0	63,927
General Sessions Court Clerk	83,912	0	0	0	0	0	0	83,912
Clerk and Master	52,256	0	0	0	0	0	0	52,256
Register	76,102	0	0	0	0	0	0	76,102
Sheriff	13,045	0	0	0	0	0	0	13,045
Trustee	403,571	0	0	0	0	0	0	403,571
Total Fees Received from County Officials	\$ 898,635	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 898,635

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Highway / Public Works			
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000
Airport Maintenance Program	7,524	0	0	0	0	0	0	7,524
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	13,200	0	0	0	0	0	0	13,200
Other Public Safety Grants	20,008	0	0	0	0	0	0	20,008
<u>Health and Welfare Grants</u>								
Health Department Programs	86,600	0	0	0	0	0	0	86,600
<u>Public Works Grants</u>								
Bridge Program	0	0	0	0	228,779	0	0	228,779
State Aid Program	0	0	0	0	329,380	0	0	329,380
Litter Program	35,000	0	0	0	0	0	0	35,000
<u>Other State Revenues</u>								
Income Tax	49,057	0	0	0	0	0	0	49,057
Resort District Sales Tax	392,885	0	0	0	0	0	0	392,885
Beer Tax	17,806	0	0	0	0	0	0	17,806
Vehicle Certificate of Title Fees	3,131	0	0	0	0	0	0	3,131
Alcoholic Beverage Tax	49,388	0	0	0	0	0	0	49,388
State Revenue Sharing - T.V.A.	1,505,955	0	0	0	0	0	0	1,505,955
Prisoner Transportation	67	0	0	0	0	0	0	67
Contracted Prisoner Boarding	104,007	0	0	0	0	0	0	104,007
Gasoline and Motor Fuel Tax	0	0	0	0	1,712,774	0	0	1,712,774
Petroleum Special Tax	0	0	0	0	13,376	0	0	13,376
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	15,164
Other State Grants	10,225	7,710	0	0	0	0	53,640	71,575
Other State Revenues	40,256	0	0	0	0	0	0	40,256
<b>Total State of Tennessee</b>	<b>\$ 2,359,273</b>	<b>\$ 7,710</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,284,309</b>	<b>\$ 0</b>	<b>\$ 53,640</b>	<b>\$ 4,704,932</b>

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Highway / Public Works			
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,566	\$ 7,566
Disaster Relief	0	0	0	0	13,288	0	0	13,288
Homeland Security Grants	2,938	0	0	0	0	0	0	2,938
Other Federal through State	29,205	0	0	0	0	0	181,263	210,468
<u>Direct Federal Revenue</u>	16,462	0	0	0	33,044	0	0	49,506
Other Direct Federal Revenue	48,605	0	0	0	46,332	0	188,829	283,766
Total Federal Government	\$ 82,444,278	\$ 895,974	\$ 152,282	\$ 107,055	\$ 3,192,673	\$ 1,234,544	\$ 509,404	\$ 14,336,210
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contributions	\$ 109,531	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,000	\$ 165,000	\$ 279,531
Other	24,251	0	0	0	0	4,022	0	28,273
Total Other Governments and Citizens Groups	\$ 133,782	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,022	\$ 165,000	\$ 307,804
Total	\$ 8,244,278	\$ 895,974	\$ 152,282	\$ 107,055	\$ 3,192,673	\$ 1,234,544	\$ 509,404	\$ 14,336,210

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, 2014

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria		
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,126,778	\$ 0	\$ 0	\$ 0	3,126,778
Trustee's Collections - Prior Year	66,453	0	0	0	66,453
Trustee's Collections - Bankruptcy	591	0	0	0	591
Circuit/Clerk and Master Collections - Prior Years	61,782	0	0	0	61,782
Interest and Penalty	13,079	0	0	0	13,079
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,318,298	0	0	0	2,318,298
Statutory Local Taxes					
Interstate Telecommunications Tax	1,889	0	0	0	1,889
Total Local Taxes	\$ 5,588,870	\$ 0	\$ 0	\$ 0	5,588,870
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	586	0	0	0	586
<u>Permits</u>					
Other Permits	382	0	0	0	382
Total Licenses and Permits	\$ 968	\$ 0	\$ 0	\$ 0	968
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	1,700	0	0	0	1,700
Tuition - Summer School	5,850	0	0	0	5,850
Tuition - Other	9,622	0	0	0	9,622
Lunch Payments - Children	0	0	347,207	0	347,207

(Continued)

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

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria		
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Lunch Payments - Adults	\$ 0	\$ 0	\$ 56,206	\$	56,206
Income from Breakfast	0	0	19,127		19,127
A la carte Sales	0	0	191,117		191,117
Receipts from Individual Schools	43,784	0	0		43,784
<u>Other Charges for Services</u>	0	0	2,543		2,543
Other Charges for Services	\$ 60,956	\$ 0	\$ 616,200	\$	677,156
Total Charges for Current Services					
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 62	\$	62
Lease/Rentals	3,650	0	0		3,650
Sale of Materials and Supplies	5,000	0	0		5,000
Sale of Recycled Materials	1,220	0	0		1,220
E-Rate Funding	9,039	0	0		9,039
Miscellaneous Refunds	86,789	0	23,981		110,770
<u>Nonrecurring Items</u>					
Sale of Equipment	51,020	0	0		51,020
Damages Recovered from Individuals	571	0	0		571
Contributions and Gifts	4,050	0	0		4,050
Total Other Local Revenues	\$ 161,339	\$ 0	\$ 24,043	\$	185,382

(Continued)

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

	Special Revenue Funds					Total
	General Purpose School	School Federal Projects	Central Cafeteria			
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-behalf Contributions for OPEB	\$ 91,590	\$ 0	\$ 0	\$ 0	\$ 0	91,590
<u>State Education Funds</u>						
Basic Education Program	14,366,513	0	0	0	0	14,366,513
Early Childhood Education	767,643	0	0	0	0	767,643
School Food Service	0	0	16,138	0	0	16,138
Energy Efficient School Initiative	10,280	0	0	0	0	10,280
Driver Education	5,070	0	0	0	0	5,070
Other State Education Funds	112,465	0	0	0	0	112,465
Statewide Student Management System (SSMS)	8,003	0	0	0	0	8,003
Career Ladder Program	126,250	0	0	0	0	126,250
Career Ladder - Extended Contract	35,170	0	0	0	0	35,170
<u>Other State Revenues</u>						
Other State Grants	1,387	0	0	0	0	1,387
Safe Schools	17,200	0	0	0	0	17,200
Total State of Tennessee	\$ 15,541,571	\$ 0	\$ 16,138	\$ 0	\$ 0	15,557,709
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	0	0	745,498	0	0	745,498
Breakfast	0	0	219,791	0	0	219,791
USDA - Other	0	0	92,686	0	0	92,686
Vocational Education - Basic Grants to States	0	41,527	0	0	0	41,527
Title I Grants to Local Education Agencies	0	701,023	0	0	0	701,023
Special Education - Grants to States	64,866	575,799	0	0	0	640,665

(Continued)

Exhibit K-7

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

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria		
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Special Education Preschool Grants	\$ 10,565	\$ 36,698	\$ 0	\$ 0	47,263
Safe and Drug-free Schools - State Grants	132,253	0	0	0	132,253
Rural Education	0	106,969	0	0	106,969
Eisenhower Professional Development State Grants	0	112,056	0	0	112,056
Disaster Relief	230,590	0	0	0	230,590
Race-to-the-Top - ARRA	0	49,660	0	0	49,660
Total Federal Government	\$ 438,274	\$ 1,623,732	\$ 1,057,975	\$ 0	\$ 3,119,981
Total	\$ 21,791,978	\$ 1,623,732	\$ 1,714,356	\$ 0	\$ 25,130,066

Exhibit K-8

Humphreys County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2014

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	25,050	
Audit Services		5,561	
Contracts with Government Agencies		46,642	
Contracts with Private Agencies		2,399	
Data Processing Services		249	
Dues and Memberships		7,184	
Tax Relief Program		12,993	
Other Charges		8,250	
Total County Commission			\$ 108,328

Board of Equalization

Board and Committee Members Fees	\$	590	
Total Board of Equalization			590

Beer Board

Board and Committee Members Fees	\$	270	
Total Beer Board			270

County Mayor/Executive

County Official/Administrative Officer	\$	71,184	
Secretary(ies)		68,730	
Part-time Personnel		13,913	
Other Salaries and Wages		1,172	
Communication		4,337	
Operating Lease Payments		4,495	
Maintenance Agreements		14,828	
Postal Charges		2,669	
Travel		6,077	
Duplicating Supplies		1,000	
Gasoline		2,294	
Office Supplies		2,116	
Other Supplies and Materials		1,000	
Other Charges		871	
Total County Mayor/Executive			194,686

County Attorney

Legal Services	\$	42,568	
Total County Attorney			42,568

Election Commission

County Official/Administrative Officer	\$	55,468	
Secretary(ies)		57,200	
Election Commission		1,400	
Communication		2,346	
Data Processing Services		5,904	
Dues and Memberships		200	
Operating Lease Payments		1,958	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Maintenance and Repair Services - Office Equipment	\$	1,099	
Postal Charges		256	
Printing, Stationery, and Forms		10,483	
Office Supplies		2,473	
Data Processing Equipment		1,540	
Total Election Commission			\$ 140,327

Register of Deeds

County Official/Administrative Officer	\$	61,632	
Secretary(ies)		63,974	
Communication		2,196	
Dues and Memberships		522	
Operating Lease Payments		1,249	
Postal Charges		600	
Other Contracted Services		6,519	
Duplicating Supplies		2,480	
Office Supplies		807	
Other Charges		25	
Total Register of Deeds			140,004

Development

Contracts with Government Agencies	\$	10,175	
Total Development			10,175

County Buildings

Custodial Personnel	\$	39,118	
Communication		1,792	
Maintenance Agreements		25,838	
Maintenance and Repair Services - Buildings		4,250	
Maintenance and Repair Services - Vehicles		1,875	
Pest Control		882	
Custodial Supplies		7,262	
Electricity		110,078	
Natural Gas		21,551	
Water and Sewer		16,429	
Building Improvements		1,450	
Total County Buildings			230,525

Other General Administration

Communication	\$	1,095	
Total Other General Administration			1,095

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	61,632	
Secretary(ies)		92,574	
Communication		2,118	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Data Processing Services	\$	4,167	
Dues and Memberships		2,348	
Operating Lease Payments		2,591	
Postal Charges		322	
Other Contracted Services		11,515	
Office Supplies		821	
Other Charges		172	
Data Processing Equipment		1,300	
Total Property Assessor's Office			\$ 179,560

Reappraisal Program

Data Processing Services	\$	2,251	
Postal Charges		759	
Gasoline		581	
Motor Vehicles		1,471	
Total Reappraisal Program			5,062

County Trustee's Office

County Official/Administrative Officer	\$	61,632	
Secretary(ies)		63,974	
Communication		1,730	
Data Processing Services		4,072	
Dues and Memberships		417	
Operating Lease Payments		1,236	
Legal Notices, Recording, and Court Costs		374	
Maintenance Agreements		7,124	
Postal Charges		4,576	
Printing, Stationery, and Forms		476	
Office Supplies		2,257	
Other Charges		6,444	
Total County Trustee's Office			154,312

County Clerk's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		121,174	
Communication		2,999	
Dues and Memberships		507	
Operating Lease Payments		2,095	
Maintenance Agreements		11,526	
Postal Charges		5,473	
Office Supplies		4,931	
Data Processing Equipment		5,392	
Total County Clerk's Office			215,729

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,632	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Secretary(ies)	\$	121,174	
Jury and Witness Expense		7,029	
Communication		2,613	
Dues and Memberships		467	
Operating Lease Payments		2,939	
Maintenance Agreements		10,333	
Postal Charges		4,172	
Printing, Stationery, and Forms		2,069	
Data Processing Supplies		327	
Office Supplies		2,494	
Access Fees		7,762	
Data Processing Equipment		1,942	
Total Circuit Court			\$ 224,953

General Sessions Court

Judge(s)	\$	81,847	
Travel		868	
Other Charges		47	
Total General Sessions Court			82,762

Chancery Court

County Official/Administrative Officer	\$	61,632	
Secretary(ies)		63,974	
Communication		2,612	
Dues and Memberships		467	
Operating Lease Payments		2,493	
Maintenance Agreements		6,892	
Postal Charges		3,475	
Printing, Stationery, and Forms		3,620	
Data Processing Supplies		1,528	
Office Supplies		4,090	
Other Charges		40	
Data Processing Equipment		5,514	
Total Chancery Court			156,337

Juvenile Court

Judge(s)	\$	81,847	
Youth Service Officer(s)		31,610	
Communication		2,439	
Other Contracted Services		1,003	
Office Supplies		745	
Other Charges		726	
Total Juvenile Court			118,370

District Attorney General

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

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners

Other Salaries and Wages	\$ 31,681	
Total Judicial Commissioners		\$ 31,681

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 67,795	
Deputy(ies)	591,160	
Accountants/Bookkeepers	70,748	
Salary Supplements	11,400	
School Resource Officer	82,233	
Overtime Pay	66,366	
Other Salaries and Wages	52,437	
In-Service Training	3,549	
Communication	12,881	
Data Processing Services	8,221	
Dues and Memberships	1,500	
Maintenance Agreements	6,984	
Maintenance and Repair Services - Vehicles	36,135	
Postal Charges	5,786	
Gasoline	125,528	
Office Supplies	6,814	
Uniforms	9,434	
Other Charges	2,816	
Data Processing Equipment	3,236	
Law Enforcement Equipment	37,595	
Motor Vehicles	19,652	
Total Sheriff's Department		1,222,270

Jail

Cafeteria Personnel	\$ 27,934	
Maintenance Agreements	14,862	
Maintenance and Repair Services - Buildings	12,366	
Medical and Dental Services	94,950	
Transportation - Other than Students	2,059	
Custodial Supplies	8,666	
Food Preparation Supplies	80	
Food Supplies	94,415	
Office Supplies	3,637	
Other Charges	2,108	
Total Jail		261,077

Workhouse

Guards	\$ 311,775	
Overtime Pay	28,277	
Small Tools	281	
Uniforms	1,588	
Total Workhouse		341,921

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Work Release Program

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

Fire Prevention and Control

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

Inspection and Regulation

County Official/Administrative Officer	\$ 34,030	
Part-time Personnel	8,306	
Communication	1,206	
Postal Charges	92	
Gasoline	4,766	
Vehicle Parts	4,470	
Other Supplies and Materials	5,829	
Other Equipment	14,186	
Total Inspection and Regulation		72,885

County Coroner/Medical Examiner

County Official/Administrative Officer	\$ 900	
Specialized Medical Treatment	18,720	
Other Charges	1,570	
Total County Coroner/Medical Examiner		21,190

Other Public Safety

Dispatchers/Radio Operators	\$ 136,942	
Total Other Public Safety		136,942

Public Health and Welfare

Local Health Center

Communication	\$ 3,442	
Contracts with Government Agencies	60,152	
Medical and Dental Services	470	
Drug Treatment	5,420	
Other Supplies and Materials	2,501	
Total Local Health Center		71,985

Ambulance/Emergency Medical Services

Contracts with Private Agencies	\$ 258,750	
Total Ambulance/Emergency Medical Services		258,750

Alcohol and Drug Programs

Other Charges	\$ 6,288	
Total Alcohol and Drug Programs		6,288

Other Local Health Services

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

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information

Supervisor/Director	\$	12,122	
Part-time Personnel		1,266	
Communication		2,003	
Other Contracted Services		245	
Gasoline		1,790	
Instructional Supplies and Materials		7,304	
Motor Vehicles		5,105	
Total Sanitation Education/Information			\$ 29,835

Other Public Health and Welfare

Other Salaries and Wages	\$	58,505	
Travel		1,086	
Total Other Public Health and Welfare			59,591

Social, Cultural, and Recreational Services

Libraries

Supervisor/Director	\$	37,119	
Clerical Personnel		57,200	
Part-time Personnel		35,622	
Communication		1,882	
Maintenance Agreements		1,755	
Postal Charges		1,200	
Printing, Stationery, and Forms		275	
Library Books/Media		18,453	
Periodicals		374	
Other Supplies and Materials		5,940	
Indirect Cost		490	
Other Charges		981	
Data Processing Equipment		8,979	
Total Libraries			170,270

Agriculture and Natural Resources

Agriculture Extension Service

Contributions	\$	81,781	
Total Agriculture Extension Service			81,781

Soil Conservation

Assistant(s)	\$	24,115	
Secretary(ies)		26,098	
Part-time Personnel		1,857	
Other Salaries and Wages		26,997	
Dues and Memberships		985	
Gasoline		2,400	
Office Supplies		846	
Vehicle Parts		1,750	
Other Supplies and Materials		4,660	
Office Equipment		420	
Total Soil Conservation			90,128

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations

Tourism

Advertising	\$	19,286	
Contributions		25,000	
Dues and Memberships		3,586	
Travel		7,502	
Other Contracted Services		78,000	
Other Supplies and Materials		1,254	
Other Charges		13,378	
Total Tourism			\$ 148,006

Airport

Supervisor/Director	\$	30,811	
Part-time Personnel		802	
Communication		3,052	
Maintenance and Repair Services - Buildings		15,181	
Gasoline		159,402	
Office Supplies		108	
Utilities		13,259	
Other Charges		18,613	
Total Airport			241,228

Veterans' Services

Supervisor/Director	\$	10,001	
Communication		1,332	
Other Charges		479	
Total Veterans' Services			11,812

Other Charges

Liability Insurance	\$	428,824	
Premiums on Corporate Surety Bonds		367	
Trustee's Commission		186,033	
Workers' Compensation Insurance		243,285	
Total Other Charges			858,509

Contributions to Other Agencies

Contributions	\$	66,362	
Total Contributions to Other Agencies			66,362

Employee Benefits

Social Security	\$	193,160	
State Retirement		231,212	
Life Insurance		10,828	
Medical Insurance		598,055	
Unemployment Compensation		1,256	
Employer Medicare		45,224	
Total Employee Benefits			1,079,735

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Capital Projects

Public Safety Projects

Architects	\$	3,200	
Building Construction		265,306	
Total Public Safety Projects			\$ 268,506

Total General Fund \$ 7,569,555

Solid Waste/Sanitation Fund

Public Health and Welfare

Landfill Operation and Maintenance

Supervisor/Director	\$	68,875	
Laborers		217,986	
Communication		9,818	
Maintenance and Repair Services - Equipment		23,599	
Disposal Fees		177,452	
Diesel Fuel		42,069	
Fertilizer, Lime, and Seed		292	
Office Supplies		561	
Tires and Tubes		9,736	
Other Supplies and Materials		5,820	
Other Charges		4,495	
Solid Waste Equipment		29,291	
Total Landfill Operation and Maintenance			\$ 589,994

Other Operations

Other Charges

Trustee's Commission	\$	17,295	
Total Other Charges			17,295

Employee Benefits

Social Security	\$	17,785	
State Retirement		8,401	
Life Insurance		299	
Medical Insurance		24,550	
Employer Medicare		4,160	
Total Employee Benefits			55,195

Total Solid Waste/Sanitation Fund 662,484

Local Purpose Tax Fund

Public Safety

Fire Prevention and Control

Equipment Operators	\$	56,143	
In-Service Training		1,095	
Communication		4,437	
Maintenance and Repair Services - Buildings		2,415	
Maintenance and Repair Services - Equipment		3,598	
Maintenance and Repair Services - Vehicles		15,540	

(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.)

Other Contracted Services	\$	4,800	
Diesel Fuel		7,228	
Electricity		3,016	
Gasoline		9,629	
Natural Gas		7,419	
Tires and Tubes		1,468	
Water and Sewer		559	
Liability Insurance		52,072	
Trustee's Commission		3,010	
Other Charges		6,902	
Communication Equipment		675	
Total Fire Prevention and Control			\$ 180,006

Total Local Purpose Tax Fund \$ 180,006

Drug Control Fund

Public Safety

Drug Enforcement

Deputy(ies)	\$	71,219	
Salary Supplements		1,200	
Overtime Pay		8,489	
In-Service Training		1,600	
Communication		1,778	
Instructional Supplies and Materials		9,251	
Trustee's Commission		1,481	
Law Enforcement Equipment		170,070	
Total Drug Enforcement			\$ 265,088

Other Operations

Employee Benefits

Social Security	\$	4,942	
State Retirement		6,504	
Life Insurance		206	
Medical Insurance		15,322	
Employer Medicare		1,156	
Total Employee Benefits			28,130

Total Drug Control Fund 293,218

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,795	
Accountants/Bookkeepers		55,310	
Clerical Personnel		28,080	
Advertising		175	
Communication		4,098	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Data Processing Services	\$	4,933	
Dues and Memberships		2,667	
Maintenance and Repair Services - Office Equipment		85	
Pest Control		132	
Postal Charges		490	
Travel		189	
Custodial Supplies		905	
Electricity		4,988	
Natural Gas		4,568	
Office Supplies		2,796	
Water and Sewer		1,287	
Other Charges		289	
Total Administration			\$ 178,787

Highway and Bridge Maintenance

Foremen	\$	92,949	
Equipment Operators		165,573	
Truck Drivers		243,580	
Laborers		165,469	
Other Contracted Services		11,820	
Asphalt - Cold Mix		345,497	
Concrete		4,371	
Crushed Stone		199,635	
Pipe - Metal		48,800	
Road Signs		5,053	
Wood Products		7,020	
Other Supplies and Materials		1,313	
Total Highway and Bridge Maintenance			1,291,080

Operation and Maintenance of Equipment

Foremen	\$	30,039	
Mechanic(s)		30,190	
Diesel Fuel		169,598	
Equipment and Machinery Parts		156,011	
Garage Supplies		7,479	
Gasoline		129,358	
Lubricants		11,957	
Tires and Tubes		45,218	
Other Supplies and Materials		14,377	
Total Operation and Maintenance of Equipment			594,227

Other Charges

Medical and Dental Services	\$	1,820	
Trustee's Commission		31,794	
Total Other Charges			33,614

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Social Security	\$	67,736	
State Retirement		70,612	
Medical Insurance		224,703	
Unemployment Compensation		2,176	
Total Employee Benefits			\$ 365,227

Capital Outlay

Engineering Services	\$	32,284	
Bridge Construction		197,298	
Building Improvements		2,083	
Motor Vehicles		30,200	
Office Equipment		3,294	
State Aid Projects		425,516	
Other Equipment		89,000	
Total Capital Outlay			779,675

Total Highway/Public Works Fund \$ 3,242,610

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	23,700	
Principal on Notes		97,500	
Principal on Other Loans		235,000	
Total General Government			\$ 356,200

Education

Principal on Notes	\$	97,500	
Principal on Other Loans		405,000	
Total Education			502,500

Interest on Debt

General Government

Interest on Bonds	\$	2,585	
Interest on Notes		16,070	
Interest on Other Loans		519	
Total General Government			19,174

Education

Interest on Notes	\$	11,600	
Interest on Other Loans		8,181	
Total Education			19,781

Other Debt Service

General Government

Trustee's Commission	\$	24,200	
Other Debt Issuance Charges		3,732	
Total General Government			27,932

(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)

Other Debt Service (Cont.)

Education

Other Debt Issuance Charges	\$ 42,068	
Total Education		\$ 42,068

Total General Debt Service Fund \$ 967,655

General Capital Projects Fund

Capital Projects

General Administration Projects

Trustee's Commission	\$ 1,873	
Other Capital Outlay	4,650	
Total General Administration Projects		\$ 6,523

Public Safety Projects

Airport Improvement	\$ 134,811	
Maintenance Equipment	73,640	
Total Public Safety Projects		208,451

Public Utility Projects

Consultants	\$ 3,000	
Engineering Services	52,500	
Evaluation and Testing	2,500	
Other Contracted Services	3,000	
Other Charges	104	
Total Public Utility Projects		61,104

Other General Government Projects

Other Charges	\$ 25,914	
Building Improvements	1,000	
Total Other General Government Projects		26,914

Highway and Street Capital Projects

Motor Vehicles	\$ 100,000	
Right-of-Way	125,000	
Total Highway and Street Capital Projects		225,000

Total General Capital Projects Fund 527,992

Other Capital Projects Fund

Capital Projects

Agriculture and Natural Resource Projects

Other Charges	\$ 4,150	
Total Agriculture and Natural Resource Projects		\$ 4,150

Total Other Capital Projects Fund 4,150

Total Governmental Funds - Primary Government \$ 13,447,670

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, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	7,602,057	
Career Ladder Program		108,115	
Career Ladder Extended Contracts		76,045	
Educational Assistants		562,528	
Other Salaries and Wages		61,451	
Certified Substitute Teachers		31,689	
Non-certified Substitute Teachers		111,860	
Social Security		484,197	
State Retirement		720,847	
Medical Insurance		1,193,826	
Dental Insurance		7,014	
Unemployment Compensation		1,617	
Employer Medicare		115,921	
Communication		410	
Maintenance and Repair Services - Equipment		8,747	
Travel		2,460	
Other Contracted Services		10,873	
Instructional Supplies and Materials		77,943	
Textbooks		160,000	
Other Supplies and Materials		9,998	
In Service/Staff Development		7	
Fee Waivers		40,672	
Other Charges		59,382	
Regular Instruction Equipment		20,000	
Total Regular Instruction Program			\$ 11,467,659

Alternative Instruction Program

Teachers	\$	50,815	
Educational Assistants		12,934	
Social Security		3,634	
State Retirement		5,568	
Medical Insurance		11,369	
Dental Insurance		29	
Unemployment Compensation		49	
Employer Medicare		850	
Travel		98	
Total Alternative Instruction Program			85,346

Special Education Program

Teachers	\$	689,250	
Educational Assistants		142,962	
Speech Pathologist		79,973	
Other Salaries and Wages		63,382	
Certified Substitute Teachers		112	
Non-certified Substitute Teachers		6,850	
Social Security		56,552	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

State Retirement	\$	80,016	
Medical Insurance		139,339	
Dental Insurance		880	
Unemployment Compensation		384	
Employer Medicare		13,230	
Other Charges		115	
Total Special Education Program			\$ 1,273,045

Vocational Education Program

Teachers	\$	626,996	
Certified Substitute Teachers		207	
Non-certified Substitute Teachers		9,648	
Social Security		36,401	
State Retirement		55,390	
Medical Insurance		109,789	
Dental Insurance		579	
Unemployment Compensation		307	
Employer Medicare		8,513	
Travel		2,360	
Other Contracted Services		1,527	
Instructional Supplies and Materials		20,627	
Textbooks		9,837	
Regular Instruction Equipment		11,770	
Total Vocational Education Program			893,951

Adult Education Program

Teachers	\$	19,426	
Social Security		872	
State Retirement		1,494	
Medical Insurance		6,516	
Unemployment Compensation		16	
Employer Medicare		204	
Total Adult Education Program			28,528

Support Services

Health Services

Supervisor/Director	\$	60,283	
Medical Personnel		74,201	
Other Salaries and Wages		24,544	
Social Security		9,336	
State Retirement		12,170	
Medical Insurance		19,961	
Dental Insurance		74	
Unemployment Compensation		104	
Employer Medicare		2,183	
Communication		318	

(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.)

Medical and Dental Services	\$	4,689	
Postal Charges		147	
Printing, Stationery, and Forms		899	
Travel		3,506	
Other Supplies and Materials		11,655	
Total Health Services			\$ 224,070

Other Student Support

Guidance Personnel	\$	340,696	
Social Security		19,424	
State Retirement		30,254	
Medical Insurance		59,899	
Dental Insurance		453	
Unemployment Compensation		113	
Employer Medicare		4,543	
Evaluation and Testing		3,941	
Total Other Student Support			459,323

Regular Instruction Program

Supervisor/Director	\$	202,332	
Librarians		251,279	
Materials Supervisor		25,429	
Secretary(ies)		3,000	
Social Security		24,491	
State Retirement		36,865	
Medical Insurance		45,333	
Dental Insurance		370	
Unemployment Compensation		201	
Employer Medicare		6,618	
Travel		5,362	
Other Contracted Services		109,845	
Library Books/Media		31,505	
In Service/Staff Development		811	
Total Regular Instruction Program			743,441

Special Education Program

Supervisor/Director	\$	53,374	
Social Security		3,309	
State Retirement		4,740	
Unemployment Compensation		16	
Employer Medicare		774	
Other Contracted Services		28,161	
Total Special Education Program			90,374

Vocational Education Program

Supervisor/Director	\$	60,496	
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(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Secretary(ies)	\$	24,686	
Social Security		5,018	
State Retirement		7,375	
Dental Insurance		153	
Unemployment Compensation		32	
Employer Medicare		1,174	
Travel		771	
Total Vocational Education Program			\$ 99,705

Other Programs

On-behalf Payments to OPEB	\$	91,590	
Total Other Programs			91,590

Board of Education

Other Salaries and Wages	\$	9,600	
Social Security		572	
Dental Insurance		48	
Employer Medicare		134	
Audit Services		12,180	
Dues and Memberships		8,805	
Legal Services		6,350	
Travel		2,635	
Trustee's Commission		122,002	
Total Board of Education			162,326

Director of Schools

County Official/Administrative Officer	\$	90,759	
Secretary(ies)		175	
Social Security		5,428	
State Retirement		8,074	
Medical Insurance		5,394	
Dental Insurance		48	
Unemployment Compensation		16	
Employer Medicare		1,269	
Communication		28,049	
Dues and Memberships		2,500	
Postal Charges		2,324	
Travel		845	
Other Contracted Services		5,926	
Office Supplies		8,998	
Other Supplies and Materials		110	
Other Charges		2,755	
Total Director of Schools			162,670

Office of the Principal

Assistant(s)	\$	345,410	
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(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Principals	\$	428,488	
Secretary(ies)		208,371	
Social Security		56,376	
State Retirement		82,922	
Medical Insurance		104,677	
Dental Insurance		875	
Unemployment Compensation		458	
Employer Medicare		13,319	
Office Supplies		13,696	
Other Supplies and Materials		151,650	
Other Charges		1,387	
Total Office of the Principal			\$ 1,407,629

Fiscal Services

Accountants/Bookkeepers	\$	31,700	
Secretary(ies)		60,039	
Social Security		4,701	
State Retirement		5,584	
Medical Insurance		2,523	
Dental Insurance		20	
Unemployment Compensation		46	
Employer Medicare		1,260	
Travel		1,797	
Other Supplies and Materials		1,131	
Total Fiscal Services			108,801

Operation of Plant

Supervisor/Director	\$	39,133	
Custodial Personnel		469,496	
Social Security		27,712	
State Retirement		32,339	
Medical Insurance		75,991	
Dental Insurance		424	
Unemployment Compensation		460	
Employer Medicare		6,672	
Disposal Fees		57,426	
Custodial Supplies		39,821	
Electricity		612,616	
Natural Gas		149,205	
Water and Sewer		53,068	
Other Charges		682	
Total Operation of Plant			1,565,045

Maintenance of Plant

Other Salaries and Wages	\$	257,698	
Social Security		14,449	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

State Retirement	\$	16,236	
Medical Insurance		26,712	
Dental Insurance		108	
Unemployment Compensation		152	
Employer Medicare		3,570	
Maintenance and Repair Services - Buildings		46,955	
Maintenance and Repair Services - Equipment		20,627	
Other Contracted Services		136,694	
Gasoline		4,560	
Other Supplies and Materials		133,009	
Other Charges		720	
Maintenance Equipment		20,509	
Total Maintenance of Plant			\$ 681,999

Transportation

Supervisor/Director	\$	40,503	
Mechanic(s)		88,727	
Bus Drivers		340,288	
Clerical Personnel		27,503	
Social Security		28,968	
State Retirement		16,772	
Medical Insurance		59,241	
Dental Insurance		194	
Unemployment Compensation		609	
Employer Medicare		6,778	
Maintenance and Repair Services - Vehicles		4,765	
Medical and Dental Services		3,064	
Equipment and Machinery Parts		731	
Gasoline		249,157	
Lubricants		9,389	
Tires and Tubes		38,692	
Vehicle Parts		53,897	
Other Charges		14,776	
Transportation Equipment		9,850	
Total Transportation			993,904

Central and Other

Supervisor/Director	\$	51,958	
Other Salaries and Wages		211,334	
Social Security		14,053	
State Retirement		19,285	
Medical Insurance		18,631	
Dental Insurance		96	
Unemployment Compensation		106	
Employer Medicare		3,466	
Consultants		4,000	

(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.)

Maintenance and Repair Services - Equipment	\$	1,362	
Other Contracted Services		1,261	
Instructional Supplies and Materials		61,959	
Data Processing Equipment		10,715	
Regular Instruction Equipment		319,266	
Total Central and Other			\$ 717,492

Capital Outlay

Regular Capital Outlay

Maintenance and Repair Services - Buildings	\$	5,000	
Other Contracted Services		75,365	
Total Regular Capital Outlay			80,365

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	5,000	
Total Education			5,000

Total General Purpose School Fund \$ 21,342,263

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	335,567	
Educational Assistants		43,819	
Other Salaries and Wages		89,203	
Certified Substitute Teachers		1,363	
Non-certified Substitute Teachers		3,179	
Social Security		25,806	
State Retirement		38,882	
Medical Insurance		51,115	
Dental Insurance		386	
Unemployment Compensation		239	
Employer Medicare		6,404	
Maintenance and Repair Services - Equipment		30	
Other Contracted Services		3,664	
Instructional Supplies and Materials		23,519	
Other Charges		1,694	
Regular Instruction Equipment		160,884	
Total Regular Instruction Program			\$ 785,754

Special Education Program

Educational Assistants	\$	371,259	
Certified Substitute Teachers		836	
Non-certified Substitute Teachers		9,135	
Social Security		21,719	

(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.)

Special Education Program (Cont.)

State Retirement	\$	26,741	
Medical Insurance		35,498	
Dental Insurance		294	
Unemployment Compensation		377	
Employer Medicare		5,094	
Evaluation and Testing		784	
Other Contracted Services		21,964	
Instructional Supplies and Materials		6,495	
Other Supplies and Materials		886	
Special Education Equipment		11,955	
Total Special Education Program			\$ 513,037

Vocational Education Program

Clerical Personnel	\$	1,600	
Educational Assistants		18,874	
Social Security		1,278	
State Retirement		1,682	
Employer Medicare		299	
Vocational Instruction Equipment		10,110	
Total Vocational Education Program			33,843

Support Services

Other Student Support

Travel	\$	5,580	
Total Other Student Support			5,580

Regular Instruction Program

Supervisor/Director	\$	76,029	
Secretary(ies)		26,437	
Social Security		5,712	
State Retirement		8,953	
Medical Insurance		11,177	
Dental Insurance		46	
Employer Medicare		1,364	
Travel		4,165	
In Service/Staff Development		41,239	
Total Regular Instruction Program			175,122

Special Education Program

Secretary(ies)	\$	45,473	
Social Security		2,780	
State Retirement		3,711	
Unemployment Compensation		30	
Employer Medicare		650	
Travel		65	
In Service/Staff Development		2,874	
Total Special Education Program			55,583

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Vocational Education Program

Supervisor/Director	\$	1,806	
Social Security		112	
State Retirement		160	
Employer Medicare		26	
Total Vocational Education Program			\$ 2,104

Transportation

Bus Drivers	\$	38,851	
Social Security		2,382	
State Retirement		2,040	
Unemployment Compensation		46	
Employer Medicare		557	
Total Transportation			\$ 43,876

Total School Federal Projects Fund \$ 1,614,899

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	53,830	
Clerical Personnel		29,520	
Cafeteria Personnel		305,447	
Custodial Personnel		60,440	
Other Salaries and Wages		192,330	
Social Security		36,639	
State Retirement		32,376	
Medical Insurance		66,550	
Dental Insurance		356	
Unemployment Compensation		680	
Employer Medicare		8,554	
Communication		2,495	
Maintenance and Repair Services - Equipment		15,875	
Travel		2,058	
Other Contracted Services		3,175	
Food Supplies		840,465	
Office Supplies		2,539	
Other Supplies and Materials		81,378	
In Service/Staff Development		6,307	
Food Service Equipment		5,851	
Total Food Service			\$ 1,746,865

Total Central Cafeteria Fund 1,746,865

Total Governmental Funds - Humphreys County School Department \$ 24,704,027

Humphreys County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2014

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,501,558
Total Cash Receipts	<u>\$ 1,501,558</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,486,542
Trustee's Commission	15,016
Total Cash Disbursements	<u>\$ 1,501,558</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2013	<u>0</u>
 Cash Balance, June 30, 2014	<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***

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2014, and the related notes to the financial statements, which collectively comprise Humphreys County's basic financial statements, and have issued our report thereon dated November 17, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Humphreys County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Humphreys County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 a 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 deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 2014-005.

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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2014-001, 2014-002, and 2014-003.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Humphreys County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2014-004.

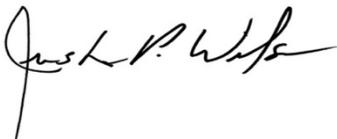
### **Humphreys County's Responses to Findings**

Humphreys County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Humphreys County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Humphreys County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

November 17, 2014

JPW/kp



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 for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Humphreys County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Humphreys County's major federal programs for the year ended June 30, 2014. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Humphreys County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Humphreys County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Humphreys County complied, in all material respects, with the types of compliance 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, 2014.

### **Report on Internal Control Over Compliance**

Management of Humphreys County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Humphreys County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Humphreys County's internal control over compliance.

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we

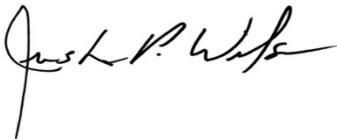
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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, 2014, and the related notes to the financial statements, which collectively comprise Humphreys County's basic financial statements. We issued our report thereon dated November 17, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

November 17, 2014

JPW/kp

Humphreys County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2014

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	\$ 219,791
National School Lunch Program	10.555	N/A	838,184
Direct Program:			
Environmental Quality Incentives Program	10.912	N/A	9,000
Emergency Watershed Protection Program, Recovery Act	10.923	N/A	33,044
Total U.S. Department of Agriculture			\$ 1,100,019
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program	12.UNKNOWN	N/A	\$ 186,152
Total U.S. Department of Defense			\$ 186,152
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	33004-20614	\$ 7,566
Total U.S. Department of Housing and Urban Development			\$ 7,566
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	31601-23613	\$ 225
Total U.S. Department of Justice			\$ 225
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	AERO-13-192-00	\$ 181,278
Alcohol Open Container Requirements	20.607	(2)	20,008
Total U.S. Department of Transportation			\$ 201,286
U.S. Institute of Museum and Library Services			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	30504-0014-57	\$ 1,400
Total U.S. Institute of Museum and Library Services			\$ 1,400
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 703,523
Special Education Cluster:			
Special Education - Grants to States	84.027	(3)	655,294
Special Education - Preschool Grants	84.173	N/A	32,634
Career and Technical Education - Basic Grants to States	84.048	N/A	41,527
Twenty-first Century Community Learning Centers	84.287	(3)	132,253
Rural Education	84.358	N/A	104,501
Improving Teacher Quality State Grants	84.367	N/A	119,384
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	42,810
Total U.S. Department of Education			\$ 1,831,926
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	30510-00113-43	\$ 1,540
Total U.S. Election Assistance Commission			\$ 1,540

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(4)	\$ 243,878
Emergency Management Performance Grants	97.042	34101-05914	26,250
Homeland Security Grant Program	97.067	(5)	2,938
Total U.S. Department of Homeland Security			\$ 273,066
Total Expenditures of Federal Awards			\$ 3,603,180

State Grants		Contract Number	Expenditures
Juvenile Justice State Supplement - State Commission on Children and Youth	N/A	31601-8431	\$ 9,000
Airport Maintenance Program - State Department of Transportation	N/A	(6)	61,164
Tennessee Agricultural Enhancement Program - State Department of Agriculture	N/A	(3)	10,000
Local Health Services - State Department of Health	N/A	GG-1437724	86,600
Litter Grant - State Department of Transportation	N/A	Z13LIT043	35,000
Waste Tire Grant - State Department of Environment and Conservatio	N/A	Z-08-212941-02	7,710
Student Ticket Subsidy Grant - State Department of Education	N/A	(3)	1,387
Early Childhood Education - State Department of Education	N/A	(3)	767,643
Coordinated School Health - State Department of Education	N/A	(3)	100,000
Safe Schools - State Department of Education	N/A	(3)	17,200
ConnTenn - State Department of Education	N/A	(3)	8,597
ACT/EXPLORE/PLAN - State Department of Education	N/A	(3)	3,868
Energy Efficient School Initiative - State Department of Education	N/A	(3)	10,280
Statewide Student Management System - State Department of Education	N/A	(3)	8,003
Total State Grants			\$ 1,126,452

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) Z-13-GHS151: \$4,563; Z-14-GHS167: \$15,445.  
(3) Information not available.  
(4) FEMA-1909-DR-TN: \$230,590; FEMA-1965-DR-TN: \$13,288.  
(5) EMW-2012-SS-00107: \$1,750; EMW-2011-SS-00069: \$1,188.  
(6) AERO-13-265-00: \$53,640; 99-555-1239-04: \$7,524.

Humphreys County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2014

*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, 2013, which have not been corrected.

**OFFICE OF COUNTY EXECUTIVE**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-001	152	A formal purchase order system had not been established

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-002	152	Duties were not segregated adequately

**HUMPHREYS COUNTY**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-003	153	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
2013-004	154	Humphreys County has a material recurring audit finding

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**HUMPHREYS COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2014**

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

1. Our report on the financial statements of Humphreys County is unmodified.
2. The audit of the financial statements of Humphreys County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Humphreys County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified 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), Section 1033 Excess Property Program (CFDA No. 12.UNKNOWN), and Title I Grants to Local Educational Agencies (CFDA No. 84.010) 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 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 2014-001**                    **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.

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

**FINDING 2014-002**                    **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 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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### OFFICES OF COUNTY EXECUTIVE AND SHERIFF

#### FINDING 2014-003

#### **EMPLOYEE LEAVE RECORDS FOR THE SHERIFF'S DEPARTMENT WERE NOT MAINTAINED ADEQUATELY** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The county's personnel policy permits employees to accumulate earned but unused vacation leave; however, the County Executive's Office could not provide us with accurate accrued leave balances for some Sheriff's Department employees. The Sheriff's Department had been requested to provide accrued leave balances for each employee for the year ended June 30, 2014; however, records for some employees were not available. In addition, the records that were provided by the department had numerous mathematical errors as well as errors in the beginning leave balances and amounts earned for the year. Governmental Accounting Standards Board Statement No. 34 requires all leave to be accrued when incurred in the government-wide financial statements. However, the omission of these amounts was not considered to be material to the County Executive's Office financial statements. The failure to maintain adequate documentation of accumulated leave weakens internal controls over the payroll process and increases the risks of improper payments and inaccurate financial statement presentation of accrued leave balances. This deficiency is due to a lack of oversight by management.

#### RECOMMENDATION

The County Executive's Office should maintain accurate summary accrued leave information by account function for all county offices and departments of the general county government. These records should reflect the dollar value of the leave at the beginning of the year, amount earned, amount used, and the value of the leave at year end.

MANAGEMENT’S RESPONSE – COUNTY EXECUTIVE

The vacation accrual records in question have now been reconciled consistent with prescribed methodology. The Sheriff’s Department, working with the County Executive’s Office, has also developed procedural safeguards that will insure that monthly reconciliation of vacation accrual is accomplished and accurate.

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HUMPHREYS COUNTY

FINDING 2014-004

**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

With a last-quarter switch to a different insurance provider, we have resolved the issue with the dental insurance. The other issues will be reviewed by the Audit Committee.

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FINDING 2014-005

**HUMPHREYS COUNTY HAS A MATERIAL RECURRING  
AUDIT FINDING**

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

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

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2014-004, 2013-003, 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

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. Humphreys County has established an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

Humphreys County should work with its Audit Committee to correct the above-noted material weakness in internal control.

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

There were no findings and questioned costs for federal awards.

## **BEST PRACTICE**

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below 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.

### **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. 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 an 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.

**HUMPHREYS COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2014**

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