
ANNUAL FINANCIAL REPORT HENRY COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2014



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

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

HENRY COUNTY, TENNESSEE

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Summary of Audit Findings

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

Scope

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

Results

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

Our audit resulted in three findings and recommendations, which we have reviewed with Henry County management. Detailed findings and recommendations are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The practice of paying School Department expenditures from the General Fund is of questionable legality.

OFFICE OF COUNTY ROAD SUPERVISOR

- ◆ The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation.
- ◆ Some purchase orders were issued after purchases were made.

INTRODUCTORY SECTION

Henry County Officials

June 30, 2014

Officials

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

Board of County Commissioners

Brent Greer, County Mayor, Chairman
Wes Bradley
Dell Carter
Greg Carter
Bobby Freeman
Kenneth Humphreys
Don Jones
Kreg Kyle

Paul Mathenia
Connie McSwain
Paul Neal
Dan Paschall
Monte Starks
James Travis
Marty Visser
David Webb

Board of Education

Tom Beasley, Chairman
Doug Braden
Rod Frey
Jim McCampbell
Robert Sleadd

Highway Commission

Bobby Milam, Chairman
Marty Allison
Cody Craig
Keith Hopkins
Vic Mallard
Kyle Norwood

Audit Committee

Steve Greer, Chairman
Tom Beasley
Melanie Dodd
Kenneth Humphreys
Bobby Milam

FINANCIAL SECTION



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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henry County, Tennessee, as of and for the year ended June 30, 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 did not audit the financial statements of the Henry County Medical Center, which represent 68.3 percent, 63.4 percent, and 70.2 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Also, we did not audit the financial statements of the Henry County Emergency Communications District, which represent 1.8 percent, 2.5 percent, and .5 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and

our opinion, insofar as it relates to the amounts included for the Henry County Medical Center and the Henry County Emergency Communications District, is based solely on the reports of other auditors. 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, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henry County, Tennessee, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the General 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 Principles

As described in Note V.B., Henry 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 plans and other postemployment benefits plans on pages 83 - 85 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 Henry 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 Henry County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the 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 Henry 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 Henry County School Department (a discretely presented component unit), and miscellaneous schedules

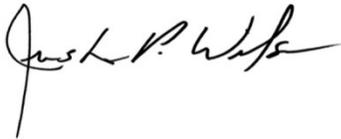
are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 January 27, 2015, on our consideration of Henry 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 Henry County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 27, 2015

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government Governmental Activities	Component Units		
		Henry County School Department	Henry County Medical Center	Henry County Emergency Communications District
<u>ASSETS</u>				
Cash	\$ 1,161	\$ 0	\$ 1,651,879	\$ 742,017
Equity in Pooled Cash and Investments	7,090,312	4,801,130	0	0
Inventories	0	0	2,053,172	0
Investments	0	0	6,687,889	0
Accounts Receivable	77,539	9,887	18,847,405	33,484
Allowance for Uncollectibles	0	0	(8,764,000)	0
Due from Other Governments	1,010,193	1,643,811	0	0
Property Taxes Receivable	5,494,139	4,985,769	0	0
Allowance for Uncollectible Property Taxes	(158,067)	(143,237)	0	0
Prepaid Items	0	0	558,082	0
Accrued Interest Receivable	0	0	0	145
Cash Shortage	57,050	0	0	0
Other Current Assets	0	0	1,593,888	0
Other Restricted Assets	0	0	11,406,241	0
Capital Assets:				
Assets Not Depreciated:				
Land	5,472,426	610,066	851,433	114,860
Construction in Progress	152,312	1,014,336	136,971	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	4,390,200	21,438,415	31,671,642	719,139
Infrastructure	15,580,279	0	0	0
Other Capital Assets	719,930	1,557,239	10,448,568	543,177
Goodwill and Other Intangible Assets	0	0	4,993,320	0
Total Assets	\$ 39,887,474	\$ 35,917,416	\$ 82,136,490	\$ 2,152,822
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charge on Refunding	\$ 162,581	\$ 0	\$ 0	\$ 0
Total Deferred Outflows of Resources	\$ 162,581	\$ 0	\$ 0	\$ 0
<u>LIABILITIES</u>				
Accounts Payable	\$ 3,990	\$ 49,538	\$ 2,154,287	\$ 16,597
Payroll Deductions Payable	124	0	0	0
Contracts Payable	4,570	4,500	0	0
Accrued Interest Payable	62,422	0	0	0
Other Current Liabilities	0	0	3,663,713	0
Noncurrent Liabilities:				
Due Within One Year	1,978,097	4,105	1,617,506	0
Due in More Than One Year (net of unamortized premium on debt)	18,017,304	2,147,493	20,694,856	0
Total Liabilities	\$ 20,066,507	\$ 2,205,636	\$ 28,130,362	\$ 16,597
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 5,165,870	\$ 4,688,538	\$ 0	\$ 0
Total Deferred Inflows of Resources	\$ 5,165,870	\$ 4,688,538	\$ 0	\$ 0

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units		
		Henry County School Department	Henry County Medical Center	Henry County Emergency Communications District
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 23,434,147	\$ 24,620,056	\$ 20,796,252	\$ 1,377,176
Restricted for:				
General Government	42,267	0	0	0
Public Safety	141,180	0	0	0
Public Health and Welfare	42,436	0	0	0
Highway/Public Works	1,025,214	0	0	0
Education	0	628,269	0	0
Operation of Non-instructional Services	0	582,239	0	0
Capital Outlay	143,892	0	0	0
Unrestricted	(10,011,458)	3,192,678	33,209,876	759,049
Total Net Position	<u>\$ 14,817,678</u>	<u>\$ 29,023,242</u>	<u>\$ 54,006,128</u>	<u>\$ 2,136,225</u>

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

Exhibit B

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues					Component Units				
	Expenses	Changes for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Henry County School Department	Henry County Medical Center	Henry County Emergency Communications District		
Primary Government:										
Governmental Activities:										
General Government	\$ 3,793,933	\$ 770,198	\$ 860,010	\$ 700,560	\$ (1,463,165)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	1,102,239	856,579	0	0	(245,660)	0	0	0	0	0
Administration of Justice	1,137,293	696,132	0	0	(441,161)	0	0	0	0	0
Public Safety	5,082,758	1,730,981	67,622	156,911	(3,127,244)	0	0	0	0	0
Public Health and Welfare	893,797	221,843	126,274	0	(545,680)	0	0	0	0	0
Social, Cultural, and Recreational Services	365,772	0	40,740	0	(325,032)	0	0	0	0	0
Agriculture and Natural Resources	189,079	0	0	0	(189,079)	0	0	0	0	0
Highways	4,386,554	39,849	1,909,287	197,048	(2,240,370)	0	0	0	0	0
Interest on Long-term Debt	681,544	0	1,562,977	0	881,433	0	0	0	0	0
Total Primary Government	\$ 17,632,969	\$ 4,315,582	\$ 4,566,910	\$ 1,054,519	\$ (7,695,958)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:										
Henry County School Department	\$ 30,913,826	\$ 695,798	\$ 3,201,138	\$ 2,364,150	\$ 0	\$ (24,652,740)	\$ 0	\$ 0	\$ 0	\$ 0
Henry County Medical Center	72,413,239	70,822,613	0	0	0	0	(1,590,626)	0	0	0
Henry County Emergency Communications District	354,789	169,304	268,099	0	0	0	0	0	82,614	82,614
Total Component Units	\$ 103,681,854	\$ 71,687,715	\$ 3,469,237	\$ 2,364,150	\$ 0	\$ (24,652,740)	\$ (1,590,626)	\$ 0	\$ 82,614	\$ 82,614

(Continued)

Exhibit B

Henry County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units			
					Henry County School Department	Henry County Medical Center	Henry County Emergency Communications District	
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes				\$ 5,030,113	\$ 4,871,945	\$ 0	\$ 0	0
Property Taxes Levied for Debt Service				255,866	0	0	0	0
Local Option Sales Taxes				649,321	2,724,683	0	0	0
Hotel/Motel Tax				228,876	0	0	0	0
Wheel Tax				450,445	0	0	0	0
Litigation Tax				129,084	0	0	0	0
Business Tax				135,730	124,058	0	0	0
Wholesale Beer Tax				200,317	0	0	0	0
Other Local Taxes				24,918	17,214	0	0	0
Grants and Contributions Not Restricted to Specific Programs				708,084	16,866,331	0	0	30,000
Unrestricted Investment Income				62,924	0	104,031	0	5,044
Miscellaneous				67,842	90,797	2,942,850	0	3,950
				<u>\$ 7,943,520</u>	<u>\$ 24,695,028</u>	<u>\$ 3,046,881</u>	<u>\$ 38,994</u>	
Change in Net Position				\$ 247,562	\$ 42,288	\$ 1,456,255	\$ 121,608	
Net Position, July 1, 2013				<u>14,570,116</u>	<u>28,980,954</u>	<u>52,549,873</u>	<u>2,014,617</u>	
Net Position, June 30, 2014				<u>\$ 14,817,678</u>	<u>\$ 29,023,242</u>	<u>\$ 54,006,128</u>	<u>\$ 2,136,225</u>	

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

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds		
\$	0 \$	0 \$	0 \$	0 \$	1,161 \$	1,161
Cash	3,540,581	958,149	2,232,937	358,645	7,090,312	7,090,312
Equity in Pooled Cash and Investments	63,975	0	0	13,564	77,539	77,539
Accounts Receivable	630,246	347,809	0	32,138	1,010,193	1,010,193
Due from Other Governments	1,161	445,837	0	0	446,998	446,998
Due from Other Funds	3,272,175	1,544,298	267,282	410,384	5,494,139	5,494,139
Property Taxes Receivable	(95,694)	(44,430)	(7,690)	(10,253)	(158,067)	(158,067)
Allowance for Uncollectible Property Taxes	13,270	0	0	43,780	57,050	57,050
Cash Shortage						
Total Assets	\$ 7,425,714	\$ 3,251,663	\$ 2,492,529	\$ 849,419	\$ 14,019,325	

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Due from Other Governments
 Due from Other Funds
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes
 Cash Shortage

LIABILITIES

Accounts Payable
 Payroll Deductions Payable
 Contracts Payable
 Due to Other Funds
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
 Deferred Delinquent Property Taxes
 Other Deferred/Unavailable Revenue
 Total Deferred Inflows of Resources

\$	3,897	0	0	0	93	3,990
0	124	0	0	0	0	124
4,570	0	0	0	0	0	4,570
445,837	0	0	0	1,161	446,998	446,998
\$ 454,304	\$ 124	\$ 0	\$ 0	\$ 1,254	\$ 455,682	
\$ 3,071,599	\$ 1,452,028	\$ 251,312	\$ 390,931	\$ 5,165,870		
94,655	43,175	7,473	8,303	153,606		
294,035	167,094	0	0	461,129		
\$ 3,460,289	\$ 1,662,297	\$ 258,785	\$ 399,234	\$ 5,780,605		

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other	Governmental Funds	
Restricted:						
Restricted for Public Safety	\$ 9,106	\$ 0	\$ 0	\$ 132,074	\$ 141,180	
Restricted for Public Health and Welfare	34,133	0	0	0	34,133	
Restricted for Highways/Public Works	0	814,945	0	0	814,945	
Restricted for Capital Outlay	0	0	0	143,892	143,892	
Restricted for Debt Service	0	0	533,842	0	533,842	
Committed:						
Committed for Public Health and Welfare	0	0	0	172,965	172,965	
Committed for Highways/Public Works	0	774,297	0	0	774,297	
Committed for Debt Service	0	0	1,699,902	0	1,699,902	
Assigned:						
Assigned for General Government	44	0	0	0	44	
Assigned for Administration of Justice	700	0	0	0	700	
Assigned for Public Safety	5,820	0	0	0	5,820	
Assigned for Other Operations	52,409	0	0	0	52,409	
Unassigned	3,408,909	0	0	0	3,408,909	
Total Fund Balances	\$ 3,511,121	\$ 1,589,242	\$ 2,233,744	\$ 448,931	\$ 7,783,038	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,425,714	\$ 3,251,663	\$ 2,492,529	\$ 849,419	\$ 14,019,325	

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

Exhibit C-2

Henry County, Tennessee

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net 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)		\$	7,783,038
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	5,472,426	
Add: construction in progress		152,312	
Add: buildings and improvements net of accumulated depreciation		4,390,200	
Add: infrastructure net of accumulated depreciation		15,580,279	
Add: other capital assets net of accumulated depreciation		<u>719,930</u>	26,315,147
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(1,780,000)	
Less: other loans payable		(1,346,000)	
Less: bonds payable		(13,633,290)	
Add: deferred amount on refunding		162,581	
Less: other deferred revenue - premium on debt		(610,617)	
Less: accrued interest on notes and bonds		(62,422)	
Less: accreted interest on bonds		(2,191,872)	
Less: other postemployment benefits liability		(71,669)	
Less: compensated absences payable		<u>(361,953)</u>	(19,895,242)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>614,735</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>14,817,678</u></u>

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

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

	General	Major Funds		General Debt Service	Nonmajor Funds		Total Governmental Funds
		Highway / Public Works	Other		Governmental Funds	Governmental Funds	
<u>Revenues</u>							
Local Taxes	\$ 5,042,370	\$ 1,566,298	\$ 301,935	\$ 301,888	\$ 7,212,491		
Licenses and Permits	150,063	0	0	0	150,063		
Fines, Forfeitures, and Penalties	186,903	0	0	9,737	196,640		
Charges for Current Services	135,737	0	0	16,139	151,876		
Other Local Revenues	600,428	41,037	117,961	216,035	975,461		
Fees Received from County Officials	1,459,719	0	0	0	1,459,719		
State of Tennessee	2,650,193	2,112,193	0	31,928	4,794,314		
Federal Government	835,305	595	0	0	835,900		
Other Governments and Citizens Groups	397,597	0	1,562,977	3,054	1,963,628		
Total Revenues	\$ 11,458,315	\$ 3,720,123	\$ 1,982,873	\$ 578,781	\$ 17,740,092		

<u>Expenditures</u>							
Current:							
General Government	\$ 1,044,009	\$ 0	\$ 0	\$ 0	\$ 1,044,009		
Finance	818,438	0	0	0	818,438		
Administration of Justice	857,378	0	0	16,139	873,517		
Public Safety	3,702,892	0	0	56,384	3,759,276		
Public Health and Welfare	143,075	0	0	614,525	757,600		
Social, Cultural, and Recreational Services	288,808	0	0	0	288,808		
Agriculture and Natural Resources	174,503	0	0	0	174,503		
Other Operations	3,978,713	0	6,748	7,876	3,993,337		
Highways	0	3,244,105	0	0	3,244,105		
Debt Service:							
Principal on Debt	0	276,000	1,649,152	0	1,925,152		
Interest on Debt	0	3,319	628,939	0	632,258		
Other Debt Service	0	9,648	7,224	0	16,872		

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other	Governmental Funds	
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 234,044	\$ 0	\$ 0	\$ 669,358	\$ 903,402	
Total Expenditures	\$ 11,241,860	\$ 3,533,072	\$ 2,292,063	\$ 1,364,282	\$ 18,431,277	
Excess (Deficiency) of Revenues Over Expenditures	\$ 216,455	\$ 187,051	\$ (309,190)	\$ (785,501)	\$ (691,185)	
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 155,199	\$ 155,199	
Insurance Recovery	55,095	0	0	0	55,095	
Transfers In	0	450,837	50,000	0	500,837	
Transfers Out	(500,837)	0	0	0	(500,837)	
Total Other Financing Sources (Uses)	\$ (445,742)	\$ 450,837	\$ 50,000	\$ 155,199	\$ 210,294	
Net Change in Fund Balances Fund Balance, July 1, 2013	\$ (229,287)	\$ 637,888	\$ (259,190)	\$ (630,302)	\$ (480,891)	
Fund Balance, June 30, 2014	3,740,408	951,354	2,492,934	1,079,233	8,263,929	
	\$ 3,511,121	\$ 1,589,242	\$ 2,233,744	\$ 448,931	\$ 7,783,038	

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

Exhibit C-4

Henry County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 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)		\$	(480,891)
(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	\$	999,265	
Less: current-year depreciation expense		<u>(2,096,905)</u>	(1,097,640)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.			
Add: assets donated and capitalized	\$	75,950	
Less: book value of capital assets disposed		<u>(3,499)</u>	72,451
(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	\$	614,735	
Less: deferred delinquent property taxes and other deferred June 30, 2013		<u>(608,247)</u>	6,488
(4) The issuance of long-term debt (e.g., notes, other loans, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Less: note proceeds	\$	(155,199)	
Less: change in deferred amount on refunding debt		(29,019)	
Add: change in premium on debt issuances		58,401	
Add: principal payments on notes		531,611	
Add: principal payments on bonds		885,341	
Add: principal payments on other loans		<u>508,200</u>	1,799,335
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest on notes and bonds	\$	3,919	
Change in accreted interest on bonds		(24,186)	
Change in compensated absences payable		(26,313)	
Change in other postemployment benefits liability		<u>(5,601)</u>	<u>(52,181)</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 247,562</u>

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

Exhibit C-5

Henry County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 5,042,370	\$ 0	\$ 0	\$ 5,042,370	\$ 5,154,841	\$ 5,164,841	\$ (122,471)
Licenses and Permits	150,063	0	0	150,063	147,000	147,000	3,063
Fines, Forfeitures, and Penalties	186,903	0	0	186,903	226,650	226,650	(39,747)
Charges for Current Services	135,737	0	0	135,737	162,680	162,680	(26,943)
Other Local Revenues	600,428	0	0	600,428	640,115	693,660	(93,232)
Fees Received from County Officials	1,459,719	0	0	1,459,719	1,530,000	1,530,000	(70,281)
State of Tennessee	2,650,193	0	0	2,650,193	2,227,937	2,651,595	(1,402)
Federal Government	835,305	0	0	835,305	1,075,792	1,149,205	(313,900)
Other Governments and Citizens Groups	397,597	0	0	397,597	119,900	292,194	105,403
Total Revenues	\$ 11,458,315	\$ 0	\$ 0	\$ 11,458,315	\$ 11,284,915	\$ 12,017,825	\$ (559,510)
Expenditures							
General Government							
County Commission	\$ 38,450	\$ 0	\$ 0	\$ 38,450	\$ 38,450	\$ 38,450	\$ 0
Board of Equalization	600	0	0	600	1,000	1,000	400
Other Boards and Committees	4,775	0	0	4,775	5,000	5,000	225
County Mayor/Executive	207,634	0	0	207,634	210,504	209,904	2,270
County Attorney	18,947	(593)	0	18,354	20,766	20,766	2,412
Election Commission	194,675	0	0	194,675	151,124	214,506	19,831
Register of Deeds	146,366	0	0	146,366	153,008	153,008	6,642
Building	82,996	0	0	82,996	84,152	84,152	1,156
County Buildings	161,153	0	0	161,153	134,000	162,000	847
Other General Administration	177,248	0	0	177,248	170,500	179,600	2,352
Preservation of Records	11,165	0	44	11,209	11,250	11,250	41
Finance							
Accounting and Budgeting	94,919	0	0	94,919	95,959	95,959	1,040
Property Assessor's Office	215,038	0	0	215,038	218,929	218,929	3,891
Reappraisal Program	79,502	0	0	79,502	89,357	89,357	9,855
County Trustee's Office	199,392	0	0	199,392	202,570	202,570	3,178
County Clerk's Office	229,587	0	0	229,587	238,773	238,773	9,186

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	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>Administration of Justice</u>							
Circuit Court	\$ 208,988	\$ 0	\$ 0	208,988	\$ 217,547	\$ 220,047	\$ 11,059
General Sessions Court	100,413	0	0	100,413	107,346	107,346	6,933
General Sessions Judge	178,692	(5,027)	0	173,665	181,871	181,871	8,206
Chancery Court	167,482	(7,174)	0	160,308	175,967	175,967	15,659
Juvenile Court	159,886	0	700	160,586	215,103	215,103	54,517
Probate Court	39,259	(635)	0	38,624	41,404	41,404	2,780
Other Administration of Justice	2,658	0	0	2,658	7,500	7,500	4,842
<u>Public Safety</u>							
Sheriff's Department	2,119,377	(9,070)	0	2,110,307	2,085,001	2,163,183	52,876
Special Patrols	78,445	0	0	78,445	94,000	94,000	15,555
Administration of the Sexual Offender Registry	1,913	0	0	1,913	2,200	2,200	287
Jail	1,346,996	(889)	0	1,346,107	1,353,130	1,381,714	35,607
Fire Prevention and Control	33,200	0	0	33,200	33,200	33,200	0
Rescue Squad	4,800	0	0	4,800	4,800	4,800	0
Other Emergency Management	65,826	(22)	0	65,804	48,757	87,398	21,594
County Coroner/Medical Examiner	52,335	(5,820)	5,820	52,335	51,200	57,209	4,874
<u>Public Health and Welfare</u>							
Local Health Center	104,929	0	0	104,929	98,654	168,911	63,982
Rabies and Animal Control	5,753	(920)	0	4,833	8,600	8,600	3,767
Maternal and Child Health Services	1,350	0	0	1,350	1,350	1,350	0
Alcohol and Drug Programs	10,683	0	0	10,683	15,540	15,540	4,857
Crippled Children Services	2,660	0	0	2,660	2,660	2,660	0
Other Local Health Services	17,700	0	0	17,700	17,700	17,700	0
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	107,808	0	0	107,808	123,887	123,887	16,079
Libraries	142,000	0	0	142,000	142,000	142,000	0
Parks and Fair Boards	6,000	0	0	6,000	6,000	6,000	0
Other Social, Cultural, and Recreational	33,000	0	0	33,000	33,500	33,500	500

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	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>Agriculture and Natural Resources</u>							
Agricultural Extension Service	\$ 120,049	\$ 0	\$ 0	\$ 120,049	\$ 131,843	\$ 131,843	\$ 11,794
Soil Conservation	32,646	0	0	32,646	32,918	32,918	272
Flood Control	21,808	0	0	21,808	21,808	21,808	0
<u>Other Operations</u>							
Tourism	26,550	0	0	26,550	26,550	26,550	0
Tourism-resort District	609,382	(3,476)	0	605,906	605,906	605,906	0
Industrial Development	55,000	0	0	55,000	55,000	55,000	0
Other Economic and Community Development	398,196	0	0	398,196	680,126	680,126	281,930
Airport	620,190	(25,867)	15,945	610,268	524,305	724,198	113,930
Veterans' Services	44,579	0	0	44,579	48,556	48,556	3,977
Other Charges	127,713	0	30	127,743	130,205	130,205	2,462
Contributions to Other Agencies	522,063	(13,975)	36,434	544,522	487,381	551,307	6,785
Employee Benefits	1,575,040	0	0	1,575,040	1,646,304	1,646,304	71,264
Miscellaneous	0	0	0	0	507,500	150,192	150,192
<u>Capital Projects</u>							
Education Capital Projects	234,044	0	0	234,044	0	234,044	0
Total Expenditures	\$ 11,241,860	\$ (73,468)	\$ 58,973	\$ 11,227,365	\$ 11,792,661	\$ 12,257,271	\$ 1,029,906
<u>Excess (Deficiency) of Revenues Over Expenditures</u>							
	\$ 216,455	\$ 73,468	\$ (58,973)	\$ 230,950	\$ (507,746)	\$ (239,446)	\$ 470,396
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 55,095	\$ 0	\$ 0	\$ 55,095	\$ 100	\$ 55,195	\$ (100)
Transfers In	0	0	0	0	162,410	14,347	(14,347)
City General Fund Transfer	0	0	0	0	28,600	0	0
Transfers Out	(500,837)	0	0	(500,837)	0	(500,837)	0
Total Other Financing Sources	\$ (445,742)	\$ 0	\$ 0	\$ (445,742)	\$ 191,110	\$ (431,295)	\$ (14,447)
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2013	\$ (229,287)	\$ 73,468	\$ (58,973)	\$ (214,792)	\$ (316,636)	\$ (670,741)	\$ 455,949
Fund Balance, July 1, 2013	3,740,408	(73,468)	0	3,666,940	3,740,408	3,740,408	(73,468)
Fund Balance, June 30, 2014	\$ 3,511,121	\$ 0	\$ (58,973)	\$ 3,452,148	\$ 3,423,772	\$ 3,069,667	\$ 382,481

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

Exhibit C-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,566,298	\$ 2,015,804	\$ 1,570,304	\$ (4,006)
Other Local Revenues	41,037	29,200	29,200	11,837
State of Tennessee	2,112,193	2,400,294	2,400,294	(288,101)
Federal Government	595	0	0	595
Total Revenues	<u>\$ 3,720,123</u>	<u>\$ 4,445,298</u>	<u>\$ 3,999,798</u>	<u>\$ (279,675)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 296,471	\$ 302,463	\$ 302,463	\$ 5,992
Highway and Bridge Maintenance	1,115,838	1,384,143	1,384,143	268,305
Operation and Maintenance of Equipment	595,055	682,423	682,423	87,368
Quarry Operations	0	1,000	1,000	1,000
Litter and Trash Collection	43,365	43,500	43,500	135
Other Charges	256,935	265,308	265,308	8,373
Employee Benefits	592,907	633,037	633,037	40,130
Capital Outlay	343,534	1,492,000	1,216,000	872,466
<u>Principal on Debt</u>				
Highways and Streets	276,000	0	276,000	0
<u>Interest on Debt</u>				
Highways and Streets	3,319	16,000	5,000	1,681
<u>Other Debt Service</u>				
Highways and Streets	9,648	0	11,000	1,352
Total Expenditures	<u>\$ 3,533,072</u>	<u>\$ 4,819,874</u>	<u>\$ 4,819,874</u>	<u>\$ 1,286,802</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 187,051</u>	<u>\$ (374,576)</u>	<u>\$ (820,076)</u>	<u>\$ 1,007,127</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 450,837	\$ 5,000	\$ 450,500	\$ 337
Total Other Financing Sources	<u>\$ 450,837</u>	<u>\$ 5,000</u>	<u>\$ 450,500</u>	<u>\$ 337</u>
Net Change in Fund Balance	\$ 637,888	\$ (369,576)	\$ (369,576)	\$ 1,007,464
Fund Balance, July 1, 2013	<u>951,354</u>	<u>951,354</u>	<u>951,354</u>	<u>0</u>
Fund Balance, June 30, 2014	<u>\$ 1,589,242</u>	<u>\$ 581,778</u>	<u>\$ 581,778</u>	<u>\$ 1,007,464</u>

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

Exhibit D

Henry County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,373,238
Equity in Pooled Cash and Investments	362,102
Accounts Receivable	6,291
Due from Other Governments	918,969
Property Taxes Receivable	3,654,634
Allowance for Uncollectible Property Taxes	<u>(104,671)</u>
Total Assets	<u>\$ 6,210,563</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 4,644,747
Due to Litigants, Heirs, and Others	1,376,757
Due to Joint Ventures	<u>189,059</u>
Total Liabilities	<u>\$ 6,210,563</u>

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

HENRY COUNTY, TENNESSEE

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Henry County is a public municipal corporation governed by an elected 15-member board. As required by GAAP, these financial statements present Henry County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Henry County School Department operates the county's public school system, and the voters of Henry County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Henry County Medical Center provides healthcare to the citizens of Henry County, and the Henry County Commission appoints its governing body. Before the issuance of any debt instruments, the hospital must obtain the approval of the County Commission.

The Henry County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Henry County, and the Henry County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Henry County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Henry County Medical Center and the Henry County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net 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. However, the primary government of Henry County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Henry County School Department component unit only reports governmental activities in the government-wide financial statements.

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

Henry County issues all debt for the discretely presented Henry County School Department. 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 and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary 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 Henry County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Henry County has no proprietary funds to report.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Henry County considers grants and similar revenues to be available if they are collected within 120 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

Fiduciary 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.

Henry County reports the following major governmental funds:

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

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

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

Additionally, Henry County reports the following fund types:

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

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Henry County, assets held in a custodial capacity for a watershed district, the city school system’s share of educational revenues, and other restricted revenues held for the benefit of the Judicial District Drug Task Force. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

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.

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.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Henry County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Henry County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit 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. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.51 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.

3. Capital Assets

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

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

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

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

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

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

4. 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 only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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.

5. Compensated Absences

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

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

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

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net 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, accreted interest, and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. Net Position and Fund Balance

In the government-wide 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 in capital assets.

The government-wide Statement of Net Position reports \$1,394,989 of restricted net position for the primary government, of which \$42,267 is restricted by enabling legislation.

At June 30, 2014, Henry County had \$13,878,290 in outstanding debt for capital purposes for the discretely presented Henry County School Department. The debt is a liability of Henry County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Henry County has incurred a liability significantly decreasing its unrestricted net 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 that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net 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 Henry County School Department

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds 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 Henry County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the

Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the General Capital Projects Fund, which adopts project length budgets. All annual appropriations lapse at fiscal year end.

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

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

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

At June 30, 2014, the Henry County School Department reported the following significant encumbrances:

Fund	Description	Amount
School Department:		
Major Fund:		
General Purpose School	School Storm Shelters	\$ 1,245,479
"	Buses	283,382

B. Cash Shortages – Prior Years

The audit of Henry County for the 2005-06 year reported a cash shortage of \$162,658 existed in the General (\$118,878), Drug Control (\$23,502), and General Capital Projects (\$20,278) funds as a result of irregularities in the Office of Sheriff. The former sheriff, former business manager, and former owner of Elite Firearms all pled guilty to various charges and received various sentences and fines. The three defendants have been ordered to pay restitution totaling \$71,512. This amount is net of estimated auction proceeds of items recovered from the former sheriff. The actual auction proceeds received during the 2008-09 year totaled \$12,205. During the 2013-14 fiscal year, restitution was received from the former sheriff totaling \$7,311. As of June 30, 2014, the cash shortage totaled \$57,050, which

included the General (\$13,270), Drug Control (\$23,502), and General Capital Projects (\$20,278) funds.

The audit of Henry County for the 2011-12 year reported a cash shortage in the Office of General Sessions Court Clerk. On December 12, 2013, the former deputy clerk paid \$500 restitution, which completed the amount the court ordered to be repaid.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Landfill Operation and Maintenance and the Other Charges major appropriation categories (the legal level of control) of the Solid Waste/Sanitation Fund by \$603 and \$626, respectively. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Henry County and the Henry County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net 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 purposes of credit risk disclosure.

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

Investments

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

The county had no pooled or nonpooled investments as of June 30, 2014.

B. 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	\$ 5,189,075	\$ 283,351	\$ 0	\$ 5,472,426
Construction in Progress	33,915	152,312	(33,915)	152,312
Total Capital Assets Not Depreciated	<u>\$ 5,222,990</u>	<u>\$ 435,663</u>	<u>\$ (33,915)</u>	<u>\$ 5,624,738</u>

Governmental Activities ((Cont.):

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets				
Depreciated:				
Buildings and				
Improvements	\$ 9,491,450	\$ 190,319	\$ 0	\$ 9,681,769
Infrastructure	42,477,959	150,618	0	42,628,577
Other Capital Assets	3,947,346	332,530	(48,995)	4,230,881
Total Capital Assets				
Depreciated	<u>\$ 55,916,755</u>	<u>\$ 673,467</u>	<u>\$ (48,995)</u>	<u>\$ 56,541,227</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 4,954,193	\$ 337,376	\$ 0	\$ 5,291,569
Infrastructure	25,542,368	1,505,930	0	27,048,298
Other Capital Assets	3,302,848	253,599	(45,496)	3,510,951
Total Accumulated				
Depreciation	<u>\$ 33,799,409</u>	<u>\$ 2,096,905</u>	<u>\$ (45,496)</u>	<u>\$ 35,850,818</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 22,117,346</u>	<u>\$ (1,423,438)</u>	<u>\$ (3,499)</u>	<u>\$ 20,690,409</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 27,340,336</u>	<u>\$ (987,775)</u>	<u>\$ (37,414)</u>	<u>\$ 26,315,147</u>

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

Governmental Activities:

General Government	\$ 65,169
Finance	3,492
Administration of Justice	2,550
Public Safety	329,968
Public Health and Welfare	51,366
Social, Cultural, and Recreational Services	2,094
Other Operations	179,142
Highways/Public Works	1,463,124
Total Depreciation Expense -	
Governmental Activities	<u>\$ 2,096,905</u>

Discretely Presented Henry County School Department

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 610,066	\$ 0	\$ 0	\$ 610,066
Construction in Progress	1,321,578	1,014,336	(1,321,578)	1,014,336
Total Capital Assets Not Depreciated	<u>\$ 1,931,644</u>	<u>\$ 1,014,336</u>	<u>\$ (1,321,578)</u>	<u>\$ 1,624,402</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 47,442,888	\$ 1,824,678	\$ 0	\$ 49,267,566
Other Capital Assets	5,294,550	228,035	(12,825)	5,509,760
Total Capital Assets Depreciated	<u>\$ 52,737,438</u>	<u>\$ 2,052,713</u>	<u>\$ (12,825)</u>	<u>\$ 54,777,326</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 26,112,523	\$ 1,716,628	\$ 0	\$ 27,829,151
Other Capital Assets	3,535,921	429,211	(12,611)	3,952,521
Total Accumulated Depreciation	<u>\$ 29,648,444</u>	<u>\$ 2,145,839</u>	<u>\$ (12,611)</u>	<u>\$ 31,781,672</u>
Total Capital Assets Depreciated, Net	<u>\$ 23,088,994</u>	<u>\$ (93,126)</u>	<u>\$ (214)</u>	<u>\$ 22,995,654</u>
Governmental Activities Capital Assets, Net	<u>\$ 25,020,638</u>	<u>\$ 921,210</u>	<u>\$ (1,321,792)</u>	<u>\$ 24,620,056</u>

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

Governmental Activities:

Instruction	\$ 1,692,794
Support Services	392,268
Operation of Non-instructional Services	<u>60,777</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,145,839</u>

C. Construction Commitments

At June 30, 2014, the discretely presented General Purpose School Fund had uncompleted construction contracts of approximately \$1,245,479 for a storm safety project. Funding for these future expenditures is expected to be received from federal and state grant proceeds.

D. Interfund Receivables, Payables, and Transfers

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 1,161
Highway/Public Works	General	445,837

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 amounts:

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u>	
	<u>Highway/ Public Works Fund</u>	<u>General Debt Service Fund</u>
General Fund	\$ 450,837	\$ 50,000

**Discretely Presented Henry County
School Department**

<u>Transfer Out</u>	<u>Transfer In</u>
	<u>General Purpose School Fund</u>
Nonmajor governmental fund	\$ 21,569

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

E. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Henry 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. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 20 years for bonds, up to ten years for notes, and up to 19 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in the long-term debt as of June 30, 2014, will be retired from the General Debt Service and Highway/Public Works funds.

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

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds	1.6 to 4.25%	5-1-26	\$ 2,500,000	\$ 2,320,000
General Obligation Bonds - Refunding	2 to 4	5-1-25	11,935,000	9,020,000
Capital Accretion Bonds	4.6 to 5.2	5-1-21	3,693,361	2,293,290
Other Loans	variable	5-25-18	5,800,000	1,346,000
Capital Outlay Notes	0 to 2	5-1-23	2,510,000	1,780,000

In prior years, Henry County entered into a loan agreement with the Montgomery County Public Building Authority. Under the loan agreement, the authority loaned \$3,000,000 to Henry County for various renovation and construction projects. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays

various other fees (trustee, letter of credit, and debt remarketing) in connection with this loan. At June 30, 2014, the variable interest rate was .38 percent, and other fees totaled .72 percent of the outstanding loan principal.

Also, in prior years, Henry County entered into a second loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$2,800,000 to Henry County for road improvements. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with this loan. At June 30, 2014, the variable interest rate was .28 percent and other fees totaled .72 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	\$ 898,169	\$ 598,661	\$ 1,496,830
2016	1,168,040	585,350	1,753,390
2017	1,175,910	562,880	1,738,790
2018	951,633	781,782	1,733,415
2019	642,109	1,139,891	1,782,000
2020-2024	6,572,429	2,207,526	8,779,955
2025-2026	2,225,000	104,900	2,329,900
Total	\$ 13,633,290	\$ 5,980,990	\$ 19,614,280

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 295,000	\$ 20,550	\$ 315,550
2016	295,000	18,800	313,800
2017	295,000	17,050	312,050
2018	295,000	15,300	310,300
2019	130,000	11,800	141,800
2020-2023	470,000	22,300	492,300
Total	\$ 1,780,000	\$ 105,800	\$ 1,885,800

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2015	\$ 535,000	\$ 4,014	\$ 9,691	\$ 548,705
2016	304,000	2,271	5,839	312,110
2017	319,000	1,420	3,650	324,070
2018	188,000	526	1,354	189,880
Total	<u>\$ 1,346,000</u>	<u>\$ 8,231</u>	<u>\$ 20,534</u>	<u>\$ 1,374,765</u>

There is \$2,233,744 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled \$519, based on the 2010 federal census.

Changes in Long-term Obligations

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

Governmental Activities:

	Bonds		Notes		Accreted Interest	
Balance, July 1, 2013	\$ 14,518,631	\$	2,156,412	\$	2,167,686	
Additions		0	155,199		238,845	
Reductions	(885,341)		(531,611)		(214,659)	
Balance, June 30, 2014	<u>\$ 13,633,290</u>	<u>\$</u>	<u>1,780,000</u>	<u>\$</u>	<u>2,191,872</u>	
Balance Due Within One Year	<u>\$ 898,169</u>	<u>\$</u>	<u>295,000</u>	<u>\$</u>	<u>231,830</u>	

	Other Loans		Compensated Absences		Other Postemployment Benefits	
Balance, July 1, 2013	\$ 1,854,200	\$	335,640	\$	66,068	
Additions		0	396,624		7,068	
Reductions	(508,200)		(370,311)		(1,467)	
Balance, June 30, 2014	<u>\$ 1,346,000</u>	<u>\$</u>	<u>361,953</u>	<u>\$</u>	<u>71,669</u>	
Balance Due Within One Year	<u>\$ 535,000</u>	<u>\$</u>	<u>18,098</u>	<u>\$</u>	<u>0</u>	

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 19,384,784
Less: Balance Due Within One Year	(1,978,097)
Add: Unamortized Premium on Debt	<u>610,617</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 18,017,304</u></u>

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

Discretely Presented Henry County School Department

Changes in Long-term Obligations

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

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2013	\$ 69,592	\$ 1,765,961
Additions	57,837	579,819
Reductions	(45,330)	(276,281)
Balance, June 30, 2014	<u>\$ 82,099</u>	<u>\$ 2,069,499</u>
Balance Due Within One Year	<u>\$ 4,105</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 2,151,598
Less: Balance Due Within One Year	<u>(4,105)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 2,147,493</u></u>

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

F. On-Behalf Payments – Discretely Presented Henry County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Henry County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2014, were \$134,830 and \$34,384 respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Henry County and the discretely presented Henry County School Department are exposed to various risks related to general liability, property, casualty, workers' compensation, health, and accident losses. The county and the School Department decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, property, casualty, and workers' compensation coverage. The county and the School Department participate in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county and the School Department pay annual premiums to the TN-RMT for their general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

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

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

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

B. Accounting 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 Events

On August 18, 2014, David Stone left the Office of Trustee and was succeeded by Randi French.

On October 21, 2014, Henry County issued capital outlay notes for public works projects and motor vehicles totaling \$142,969 and \$235,000, respectively.

D. Contingent Liabilities

The Henry County Medical Center has entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$16,500,000 to the medical center. The medical center has also issued capital outlay notes of \$6,000,000. The medical center has used the loan and note proceeds for construction, acquisition, and/or enlargement of its buildings, structures, and facilities. As of June 30, 2014, the medical center had \$11,232,000 outstanding on the loan, and \$4,637,093 outstanding on the capital outlay notes. Henry County would become liable for the repayment of the loan and notes in the event of default by the medical center.

There are several pending lawsuits in which the county is involved. Any potential claims against the county not covered by insurance resulting from such litigation should not materially affect the county's financial statements.

E. Joint Ventures

The Twenty-fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fourth Judicial District; Benton, Carroll, Decatur, Hardin, and Henry counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within the judicial district. Henry County made no contributions to the DTF for the year ended June 30, 2014, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

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

The W.G. Rhea Paris – Henry County Library is a regional library owned by Henry County and the City of Paris and operated by the W.G. Rhea Paris – Henry County Library Board. The board includes seven members, four appointed by the Henry County Commission and three appointed by the City of Paris. Henry County has control over budgeting and financing the joint venture only to the extent of representation by the four board members appointed and is responsible for funding 50 percent of any deficits from operations. Henry County contributed \$142,000 to the operations of the board during the year ended June 30, 2014. Complete financial statements for the W.G. Rhea Paris – Henry County Library can be obtained from the County Clerk's Office or the library board's administrative office at the following address:

Administrative Office:

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

The Carroll - Henry County Railroad Authority was jointly created in November 1988 by Carroll and Henry counties. The authority was

established as a conduit for payment of funds between the Tennessee Department of Transportation and the Kentucky – West Tennessee Railroad Company to rehabilitate the railroad between the Kentucky stateline and Bruceton, Tennessee, including a line to Spinks, Tennessee. The authority comprises four members. One member from each county is appointed by the County Commission, and each county mayor serves as a member and rotates every two years as chairman. Complete financial statements for the Carroll - Henry County Railroad Authority can be obtained from the Henry County Mayor's Office.

The Paris-Henry County Industrial Development Committee is a joint venture formed by an interlocal agreement between the city of Paris, Henry County, and the Paris-Henry County Chamber of Commerce. The purpose of the Industrial Development Committee is to provide for the planning, direction, and oversight of economic development for the City of Paris and Henry County. The committee is comprised of the director of economic development, the chief executive of the county or other designee, the mayor of Paris or other designee, one city commissioner, two county commissioners, the city manager of the City of Paris, and the current president of the chamber of commerce. Henry County contributed \$55,000 to the Industrial Development Committee for the year ended June 30, 2014, and does not have an equity interest in this joint venture. Complete financial statements for the Industrial Development Committee can be obtained from its administrative office at the following address:

Administrative Office:

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

F. Retirement Commitments

Plan Description

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

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

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

Funding Policy

Henry County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 7.68 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, Henry County's annual pension cost of \$2,410,801 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 four years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-14	\$2,410,801	100%	\$0
6-30-13	2,469,934	100	0
6-30-12	2,465,886	100	0

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 97.4 percent funded. The actuarial accrued liability for benefits was \$86.34 million, and the actuarial value of assets was \$84.09 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.25 million. The covered payroll (annual payroll of active employees covered by the plan) was \$31.31 million, and the ratio of the UAAL to the covered payroll was 7.17 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 Henry County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. 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.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 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 \$1,121,863, \$1,083,866, and \$1,079,155, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

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

participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The School Department makes a contribution toward the health insurance premium of the group medical plan for all certified employees that meet length of employment criteria of ten years of service with the Henry County School System and a total of 25 years teaching experience. The School Department pays medical insurance in full for a single individual for a maximum of ten years or until Medicare becomes available. During the year ended June 30, 2014, the Henry County Highway Department and the discretely presented Henry County School Department contributed \$1,467 and \$276,281, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 578,000	\$ 7,000
Interest on the NOPEBO	70,638	2,643
Adjustment to the ARC	(68,819)	(2,575)
Annual OPEB cost	<u>\$ 579,819</u>	<u>\$ 7,068</u>
Less: Amount of contribution	(276,281)	(1,467)
Increase/decrease in NOPEBO	<u>\$ 303,538</u>	<u>\$ 5,601</u>
Net OPEB obligation, 7-1-13	<u>1,765,961</u>	<u>66,068</u>
Net OPEB obligation, 6-30-14	<u><u>\$ 2,069,499</u></u>	<u><u>\$ 71,669</u></u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Education Group	\$ 506,900	47%	\$ 1,530,054
6-30-13	"	512,237	54	1,765,961
6-30-14	"	579,819	48	2,069,499
6-30-12	Local Government Group	16,904	19	52,652
6-30-13	"	16,871	20	66,068
6-30-14	"	7,068	21	71,669

Funded Status and Funding Progress

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

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 4,863,000	\$ 52,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 4,863,000	\$ 52,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 11,691,131	\$ 1,240,014
UAAL as a % of covered payroll	42%	4%

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

Actuarial Methods and Assumptions

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

In the July 1, 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.

H. Purchasing Laws

Office of County Mayor

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

Office of County Road Supervisor

Purchasing procedures for the Highway Department are governed by Chapter 326, Private Acts of 1972, as amended, and the Uniform Road Law, Section 54-7-113, *TCA*. The Uniform Road Law provides for purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

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

VI. OTHER NOTES – DISCRETELY PRESENTED HENRY COUNTY MEDICAL CENTER

A. Nature of Operations

Organization

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

B. Summary of Significant Accounting Policies

1. Basis of Presentation

The medical center utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis, which is an economic resources measurement focus approach to accounting. In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. In June 2011, GASB issued Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*. GASB Statements No. 62 and No. 63 were effective for periods beginning after December 15, 2011. GASB Statement No. 62 makes the GASB *Accounting Standards Codification* the sole source of authoritative accounting technical literature for governmental entities in the United States of America.

2. Inventories

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

3. Assets Limited as to Use

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

4. Cash, Cash Equivalents, and Investments

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

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

collateralized by securities held by the financial institutions' trust department in the medical center's name.

At June 30, 2014, the total carrying value of the medical center's cash, cash equivalents, and investments was \$19,133,862, and the bank balance was \$19,560,312. The entire financial institution balance as of June 30, 2014, was covered by federal depository insurance or by collateral held by the trustee in the medical center's name.

A 50 percent interest in a joint venture that provides cancer care services in the Henry County area is included in long-term investments on the accompanying Statement of Net Position. This investment is accounted for under the equity method. The investment balance included in long-term investments is \$612,147 at June 30, 2014.

5. Fair Value Measurements

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity including quoted market prices in active markets for identical assets (Level 1), or significant other observable inputs (Level 2) and the reporting entity's own assumptions about market participant assumptions (Level 3). While a majority of the medical center's assets whose use is limited and investments are cash equivalents, the medical center had approximately \$10,200,000 as of June 30, 2014, in certificates of deposit that would be classified as Level 2 under the hierarchy above. The medical center does not have any fair value measurements using significant unobservable inputs (Level 3) as of June 30, 2014.

6. Property and Equipment

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

7. **Goodwill and Other Intangible Assets**

Goodwill represents the excess of cost over the fair value of net position acquired in business combinations recorded as purchases. The medical center evaluates goodwill and other intangible assets for impairment on an annual basis or more frequently if impairment indicators arise. In the event goodwill and other intangible assets are considered to be impaired, a charge to earnings would be recorded during the period in which management makes such an impairment assessment.

Other intangible assets consist of a certificate of need and non-compete agreements. The non-competes are amortized over their respective useful life on a straight-line basis.

8. **Patient Service Revenue**

The medical center has agreements with third-party payors that provide for payments to the medical center at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per-diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Patient service revenue is net of contractual adjustments and policy discounts of approximately \$148.1 million for the year ended June 30, 2014. For the year ended June 30, 2014, approximately 51 percent of net patient service revenue was from Medicare and approximately 11 percent was from Medicaid/TennCare.

The medical center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the medical center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. These costs are estimated based on the ratio of total costs to gross charges and totaled approximately \$1,350,000 for the year ended June 30, 2014.

9. **Operating Activities**

The medical center defines operating activities as reported on the Statement of Revenue, Expenses and Changes in Net Position as those that generally result from exchange transactions, such as payments for providing services and payments for goods and services received.

Non-exchange transactions, including investment income and interest expense, are considered nonoperating revenue and expenses.

10. Costs of Borrowing

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

11. Pension Plan

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

12. Compensated Absences

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

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

13. Risk Management

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

14. Net Position

All resources that are not restricted by donors are included in unrestricted net position. Resources temporarily restricted by donors for specific purposes are reported as temporarily restricted net position. When specific purposes are achieved, either through passage of a stipulated time or the purpose for restriction is accomplished, they

are classified as unrestricted net position and reported in the Statement of Revenues, Expenses, and Changes in Net Position. Resources temporarily restricted by donors for additions to land, buildings, and equipment are initially reported as temporarily restricted net position and are transferred to unrestricted net position when expended. Donor-imposed restrictions, which stipulate that the resources be maintained permanently, are reported as permanently restricted net position. Investment income for the permanently restricted net position is classified as either temporarily restricted or unrestricted based on the intent of the donor. At June 30, 2014, there was no permanently or temporarily restricted net position.

15. Income Taxes

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

16. Performance Indicator

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

17. Long-lived Assets

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

18. Adoption of New Accounting Pronouncements

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement amends accounting standards relating to the application of FASB Statements that do not contradict GASB pronouncements and incorporates into the GASB authoritative literature certain accounting and financial reporting guidance to bring all authoritative literature together in one place. This amendment was effective for financial statements for fiscal years beginning after December 15, 2011. Therefore, the medical center adopted this standard at the beginning of fiscal year 2013.

In June 2011, GASB issued Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and identifies net position as the residual of all other elements presented in a statement of financial position. This amendment was effective for financial statements for fiscal years beginning after December 15, 2011. Therefore, the medical center adopted this standard at the beginning of fiscal year 2013.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities and is effective for financial statements for fiscal years beginning after December 15, 2012. Therefore, the medical center adopted this standard at the beginning of fiscal year 2014.

The adoption of these accounting standards did not have a material impact on the medical center's financial statements.

19. New Accounting Pronouncements

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB No. 27*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by other entities. The statement is effective for financial statements for fiscal years beginning after June 15, 2014. Therefore, the medical center expects to adopt this standard at the beginning of fiscal year 2015.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement relates to accounting and financial reporting for government combinations and disposals of government operations and is effective for financial statements for fiscal years beginning after December 15, 2013. Therefore, the medical center expects to adopt this standard at the beginning of fiscal year 2015.

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

20. Use of Estimates

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

C. Third-party Reimbursement Programs

The medical center receives revenue under various third-party reimbursement programs, which include Medicare, TennCare, and other third-party payors. Contractual adjustments under third-party reimbursement programs represent the difference between the medical center's billings at its established rates and the amounts reimbursed by third-party payors. They also include any differences between estimated third-party reimbursement settlements for prior years and subsequent tentative or final settlements. The adjustments resulting from tentative or final settlements to estimated reimbursement amounts resulted in a decrease to revenue of approximately \$200,000 for the year ended June 30, 2014.

1. Medicare

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

2. **Medicaid**

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

3. **TennCare**

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

4. **Commercial Payors**

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

5. **Credit Concentration**

The medical center grants credit to patients and generally does not require collateral or other security in extending credit; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies. At June 30, 2014, the medical center had net receivables from the federal government (Medicare) of approximately \$3 million and from Medicaid/TennCare of approximately \$950,000.

6. **Meaningful Use Payments from Medicare and Medicaid**

The American Recovery and Reinvestment Act of 2009 established incentive payments under the Medicare and Medicaid programs for hospitals that implemented “meaningful use” certified electronic health record (EHR) technology. In order to receive incentive payments, a hospital, which is able to meet the meaningful use criteria must attest that during the EHR reporting period, the hospital used certified EHR technology and specify the technology used, satisfied the required meaningful use objectives and associated measures for the applicable stage, and must specify the EHR reporting period and provide the result of each applicable measure for

all patients admitted to the inpatient or emergency department of the hospital during the EHR reporting period for which a selected measure is applicable. A hospital may receive an incentive payment for up to four years, provided it successfully demonstrates meaningful use of certified EHR technology for the EHR reporting period. Hospitals that adopt a certified EHR system and are meaningful users can begin receiving incentive payments in any federal fiscal year from 2011 (October 1, 2010 – September 30, 2011) to 2015; however, the incentive payments will decrease for hospitals that first start receiving payments in federal fiscal years 2014 or 2015.

The medical center met the meaningful use criteria during 2014. As a result, the medical center recognized income of approximately \$1,270,000 from Medicare in 2014. There are no receivables related to meaningful use at June 30, 2014. The income is reported as other revenue on the accompanying Statements of Revenue, Expenses and Changes in Net Position.

D. Inventories

A summary of inventories as of June 30, 2014, was as follows:

Medical Stores	\$ 108,862
Dietary	32,190
Departmental	<u>1,912,120</u>
 Total	 <u><u>\$ 2,053,172</u></u>

E. Property and Equipment

The major classifications and changes in property and equipment as of and for the year ended June 30, 2014, are as follows:

	Balance 7-1-13	Additions/ Transfers	Placed in Service/ Retirements	Balance 6-30-14
Land	\$ 851,433	\$ 0	\$ 0	\$ 851,433
Land Improvements	1,594,649	2,028	(1,364)	1,595,313
Building and Improvements	58,962,571	395,381	(15,030)	59,342,922
Machinery and Equipment	38,315,296	3,160,702	(2,153,912)	<u>39,322,086</u>
 Total	 \$ 99,723,949	 \$ 3,558,111	 \$ (2,170,306)	 \$ <u>101,111,754</u>

	Balance 7-1-13	Additions/ Transfers	Placed in Service/ Retirements	Balance 6-30-14
Less Allowance for Depreciation and Amortization:				
Land Improvements	\$ (1,162,976)	\$ (38,463)	\$ 1,245	\$ (1,200,194)
Building and Improvements	(25,729,123)	(1,956,936)	14,779	(27,671,280)
Machinery and Equipment	(28,274,764)	(3,135,316)	2,141,443	(29,268,637)
Total	\$ (55,166,863)	\$ (5,130,715)	\$ 2,157,467	\$ (58,140,111)
Subtotal	\$ 44,557,086	\$ (1,572,604)	\$ (12,839)	\$ 42,971,643
Construction in Progress	329,908	570,328	(763,265)	136,971
Total Capital Assets, Net	\$ 44,886,994	\$ (1,002,276)	\$ (776,104)	\$ 43,108,614

The medical center is in the process of constructing various expansions and additions to the existing facilities. As of June 30, 2014, the total cost of these projects is expected to be approximately \$870,000.

F. Other Intangible Assets

Other intangible assets include non-compete agreements with seven-year lives. The non-compete agreements have a balance of \$332,888, which is net of accumulated amortization of \$184,938 as of June 30, 2014. Amortization expense totaled \$73,975 in 2014. Future amortization expense of the net carrying amount of the non-compete agreements is \$73,975 per year.

G. Long-term Debt

A schedule of changes in the medical center's long-term debt as of and for the year ended June 30, 2014, is as follows:

	Balance 7-1-13	Additions	Reductions	Balance 6-30-14	Amounts Due Within One Year
Public Building Authority of the County of Montgomery, Tennessee - Series 2002	\$ 11,836,000	\$ 0	\$ (604,000)	\$ 11,232,000	\$ 634,000
General Obligation Hospital Revenue and Tax Capital Outlay Note - Series 2011	5,083,010	0	(445,917)	4,637,093	460,386

	Balance			Amounts	
	7-1-13	Additions	Reductions	6-30-14	Due Within One Year
Public Building Authority of the City of Clarksville, TN - Series 2012	\$ 6,602,000	\$ 0	\$ (407,000)	\$ 6,195,000	\$ 416,000
Other Debt	94,210	294,580	(140,521)	248,269	107,120
Total	\$ 23,615,220	\$ 294,580	\$ (1,597,438)	\$ 22,312,362	\$ 1,617,506

During June 2002, the medical center entered into a loan agreement with the Public Building Authority of the County of Montgomery, Tennessee, whereby, the authority agreed to loan the medical center up to \$16,500,000 for the construction, acquisition, and enlargement of its buildings, structures, and facilities. As of June 30, 2014, the medical center had outstanding borrowings of \$11,232,000 under this agreement. The loan agreement bears interest at an adjustable rate (.28 percent as of June 30, 2014) and is due in annual installments varying between \$634,000 and \$1,139,000 through May 25, 2027. The adjustable interest rate is adjusted daily as determined by the remarketing agent.

During April 2011, the medical center entered into a General Obligation Hospital Revenue and Tax Capital Outlay Note totaling \$6,000,000 secured by the general obligation of Henry County for the construction and enlargement of its buildings, structures, and facilities. As of June 30, 2014, the medical center had outstanding borrowings of \$4,637,093 under this obligation. The note bears interest at a fixed rate of 3.27 percent per annum, and is due in monthly installments of \$50,431 through April 1, 2023.

During January 2012, the medical center entered into a loan agreement with the Public Building Authority of the City of Clarksville, Tennessee, whereby the authority agreed to loan the medical center up to \$7,000,000 to provide funding to finance certain public works projects, including the acquisition of the Kentucky Lake Surgery Center, LLC. As of June 30, 2014, the medical center had outstanding borrowings of \$6,195,000 under this obligation. The note bears interest at an adjustable rate (.6 percent as of June 30, 2014), and is due in annual installments varying between \$416,000 and \$543,000 through June 1, 2027. The adjustable interest rate is adjusted weekly as determined by the remarketing agent.

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

A summary of future maturities and interest of long-term debt, as of June 30, 2014, is as follows:

Year	Principal	Estimated Interest	Total Payments
2015	\$ 1,617,506	\$ 211,000	\$ 1,828,506
2016	1,675,000	191,000	1,866,000
2017	1,661,000	171,000	1,832,000
2018	1,687,000	150,000	1,837,000
2019	1,751,000	128,000	1,879,000
2020-2024	9,078,000	303,000	9,381,000
2025-2027	4,842,856	28,000	4,870,856
Total	\$ 22,312,362	\$ 1,182,000	\$ 23,494,362

H. Employee Benefit Plans

Pension Plan Description

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew

Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/PS/.

For the year ended June 30, 2014, the medical center's annual pension costs were approximately \$1,716,000.

I. Deferred Compensation Plans

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

During 2010, the medical center implemented a physician on-call pay plan whereas the medical center would make contributions to the plan on behalf of the physicians. Effective July 1, 2011, the deferred element of the physician on-call plan was terminated, and participants are paid quarterly. The deferred compensation was paid to the respective physicians during 2012. The medical center still holds the life insurance policies and the underlying assets, which are invested in mutual funds and totaled approximately \$1,240,000 at June 30, 2014. These assets are included in other assets in the accompanying Statement of Net Position.

J. Commitments and Contingencies

1. Lease Commitments

The medical center leases various equipment under operating lease agreements. Rent expense was \$916,903 in 2014.

A summary of future minimum payments under these equipment leases as of June 30, 2014, is as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 754,000
2016	479,000
2017	405,000
2018	379,000
2019	293,000
2020 and later years	<u>729,000</u>
Total	<u><u>\$ 3,039,000</u></u>

2. Insurance

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

The medical center is self-insured for a portion of employee medical and other healthcare benefits and workers' compensation claims. The risk of loss retained by the medical center is limited to \$180,000 and \$400,000 per occurrence for employee health and workers' compensation, respectively. Beginning on July 1, 2014, the risk of loss related to workers' compensation increased to \$500,000. The medical center has purchased excess insurance to provide coverage for claims in excess of the self-insured retention. Contributions by the medical center for employee health are based on actuarial estimates, while contributions for workers' compensation are based on actual claims experience. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include a provision for estimated claims incurred but not reported. Reserves included within accrued expenses related to employee medical and other healthcare benefits totaled \$950,000 in 2014. Reserves included within accrued expenses related to workers' compensation claims totaled \$434,867 in 2014.

3. Healthcare Industry

The delivery of personal and health care services entails an inherent risk of liability. Participants in the health care services industry have become subject to an increasing number of lawsuits alleging negligence or related legal theories, many of which involve large claims and result in the incurrence of significant exposure and defense costs. The company and its subsidiaries are insured with respect to medical malpractice risk on a claims-made basis. The company also maintains insurance for general liability, director and officer liability, and property. Certain policies are subject to deductibles. In addition to the insurance coverage provided, the company indemnifies certain officers and directors for actions taken on behalf of the company and its subsidiaries. Management is not aware of any claims against it or its subsidiaries, which would have a material financial impact.

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare fraud and abuse. Recently, government activity has increased with respect to investigations and/or allegations concerning possible violations of fraud and abuse statutes and/or regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as repayments for patient services previously billed. Management believes that the company is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations.

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

The Centers for Medicare and Medicaid Services (CMS) have implemented a Recovery Audit Contractors (RAC) program. The purpose of the program is to reduce improper Medicare payments through the detection and recovery of overpayments. CMS has engaged subcontractors to perform these audits and they are being compensated on a contingency basis, which is based on the amount of overpayments that are recovered. While management believes that all Medicare billings are proper and adequate support is maintained, certain aspects of Medicare billing, coding, and support are subject to interpretation and may be viewed differently by the RAC auditors. As the amount of any recovery is unknown, management has not recorded any reserves related to the RAC audit at this time.

4. Health Care Reform

In March 2010, Congress adopted comprehensive health care insurance legislation, the Patient Care Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (collectively, the Health Care Reform Legislation). The Health Care Reform Legislation, among other matters, is designed to expand access to health care coverage to substantially all citizens through a combination of public program expansion and private industry health insurance. Provisions of the Health Care Reform Legislation become effective at various dates over the next several years, and a number of additional steps are required to implement these requirements. Due

to the complexity of the Health Care Reform Legislation, reconciliation and implementation of the legislation continues to be under consideration by lawmakers, and it is not certain as to what changes may be made in the future regarding healthcare policies. Changes to existing Medicaid coverage and payments are also expected to occur as a result of this legislation. While the full impact of Health Care Reform Legislation is not yet fully known, changes to policies regarding reimbursement, universal health insurance and managed competition may materially impact the company's operations.

K. Functional Expenses

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

Healthcare Services	\$ 47,813,512
General and Administrative	<u>24,366,616</u>
Total	<u>\$ 72,180,128</u>

VII. OTHER NOTES – DISCRETELY PRESENTED HENRY COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Nature of Activities and Summary of Significant Accounting Policies

1. Nature of Activities

The Henry County Emergency Communications District is a nonprofit organization, established under Tennessee law. The district was organized in 1989 to provide Emergency 911 service to the residents of Henry County. Although the district is considered a municipality under its enabling legislation, it cannot levy or collect taxes and the charges for services shall not be considered or classified as taxes. A volunteer board of directors, who are appointed by the district's primary government, manages the district. All Tennessee emergency communications districts are required to follow the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts*, developed by the Office of the Comptroller of the Treasury, Division of Local Government Audit, pursuant to Section 7-86-304, *Tennessee Code Annotated*.

The Henry County Emergency Communications District is a discretely presented component unit of Henry County, Tennessee, and the financial statements are presented in both the district's separate financial report and within the Henry County, Tennessee, financial report. The district is considered a discretely presented component unit of Henry County as defined under the criteria set forth in

Governmental Accounting Standards Board Statement No. 14, because the district would be unable to issue debt without going through Henry County, Tennessee.

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

The financial statements are reported using the economic resources measurement focus. Operating income includes emergency telephone surcharges, state shared wireless charges, and state operational funding. Operating expenses include costs of services as well as materials, contracts, personnel, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The term “basis of accounting” is used to determine when a transaction or event is recognized on the district’s operating statement. The district uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned, and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

3. **Use of Estimates**

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

4. **Accounts Receivable**

Accounts receivable represent amounts due from various phone companies for emergency telephone surcharges and monthly reimbursable wireless fees.

5. **Budgetary Policies**

The district’s board of directors approves an appropriatory budget annually. The budget is prepared on a basis, which differs from generally accepted accounting principles (GAAP) pertaining to proprietary funds, in that expenses are on the cash basis rather than the accrual basis. It is only necessary to present budgetary revenues and expenses compared to actual. The legal level of control is at each line-item of expense; therefore, each line-item must be amended prior to expending funds.

6. Cash and Cash Equivalents

For purposes of the Statement of Net Position and the Statement of Cash Flows, the district considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

State statutes authorize the district to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations by the U.S. government or its agencies, repurchase agreements, as approved by the state Comptroller's Office, and the state's local government pool.

7. Capital Assets

The district defines capital assets as assets with an initial cost of more than \$200 and an estimated useful life in excess of one year. Additions to capital assets are recorded at acquisition cost or estimated market value at the date of donation in the case of donated property. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from five to 40 years. Interest costs incurred on financing during the construction or installation period of capital assets are capitalized as part of the cost of the assets. For the year under review, there were no interest costs capitalized.

8. Net Position

Equity is classified as net position. Net position is categorized as investment in capital assets, restricted, and unrestricted.

- a. Investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – This component of net position consists of net position that does not meet the definition of “restricted” or “investment in capital assets.”

9. Capital Assets

Capital assets activity during the year was as follows:

	Balance			Balance
	7-1-13	Increases	Decreases	6-30-14
Capital Assets Not Being Depreciated:				
Land	\$ 108,710	\$ 6,150	\$ 0	\$ 114,860
Construction in Progress	682,671	0	682,671	0
Total Capital Assets Not Being Depreciated	<u>\$ 791,381</u>	<u>\$ 6,150</u>	<u>\$ 682,671</u>	<u>\$ 114,860</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	\$ 52,812	\$ 685,660	\$ 0	\$ 738,472
Furniture and Fixtures	51,534	60,057	0	111,591
Office Equipment	8,649	202	0	8,851
Communications Equipment	374,499	210,760	0	585,259
Total Capital Assets Being Depreciated	<u>\$ 487,494</u>	<u>\$ 956,679</u>	<u>\$ 0</u>	<u>\$ 1,444,173</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$ 1,805	\$ 17,528	\$ 0	\$ 19,333
Furniture and Fixtures	26,647	11,004	0	37,651
Office Equipment	6,173	1,312	0	7,485
Communications Equipment	64,568	52,820	0	117,388
Total Accumulated Depreciation	<u>\$ 99,193</u>	<u>\$ 82,664</u>	<u>\$ 0</u>	<u>\$ 181,857</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 388,301</u>	<u>\$ 874,015</u>	<u>\$ 0</u>	<u>\$ 1,262,316</u>
Total Capital Assets, Net	<u>\$ 1,179,682</u>	<u>\$ 880,165</u>	<u>\$ 682,671</u>	<u>\$ 1,377,176</u>

10. Income Taxes

The district is a tax-exempt organization under Section 115 of the Internal Revenue Code and, accordingly, no provision for federal income taxes has been made.

B. Deposits and Investments

The district has implemented Government Accounting Standards Board Statement No. 40, *Deposit and Investment Risk* disclosures for financial reporting of deposit risk.

Custodial Credit Risk – The district’s policies limit investments to those instruments allowed by applicable state laws. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the district’s agent in the district’s name, or by the Federal Reserve Banks acting as third-party agents. As of June 30, 2014, all bank deposits were fully collateralized or insured.

C. Major Revenue Source

Revenue for operation and maintenance of the Henry County Emergency Communications District is generated by a surcharge placed on residential and business phone lines. The major surcharge is collected by AT&T and remitted to the district monthly less a one percent administrative fee. The district also collects revenue generated by wireless phone users. The Tennessee Emergency Communications Board collects the revenue and distributes 25 percent of the funds to the emergency communications districts based on the proportion of the population of each district to that of the state, according to the latest census.

D. Risk Management

The district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the district is covered through commercial insurance. Workers’ compensation is covered through the Tennessee Municipal League Risk Management Pool. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Henry County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Henry 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)
7-1-13	\$ 84,095	\$ 86,341	\$ 2,246	97.40 %	\$ 31,315	7.17 %
7-1-11	73,630	77,820	4,190	94.62	31,312	13.38
7-1-09	59,383	60,707	1,324	97.82	30,498	4.34

Exhibit E-2

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

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) 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	\$ 192	\$ 192	0%	\$ 1,209	16%
"	7-1-11	0	134	134	0	1,162	12
"	7-1-13	0	52	52	0	1,240	4
<u>DISCRETELY PRESENTED HENRY COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	4,900	4,900	0	10,505	47
"	7-1-11	0	4,740	4,740	0	10,699	44
"	7-1-13	0	4,863	4,863	0	11,691	42

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

NONE

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Capital Projects Fund

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

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

Exhibit F-1

Henry County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014

	Special Revenue Funds				Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees			General Capital Projects		
\$	0	0	1,161	0	1,161	0	0	1,161
	147,319	108,362	0	0	255,681	102,964	0	358,645
	13,564	0	0	0	13,564	0	0	13,564
	11,278	210	0	0	11,488	20,650	0	32,138
	410,384	0	0	0	410,384	0	0	410,384
	(10,253)	0	0	0	(10,253)	0	0	(10,253)
	0	23,502	0	0	23,502	20,278	0	43,780
\$	572,292	132,074	1,161	0	705,527	143,892	0	849,419

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Due from Other Governments
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes
 Cash Shortage

Total Assets

LIABILITIES

Accounts Payable
 Due to Other Funds
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
 Deferred Delinquent Property Taxes
 Total Deferred Inflows of Resources

(Continued)

Exhibit F-1

Henry County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds (Cont.)

	Special Revenue Funds				Total	Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees				
\$	0	132,074	0	0	132,074	0	132,074
0	0	0	0	0	0	143,892	143,892
172,965	0	0	0	0	172,965	0	172,965
\$	172,965	132,074	0	0	305,039	143,892	448,931
\$	572,292	132,074	1,161	0	705,527	143,892	849,419

FUND BALANCES

Restricted:
 Restricted for Public Safety
 Restricted for Capital Outlay
 Committed:
 Committed for Public Health and Welfare
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Exhibit F-2

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

	Special Revenue Funds				Capital Projects Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constituti- onal Officers - Fees	Total	General Capital Projects	Total	
<u>Revenues</u>							
Local Taxes	\$ 301,888	\$ 0	\$ 0	\$ 301,888	\$ 0	\$ 0	\$ 301,888
Fines, Forfeitures, and Penalties	0	9,737	0	9,737	0	0	9,737
Charges for Current Services	0	0	16,139	16,139	0	0	16,139
Other Local Revenues	199,462	16,543	0	216,005	30	30	216,035
State of Tennessee	11,278	0	0	11,278	20,650	20,650	31,928
Other Governments and Citizens Groups	0	3,054	0	3,054	0	0	3,054
Total Revenues	\$ 512,628	\$ 29,334	\$ 16,139	\$ 558,101	\$ 20,680	\$ 20,680	\$ 578,781
<u>Expenditures</u>							
Current:							
Administration of Justice	\$ 0	\$ 0	\$ 16,139	\$ 16,139	\$ 0	\$ 0	\$ 16,139
Public Safety	0	56,384	0	56,384	0	0	56,384
Public Health and Welfare	614,525	0	0	614,525	0	0	614,525
Other Operations	7,876	0	0	7,876	0	0	7,876
Capital Projects	0	0	0	0	669,358	669,358	669,358
Total Expenditures	\$ 622,401	\$ 56,384	\$ 16,139	\$ 694,924	\$ 669,358	\$ 669,358	\$ 1,364,282
Excess (Deficiency) of Revenues Over Expenditures	\$ (109,773)	\$ (27,050)	\$ 0	\$ (136,823)	\$ (648,678)	\$ (648,678)	\$ (785,501)
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 155,199	\$ 155,199	\$ 155,199
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 155,199	\$ 155,199	\$ 155,199
Net Change in Fund Balances Fund Balance, July 1, 2013	\$ (109,773)	\$ (27,050)	\$ 0	\$ (136,823)	\$ (493,479)	\$ (493,479)	\$ (630,302)
Fund Balance, July 1, 2013	282,738	159,124	0	441,862	637,371	637,371	1,079,233
Fund Balance, June 30, 2014	\$ 172,965	\$ 132,074	\$ 0	\$ 305,039	\$ 143,892	\$ 143,892	\$ 448,931

Exhibit F-3

Henry County, Tennessee
Schedule 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	\$ 301,888	\$ 298,575	\$ 298,575	\$ 3,313
Other Local Revenues	199,462	200,600	204,600	(5,138)
State of Tennessee	11,278	0	12,200	(922)
Total Revenues	<u>\$ 512,628</u>	<u>\$ 499,175</u>	<u>\$ 515,375</u>	<u>\$ (2,747)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 46,611	\$ 48,746	\$ 48,746	\$ 2,135
Recycling Center	487,819	493,156	505,706	17,887
Landfill Operation and Maintenance	80,095	71,792	79,492	(603)
<u>Other Operations</u>				
Other Charges	7,876	7,000	7,250	(626)
Total Expenditures	<u>\$ 622,401</u>	<u>\$ 620,694</u>	<u>\$ 641,194</u>	<u>\$ 18,793</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (109,773)</u>	<u>\$ (121,519)</u>	<u>\$ (125,819)</u>	<u>\$ 16,046</u>
Net Change in Fund Balance	\$ (109,773)	\$ (121,519)	\$ (125,819)	\$ 16,046
Fund Balance, July 1, 2013	<u>282,738</u>	<u>282,738</u>	<u>282,738</u>	<u>0</u>
Fund Balance, June 30, 2014	<u>\$ 172,965</u>	<u>\$ 161,219</u>	<u>\$ 156,919</u>	<u>\$ 16,046</u>

Exhibit F-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 9,737	\$ 19,000	\$ 19,000	\$ (9,263)
Other Local Revenues	16,543	15,750	15,750	793
Other Governments and Citizens Groups	3,054	0	3,500	(446)
Total Revenues	<u>\$ 29,334</u>	<u>\$ 34,750</u>	<u>\$ 38,250</u>	<u>\$ (8,916)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 56,384	\$ 38,250	\$ 64,750	\$ 8,366
Total Expenditures	<u>\$ 56,384</u>	<u>\$ 38,250</u>	<u>\$ 64,750</u>	<u>\$ 8,366</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (27,050)</u>	<u>\$ (3,500)</u>	<u>\$ (26,500)</u>	<u>\$ (550)</u>
<u>Other Financing Sources (Uses)</u>				
City General Fund Transfer	\$ 0	\$ 3,500	\$ 0	\$ 0
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 3,500</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (27,050)	\$ 0	\$ (26,500)	\$ (550)
Fund Balance, July 1, 2013	<u>159,124</u>	<u>159,124</u>	<u>159,124</u>	<u>0</u>
Fund Balance, June 30, 2014	<u>\$ 132,074</u>	<u>\$ 159,124</u>	<u>\$ 132,624</u>	<u>\$ (550)</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Henry County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 301,935	\$ 297,297	\$ 297,297	\$ 4,638
Other Local Revenues	117,961	126,429	126,429	(8,468)
Other Governments and Citizens Groups	1,562,977	0	1,560,235	2,742
Total Revenues	<u>\$ 1,982,873</u>	<u>\$ 423,726</u>	<u>\$ 1,983,961</u>	<u>\$ (1,088)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 6,748	\$ 10,000	\$ 11,500	\$ 4,752
<u>Principal on Debt</u>				
General Government	460,199	460,199	460,199	0
Education	1,188,953	1,188,952	1,188,954	1
<u>Interest on Debt</u>				
General Government	23,812	23,900	23,900	88
Education	605,127	608,484	608,484	3,357
<u>Other Debt Service</u>				
General Government	653	1,000	1,000	347
Education	6,571	4,000	6,740	169
Total Expenditures	<u>\$ 2,292,063</u>	<u>\$ 2,296,535</u>	<u>\$ 2,300,777</u>	<u>\$ 8,714</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ (309,190)</u>	<u>\$ (1,872,809)</u>	<u>\$ (316,816)</u>	<u>\$ 7,626</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 50,000	\$ 1,612,236	\$ 52,001	\$ (2,001)
Total Other Financing Sources	<u>\$ 50,000</u>	<u>\$ 1,612,236</u>	<u>\$ 52,001</u>	<u>\$ (2,001)</u>
Net Change in Fund Balance				
Fund Balance, July 1, 2013	<u>\$ 2,492,934</u>	<u>\$ 2,492,934</u>	<u>\$ 2,492,934</u>	<u>\$ 0</u>
Fund Balance, June 30, 2014	<u>\$ 2,233,744</u>	<u>\$ 2,232,361</u>	<u>\$ 2,228,119</u>	<u>\$ 5,625</u>

Fiduciary Funds

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

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

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

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

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

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

Exhibit H-1

Henry County, Tennessee
 Combining Statement of Fiduciary Assets and Liabilities
 Fiduciary Funds
 June 30, 2014

	Agency Funds						Total
	Cities - Sales Tax	Watershed District	Special School District	Constitu- tional Officers - Agency	Judicial District Drug		
ASSETS							
Cash	\$ 0	\$ 0	\$ 0	\$ 1,370,466	\$ 2,772	\$ 1,373,238	
Equity in Pooled Cash and Investments	0	1,606	194,211	0	166,285	362,102	
Accounts Receivable	0	0	0	6,291	0	6,291	
Due from Other Governments	598,777	0	300,190	0	20,002	918,969	
Property Taxes Receivable	0	0	3,654,634	0	0	3,654,634	
Allowance for Uncollectible Property Taxes	0	0	(104,671)	0	0	(104,671)	
Total Assets	\$ 598,777	\$ 1,606	\$ 4,044,364	\$ 1,376,757	\$ 189,059	\$ 6,210,563	
LIABILITIES							
Due to Other Taxing Units	\$ 598,777	\$ 1,606	\$ 4,044,364	\$ 0	\$ 0	\$ 4,644,747	
Due to Litigants, Heirs, and Others	0	0	0	1,376,757	0	1,376,757	
Due to Joint Ventures	0	0	0	0	189,059	189,059	
Total Liabilities	\$ 598,777	\$ 1,606	\$ 4,044,364	\$ 1,376,757	\$ 189,059	\$ 6,210,563	

Exhibit H-2

Henry 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	\$ 2,873,157	\$ 2,873,157	\$ 0
Due from Other Governments	597,229	598,777	597,229	598,777
Total Assets	\$ 597,229	\$ 3,471,934	\$ 3,470,386	\$ 598,777
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 597,229	\$ 3,471,934	\$ 3,470,386	\$ 598,777
Total Liabilities	\$ 597,229	\$ 3,471,934	\$ 3,470,386	\$ 598,777
<u>Watershed District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,606	\$ 0	\$ 0	\$ 1,606
Total Assets	\$ 1,606	\$ 0	\$ 0	\$ 1,606
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,606	\$ 0	\$ 0	\$ 1,606
Total Liabilities	\$ 1,606	\$ 0	\$ 0	\$ 1,606
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 198,983	\$ 1,356,368	\$ 1,361,140	\$ 194,211
Due from Other Governments	308,218	300,190	308,218	300,190
Property Taxes Receivable	3,655,572	3,654,634	3,655,572	3,654,634
Allowance for Uncollectible Property Taxes	(98,499)	(104,671)	(98,499)	(104,671)
Total Assets	\$ 4,064,274	\$ 5,206,521	\$ 5,226,431	\$ 4,044,364
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,064,274	\$ 5,206,521	\$ 5,226,431	\$ 4,044,364
Total Liabilities	\$ 4,064,274	\$ 5,206,521	\$ 5,226,431	\$ 4,044,364

(Continued)

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,351,856	\$ 7,319,210	\$ 7,300,600	\$ 1,370,466
Accounts Receivable	4,988	6,291	4,988	6,291
Cash Shortage	29,291	0	29,291	0
Total Assets	<u>\$ 1,386,135</u>	<u>\$ 7,325,501</u>	<u>\$ 7,334,879</u>	<u>\$ 1,376,757</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	<u>\$ 1,386,135</u>	<u>\$ 7,325,501</u>	<u>\$ 7,334,879</u>	<u>\$ 1,376,757</u>
Total Liabilities	<u>\$ 1,386,135</u>	<u>\$ 7,325,501</u>	<u>\$ 7,334,879</u>	<u>\$ 1,376,757</u>
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 1,043	\$ 2,772	\$ 1,043	\$ 2,772
Equity in Pooled Cash and Investments	167,424	385,488	386,627	166,285
Due From Other Governments	0	20,002	0	20,002
Total Assets	<u>\$ 168,467</u>	<u>\$ 408,262</u>	<u>\$ 387,670</u>	<u>\$ 189,059</u>
<u>Liabilities</u>				
Due to Joint Ventures	<u>\$ 168,467</u>	<u>\$ 408,262</u>	<u>\$ 387,670</u>	<u>\$ 189,059</u>
Total Liabilities	<u>\$ 168,467</u>	<u>\$ 408,262</u>	<u>\$ 387,670</u>	<u>\$ 189,059</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,352,899	\$ 7,321,982	\$ 7,301,643	\$ 1,373,238
Equity in Pooled Cash and Investments	368,013	4,615,013	4,620,924	362,102
Accounts Receivable	4,988	6,291	4,988	6,291
Due from Other Governments	905,447	918,969	905,447	918,969
Property Taxes Receivable	3,655,572	3,654,634	3,655,572	3,654,634
Allowance for Uncollectible Property Taxes	(98,499)	(104,671)	(98,499)	(104,671)
Cash Shortage	29,291	0	29,291	0
Total Assets	<u>\$ 6,217,711</u>	<u>\$ 16,412,218</u>	<u>\$ 16,419,366</u>	<u>\$ 6,210,563</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,663,109	\$ 8,678,455	\$ 8,696,817	\$ 4,644,747
Due to Litigants, Heirs, and Others	1,386,135	7,325,501	7,334,879	1,376,757
Due to Joint Ventures	168,467	408,262	387,670	189,059
Total Liabilities	<u>\$ 6,217,711</u>	<u>\$ 16,412,218</u>	<u>\$ 16,419,366</u>	<u>\$ 6,210,563</u>

Henry County School Department

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

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

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

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

Exhibit I-1

Henry County, Tennessee
Statement of Activities
Discretely Presented Henry County School Department
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 19,319,271	\$ 0	\$ 925,418	\$ (16,029,703)
Support Services	8,881,404	72,151	542,613	(8,266,640)
Operation of Non-instructional Services	2,713,151	623,647	1,733,107	(356,397)
Total Governmental Activities	\$ 30,913,826	\$ 695,798	\$ 3,201,138	\$ (24,652,740)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 4,871,945
Local Option Sales Taxes				2,724,683
Business Tax				124,058
Other Local Taxes				17,214
Grants and Contributions Not Restricted to Specific Programs				16,866,331
Miscellaneous				90,797
Total General Revenues				\$ 24,695,028
Change in Net Position				\$ 42,288
Net Position, July 1, 2013				28,980,954
Net Position, June 30, 2014				\$ 29,023,242

Exhibit I-2

Henry County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Henry 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	\$ 4,174,476	\$ 626,654	\$ 4,801,130
Accounts Receivable	2,854	7,033	9,887
Due from Other Governments	1,546,335	97,476	1,643,811
Property Taxes Receivable	4,985,769	0	4,985,769
Allowance for Uncollectible Property Taxes	(143,237)	0	(143,237)
Total Assets	\$ 10,566,197	\$ 731,163	\$ 11,297,360
<u>LIABILITIES</u>			
Accounts Payable	\$ 49,369	\$ 169	\$ 49,538
Contracts Payable	4,500	0	4,500
Total Liabilities	\$ 53,869	\$ 169	\$ 54,038
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 4,688,538	\$ 0	\$ 4,688,538
Deferred Delinquent Property Taxes	138,957	0	138,957
Other Deferred/Unavailable Revenue	255,143	0	255,143
Total Deferred Inflows of Resources	\$ 5,082,638	\$ 0	\$ 5,082,638
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 628,269	\$ 0	\$ 628,269
Restricted for Operation of Non-instructional Services	0	582,239	582,239
Assigned:			
Assigned for Education	98,765	148,755	247,520
Assigned for Support Services	323,201	0	323,201
Assigned for Capital Projects	1,640,709	0	1,640,709
Unassigned	2,738,746	0	2,738,746
Total Fund Balances	\$ 5,429,690	\$ 730,994	\$ 6,160,684
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,566,197	\$ 731,163	\$ 11,297,360

Exhibit I-3

Henry County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Henry 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 I-2)		\$ 6,160,684
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 610,066	
Add: construction in progress	1,014,336	
Add: buildings and improvements net of accumulated depreciation	21,438,415	
Add: other capital assets net of accumulated depreciation	<u>1,557,239</u>	24,620,056
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: compensated absences payable	\$ (82,099)	
Less: other postemployment benefits liability	<u>(2,069,499)</u>	(2,151,598)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>394,100</u>
Net position of governmental activities (Exhibit A)		<u>\$ 29,023,242</u>

Exhibit I-4

Henry County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Henry County School Department
For the Year Ended June 30, 2014

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 7,785,092	\$ 0	\$ 7,785,092
Licenses and Permits	1,764	0	1,764
Charges for Current Services	72,140	623,191	695,331
Other Local Revenues	172,394	762	173,156
State of Tennessee	17,368,489	17,323	17,430,597
Federal Government	2,328,003	3,322,418	5,605,636
Other Governments and Citizens Groups	234,044	0	234,044
Total Revenues	<u>\$ 27,961,926</u>	<u>\$ 3,963,694</u>	<u>\$ 31,925,620</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 14,107,343	\$ 1,611,374	\$ 15,718,717
Support Services	8,369,542	352,954	8,722,496
Operation of Non-instructional Services	678,380	1,974,779	2,653,159
Capital Outlay	1,622,756	0	1,622,756
Debt Service:			
Other Debt Service	1,562,977	0	1,562,977
Total Expenditures	<u>\$ 26,340,998</u>	<u>\$ 3,939,107</u>	<u>\$ 30,280,105</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,620,928</u>	<u>\$ 24,587</u>	<u>\$ 1,645,515</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 82,906	\$ 0	\$ 82,906
Transfers In	21,569	0	21,569
Transfers Out	0	(21,569)	(21,569)
Total Other Financing Sources (Uses)	<u>\$ 104,475</u>	<u>\$ (21,569)</u>	<u>\$ 82,906</u>
Net Change in Fund Balances	\$ 1,725,403	\$ 3,018	\$ 1,728,421
Fund Balance, July 1, 2013	3,704,287	727,976	4,432,263
Fund Balance, June 30, 2014	<u>\$ 5,429,690</u>	<u>\$ 730,994</u>	<u>\$ 6,160,684</u>

Exhibit I-5

Henry County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Henry County School Department
For the Year Ended June 30, 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 I-4)		\$ 1,728,421
(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	\$ 1,745,471	
Less: current-year depreciation expense	<u>(2,145,839)</u>	(400,368)
(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		(214)
(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	\$ 394,100	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(1,363,606)</u>	(969,506)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ (12,507)	
Change in other postemployment benefits liability	<u>(303,538)</u>	<u>(316,045)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 42,288</u>

Exhibit I-6

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

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 84,361	\$ 542,293	\$ 626,654
Accounts Receivable	0	7,033	7,033
Due from Other Governments	64,563	32,913	97,476
	<hr/>		
Total Assets	\$ 148,924	\$ 582,239	\$ 731,163
<u>LIABILITIES</u>			
Accounts Payable	\$ 169	\$ 0	\$ 169
Total Liabilities	\$ 169	\$ 0	\$ 169
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Operation of Non-instructional Services	\$ 0	\$ 582,239	\$ 582,239
Assigned:			
Assigned for Education	148,755	0	148,755
Total Fund Balances	\$ 148,755	\$ 582,239	\$ 730,994
	<hr/>		
Total Liabilities and Fund Balances	\$ 148,924	\$ 582,239	\$ 731,163
	<hr/>		

Exhibit I-7

Henry County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Henry County School Department
For the Year Ended June 30, 2014

	Special Revenue Funds		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 623,191	\$ 623,191
Other Local Revenues	0	762	762
State of Tennessee	0	17,323	17,323
Federal Government	1,983,483	1,338,935	3,322,418
Total Revenues	\$ 1,983,483	\$ 1,980,211	\$ 3,963,694
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,611,374	\$ 0	\$ 1,611,374
Support Services	352,954	0	352,954
Operation of Non-instructional Services	0	1,974,779	1,974,779
Total Expenditures	\$ 1,964,328	\$ 1,974,779	\$ 3,939,107
Excess (Deficiency) of Revenues Over Expenditures	\$ 19,155	\$ 5,432	\$ 24,587
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (21,569)	\$ 0	\$ (21,569)
Total Other Financing Sources (Uses)	\$ (21,569)	\$ 0	\$ (21,569)
Net Change in Fund Balances	\$ (2,414)	\$ 5,432	\$ 3,018
Fund Balance, July 1, 2013	151,169	576,807	727,976
Fund Balance, June 30, 2014	\$ 148,755	\$ 582,239	\$ 730,994

Exhibit I-8

Henry County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Henry County School Department
General Purpose School Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	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	\$ 7,785,092	\$ 0	\$ 0	\$ 7,785,092	\$ 7,625,404	\$ 7,625,404	\$ 159,688
Licenses and Permits	1,764	0	0	1,764	1,500	1,500	264
Charges for Current Services	72,140	0	0	72,140	81,504	83,004	(10,864)
Other Local Revenues	172,394	0	0	172,394	194,048	448,293	(275,899)
State of Tennessee	17,368,489	0	0	17,368,489	17,163,949	17,335,793	32,696
Federal Government	2,328,003	0	0	2,328,003	193,059	2,558,966	(230,963)
Other Governments and Citizens Groups	234,044	0	0	234,044	0	0	234,044
Total Revenues	\$ 27,961,926	\$ 0	\$ 0	\$ 27,961,926	\$ 25,259,464	\$ 28,052,960	\$ (91,034)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 11,484,167	\$ 0	\$ 98,765	\$ 11,582,932	\$ 12,060,141	\$ 12,171,565	\$ 588,633
Alternative Instruction Program	186,335	0	0	186,335	141,800	188,818	2,483
Special Education Program	1,418,653	0	0	1,418,653	1,437,499	1,437,499	18,846
Vocational Education Program	818,655	0	0	818,655	899,290	899,290	80,635
Adult Education Program	199,533	0	0	199,533	205,239	251,410	51,877
<u>Support Services</u>							
Attendance	179,388	0	0	179,388	172,357	218,357	38,969
Health Services	374,984	0	0	374,984	408,752	409,352	34,368
Other Student Support	578,635	0	0	578,635	637,868	637,418	58,783
Regular Instruction Program	1,008,621	0	0	1,008,621	1,072,794	1,072,794	64,173
Alternative Instruction Program	91,418	0	0	91,418	95,076	95,076	3,658
Special Education Program	122,427	0	0	122,427	122,808	122,808	381
Vocational Education Program	33,554	0	0	33,554	59,845	59,845	26,291
Other Programs	169,214	0	0	169,214	0	169,214	0
Board of Education	504,741	0	0	504,741	537,333	522,395	17,654
Director of Schools	249,742	0	0	249,742	270,872	270,284	20,542
Office of the Principal	1,252,948	0	0	1,252,948	1,319,275	1,319,275	66,327
Fiscal Services	178,374	0	5,200	183,574	181,956	187,156	3,582
Operation of Plant	1,543,846	0	0	1,543,846	1,574,032	1,544,032	186

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	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>							
Maintenance of Plant	\$ 610,132	\$ 0	\$ 34,618	\$ 644,750	\$ 605,713	\$ 682,311	\$ 37,561
Transportation	1,471,518	0	283,383	1,754,901	1,869,731	1,890,556	135,655
<u>Operation of Non-instructional Services</u>							
Community Services	371,361	0	0	371,361	350,225	428,829	57,468
Early Childhood Education	307,019	0	0	307,019	333,318	307,550	531
<u>Capital Outlay</u>							
Regular Capital Outlay	1,622,756	(391,312)	1,245,479	2,476,923	200,000	2,869,548	392,625
Principal on Debt	0	0	0	0	956,752	1	1
Education	0	0	0	0	603,484	0	0
Interest on Debt							
Education							
Other Debt Service							
Education	1,562,977	0	0	1,562,977	0	1,562,977	0
Total Expenditures	\$ 26,340,998	\$ (391,312)	\$ 1,667,445	\$ 27,617,131	\$ 26,116,160	\$ 29,318,360	\$ 1,701,229
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,620,928	\$ 391,312	\$ (1,667,445)	\$ 344,795	\$ (856,696)	\$ (1,265,400)	\$ 1,610,195
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 82,906	\$ 0	\$ 0	\$ 82,906	\$ 0	\$ 79,328	\$ 3,578
Transfers In	21,569	0	0	21,569	33,000	33,000	(11,431)
Total Other Financing Sources	\$ 104,475	\$ 0	\$ 0	\$ 104,475	\$ 33,000	\$ 112,328	\$ (7,853)
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 1,725,403	\$ 391,312	\$ (1,667,445)	\$ 449,270	\$ (823,696)	\$ (1,153,072)	\$ 1,602,342
Fund Balance, July 1, 2013	3,704,287	(391,312)	0	3,312,975	4,360,739	4,360,739	(1,047,764)
Fund Balance, June 30, 2014	\$ 5,429,690	\$ 0	\$ (1,667,445)	\$ 3,762,245	\$ 3,537,043	\$ 3,207,667	\$ 554,578

Exhibit I-9

Henry County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Henry County School Department
School Federal Projects Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 0	\$ 26,298	\$ 26,298	\$ (26,298)
Federal Government	1,983,483	2,015,897	2,267,242	(283,759)
Total Revenues	\$ 1,983,483	\$ 2,042,195	\$ 2,293,540	\$ (310,057)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,026,326	\$ 1,027,810	\$ 1,117,869	\$ 91,543
Special Education Program	534,616	579,217	679,033	144,417
Vocational Education Program	50,432	52,637	50,563	131
<u>Support Services</u>				
Other Student Support	52,407	53,422	58,091	5,684
Regular Instruction Program	184,556	192,635	210,535	25,979
Special Education Program	94,999	92,727	124,968	29,969
Vocational Education Program	3,621	3,760	3,622	1
Transportation	17,371	17,879	23,833	6,462
Total Expenditures	\$ 1,964,328	\$ 2,020,087	\$ 2,268,514	\$ 304,186
Excess (Deficiency) of Revenues Over Expenditures	\$ 19,155	\$ 22,108	\$ 25,026	\$ (5,871)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 115,822	\$ 115,822	\$ (115,822)
Transfers Out	(21,569)	(137,928)	(140,848)	119,279
Total Other Financing Sources	\$ (21,569)	\$ (22,106)	\$ (25,026)	\$ 3,457
Net Change in Fund Balance	\$ (2,414)	\$ 2	\$ 0	\$ (2,414)
Fund Balance, July 1, 2013	151,169	0	0	151,169
Fund Balance, June 30, 2014	\$ 148,755	\$ 2	\$ 0	\$ 148,755

Exhibit I-10

Henry County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Henry 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	\$ 623,191	\$ 652,760	\$ 652,760	\$ (29,569)
Other Local Revenues	762	9,865	9,865	(9,103)
State of Tennessee	17,323	18,631	18,631	(1,308)
Federal Government	1,338,935	1,496,478	1,496,478	(157,543)
Total Revenues	<u>\$ 1,980,211</u>	<u>\$ 2,177,734</u>	<u>\$ 2,177,734</u>	<u>\$ (197,523)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 1,974,779	\$ 2,177,734	\$ 2,177,734	\$ 202,955
Total Expenditures	<u>\$ 1,974,779</u>	<u>\$ 2,177,734</u>	<u>\$ 2,177,734</u>	<u>\$ 202,955</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 5,432</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,432</u>
Net Change in Fund Balance	\$ 5,432	\$ 0	\$ 0	\$ 5,432
Fund Balance, July 1, 2013	<u>576,807</u>	<u>0</u>	<u>0</u>	<u>576,807</u>
Fund Balance, June 30, 2014	<u>\$ 582,239</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 582,239</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Henry County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Matured During Period	Outstanding 6-30-14
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School Energy Efficiency Improvement	\$ 499,872	0 %	2-2-07	2-15-14	\$ 71,412	\$ 0	\$ 71,412	\$ 0
Airport Industrial Building	960,000	0	8-6-08	7-31-18	610,000	0	120,000	490,000
General Obligation Refunding and Improvement CON Series 2013	1,550,000	1 to 2	1-2-13	5-1-23	1,475,000	0	185,000	1,290,000
General Improvement Projects	155,199	1.3	9-27-13	6-30-14	0	155,199	155,199	0
Total Notes Payable					\$ 2,156,412	\$ 155,199	\$ 531,611	\$ 1,780,000
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Grove School/Campus Renovation	3,000,000	Variable	5-17-96	5-25-15	\$ 477,200	\$ 0	\$ 232,200	\$ 245,000
Payable through Highway/Public Works Fund								
Road Improvements	2,800,000	Variable	8-25-09	5-25-18	1,377,000	0	276,000	1,101,000
Total Other Loans Payable					\$ 1,854,200	\$ 0	\$ 508,200	\$ 1,346,000
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School, Series 2001B (CAB) (1)	3,693,361	4.6 to 5.2	3-1-01	5-1-21	\$ 2,538,631	\$ 0	\$ 245,341	\$ 2,293,290
School, Refunding Series 2005	5,790,000	3 to 3.85	5-27-05	5-1-18	3,470,000	0	595,000	2,875,000
School, Series 2010	2,500,000	1.6 to 4.25	1-22-10	5-1-26	2,365,000	0	45,000	2,320,000
Rural School Refunding Bonds, Series 2013	6,145,000	2 to 4	1-2-13	5-1-25	6,145,000	0	0	6,145,000
Total Bonds Payable					\$ 14,518,631	\$ 0	\$ 885,341	\$ 13,633,290

(1) These (CAB) bonds accrete interest that is paid at bond maturity. As of June 30, 2014, interest of \$2,191,872 has accreted on the bonds.

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 295,000	\$ 20,550	\$ 315,550
2016	295,000	18,800	313,800
2017	295,000	17,050	312,050
2018	295,000	15,300	310,300
2019	130,000	11,800	141,800
2020	125,000	9,400	134,400
2021	130,000	6,900	136,900
2022	130,000	4,300	134,300
2023	85,000	1,700	86,700
Total	\$ 1,780,000	\$ 105,800	\$ 1,885,800

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2015	\$ 535,000	\$ 4,014	\$ 9,691	\$ 548,705
2016	304,000	2,271	5,839	312,110
2017	319,000	1,420	3,650	324,070
2018	188,000	526	1,354	189,880
Total	\$ 1,346,000	\$ 8,231	\$ 20,534	\$ 1,374,765

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 898,169	\$ 598,661	\$ 1,496,830
2016	1,168,040	585,350	1,753,390
2017	1,175,910	562,880	1,738,790
2018	951,633	781,782	1,733,415
2019	642,109	1,139,891	1,782,000
2020	607,815	1,172,260	1,780,075
2021	1,274,614	473,536	1,748,150
2022	1,525,000	224,070	1,749,070
2023	1,560,000	192,490	1,752,490
2024	1,605,000	145,170	1,750,170
2025	1,665,000	81,100	1,746,100
2026	560,000	23,800	583,800
Total	\$ 13,633,290	\$ 5,980,990	\$ 19,614,280

Exhibit J-3

Henry County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Henry County School Department
For the Year Ended June 30, 2014

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Highway/Public Works	Net wheel tax revenue	\$ 445,837
"	"	Litter program	5,000
"	General Debt Service	Debt payments	<u>50,000</u>
Total Transfers Primary Government			<u>\$ 500,837</u>
<u>DISCRETELY PRESENTED HENRY</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 21,569</u>
Total Transfers Discretely Presented Henry County School Department			<u>\$ 21,569</u>

Exhibit J-4

Henry County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Henry County School Department
For the Year Ended June 30, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 75,804	\$ 50,000	RLI Insurance Company
County Road Supervisor	Section 8-24-102, TCA	72,195	100,000	"
Director of Schools	State Board of Education and County Board of Education	141,464 (1)	50,000	Western Surety Company
Trustee	Section 8-24-102, TCA	65,632	1,212,416	RLI Insurance Company
Assessor of Property	Section 8-24-102, TCA	65,632	50,000	"
County Clerk	Section 8-24-102, TCA	65,632	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	65,632	100,000	"
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge	65,632 (2)	60,000	"
Register of Deeds	Section 8-24-102, TCA	65,632	25,000	"
Sheriff	Section 8-24-102, TCA	72,195 (3)	25,000	"
Employee Blanket Bonds: Offices of County Mayor and County Road Supervisor Office of Director of Schools			150,000 150,000	Tennessee Risk Management Trust "

- (1) Includes a chief executive officer training supplement of \$1,000.
- (2) Does not include special commissioner fees of \$16,139.
- (3) Does not include a law enforcement training supplement of \$600.

Exhibit J-5

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

	Special Revenue Funds						Debt Service		Capital
	General	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	General Capital Projects	Fund	Fund
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 2,993,553	\$ 262,584	0	0	\$ 1,365,488	\$ 236,325	\$ 0	\$ 4,857,950	
Trustee's Collections - Prior Year	94,050	8,252	0	0	42,905	7,400	0	152,607	
Trustee's Collections - Bankruptcy	2,010	181	0	0	949	152	0	3,292	
Circuit/Clerk and Master Collections - Prior Years	51,595	5,768	0	0	26,001	2,960	0	86,324	
Interest and Penalty	18,965	1,666	0	0	8,671	1,495	0	30,797	
Pickup Taxes	218	19	0	0	99	17	0	353	
Payments in-Lieu-of Taxes - Local Utilities	47,288	4,148	0	0	21,570	3,733	0	76,739	
Payments in-Lieu-of Taxes - Other	94,092	8,253	0	0	42,915	7,427	0	152,687	
<u>County Local Option Taxes</u>									
Local Option Sales Tax	616,529	0	0	0	0	0	0	616,529	
Hotel/Motel Tax	225,412	0	0	0	0	0	0	225,412	
Wheel Tax	450,340	0	0	0	0	105	0	450,445	
Litigation Tax - General	96,425	0	0	0	0	0	0	96,425	
Litigation Tax - Jail, Workhouse, or Courthouse	252	0	0	0	0	32,407	0	32,659	
Business Tax	83,383	7,315	0	0	38,450	6,582	0	135,730	
Mixed Drink Tax	21,932	0	0	0	0	0	0	21,932	
<u>Statutory Local Taxes</u>									
Bank Excise Tax	42,202	3,702	0	0	19,250	3,332	0	68,486	
Wholesale Beer Tax	202,086	0	0	0	0	0	0	202,086	
Interstate Telecommunications Tax	2,038	0	0	0	0	0	0	2,038	
Total Local Taxes	\$ 5,042,370	\$ 301,888	0	0	\$ 1,566,298	\$ 301,935	\$ 0	\$ 7,212,491	
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Animal Registration	\$ 12,083	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,083	

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service		Capital		
	General	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway/ Public Works	Fund		Fund		
						General	Debt Service	General	Capital Projects	
									Total	
<u>Licenses and Permits (Cont.)</u>										
<u>Licenses (Cont.)</u>										
Cable TV Franchise	\$ 137,980	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	137,980
Total Licenses and Permits	\$ 150,063	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	150,063
<u>Fines, Forfeitures, and Penalties</u>										
<u>Circuit Court</u>										
Fines	\$ 4,001	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,001
Officers Costs	9,264	0	0	0	0	0	0	0	0	9,264
Drug Control Fines	6,779	0	960	0	0	0	0	0	0	7,739
DUI Treatment Fines	678	0	0	0	0	0	0	0	0	678
Data Entry Fee - Circuit Court	1,546	0	0	0	0	0	0	0	0	1,546
Courtroom Security Fee	384	0	0	0	0	0	0	0	0	384
<u>General Sessions Court</u>										
Fines	22,865	0	0	0	0	0	0	0	0	22,865
Officers Costs	69,083	0	0	0	0	0	0	0	0	69,083
Game and Fish Fines	2,510	0	0	0	0	0	0	0	0	2,510
Drug Control Fines	3,048	0	5,794	0	0	0	0	0	0	8,842
Drug Court Fees	7,118	0	0	0	0	0	0	0	0	7,118
Jail Fees	1,396	0	0	0	0	0	0	0	0	1,396
DUI Treatment Fines	5,937	0	0	0	0	0	0	0	0	5,937
Data Entry Fee - General Sessions Court	11,705	0	0	0	0	0	0	0	0	11,705
Courtroom Security Fee	127	0	0	0	0	0	0	0	0	127
Victims Assistance Assessments	28,281	0	0	0	0	0	0	0	0	28,281
<u>Juvenile Court</u>										
Fines	5,691	0	0	0	0	0	0	0	0	5,691
Officers Costs	789	0	0	0	0	0	0	0	0	789

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund		Capital Projects Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Juvenile Court (Cont.)</u>								
Data Entry Fee - Juvenile Court	\$ 888	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	888
Courtroom Security Fee	253	0	0	0	0	0	0	253
<u>Chancery Court</u>								
Officers Costs	1,630	0	0	0	0	0	0	1,630
Data Entry Fee - Chancery Court	2,930	0	0	0	0	0	0	2,930
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	704	0	0	0	0	704
Other Fines, Forfeitures, and Penalties	0	0	2,279	0	0	0	0	2,279
Total Fines, Forfeitures, and Penalties	\$ 186,903	\$ 0	\$ 9,737	\$ 0	\$ 0	\$ 0	\$ 0	\$ 196,640
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Sale of Electricity	\$ 30,373	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	30,373
Work Release Charges for Board Fees	760	0	0	0	0	0	0	760
Airport Fees	29,439	0	0	0	0	0	0	29,439
Copy Fees	261	0	0	0	0	0	0	261
Greenbelt Late Application Fee	50	0	0	0	0	0	0	50
Telephone Commissions	50,369	0	0	0	0	0	0	50,369
Vending Machine Collections	160	0	0	0	0	0	0	160
Special Commissioner Fees/Special Master Fees	0	0	0	16,139	0	0	0	16,139
Data Processing Fee - Register	11,208	0	0	0	0	0	0	11,208
Data Processing Fee - Sheriff	6,777	0	0	0	0	0	0	6,777
Sexual Offender Registration Fee - Sheriff	3,500	0	0	0	0	0	0	3,500
Data Processing Fee - County Clerk	2,840	0	0	0	0	0	0	2,840
Total Charges for Current Services	\$ 135,737	\$ 0	\$ 0	\$ 16,139	\$ 0	\$ 0	\$ 0	\$ 151,876

(Continued)

Exhibit J-5

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

	Special Revenue Funds							Debt Service		Capital		
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Fund		Fund				
						General	Debt Service	General	Projects			
<u>Other Local Revenues</u>												
<u>Recurring Items</u>												
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 62,924	\$ 0	\$ 0	\$ 0	\$ 62,924	
Lease/Rentals	61,943	0	0	0	0	0	55,025	0	0	0	116,968	
Sale of Materials and Supplies	40,774	0	0	0	126	0	0	0	0	0	40,900	
Commissary Sales	43,040	0	0	0	0	0	0	0	0	0	43,040	
Sale of Gasoline	320,622	0	0	0	39,849	0	0	0	0	0	360,471	
Sale of Recycled Materials	0	195,192	0	0	0	0	0	0	0	0	195,192	
Sale of Animals/Livestock	2,175	0	0	0	0	0	0	0	0	0	2,175	
Miscellaneous Refunds	1,379	0	9,190	0	1,062	0	12	30	0	0	11,673	
<u>Nonrecurring Items</u>												
Sale of Equipment	0	4,270	7,353	0	0	0	0	0	0	0	11,623	
Sale of Property	44,946	0	0	0	0	0	0	0	0	0	44,946	
Damages Recovered from Individuals	2,687	0	0	0	0	0	0	0	0	0	2,687	
Performance Bond Forfeitures	13,693	0	0	0	0	0	0	0	0	0	13,693	
<u>Other Local Revenues</u>												
Other Local Revenues	69,169	0	0	0	0	0	0	0	0	0	69,169	
Total Other Local Revenues	\$ 600,428	\$ 199,462	\$ 16,543	\$ 0	\$ 41,037	\$ 0	\$ 117,961	\$ 30	\$ 0	\$ 0	\$ 975,461	
<u>Fees Received from County Officials</u>												
<u>Fees in-Lieu-of Salary</u>												
County Clerk	\$ 392,230	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 392,230	
Circuit Court Clerk	104,749	0	0	0	0	0	0	0	0	0	104,749	
General Sessions Court Clerk	182,900	0	0	0	0	0	0	0	0	0	182,900	
Clerk and Master	106,839	0	0	0	0	0	0	0	0	0	106,839	
Juvenile Court Clerk	78,041	0	0	0	0	0	0	0	0	0	78,041	
Register	123,409	0	0	0	0	0	0	0	0	0	123,409	

(Continued)

Exhibit J-5

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

	Special Revenue Funds						Debt Service Fund		Capital Projects Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Debt Service	General Capital Projects	Total
<u>Fees Received from County Officials (Cont.)</u>									
<u>Fees in-Lieu-of Salary (Cont.)</u>									
Sheriff	\$ 10,262	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,262
Trustee	461,289	0	0	0	0	0	0	0	461,289
Total Fees Received from County Officials	\$ 1,459,719	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,459,719
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Airport Maintenance Program	\$ 179,082	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 179,082
Aging Programs	40,740	0	0	0	0	0	0	0	40,740
Solid Waste Grants	0	11,278	0	0	0	0	0	0	11,278
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	18,600	0	0	0	0	0	0	0	18,600
Other Public Safety Grants	45,172	0	0	0	0	0	0	0	45,172
Health and Welfare Grants									
Other Health and Welfare Grants	53,005	0	0	0	0	0	0	0	53,005
<u>Public Works Grants</u>									
State Aid Program	0	0	0	0	196,453	0	0	0	196,453
Litter Program	0	0	0	0	44,905	0	0	0	44,905
<u>Other State Revenues</u>									
Resort District Sales Tax	929,771	0	0	0	0	0	0	0	929,771
Beer Tax	17,806	0	0	0	0	0	0	0	17,806
Vehicle Certificate of Title Fees	8,004	0	0	0	0	0	0	0	8,004
Alcoholic Beverage Tax	65,906	0	0	0	0	0	0	0	65,906
Prisoner Transportation	796	0	0	0	0	0	0	0	796
Contracted Prisoner Boarding	1,117,026	0	0	0	0	0	0	0	1,117,026
Gasoline and Motor Fuel Tax	0	0	0	0	1,847,507	0	0	0	1,847,507

(Continued)

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

	Special Revenue Funds						Debt Service		Capital	
	General	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	Fund		Fund	
							General	Debt	General	Projects
										Total
<u>State of Tennessee (Cont.)</u>										
<u>Other State Revenues (Cont.)</u>										
Petroleum Special Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,328	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,328
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0	0	15,164
Other State Grants	74,481	0	0	0	0	0	0	20,650	0	95,131
Other State Revenues	84,640	0	0	0	0	0	0	0	0	84,640
Total State of Tennessee	\$ 2,650,193	\$ 11,278	\$ 0	\$ 0	\$ 2,112,193	\$ 0	\$ 0	\$ 20,650	\$ 0	\$ 4,794,314
<u>Federal Government</u>										
<u>Federal Through State</u>										
Community Development	\$ 398,196	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 398,196
Disaster Relief	50,711	0	0	0	595	0	0	0	0	51,306
Direct Federal Revenue	386,398	0	0	0	0	0	0	0	0	386,398
Other Direct Federal Revenue	835,305	0	0	0	595	0	0	0	0	835,900
Total Federal Government	\$ 835,305	\$ 0	\$ 0	\$ 0	\$ 595	\$ 0	\$ 0	\$ 0	\$ 0	\$ 835,900
<u>Other Governments and Citizens Groups</u>										
<u>Other Governments</u>										
Prisoner Board	\$ 210,735	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 210,735
Contributions	148,063	0	3,054	0	0	1,562,977	0	0	0	1,714,094
Contracted Services	38,799	0	0	0	0	0	0	0	0	38,799
Total Other Governments and Citizens Groups	\$ 397,597	\$ 0	\$ 3,054	\$ 0	\$ 0	\$ 1,562,977	\$ 0	\$ 0	\$ 0	\$ 1,963,628
Total	\$ 11,458,315	\$ 512,628	\$ 29,334	\$ 16,139	\$ 3,720,123	\$ 1,982,873	\$ 20,680	\$ 17,740,092		

Exhibit J-6

Henry County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Henry County School Department
For the Year Ended June 30, 2014

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 4,409,019	\$ 0	\$ 0	\$ 4,409,019
Trustee's Collections - Prior Year	138,608	0	0	138,608
Trustee's Collections - Bankruptcy	3,006	0	0	3,006
Circuit/Clerk and Master Collections - Prior Years	84,497	0	0	84,497
Interest and Penalty	27,986	0	0	27,986
Pickup Taxes	321	0	0	321
Payments in-Lieu-of Taxes - T.V.A.	3,084	0	0	3,084
Payments in-Lieu-of Taxes - Local Utilities	69,615	0	0	69,615
Payments in-Lieu-of Taxes - Other	137,477	0	0	137,477
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,708,693	0	0	2,708,693
Business Tax	124,058	0	0	124,058
Mixed Drink Tax	14,487	0	0	14,487
<u>Statutory Local Taxes</u>				
Bank Excise Tax	62,157	0	0	62,157
Interstate Telecommunications Tax	2,084	0	0	2,084
Total Local Taxes	\$ 7,785,092	\$ 0	\$ 0	\$ 7,785,092
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,764	\$ 0	\$ 0	\$ 1,764
Total Licenses and Permits	\$ 1,764	\$ 0	\$ 0	\$ 1,764
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 270,048	\$ 270,048
Lunch Payments - Adults	0	0	17,360	17,360
Income from Breakfast	0	0	2,513	2,513
A la carte Sales	0	0	333,270	333,270
Receipts from Individual Schools	49,668	0	0	49,668
Community Service Fees - Children	456	0	0	456
<u>Other Charges for Services</u>				
Other Charges for Services	22,016	0	0	22,016
Total Charges for Current Services	\$ 72,140	\$ 0	\$ 623,191	\$ 695,331
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 762	\$ 762
Lease/Rentals	250	0	0	250
Sale of Materials and Supplies	12,335	0	0	12,335
Miscellaneous Refunds	73,040	0	0	73,040
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	907	0	0	907
Contributions and Gifts	85,645	0	0	85,645

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Other Local Revenues (Cont.)</u>				
<u>Other Local Revenues</u>				
Other Local Revenues	\$ 217	\$ 0	\$ 0	\$ 217
Total Other Local Revenues	\$ 172,394	\$ 0	\$ 762	\$ 173,156
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 169,214	\$ 0	\$ 0	\$ 169,214
<u>State Education Funds</u>				
Basic Education Program	14,259,000	0	0	14,259,000
Early Childhood Education	284,811	0	0	284,811
School Food Service	0	0	17,323	17,323
Driver Education	19,845	0	0	19,845
Other State Education Funds	486,760	0	0	486,760
Career Ladder Program	70,598	0	0	70,598
Career Ladder - Extended Contract	48,295	0	0	48,295
<u>Other State Revenues</u>				
Income Tax	77,295	0	0	77,295
State Revenue Sharing - T.V.A.	1,619,085	0	0	1,619,085
Other State Grants	86,633	0	0	86,633
Other State Revenues	246,953	0	0	246,953
Total State of Tennessee	\$ 17,368,489	\$ 0	\$ 17,323	\$ 17,385,812
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 860,709	\$ 860,709
USDA - Commodities	0	0	101,709	101,709
Breakfast	0	0	376,517	376,517
Adult Education State Grant Program	153,112	0	0	153,112
Vocational Education - Basic Grants to States	0	72,294	0	72,294
Title I Grants to Local Education Agencies	0	843,946	0	843,946
Special Education - Grants to States	0	609,639	0	609,639
Special Education Preschool Grants	0	47,519	0	47,519
English Language Acquisition Grants	0	1,827	0	1,827
Safe and Drug-free Schools - State Grants	0	26,298	0	26,298
Rural Education	0	59,357	0	59,357
Eisenhower Professional Development State Grants	0	130,599	0	130,599
Race-to-the-Top - ARRA	0	192,004	0	192,004
Other Federal through State	2,174,891	0	0	2,174,891
Total Federal Government	\$ 2,328,003	\$ 1,983,483	\$ 1,338,935	\$ 5,650,421
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 234,044	\$ 0	\$ 0	\$ 234,044
Total Other Governments and Citizens Groups	\$ 234,044	\$ 0	\$ 0	\$ 234,044
Total	\$ 27,961,926	\$ 1,983,483	\$ 1,980,211	\$ 31,925,620

Exhibit J-7

Henry 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	\$ 27,000	
Dues and Memberships	1,850	
Travel	9,600	
Total County Commission		\$ 38,450

Board of Equalization

Other Per Diem and Fees	\$ 600	
Total Board of Equalization		600

Other Boards and Committees

Board and Committee Members Fees	\$ 4,775	
Total Other Boards and Committees		4,775

County Mayor/Executive

County Official/Administrative Officer	\$ 75,804	
Secretary(ies)	31,796	
Custodial Personnel	43,085	
Maintenance Personnel	44,199	
Data Processing Services	500	
Dues and Memberships	1,850	
Operating Lease Payments	1,672	
Maintenance and Repair Services - Office Equipment	525	
Postal Charges	163	
Travel	5,200	
Office Supplies	1,840	
In Service/Staff Development	1,000	
Total County Mayor/Executive		207,634

County Attorney

Other Per Diem and Fees	\$ 18,947	
Total County Attorney		18,947

Election Commission

County Official/Administrative Officer	\$ 59,068	
Deputy(ies)	31,190	
Election Commission	1,870	
Election Workers	8,978	
Data Processing Services	20,037	
Dues and Memberships	175	
Maintenance and Repair Services - Office Equipment	270	
Postal Charges	1,274	
Printing, Stationery, and Forms	2,394	
Rentals	300	
Travel	3,830	
Office Supplies	1,908	
Data Processing Equipment	1,539	
Voting Machines	61,842	
Total Election Commission		194,675

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		61,069	
Dues and Memberships		588	
Postal Charges		124	
Printing, Stationery, and Forms		710	
Travel		66	
Data Processing Supplies		15,420	
Duplicating Supplies		2,063	
Office Supplies		345	
Other Charges		349	
Total Register of Deeds			\$ 146,366

Building

Maintenance Personnel	\$	28,055	
Part-time Personnel		8,671	
Communication		233	
Maintenance and Repair Services - Buildings		7,364	
Other Contracted Services		1,500	
Custodial Supplies		3,988	
Utilities		33,185	
Total Building			82,996

County Buildings

Communication	\$	71,245	
Natural Gas		29,996	
Utilities		59,912	
Total County Buildings			161,153

Other General Administration

Maintenance and Repair Services - Buildings	\$	33,109	
Rentals		108	
Custodial Supplies		5,581	
Other Supplies and Materials		470	
Building and Contents Insurance		137,009	
Other Charges		971	
Total Other General Administration			177,248

Preservation of Records

Part-time Personnel	\$	7,972	
Custodial Supplies		750	
Other Supplies and Materials		943	
Other Charges		1,500	
Total Preservation of Records			11,165

Finance

Accounting and Budgeting

Supervisor/Director	\$	47,046	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Deputy(ies)	\$	30,653	
Data Processing Services		8,621	
Operating Lease Payments		1,955	
Maintenance and Repair Services - Office Equipment		481	
Postal Charges		1,499	
Travel		513	
Data Processing Supplies		2,194	
Office Supplies		1,130	
In Service/Staff Development		827	
Total Accounting and Budgeting			\$ 94,919

Property Assessor's Office

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		136,965	
Data Processing Services		3,000	
Dues and Memberships		1,850	
Operating Lease Payments		4,126	
Maintenance and Repair Services - Office Equipment		428	
Postal Charges		1,470	
Office Supplies		978	
Other Supplies and Materials		389	
Other Charges		200	
Total Property Assessor's Office			215,038

Reappraisal Program

Deputy(ies)	\$	18,871	
Contracts with Private Agencies		46,473	
Data Processing Services		4,912	
Operating Lease Payments		1,488	
Maintenance and Repair Services - Vehicles		842	
Postal Charges		1,882	
Gasoline		3,172	
Other Charges		1,862	
Total Reappraisal Program			79,502

County Trustee's Office

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		85,046	
Part-time Personnel		1,310	
Data Processing Services		28,632	
Dues and Memberships		703	
Operating Lease Payments		2,455	
Legal Notices, Recording, and Court Costs		433	
Postal Charges		9,139	
Printing, Stationery, and Forms		3,542	
Travel		644	
Office Supplies		1,771	
In Service/Staff Development		85	
Total County Trustee's Office			199,392

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		132,615	
Communication		1,105	
Data Processing Services		14,510	
Dues and Memberships		638	
Operating Lease Payments		2,354	
Postal Charges		8,052	
Travel		1,088	
Data Processing Supplies		1,973	
Office Supplies		1,412	
Other Charges		208	
Total County Clerk's Office			\$ 229,587

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		85,265	
Part-time Personnel		8,675	
Jury and Witness Expense		10,439	
Data Processing Services		12,500	
Dues and Memberships		573	
Operating Lease Payments		1,265	
Maintenance Agreements		3,084	
Maintenance and Repair Services - Office Equipment		1,131	
Postal Charges		4,914	
Travel		818	
Other Contracted Services		1,070	
Office Supplies		12,641	
In Service/Staff Development		199	
Other Charges		782	
Total Circuit Court			208,988

General Sessions Court

Deputy(ies)	\$	100,413	
Total General Sessions Court			100,413

General Sessions Judge

Judge(s)	\$	147,179	
Dues and Memberships		1,285	
Travel		1,476	
Periodicals		1,914	
Other Charges		26,838	
Total General Sessions Judge			178,692

Chancery Court

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		75,539	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Data Processing Services	\$	3,081	
Dues and Memberships		362	
Operating Lease Payments		787	
Legal Notices, Recording, and Court Costs		3,000	
Maintenance and Repair Services - Office Equipment		464	
Postal Charges		9,664	
Travel		671	
Data Processing Supplies		1,386	
Office Supplies		5,956	
Other Charges		166	
Data Processing Equipment		774	
Total Chancery Court			\$ 167,482

Juvenile Court

Deputy(ies)	\$	31,796	
Probation Officer(s)		59,822	
Youth Service Officer(s)		39,910	
Part-time Personnel		10,565	
Communication		4,838	
Contracts with Other Public Agencies		1,645	
Data Processing Services		3,526	
Dues and Memberships		240	
Maintenance and Repair Services - Office Equipment		2,084	
Maintenance and Repair Services - Vehicles		1,061	
Postal Charges		300	
Travel		639	
Data Processing Supplies		196	
Gasoline		705	
Office Supplies		2,335	
Other Supplies and Materials		119	
Other Charges		105	
Total Juvenile Court			159,886

Probate Court

Deputy(ies)	\$	30,640	
Data Processing Services		3,080	
Dues and Memberships		312	
Postal Charges		1,000	
Data Processing Supplies		1,916	
Office Supplies		1,220	
In Service/Staff Development		202	
Other Charges		229	
Data Processing Equipment		326	
Furniture and Fixtures		334	
Total Probate Court			39,259

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice

Legal Services	\$ 2,658	
Total Other Administration of Justice		\$ 2,658

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 72,195
Assistant(s)	48,938
Supervisor/Director	41,071
Deputy(ies)	333,994
Investigator(s)	210,778
Captain(s)	45,976
Lieutenant(s)	13,380
Sergeant(s)	217,405
Salary Supplements	18,600
Dispatchers/Radio Operators	117,189
Clerical Personnel	57,768
Attendants	29,957
Maintenance Personnel	8,017
Temporary Personnel	12,656
Part-time Personnel	22,968
School Resource Officer	319,338
Overtime Pay	16,652
Other Salaries and Wages	37,338
Advertising	5,574
Communication	6,640
Data Processing Services	18,377
Dues and Memberships	2,921
Operating Lease Payments	3,112
Maintenance and Repair Services - Buildings	6,307
Maintenance and Repair Services - Equipment	8,270
Maintenance and Repair Services - Office Equipment	443
Maintenance and Repair Services - Vehicles	34,590
Postal Charges	3,198
Towing Services	465
Travel	7,895
Other Contracted Services	14,340
Custodial Supplies	3,973
Gasoline	135,090
Law Enforcement Supplies	11,457
Office Supplies	15,959
Tires and Tubes	11,397
Uniforms	16,334
Utilities	105,134
Other Supplies and Materials	3,219
In Service/Staff Development	6,515
Other Charges	5,103
Building Improvements	35,139

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Law Enforcement Equipment	\$ 30,643	
Other Equipment	<u>3,062</u>	
Total Sheriff's Department		\$ 2,119,377

Special Patrols

Nightwatchmen	\$ <u>78,445</u>	
Total Special Patrols		78,445

Administration of the Sexual Offender Registry

Other Charges	\$ <u>1,913</u>	
Total Administration of the Sexual Offender Registry		1,913

Jail

Deputy(ies)	\$ 72,012	
Captain(s)	45,973	
Lieutenant(s)	43,066	
Guards	660,317	
Cafeteria Personnel	28,653	
Maintenance Personnel	32,067	
Temporary Personnel	7,496	
Part-time Personnel	7,499	
Overtime Pay	21,428	
Other Salaries and Wages	32,539	
Data Processing Services	1,000	
Operating Lease Payments	4,127	
Maintenance and Repair Services - Buildings	14,948	
Maintenance and Repair Services - Equipment	3,907	
Maintenance and Repair Services - Office Equipment	40	
Maintenance and Repair Services - Vehicles	1,398	
Medical and Dental Services	82,422	
Transportation - Other than Students	2,832	
Travel	4,296	
Custodial Supplies	18,938	
Drugs and Medical Supplies	25,858	
Food Preparation Supplies	3,597	
Food Supplies	197,739	
Law Enforcement Supplies	949	
Prisoners Clothing	3,446	
Uniforms	11,272	
Other Supplies and Materials	4,792	
In Service/Staff Development	1,195	
Other Charges	<u>13,190</u>	
Total Jail		1,346,996

Fire Prevention and Control

Contributions	\$ <u>33,200</u>	
Total Fire Prevention and Control		33,200

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

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

Other Emergency Management

Supervisor/Director	\$ 18,712	
Part-time Personnel	7,731	
Social Security	1,611	
State Retirement	1,437	
Employer Medicare	377	
Communication	3,004	
Maintenance and Repair Services - Buildings	386	
Maintenance and Repair Services - Equipment	328	
Maintenance and Repair Services - Vehicles	1,887	
Rentals	1,200	
Travel	831	
Other Supplies and Materials	3,430	
Other Charges	24,892	
Total Other Emergency Management		65,826

County Coroner/Medical Examiner

Other Per Diem and Fees	\$ 22,475	
Other Contracted Services	29,610	
Gasoline	250	
Total County Coroner/Medical Examiner		52,335

Public Health and Welfare

Local Health Center

Medical Personnel	\$ 28,428	
Part-time Personnel	7,946	
Social Security	2,255	
State Retirement	2,183	
Medical Insurance	6,318	
Unemployment Compensation	435	
Employer Medicare	453	
Communication	928	
Contracts with Government Agencies	13,750	
Dues and Memberships	268	
Maintenance and Repair Services - Buildings	15,373	
Maintenance and Repair Services - Office Equipment	554	
Postal Charges	78	
Travel	1,208	
Other Contracted Services	16,775	
Custodial Supplies	1,895	
Drugs and Medical Supplies	620	
Office Supplies	799	
Other Charges	663	
Other Equipment	4,000	
Total Local Health Center		104,929

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Contracts with Other Public Agencies	\$ 5,411	
Other Charges	342	
Total Rabies and Animal Control		\$ 5,753

Maternal and Child Health Services

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

Alcohol and Drug Programs

Contributions	\$ 6,540	
Drug Treatment	4,143	
Total Alcohol and Drug Programs		10,683

Crippled Children Services

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

Other Local Health Services

Contributions	\$ 16,500	
Other Supplies and Materials	1,200	
Total Other Local Health Services		17,700

Social, Cultural, and Recreational Services

Adult Activities

Supervisor/Director	\$ 25,896	
Social Workers	18,115	
Bus Drivers	10,053	
Part-time Personnel	17,745	
Other Salaries and Wages	5,993	
Social Security	4,815	
Handling Charges and Administrative Costs	1,282	
State Retirement	2,320	
Unemployment Compensation	1,620	
Employer Medicare	1,126	
Communication	581	
Operating Lease Payments	1,070	
Maintenance and Repair Services - Vehicles	764	
Postal Charges	800	
Printing, Stationery, and Forms	978	
Travel	4,805	
Other Contracted Services	2,415	
Gasoline	2,437	
Office Supplies	2,705	
Other Supplies and Materials	653	
Other Charges	1,635	
Total Adult Activities		107,808

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries

Contributions	\$ 142,000	
Total Libraries		\$ 142,000

Parks and Fair Boards

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

Other Social, Cultural, and Recreational

Contributions	\$ 33,000	
Total Other Social, Cultural, and Recreational		33,000

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$ 44,887	
Secretary(ies)	5,998	
Part-time Personnel	14,452	
Social Security	3,155	
State Retirement	8,138	
Employer Medicare	738	
Communication	3,113	
Dues and Memberships	250	
Operating Lease Payments	2,625	
Postal Charges	300	
Rentals	10,000	
Travel	5,000	
Custodial Supplies	5,453	
Office Supplies	700	
Utilities	13,000	
Other Charges	840	
Data Processing Equipment	1,400	
Total Agricultural Extension Service		120,049

Soil Conservation

Secretary(ies)	\$ 28,307	
Social Security	1,755	
State Retirement	2,174	
Employer Medicare	410	
Total Soil Conservation		32,646

Flood Control

Contributions	\$ 21,808	
Total Flood Control		21,808

Other Operations

Tourism

Advertising	\$ 6,000	
Contributions	20,550	
Total Tourism		26,550

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Tourism-resort District

Contributions	\$ 609,382	
Total Tourism-resort District		\$ 609,382

Industrial Development

Contributions	\$ 55,000	
Total Industrial Development		55,000

Other Economic and Community Development

Other Charges	\$ 398,196	
Total Other Economic and Community Development		398,196

Airport

Supervisor/Director	\$ 37,752	
Part-time Personnel	16,058	
Other Salaries and Wages	46,986	
Social Security	6,203	
State Retirement	6,338	
Employer Medicare	1,457	
Communication	2,068	
Maintenance and Repair Services - Buildings	5,767	
Maintenance and Repair Services - Equipment	16,523	
Maintenance and Repair Services - Vehicles	182	
Travel	76	
Remittance of Revenue Collected	19,833	
Other Contracted Services	3,816	
Diesel Fuel	2,963	
Gasoline	278,011	
Office Supplies	338	
Utilities	16,965	
Liability Insurance	2,914	
Other Charges	4,265	
Airport Improvement	151,675	
Total Airport		620,190

Veterans' Services

County Official/Administrative Officer	\$ 31,376	
Part-time Personnel	6,912	
Dues and Memberships	55	
Maintenance and Repair Services - Vehicles	1,064	
Postal Charges	300	
Transportation - Other than Students	370	
Travel	989	
Gasoline	2,325	
Office Supplies	1,088	
In Service/Staff Development	100	
Total Veterans' Services		44,579

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Advertising	\$	662	
Audit Services		9,699	
Dues and Memberships		14,804	
Pest Control		7,078	
Other Supplies and Materials		2,045	
Premiums on Corporate Surety Bonds		3,315	
Trustee's Commission		90,110	
Total Other Charges			\$ 127,713

Contributions to Other Agencies

Contributions	\$	15,550	
Matching Share		63,235	
Remittance of Revenue Collected		392,330	
Other Charges		50,948	
Total Contributions to Other Agencies			522,063

Employee Benefits

Longevity Pay	\$	12,650	
Social Security		278,319	
State Retirement		326,627	
Medical Insurance		744,174	
Unemployment Compensation		37,490	
Employer Medicare		64,731	
Workers' Compensation Insurance		111,049	
Total Employee Benefits			1,575,040

Capital Projects

Education Capital Projects

Contributions	\$	234,044	
Total Education Capital Projects			234,044

Total General Fund \$ 11,241,860

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	33,372	
Longevity Pay		100	
Social Security		2,069	
State Retirement		2,563	
Medical Insurance		6,429	
Unemployment Compensation		270	
Employer Medicare		484	
Advertising		60	
Dues and Memberships		200	
Travel		1,064	
Total Sanitation Management			\$ 46,611

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center

Foremen	\$	30,882	
Truck Drivers		210,104	
Longevity Pay		1,700	
Overtime Pay		938	
Social Security		14,853	
State Retirement		18,510	
Medical Insurance		64,293	
Unemployment Compensation		2,718	
Employer Medicare		3,438	
Communication		1,800	
Freight Expenses		17,010	
Maintenance and Repair Services - Buildings		3,237	
Maintenance and Repair Services - Equipment		13,873	
Maintenance and Repair Services - Vehicles		12,235	
Pest Control		160	
Custodial Supplies		530	
Drugs and Medical Supplies		36	
Food Supplies		1,735	
Gasoline		51,994	
Natural Gas		377	
Office Supplies		136	
Road Signs		128	
Small Tools		619	
Tires and Tubes		5,869	
Utilities		9,235	
Wire		3,750	
Other Supplies and Materials		1,321	
Other Charges		16,338	
Total Recycling Center			\$ 487,819

Landfill Operation and Maintenance

Contracts with Government Agencies	\$	80,095	
Total Landfill Operation and Maintenance			80,095

Other Operations

Other Charges

Trustee's Commission	\$	7,876	
Total Other Charges			7,876

Total Solid Waste/Sanitation Fund \$ 622,401

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	1,108	
Contracts with Government Agencies		1,480	
Data Processing Services		2,810	

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Confidential Drug Enforcement Payments	\$	6,956	
Dues and Memberships		345	
Maintenance Agreements		5,689	
Maintenance and Repair Services - Equipment		500	
Maintenance and Repair Services - Vehicles		509	
Rentals		2,500	
Towing Services		1,345	
Animal Food and Supplies		3,477	
Gasoline		5,382	
Law Enforcement Supplies		1,637	
Natural Gas		72	
Utilities		423	
Trustee's Commission		96	
In Service/Staff Development		800	
Other Charges		3,432	
Law Enforcement Equipment		898	
Motor Vehicles		16,925	
Total Drug Enforcement			\$ 56,384

Total Drug Control Fund \$ 56,384

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	16,139	
Total Chancery Court			\$ 16,139

Total Constitutional Officers - Fees Fund 16,139

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	72,195	
Assistant(s)		38,681	
Guards		68,759	
Secretary(ies)		33,962	
Clerical Personnel		29,142	
Custodial Personnel		6,100	
Part-time Personnel		5,517	
Other Salaries and Wages		24,700	
Board and Committee Members Fees		8,280	
Maintenance and Repair Services - Buildings		566	
Maintenance and Repair Services - Office Equipment		983	
Postal Charges		1,000	
Printing, Stationery, and Forms		1,139	
Travel		71	
Permits		2,080	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Custodial Supplies	\$	525	
Drugs and Medical Supplies		655	
Office Supplies		773	
In Service/Staff Development		840	
Other Charges		503	
Total Administration			\$ 296,471

Highway and Bridge Maintenance

Equipment Operators	\$	493,387	
Truck Drivers		98,838	
Laborers		148,686	
Overtime Pay		18,217	
Rentals		105	
Other Contracted Services		62,063	
Asphalt - Hot Mix		26,372	
Asphalt - Liquid		25,942	
Concrete		609	
Crushed Stone		184,899	
General Construction Materials		1,864	
Other Road Materials		356	
Pipe		39,585	
Road Signs		9,901	
Salt		437	
Small Tools		882	
Wood Products		2,529	
Landfill Closure/Postclosure Care Costs		555	
Other Charges		611	
Total Highway and Bridge Maintenance			1,115,838

Operation and Maintenance of Equipment

Mechanic(s)	\$	213,617	
Overtime Pay		9,439	
Maintenance and Repair Services - Equipment		14,602	
Towing Services		1,524	
Other Contracted Services		14,784	
Diesel Fuel		141,273	
Equipment and Machinery Parts		88,860	
Garage Supplies		1,233	
Gasoline		50,532	
Ice		348	
Lubricants		13,134	
Propane Gas		280	
Small Tools		1,489	
Tires and Tubes		32,363	
Other Supplies and Materials		10,367	
Other Charges		1,210	
Total Operation and Maintenance of Equipment			595,055

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection

Educational Assistants	\$	4,540	
Other Salaries and Wages		23,371	
Handling Charges and Administrative Costs		3,210	
Instructional Supplies and Materials		7,115	
Library Books/Media		1,500	
Other Charges		3,629	
Total Litter and Trash Collection			\$ 43,365

Other Charges

Communication	\$	9,265	
Data Processing Services		6,000	
Dues and Memberships		3,014	
Evaluation and Testing		540	
Legal Notices, Recording, and Court Costs		790	
Maintenance Agreements		100	
Data Processing Supplies		18	
Utilities		17,644	
Water and Sewer		459	
Premiums on Corporate Surety Bonds		800	
Trustee's Commission		52,187	
Vehicle and Equipment Insurance		27,326	
Workers' Compensation Insurance		137,845	
Other Charges		947	
Total Other Charges			256,935

Employee Benefits

Salary Supplements	\$	23,683	
Social Security		80,083	
State Retirement		89,306	
Medical Insurance		366,671	
Unemployment Compensation		14,746	
Employer Medicare		18,418	
Total Employee Benefits			592,907

Capital Outlay

Bridge Construction	\$	8,580	
Building Improvements		6,522	
Highway Construction		192,015	
Highway Equipment		104,856	
Motor Vehicles		21,196	
Office Equipment		3,706	
Plant Operation Equipment		6,659	
Total Capital Outlay			343,534

Principal on Debt

Highways and Streets

Principal on Other Loans	\$	276,000	
Total Highways and Streets			276,000

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Interest on Debt

Highways and Streets

Interest on Other Loans	\$ 3,319	
Total Highways and Streets		\$ 3,319

Other Debt Service

Highways and Streets

Other Debt Service	\$ 9,648	
Total Highways and Streets		9,648

Total Highway/Public Works Fund		\$ 3,533,072
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General Debt Service Fund

Other Operations

Other Charges

Trustee's Commission	\$ 6,748	
Total Other Charges		\$ 6,748

Principal on Debt

General Government

Principal on Notes	\$ 460,199	
Total General Government		460,199

Education

Principal on Bonds	\$ 885,341	
Principal on Notes	71,412	
Principal on Other Loans	232,200	
Total Education		1,188,953

Interest on Debt

General Government

Interest on Notes	\$ 23,812	
Total General Government		23,812

Education

Interest on Bonds	\$ 603,484	
Interest on Other Loans	1,643	
Total Education		605,127

Other Debt Service

General Government

Bank Charges	\$ 653	
Total General Government		653

Education

Bank Charges	\$ 6,571	
Total Education		6,571

Total General Debt Service Fund		2,292,063
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(Continued)

Exhibit J-7

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

General Capital Projects Fund

Capital Projects

General Administration Projects

Airport Improvement	\$	17,596	
Building Improvements		14,850	
Data Processing Equipment		44,366	
Law Enforcement Equipment		26,700	
Motor Vehicles		79,076	
Right-of-Way		209,826	
Transportation Equipment		47,083	
Other Equipment		4,968	
Other Construction		217,546	
Other Capital Outlay		5,247	
Total General Administration Projects	\$		667,258

Other General Government Projects

Other Capital Outlay	\$	2,100	
Total Other General Government Projects			2,100

Total General Capital Projects Fund \$ 669,358

Total Governmental Funds - Primary Government \$ 18,431,277

Exhibit J-8

Henry County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Henry County School Department
For the Year Ended June 30, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	7,509,068	
Career Ladder Program		41,700	
Career Ladder Extended Contracts		34,690	
Homebound Teachers		26,743	
Educational Assistants		279,691	
Bonus Payments		255,000	
Other Salaries and Wages		42,734	
Certified Substitute Teachers		15,810	
Non-certified Substitute Teachers		62,795	
Social Security		470,875	
State Retirement		707,446	
Medical Insurance		1,092,837	
Employer Medicare		112,479	
Other Fringe Benefits		2,714	
Maintenance and Repair Services - Equipment		9,813	
Other Contracted Services		124,043	
Instructional Supplies and Materials		162,983	
Textbooks		46,262	
Other Supplies and Materials		30,207	
Other Charges		113,477	
Regular Instruction Equipment		342,800	
Total Regular Instruction Program			\$ 11,484,167

Alternative Instruction Program

Teachers	\$	130,928	
Educational Assistants		13,447	
Non-certified Substitute Teachers		68	
Social Security		8,304	
State Retirement		12,659	
Medical Insurance		18,366	
Employer Medicare		1,942	
Other Fringe Benefits		90	
Instructional Supplies and Materials		531	
Total Alternative Instruction Program			186,335

Special Education Program

Teachers	\$	818,633
Career Ladder Program		5,500
Career Ladder Extended Contracts		3,500
Homebound Teachers		21,624
Educational Assistants		95,144
Speech Pathologist		119,092
Other Salaries and Wages		37,160
Certified Substitute Teachers		3,842
Non-certified Substitute Teachers		6,118
Social Security		63,802

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

State Retirement	\$	93,337	
Medical Insurance		134,016	
Employer Medicare		15,205	
Other Fringe Benefits		1,680	
Total Special Education Program			\$ 1,418,653

Vocational Education Program

Teachers	\$	621,658	
Certified Substitute Teachers		1,292	
Non-certified Substitute Teachers		9,023	
Social Security		36,430	
State Retirement		55,203	
Medical Insurance		74,201	
Employer Medicare		8,532	
Other Fringe Benefits		480	
Maintenance and Repair Services - Equipment		1,209	
Instructional Supplies and Materials		5,627	
Textbooks		5,000	
Total Vocational Education Program			818,655

Adult Education Program

Supervisor/Director	\$	40,000	
Teachers		63,400	
Other Salaries and Wages		22,475	
Social Security		7,575	
State Retirement		5,039	
Medical Insurance		4,141	
Employer Medicare		1,789	
Other Fringe Benefits		180	
Communication		1,511	
Travel		1,610	
Other Contracted Services		15,595	
Instructional Supplies and Materials		9,948	
In Service/Staff Development		7,872	
Regular Instruction Equipment		18,398	
Total Adult Education Program			199,533

Support Services

Attendance

Supervisor/Director	\$	56,195	
Career Ladder Program		1,800	
Other Salaries and Wages		34,470	
Social Security		3,192	
State Retirement		4,536	
Medical Insurance		10,242	
Employer Medicare		1,279	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Travel	\$	2,273	
Other Contracted Services		62,296	
Other Supplies and Materials		1,530	
Other Equipment		1,575	
Total Attendance			\$ 179,388

Health Services

Supervisor/Director	\$	40,535	
Medical Personnel		143,409	
Other Salaries and Wages		76,808	
Social Security		15,538	
State Retirement		19,364	
Medical Insurance		17,803	
Employer Medicare		3,634	
Other Fringe Benefits		300	
Dues and Memberships		325	
Travel		10,566	
Other Contracted Services		11,935	
Drugs and Medical Supplies		5,621	
Other Supplies and Materials		29,146	
Total Health Services			374,984

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		362,241	
Career Ladder Extended Contracts		2,000	
Social Workers		42,046	
Secretary(ies)		22,431	
Social Security		24,497	
State Retirement		37,890	
Medical Insurance		59,262	
Employer Medicare		5,729	
Other Fringe Benefits		1,980	
Evaluation and Testing		7,488	
Travel		950	
Other Contracted Services		600	
Other Charges		10,521	
Total Other Student Support			578,635

Regular Instruction Program

Supervisor/Director	\$	254,356	
Career Ladder Program		5,000	
Career Ladder Extended Contracts		4,235	
Librarians		281,095	
Instructional Computer Personnel		69,797	
Secretary(ies)		27,462	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Clerical Personnel	\$	29,751	
Other Salaries and Wages		72,465	
Social Security		43,038	
State Retirement		64,526	
Medical Insurance		72,540	
Employer Medicare		10,065	
Other Fringe Benefits		110	
Travel		12,417	
Library Books/Media		42,703	
In Service/Staff Development		19,061	
Total Regular Instruction Program			\$ 1,008,621

Alternative Instruction Program

Supervisor/Director	\$	70,210	
Career Ladder Program		2,000	
Social Security		4,352	
State Retirement		6,412	
Medical Insurance		4,997	
Employer Medicare		1,018	
Other Fringe Benefits		30	
Communication		899	
Travel		1,500	
Total Alternative Instruction Program			91,418

Special Education Program

Supervisor/Director	\$	66,600	
Career Ladder Program		1,000	
Secretary(ies)		27,723	
Social Security		5,335	
State Retirement		8,132	
Medical Insurance		12,359	
Employer Medicare		1,248	
Other Fringe Benefits		30	
Total Special Education Program			122,427

Vocational Education Program

Supervisor/Director	\$	23,050	
Career Ladder Program		655	
Social Security		1,430	
State Retirement		2,105	
Medical Insurance		1,629	
Employer Medicare		334	
Other Fringe Benefits		25	
Travel		4,326	
Total Vocational Education Program			33,554

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

On-behalf Payments to OPEB	\$ 169,214	
Total Other Programs		\$ 169,214

Board of Education

Secretary to Board	\$ 6,000	
Other Salaries and Wages	5,940	
Board and Committee Members Fees	9,360	
Social Security	1,278	
State Retirement	917	
Medical Insurance	812	
Unemployment Compensation	33,425	
Employer Medicare	299	
Audit Services	21,000	
Dues and Memberships	9,511	
Legal Services	1,208	
Travel	400	
Other Contracted Services	618	
Liability Insurance	31,332	
Trustee's Commission	181,843	
Workers' Compensation Insurance	186,802	
Refund to Applicant for Criminal Investigation	2,184	
Other Charges	11,812	
Total Board of Education		504,741

Director of Schools

County Official/Administrative Officer	\$ 140,464	
Career Ladder Program	1,000	
Clerical Personnel	30,299	
Social Security	8,789	
State Retirement	14,889	
Medical Insurance	9,188	
Employer Medicare	2,438	
Other Fringe Benefits	270	
Communication	13,759	
Dues and Memberships	3,339	
Postal Charges	8,392	
Travel	5,388	
Other Contracted Services	6,308	
Office Supplies	3,725	
Other Charges	1,494	
Total Director of Schools		249,742

Office of the Principal

Principals	\$ 466,792
Career Ladder Program	7,000
Accountants/Bookkeepers	25,590

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Career Ladder Extended Contracts	\$	6,220	
Assistant Principals		307,183	
Secretary(ies)		137,706	
Clerical Personnel		21,193	
Social Security		57,815	
State Retirement		84,048	
Medical Insurance		84,013	
Employer Medicare		13,521	
Other Fringe Benefits		600	
Communication		19,818	
Dues and Memberships		890	
Travel		1,000	
Office Supplies		7,829	
Other Charges		11,730	
Total Office of the Principal			\$ 1,252,948

Fiscal Services

Accountants/Bookkeepers	\$	60,600	
Secretary(ies)		49,051	
Other Salaries and Wages		25,138	
Social Security		8,151	
State Retirement		10,352	
Medical Insurance		9,819	
Employer Medicare		1,906	
Other Fringe Benefits		150	
Travel		2,175	
Other Contracted Services		9,169	
Office Supplies		1,863	
Total Fiscal Services			178,374

Operation of Plant

Other Contracted Services	\$	611,185	
Electricity		598,465	
Natural Gas		131,645	
Water and Sewer		64,920	
Boiler Insurance		7,161	
Building and Contents Insurance		130,470	
Total Operation of Plant			1,543,846

Maintenance of Plant

Supervisor/Director	\$	63,320	
Maintenance Personnel		207,013	
Social Security		15,684	
State Retirement		19,315	
Medical Insurance		38,562	
Employer Medicare		3,747	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Other Fringe Benefits	\$	270	
Communication		577	
Laundry Service		5,080	
Other Contracted Services		72,439	
Other Supplies and Materials		184,125	
Total Maintenance of Plant	\$		610,132

Transportation

Supervisor/Director	\$	49,565	
Mechanic(s)		113,997	
Bus Drivers		530,239	
Clerical Personnel		35,782	
Other Salaries and Wages		192	
In-service Training		1,188	
Social Security		43,285	
State Retirement		52,823	
Medical Insurance		19,177	
Employer Medicare		10,453	
Other Fringe Benefits		1,224	
Communication		3,551	
Laundry Service		4,232	
Maintenance and Repair Services - Vehicles		28,961	
Medical and Dental Services		6,422	
Diesel Fuel		343,710	
Garage Supplies		218	
Gasoline		1,762	
Lubricants		9,034	
Tires and Tubes		39,259	
Vehicle Parts		116,124	
Other Supplies and Materials		11,237	
Vehicle and Equipment Insurance		40,282	
Other Charges		8,801	
Total Transportation			1,471,518

Operation of Non-instructional Services

Community Services

Other Salaries and Wages	\$	169,419	
Social Security		9,905	
State Retirement		10,370	
Medical Insurance		5,010	
Employer Medicare		2,330	
Communication		4,112	
Travel		3,035	
Other Contracted Services		9,201	
Other Supplies and Materials		121,500	
Other Charges		36,479	
Total Community Services			371,361

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Early Childhood Education

Teachers	\$	135,669	
Educational Assistants		80,335	
Certified Substitute Teachers		68	
Non-certified Substitute Teachers		702	
Social Security		12,805	
State Retirement		18,191	
Medical Insurance		22,077	
Employer Medicare		2,996	
Communication		514	
Other Contracted Services		2,690	
Food Supplies		4,388	
Instructional Supplies and Materials		23,598	
In Service/Staff Development		1,267	
Regular Instruction Equipment		1,719	
Total Early Childhood Education			\$ 307,019

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	1,622,756	
Total Regular Capital Outlay			1,622,756

Other Debt Service

Education

Contributions	\$	1,562,977	
Total Education			1,562,977

Total General Purpose School Fund \$ 26,340,998

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	482,741	
Educational Assistants		84,551	
Bonus Payments		23,750	
Other Salaries and Wages		86,763	
Certified Substitute Teachers		4,152	
Non-certified Substitute Teachers		6,694	
Social Security		39,984	
State Retirement		58,747	
Medical Insurance		80,522	
Employer Medicare		9,394	
Instructional Supplies and Materials		124,424	
Regular Instruction Equipment		24,604	
Total Regular Instruction Program			\$ 1,026,326

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	169,953	
Educational Assistants		217,412	
Other Salaries and Wages		1,472	
Social Security		21,797	
State Retirement		29,010	
Medical Insurance		67,997	
Employer Medicare		5,133	
Maintenance and Repair Services - Equipment		1,466	
Instructional Supplies and Materials		13,316	
Special Education Equipment		7,060	
Total Special Education Program			\$ 534,616

Vocational Education Program

Clerical Personnel	\$	12,074	
Social Security		660	
State Retirement		927	
Medical Insurance		5,140	
Employer Medicare		154	
Instructional Supplies and Materials		16,608	
Vocational Instruction Equipment		14,869	
Total Vocational Education Program			50,432

Support Services

Other Student Support

Other Salaries and Wages	\$	1,600	
Social Security		98	
State Retirement		142	
Employer Medicare		23	
Travel		21,686	
Other Supplies and Materials		17,334	
In Service/Staff Development		500	
Other Charges		500	
Other Equipment		10,524	
Total Other Student Support			52,407

Regular Instruction Program

Supervisor/Director	\$	56,002	
Secretary(ies)		30,400	
Social Security		4,967	
State Retirement		7,308	
Medical Insurance		7,749	
Employer Medicare		1,162	
Consultants		57,707	
Travel		7,169	
Other Supplies and Materials		1,725	
In Service/Staff Development		9,868	
Other Equipment		499	
Total Regular Instruction Program			184,556

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program

Psychological Personnel	\$	53,354	
Social Security		3,194	
State Retirement		4,738	
Medical Insurance		5,153	
Employer Medicare		747	
Travel		2,140	
Other Contracted Services		22,831	
In Service/Staff Development		2,842	
Total Special Education Program	\$		94,999

Vocational Education Program

Travel	\$	2,000	
In Service/Staff Development		1,000	
Other Charges		621	
Total Vocational Education Program			3,621

Transportation

Bus Drivers	\$	15,062	
Social Security		934	
State Retirement		1,157	
Employer Medicare		218	
Total Transportation			17,371

Total School Federal Projects Fund \$ 1,964,328

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	50,538	
Accountants/Bookkeepers		26,807	
Cafeteria Personnel		486,863	
Social Security		33,511	
State Retirement		34,714	
Medical Insurance		32,031	
Employer Medicare		7,938	
Communication		1,702	
Maintenance and Repair Services - Equipment		3,001	
Travel		5,605	
Other Contracted Services		43,799	
Food Preparation Supplies		882	
Food Supplies		1,009,361	
Uniforms		6,410	
USDA - Commodities		101,709	
Other Supplies and Materials		88,594	
In Service/Staff Development		3,660	
Other Charges		938	
Food Service Equipment		36,716	
Total Food Service	\$		1,974,779

Total Central Cafeteria Fund 1,974,779

Total Governmental Funds - Henry County School Department \$ 30,280,105

Henry County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2014

	Cities - Sales Tax Fund	Special School District Fund	Total
<u>Cash Receipts</u>			
Current Property Tax	\$ 0	\$ 2,264,050	\$ 2,264,050
Trustee's Collections - Prior Year	0	79,101	79,101
Trustee's Collections - Bankruptcy	0	1,792	1,792
Circuit/Clerk and Master Collections - Prior Years	0	43,570	43,570
Interest and Penalty	0	14,587	14,587
Pick-up Taxes	0	165	165
Payments in-Lieu-of Taxes - T.V.A.	0	141,242	141,242
Payments in-Lieu-of Taxes - Local Utilities	0	35,997	35,997
Payments in-Lieu-of Taxes - Other	0	71,429	71,429
Local Option Sales Tax	3,471,934	1,387,860	4,859,794
Business Tax	0	73,015	73,015
Mixed Drink Tax	0	7,303	7,303
Bank Excise Tax	0	32,019	32,019
Interstate Telecommunications Tax	0	1,063	1,063
City/School District Property Taxes:			
Current Property Tax	0	942,273	942,273
Prior Year's Property Tax	0	32,524	32,524
Interest and Penalty	0	5,889	5,889
Payments in-Lieu-of Taxes	0	23,235	23,235
Marriage Licenses	0	907	907
Income Tax	0	48,500	48,500
Total Cash Receipts	<u>\$ 3,471,934</u>	<u>\$ 5,206,521</u>	<u>\$ 8,678,455</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,437,215	\$ 5,126,045	\$ 8,563,260
Trustee's Commission	34,719	85,248	119,967
Total Cash Disbursements	<u>\$ 3,471,934</u>	<u>\$ 5,211,293</u>	<u>\$ 8,683,227</u>
Excess of Cash Receipts Over (Under)			
Cash Disbursements	\$ 0	\$ (4,772)	\$ (4,772)
Cash Balance, July 1, 2013	0	198,983	198,983
Cash Balance, June 30, 2014	<u>\$ 0</u>	<u>\$ 194,211</u>	<u>\$ 194,211</u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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**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

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

To the County Mayor 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henry County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Henry County's basic financial statements, and have issued our report thereon dated January 27, 2015. Our report includes a reference to other auditors who audited the financial statements of the Henry County Medical Center and the Henry County Emergency Communications District, as described in our report on Henry County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Henry 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 Henry County's internal control. Accordingly, we do not express an opinion on the effectiveness of Henry 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 Audit 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 Audit Findings and Questioned Costs to be a material weakness: 2014-002.

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 deficiency described in the accompanying Schedule of Audit Findings and Questioned Costs to be a significant deficiency: 2014-003.

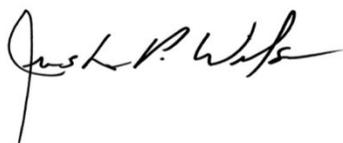
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Henry 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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Audit Findings and Questioned Costs as item 2014-001.

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 Henry 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

January 27, 2015

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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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

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Henry 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 Henry County's major federal programs for the year ended June 30, 2014. Henry County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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 Henry 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 Henry County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Henry County's compliance.

Opinion on Each Major Federal Program

In our opinion, Henry 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 Henry 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 Henry 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 Henry County's internal control over compliance.

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

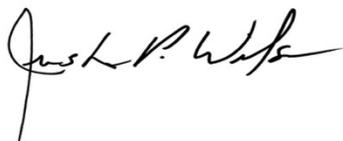
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henry County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Henry County's basic financial statements. We issued our report thereon dated January 27, 2015, 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

January 27, 2015

JPW/sb

Henry 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	\$ 376,517
National School Lunch Program	10.555	N/A	860,709 (8)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	101,709 (8)
Total U.S. Department of Agriculture			<u>\$ 1,338,935</u>
U.S. Department of Defense:			
Passed through State Department of General Services:			
Section 1033 Excess Property Program	12.unknown	N/A	\$ 84,230
Total U.S. Department of Defense			<u>\$ 84,230</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG113807700	\$ 398,196
Direct Program:			
Continuum of Care Program	14.267	(2)	378,798
Total U.S. Department of Housing and Urban Development			<u>\$ 776,994</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	AERO-11-118-00	\$ 6,444
Alcohol Open Container Requirements	20.607	Z-14-GHS-158	9,704
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	34101-18913	9,600
Total U.S. Department of Transportation			<u>\$ 25,748</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	DG-14-36086-00	\$ 153,112
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	844,743
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	609,639
Special Education - Preschool Grants	84.173	N/A	47,581
Career and Technical Education - Basic Grants to States	84.048	N/A	72,299
Safe and Drug-free Schools and Communities - National Programs	84.184	(3)	26,298
Rural Education	84.358	N/A	59,357
English Language Acquisition State Grants	84.365	N/A	1,827
Improving Teacher Quality State Grants	84.367	(3)	130,904
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	193,249
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	8,083
Total U.S. Department of Education			<u>\$ 2,147,092</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(4)	\$ 63,381
Total U.S. Election Assistance Commission			<u>\$ 63,381</u>

(Continued)

Henry County, Tennessee

Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through Northwest Tennessee Development District:			
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	(3)	\$ 5,916
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(3)	34,824
Passed through State Department of Mental Health and Substance Abuse Services:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	38163	44,785
Total U.S. Department of Health and Human Services			<u>\$ 85,525</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters) Hazard Mitigation Grant	97.036	FEMA-1974-DR-TN (5)	\$ 51,306 1,825,805
Emergency Management Performance Grants	97.042	3410100000007620	20,000
Homeland Security Grant Program	97.067	(6)	15,468
Total U.S. Department of Homeland Security			<u>\$ 1,912,579</u>
Total Federal Grants			<u>\$ 6,434,484</u>
<u>State Grants</u>			
		<u>Contract Number</u>	
Airport Maintenance Program - State Department of Transportation	N/A	(7)	\$ 172,638
Archives Grant - Tennessee Secretary of State	N/A	(3)	1,500
Preventive Health and Human Services - State Department of Health	N/A	GG1437693	53,005
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	32701-01868	11,278
Litter Grant - State Department of Transportation	N/A	(3)	44,905
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	32701-01900	20,650
Lottery for Education: Afterschool Programs - State Department of Education	N/A	119-12-03-022	303,385
Early Childhood Education - State Department of Education	N/A	(3)	284,811
Coordinated School Health - State Department of Education	N/A	(3)	127,533
Safe Schools Act - State Department of Education	N/A	(3)	18,147
Family Resource Center - State Department of Education	N/A	(3)	29,612
Truancy Prevention Program - State Department of Children's Services	N/A	35326	48,917
Adult Education - State Department of Labor and Workforce Development	N/A	DG-14-36086-00	37,716
Hazard Mitigation Grant - State Department of Military	N/A	(3)	304,301
Total State Grants			<u>\$ 1,458,398</u>

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

(2) TN0090L4J071205: \$356,096; TN0090L4J071306: \$22,702.

(3) Information not available.

(4) 30510-00113-40: \$61,842; 30510-00213: \$1,539.

(5) HMPG-1909-0039 - \$334,894; HMPG-1909-0040 - \$392,045; HMPG-1909-0080 - \$1,098,866. □

(6) EMW-2011-SS-0069: \$4,498; HSGP2012: \$10,970.

(7) AERO-99-1239-00: \$12,060; AERO-14-109-00: \$31,500; AERO-14-110-00: \$51,200; AERO-14-111-00: \$77,878.

(8) Total for CFDA No. 10.555 is \$962,418.

Henry 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. There were no findings in the Annual Financial Report for Henry County, Tennessee, for the year ended June 30, 2013, which have not been corrected.

HENRY COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Henry County is unmodified.
2. The audit of the financial statements of Henry County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Henry County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An 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), Community Development Block Grants/State's Program (CFDA No. 14.228), Continuum of Care Program (CFDA No. 14.267), and Hazard Mitigation Grant (CFDA No. 97.039) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Henry County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY MAYOR

FINDING 2014-001 **THE PRACTICE OF PAYING SCHOOL DEPARTMENT EXPENDITURES FROM THE GENERAL FUND IS OF QUESTIONABLE LEGALITY**
(Noncompliance Under *Government Auditing Standards*)

During the year, the county expended \$234,044 from the General Fund to contribute funds to the School Department for a school storm shelter. Opinion No. 92-03 issued by the Tennessee Attorney General's Office states "...a county legislative body cannot lawfully divert revenues collected for general county purposes, or other non-education purposes, and apply those monies to education purposes." Therefore, we question the legality of using General Fund monies to make contributions to the School Department.

RECOMMENDATION

General Fund monies should not be used to pay School Department expenses.

OFFICE OF COUNTY ROAD SUPERVISOR

FINDING 2014-002 **THE HIGHWAY/PUBLIC WORKS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2014, certain general ledger account balances in the Highway/Public Works Fund were not materially correct, and audit adjustments totaling \$193,856 were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the Highway Department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the Highway Department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the Highway Department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

FINDING 2014-003

SOME PURCHASE ORDERS WERE ISSUED AFTER PURCHASES WERE MADE

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

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 30 disbursements totaling \$127,244 from a population of approximately 1,222 vendor checks totaling \$2,350,526. Our sample revealed that in five of 29 applicable instances, purchase orders were issued after purchases were made. This practice defeats the purpose of issuing a purchase order and makes the purchase order an approval for payment, rather than an approval of the purchase. This deficiency is the result of a lack of management oversight.

RECOMMENDATION

The Highway Department should issue purchase orders for all applicable purchases before purchases are made to strengthen internal controls over purchasing procedures and to document purchasing commitments.

**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 Henry County.

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

Henry County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. 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.

HENRY 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.