



**ANNUAL FINANCIAL REPORT
HENDERSON COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2014



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

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

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State Auditors***

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

HENDERSON COUNTY, TENNESSEE

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Summary of Audit Findings

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

Scope

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

Results

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

Our audit resulted in 12 findings and recommendations, which we have reviewed with Henderson 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 FINANCE DIRECTOR

- ◆ The General Fund and the School Department's Education Capital Projects Fund required material audit adjustments for proper financial statement presentation.
 - ◆ Purchase orders were not issued in some instances.
 - ◆ Designated situs-based taxes were inadequate to fund rural fire protection.
 - ◆ Time sheets of some school cafeteria employees were not signed by a supervisor.
 - ◆ The office had deficiencies in budget operations.
 - ◆ Amounts withheld from contractor payments were not deposited into an escrow account.
-

OFFICE OF COUNTY CLERK

- ◆ Deficiencies were noted in cash reconciliation procedures.
-

OFFICE OF CIRCUIT COURT CLERK

- ◆ Unclaimed funds were not reported and paid to the state.
 - ◆ Fees and commissions totaling \$15,950 were expended without proper authorization.
-

OFFICES OF COUNTY CLERK AND CIRCUIT COURT CLERK

- ◆ Excess fees were not reported and paid to the county in compliance with state statute.
-

OFFICES OF COUNTY CLERK AND CLERK AND MASTER

- ◆ Multiple employees operated from the same cash drawer.
-

OFFICES OF FINANCE DIRECTOR, COUNTY CLERK, AND SHERIFF

- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Henderson County Officials

June 30, 2014

Officials

Dan Hughes, County Mayor
Steve Vineyard, Road Supervisor
Steve Wilkinson, Director of Schools
David Frizzell, Trustee
Gary Pope, Assessor of Property
Carolyn Holmes, County Clerk
Beverly Dunaway, Circuit, General Sessions, and Juvenile Courts Clerk
Leigh Milam, Clerk and Master
Doug Bartholomew, Register of Deeds
Brian Duke, Sheriff
Jennifer Fesmire, Finance Director

Board of County Commissioners

Dan Hughes, County Mayor, Chairman
Celia Barrow
Janice Buck
Jeff James
Mack Maness
Susan Montgomery
Tommy Page
Wanda Powers

David Rogers
Timothy Rogers
Joe Ross
Larry Don Stanfill
Harold Tyler
Tony Walker
Aaron Wood

Board of Education

Tommy Gordon, Chairman
Van Bledsoe
Jeff Camper
Bobby Harrington
Daniel Lewis
Dennis McDaniel
John Wood

Financial Management Committee

Dan Hughes, County Mayor, Chairman
Celia Barrow
Mack Maness
Tommy Page
Timothy Rogers
Steve Vineyard, Road Supervisor
Steve Wilkinson, Director of Schools

Audit Committee

Aaron Wood, Chairman
Tommy Page
John Wood

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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Independent Auditor's Report

Henderson County Mayor and
Board of County Commissioners
Henderson 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 Henderson County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henderson County, Tennessee, as of June 30, 2014, and the respective changes in financial position thereof 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., Henderson County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedules of funding progress – pension plan and other postemployment benefits plans on pages 64-66 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 Henderson 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 Henderson 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 Henderson 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 Henderson 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 October 14, 2014, on our consideration of Henderson 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 Henderson County's internal control over financial reporting and compliance.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 14, 2014

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government <u>Governmental Activities</u>	Component Unit <u>Henderson County School Department</u>
<u>ASSETS</u>		
Cash	\$ 773,981	\$ 0
Equity in Pooled Cash and Investments	9,772,412	13,244,697
Accounts Receivable	95,430	21,706
Due from Other Governments	754,038	565,987
Due from Component Units	1,600,826	0
Property Taxes Receivable	6,389,136	3,113,384
Allowance for Uncollectible Property Taxes	(101,982)	(49,695)
Capital Assets:		
Assets Not Depreciated:		
Land	2,127,209	939,161
Construction in Progress	0	2,174,284
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	13,973,249	14,050,357
Infrastructure	1,140,717	89,231
Other Capital Assets	1,477,252	739,429
Total Assets	<u>\$ 38,002,268</u>	<u>\$ 34,888,541</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	<u>\$ 266,410</u>	<u>\$ 0</u>
Total Deferred Outflows of Resources	<u>\$ 266,410</u>	<u>\$ 0</u>
<u>LIABILITIES</u>		
Payroll Deductions Payable	\$ 2,882	\$ 338,045
Contracts Payable	0	504,837
Retainage Payable	0	95,459
Accrued Interest Payable	273,393	0
Due to Primary Government	0	1,600,826
Noncurrent Liabilities:		
Due Within One Year	2,960,549	0
Due in More Than One Year (net of deferred discount on debt and unamortized premium on debt)	28,795,318	876,784
Total Liabilities	<u>\$ 32,032,142</u>	<u>\$ 3,415,951</u>

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Henderson County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 6,059,212	\$ 2,952,613
Total Deferred Inflows of Resources	<u>\$ 6,059,212</u>	<u>\$ 2,952,613</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 3,120,920	\$ 17,992,462
Restricted for:		
General Government	35,034	0
Finance	5,250	0
Administration of Justice	235,394	0
Public Safety	179,833	0
Public Health and Welfare	197,096	0
Highway/Public Works	1,689,740	0
Debt Service	4,207,884	0
Education	0	397,644
Operation of Noninstructional Services	0	839,330
Capital Outlay	0	2,786,054
Unrestricted	<u>(9,493,827)</u>	<u>6,504,487</u>
Total Net Position	<u>\$ 177,324</u>	<u>\$ 28,519,977</u>

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

Exhibit B

Henderson County, Tennessee
Statement of Activities
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	Capital Grants and Contributions	Primary	Component Unit
					Government	Henderson County School Department
				Total Governmental Activities		
Primary Government:						
Governmental Activities:						
General Government	\$ 1,152,836	\$ 119,366	\$ 39,039	\$ 0	\$ (994,431)	\$ 0
Finance	1,369,227	724,165	0	0	(645,062)	0
Administration of Justice	1,132,102	1,004,874	4,770	0	(122,458)	0
Public Safety	5,154,123	2,000,056	57,300	223,859	(2,872,908)	0
Public Health and Welfare	757,043	46,462	474,573	0	(236,008)	0
Social, Cultural, and Recreational Services	85,652	0	0	156,798	71,146	0
Agriculture and Natural Resources	106,486	0	0	0	(106,486)	0
Highways	1,842,491	1,121	1,808,281	37,326	4,237	0
Education	5,040,908	0	0	0	(5,040,908)	0
Interest on Long-term Debt	1,235,554	0	690,553	0	(545,001)	0
Total Primary Government	\$ 17,876,422	\$ 3,896,044	\$ 3,074,516	\$ 417,983	\$ (10,487,879)	\$ 0
Component Unit:						
Henderson County School Department	\$ 32,610,721	\$ 1,009,465	\$ 4,462,974	\$ 4,945,177	\$ 0	\$ (22,193,105)
Total Component Unit	\$ 32,610,721	\$ 1,009,465	\$ 4,462,974	\$ 4,945,177	\$ 0	\$ (22,193,105)

(Continued)

Exhibit B

Henderson 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	Component Unit
				Government	Henderson County School Department
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 5,147,011	\$ 3,059,082
Property Taxes Levied for Debt Service				1,129,781	0
Local Option Sales Taxes				722,495	2,710,467
Hotel/Motel Tax				50,609	0
Wheel Tax				888,022	365,665
Litigation Taxes				183,577	0
Business Tax				196,200	0
Wholesale Beer Tax				73,155	0
Other Local Taxes				11,982	5,224
Grants and Contributions Not Restricted to Specific Programs				157,615	20,924,677
Unrestricted Investment Income				193,255	21,488
Miscellaneous				94,752	252,944
Total General Revenues				\$ 8,848,454	\$ 27,339,547
Change in Net Position				\$ (1,639,425)	\$ 5,146,442
Net Position, July 1, 2013				1,816,749	23,373,535
Net Position, June 30, 2014				\$ 177,324	\$ 28,519,977

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

Exhibit C-1

Henderson 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	
ASSETS						
Cash	\$ 0	\$ 0	\$ 0	\$ 773,981	\$ 773,981	773,981
Equity in Pooled Cash and Investments	3,436,960	1,510,040	3,205,169	1,620,243	9,772,412	9,772,412
Accounts Receivable	36,658	82	24,965	33,725	95,430	95,430
Due from Other Governments	304,238	322,797	0	127,003	754,038	754,038
Due from Other Funds	265	0	18,215	0	18,480	18,480
Property Taxes Receivable	4,538,695	239,120	1,149,457	461,864	6,389,136	6,389,136
Allowance for Uncollectible Property Taxes	(72,378)	(3,816)	(18,348)	(7,440)	(101,982)	(101,982)
Total Assets	\$ 8,244,438	\$ 2,068,223	\$ 4,379,458	\$ 3,009,376	\$ 17,701,495	

LIABILITIES

Payroll Deductions Payable	\$ 2,522	\$ 360	\$ 0	\$ 0	\$ 2,882
Due to Other Funds	0	0	0	18,480	18,480
Total Liabilities	\$ 2,522	\$ 360	\$ 0	\$ 18,480	\$ 21,362

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	\$ 4,304,706	\$ 226,773	\$ 1,090,101	\$ 437,632	\$ 6,059,212
Deferred Delinquent Property Taxes	143,043	7,551	36,294	14,854	201,742
Other Deferred/Unavailable Revenue	149,629	159,500	0	53,478	362,607
Total Deferred Inflows of Resources	\$ 4,597,378	\$ 393,824	\$ 1,126,395	\$ 505,964	\$ 6,623,561

FUND BALANCES

Restricted:					
Restricted for General Government	\$ 35,034	\$ 0	\$ 0	\$ 0	\$ 35,034

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other	Governmental Funds	
<u>FUND BALANCES (Cont.)</u>						
Restricted (Cont.):						
Restricted for Finance	\$ 5,250	\$ 0	\$ 0	\$ 0	\$ 0	5,250
Restricted for Administration of Justice	235,394	0	0	0	0	235,394
Restricted for Public Safety	83,888	0	0	95,945	0	179,833
Restricted for Public Health and Welfare	106,204	0	0	68,585	0	174,789
Restricted for Highways/Public Works	0	1,530,805	0	0	0	1,530,805
Restricted for Debt Service	0	0	2,804,193	1,326,292	0	4,130,485
Committed:						
Committed for Finance	0	0	0	442,583	0	442,583
Committed for Administration of Justice	0	0	0	362,332	0	362,332
Committed for Public Health and Welfare	0	0	0	136,869	0	136,869
Committed for Other Operations	206,770	0	0	0	0	206,770
Committed for Highways/Public Works	0	143,234	0	0	0	143,234
Committed for Debt Service	0	0	448,870	52,326	0	501,196
Unassigned	2,971,998	0	0	0	0	2,971,998
Total Fund Balances	\$ 3,644,538	\$ 1,674,039	\$ 3,253,063	\$ 2,484,932	\$ 11,056,572	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,244,438	\$ 2,068,223	\$ 4,379,458	\$ 3,009,376	\$ 17,701,495	

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

Exhibit C-2

Henderson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 11,056,572
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,127,209	
Add: buildings and improvements net of accumulated depreciation	13,973,249	
Add: infrastructure net of accumulated depreciation	1,140,717	
Add: other capital assets net of accumulated depreciation	<u>1,477,252</u>	18,718,427
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: note payable	\$ (275,000)	
Less: other loan payable	(1,600,826)	
Add: due from component unit for debt retirement	1,600,826	
Less: bonds payable	(29,415,000)	
Add: deferred amount on refunding	266,410	
Add: deferred charges - discount on debt issued	7,780	
Less: compensated absences payable	(100,605)	
Less: landfill closure/postclosure care costs	(92,739)	
Less: other postemployment benefits liability	(168,399)	
Less: accrued interest on note and bonds	(273,393)	
Less: other deferred revenue - premium on debt	<u>(111,078)</u>	(30,162,024)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		
		<u>564,349</u>
Net position of governmental activities (Exhibit A)		<u>\$ 177,324</u>

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

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	Education Capital Projects	Other	Governmental Funds	
<u>Revenues</u>							
Local Taxes	\$ 5,043,234	\$ 235,073	\$ 2,016,149	\$ 0	\$ 1,110,453	\$ 8,404,909	
Licenses and Permits	950	0	0	0	0	950	
Fines, Forfeitures, and Penalties	385,760	0	0	0	64,099	449,859	
Charges for Current Services	79,715	0	0	0	616,497	696,212	
Other Local Revenues	238,279	15,013	87,325	0	63,957	404,574	
Fees Received from County Officials	776,537	0	0	0	0	776,537	
State of Tennessee	1,966,352	1,824,170	0	0	19,838	3,810,360	
Federal Government	258,413	22,783	0	0	0	281,196	
Other Governments and Citizens Groups	652,264	0	104,364	0	651,437	1,408,065	
Total Revenues	\$ 9,401,504	\$ 2,097,039	\$ 2,207,838	\$ 0	\$ 2,526,281	\$ 16,232,662	

Expenditures

Current:

General Government	\$ 1,705,607	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,705,607
Finance	576,882	0	0	0	503,899	1,080,781
Administration of Justice	421,049	0	0	0	407,110	828,159
Public Safety	4,714,029	0	0	0	36,908	4,750,937
Public Health and Welfare	154,215	0	0	0	537,154	691,369
Social, Cultural, and Recreational Services	85,652	0	0	0	0	85,652
Agriculture and Natural Resources	103,039	0	0	0	0	103,039
Other Operations	659,420	0	0	0	0	659,420
Highways	0	1,713,258	0	0	0	1,713,258
Debt Service:						
Principal on Debt	65,000	0	1,710,568	0	1,000,000	2,775,568
Interest on Debt	10,200	0	987,723	0	161,112	1,159,035
Other Debt Service	0	0	36,166	101,731	6,696	144,593

(Continued)

Exhibit C-3

Henderson 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	Education Capital Projects	Other	Governmental Funds	
<u>Expenditures (Cont.)</u>							
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 4,939,177	\$ 0	\$ 0	\$ 4,939,177
Total Expenditures	\$ 8,495,093	\$ 1,713,258	\$ 2,734,457	\$ 5,040,908	\$ 2,652,879	\$ 2,652,879	\$ 20,636,595
Excess (Deficiency) of Revenues Over Expenditures	\$ 906,411	\$ 383,781	\$ (526,619)	\$ (5,040,908)	\$ (126,598)	\$ (126,598)	\$ (4,403,933)
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 5,000,000	\$ 0	\$ 0	\$ 5,000,000
Premiums on Debt Issued	0	0	0	40,908	0	0	40,908
Insurance Recovery	12,408	0	0	0	0	0	12,408
Total Other Financing Sources (Uses)	\$ 12,408	\$ 0	\$ 0	\$ 5,040,908	\$ 0	\$ 0	\$ 5,053,316
Net Change in Fund Balances	\$ 918,819	\$ 383,781	\$ (526,619)	\$ 0	\$ (126,598)	\$ (126,598)	\$ 649,383
Fund Balance, July 1, 2013	2,725,719	1,290,258	3,779,682	0	2,611,530	2,611,530	10,407,189
Fund Balance, June 30, 2014	\$ 3,644,538	\$ 1,674,039	\$ 3,253,063	\$ 0	\$ 2,484,932	\$ 2,484,932	\$ 11,056,572

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

Exhibit C-4

Henderson 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)		\$ 649,383
(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	\$ 1,114,646	
Less: current-year depreciation expense	<u>(1,058,555)</u>	56,091
(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 asset donated to the School Department		(6,000)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 564,349	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(494,766)</u>	69,583
(4) The issuance of long-term debt (e.g., bonds, notes and other loans) provides current financial resources to governmental funds, while the repayment of the 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 effect of these differences in the treatment of long-term debt and related items.		
Less: bond proceeds	\$ (5,000,000)	
Less: change in premium on debt issuances	(25,588)	
Less: change in discount on debt issued	(529)	
Less: change in deferred amount on refunding debt	(64,636)	
Add: principal payments on bonds	2,630,000	
Add: principal payments on note	65,000	
Add: principal payments on other loan	80,568	
Less: debt service contributions for principal to primary government	<u>(80,568)</u>	(2,395,753)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ (11,883)	
Change in landfill closure/postclosure care costs	2,129	
Change in compensated absences payable	3,757	
Change in other postemployment benefits liability	<u>(6,732)</u>	<u>(12,729)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (1,639,425)</u>

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

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,043,234	\$ 4,859,973	\$ 4,926,223	\$ 117,011
Licenses and Permits	950	1,500	1,500	(550)
Fines, Forfeitures, and Penalties	385,760	373,500	377,000	8,760
Charges for Current Services	79,715	55,500	55,500	24,215
Other Local Revenues	238,279	169,500	199,668	38,611
Fees Received from County Officials	776,537	506,000	832,600	(56,063)
State of Tennessee	1,966,352	1,287,389	1,979,503	(13,151)
Federal Government	258,413	25,000	25,000	233,413
Other Governments and Citizens Groups	652,264	338,000	768,600	(116,336)
Total Revenues	\$ 9,401,504	\$ 7,616,362	\$ 9,165,594	\$ 235,910
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 78,842	\$ 81,100	\$ 81,100	\$ 2,258
Board of Equalization	1,300	1,500	1,500	200
County Mayor/Executive	125,289	129,024	131,724	6,435
County Attorney	8,612	9,895	9,895	1,283
Election Commission	146,985	156,594	158,134	11,149
Register of Deeds	125,172	146,184	146,184	21,012
County Buildings	1,219,407	655,317	1,456,794	237,387
<u>Finance</u>				
Accounting and Budgeting	282,004	289,731	289,731	7,727
Property Assessor's Office	237,235	252,837	255,537	18,302
County Trustee's Office	29,455	27,200	32,550	3,095
County Clerk's Office	28,188	33,600	34,200	6,012
<u>Administration of Justice</u>				
Circuit Court	36,994	49,218	52,218	15,224
General Sessions Court	172,898	197,746	194,746	21,848
Drug Court	9,146	10,000	10,000	854
Chancery Court	158,461	187,379	190,879	32,418
Juvenile Court	43,550	55,064	58,314	14,764
<u>Public Safety</u>				
Sheriff's Department	1,872,732	1,988,460	2,069,409	196,677
Administration of the Sexual Offender Registry	1,615	3,000	3,000	1,385
Workhouse	1,634,307	1,568,900	1,744,068	109,761
Fire Prevention and Control	400,919	241,062	498,736	97,817
Civil Defense	262,519	50,296	290,407	27,888
Rescue Squad	15,000	15,000	15,000	0
Other Emergency Management	0	9,635	0	0
County Coroner/Medical Examiner	50,059	58,015	58,015	7,956
Other Public Safety	476,878	478,670	485,677	8,799
<u>Public Health and Welfare</u>				
Local Health Center	89,202	142,980	144,980	55,778
Alcohol and Drug Programs	7,500	10,500	10,500	3,000
Other Local Health Services	2,000	4,000	4,000	2,000
Appropriation to State	10,300	12,300	12,300	2,000
Aid to Dependent Children	0	700	700	700
Waste Pickup	45,213	48,784	48,784	3,571

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	\$ 5,807	\$ 5,808	\$ 5,808	\$ 1
Senior Citizens Assistance	17,500	17,500	17,500	0
Libraries	44,000	44,000	44,000	0
Other Social, Cultural, and Recreational	18,345	20,200	20,200	1,855
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	67,700	66,413	68,913	1,213
Soil Conservation	16,939	20,124	20,124	3,185
Flood Control	18,400	18,400	18,400	0
<u>Other Operations</u>				
Tourism	14,303	13,550	15,050	747
Industrial Development	15,631	12,550	17,550	1,919
Veterans' Services	62,680	51,826	70,361	7,681
Other Charges	301,151	345,000	305,825	4,674
Employee Benefits	22,343	26,000	26,000	3,657
Miscellaneous	243,312	184,225	247,525	4,213
<u>Principal on Debt</u>				
General Government	65,000	65,000	65,000	0
<u>Interest on Debt</u>				
General Government	10,200	6,075	10,200	0
Total Expenditures	\$ 8,495,093	\$ 7,811,362	\$ 9,441,538	\$ 946,445
Excess (Deficiency) of Revenues Over Expenditures	\$ 906,411	\$ (195,000)	\$ (275,944)	\$ 1,182,355
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 12,408	\$ 0	\$ 8,945	\$ 3,463
Transfers In	0	65,000	65,000	(65,000)
Total Other Financing Sources	\$ 12,408	\$ 65,000	\$ 73,945	\$ (61,537)
Net Change in Fund Balance	\$ 918,819	\$ (130,000)	\$ (201,999)	\$ 1,120,818
Fund Balance, July 1, 2013	2,725,719	1,215,000	1,215,000	1,510,719
Fund Balance, June 30, 2014	\$ 3,644,538	\$ 1,085,000	\$ 1,013,001	\$ 2,631,537

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

Exhibit C-6

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

	Actual (GAAP Basis)	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	\$ 235,073	\$ 0	\$ 235,073	\$ 227,057	\$ 227,057	\$ 8,016
Other Local Revenues	15,013	0	15,013	0	0	15,013
State of Tennessee	1,824,170	0	1,824,170	1,795,541	2,195,150	(370,980)
Federal Government	22,783	0	22,783	0	39,440	(16,657)
Total Revenues	\$ 2,097,039	\$ 0	\$ 2,097,039	\$ 2,022,598	\$ 2,461,647	\$ (364,608)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 128,885	\$ 0	\$ 128,885	\$ 123,506	\$ 150,356	\$ 21,471
Highway and Bridge Maintenance	948,410	105,000	1,053,410	1,297,584	1,546,734	493,324
Operation and Maintenance of Equipment	410,859	0	410,859	574,516	702,165	291,306
Other Charges	113,206	0	113,206	121,600	137,000	23,794
Employee Benefits	26,685	0	26,685	19,200	39,200	12,515
Capital Outlay	85,213	0	85,213	171,000	171,000	85,787
Total Expenditures	\$ 1,713,258	\$ 105,000	\$ 1,818,258	\$ 2,307,406	\$ 2,746,455	\$ 928,197
Excess (Deficiency) of Revenues Over Expenditures	\$ 383,781	\$ (105,000)	\$ 278,781	\$ (284,808)	\$ (284,808)	\$ 563,589
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 383,781	\$ (105,000)	\$ 278,781	\$ (284,808)	\$ (284,808)	\$ 563,589
Fund Balance, July 1, 2013	1,290,258	0	1,290,258	780,000	780,000	510,258
Fund Balance, June 30, 2014	\$ 1,674,039	\$ (105,000)	\$ 1,569,039	\$ 495,192	\$ 495,192	\$ 1,073,847

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,503,937
Equity in Pooled Cash and Investments	6,743
Accounts Receivable	4,763
Due from Other Governments	672,465
Taxes Receivable	464,198
Allowance for Uncollectible Taxes	<u>(7,410)</u>
Total Assets	<u>\$ 2,644,696</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 1,136,141
Due to Litigants, Heirs, and Others	<u>1,508,555</u>
Total Liabilities	<u>\$ 2,644,696</u>

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

HENDERSON COUNTY, TENNESSEE

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Henderson 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 Henderson County:

A. Reporting Entity

Henderson County is a public municipal corporation governed by an elected 14-member board. As required by GAAP, these financial statements present Henderson 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 Henderson County School Department operates the public school system in the county, and the voters of Henderson 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 Henderson County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Henderson County, and the Henderson County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Henderson County Emergency Communications District were not available from other auditors in time for inclusion in this report; however, in our opinion, this omission is not material to the component units' opinion unit.

The Henderson County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of

contents. Although required by GAAP, the financial statements of the Henderson County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Henderson County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Henderson County Emergency
Communications District
170 Justice Center Drive, Suite D
Lexington, TN 38351

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 Henderson 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 Henderson 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.

Henderson County issues all debt for the discretely presented Henderson County School Department. Net debt issues totaling \$4,939,177 were 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 Henderson 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; however, Henderson County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category.

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. Henderson County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds 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.

Henderson 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.

Education Capital Projects Fund – This fund accounts for debt issued by Henderson County that is subsequently contributed to the discretely presented Henderson County School Department for construction and renovation projects.

Additionally, Henderson County reports the following fund type:

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 Henderson County, and the city school system’s share of educational revenues. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Henderson County School Department reports the following major governmental funds:

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

School Transportation Fund – This special revenue fund is used to account for the transportation of students. Local taxes are the foundational revenues of this fund.

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

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 Henderson 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 and General Debt Service funds. Henderson 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 .83 percent of total taxes levied.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

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

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

Retainage payable in the School Department's Education Capital Projects Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the Education Capital Projects Fund.

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 \$10,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25
Other Capital Assets	5 -15
Infrastructure:	
Roads	10 - 20
Bridges	15 - 30

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 county's policy to permit employees to accumulate earned but unused vacation leave, which will be paid upon separation from county service. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay 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 School Department has a formal leave policy; however, it does not provide for employees to receive compensation for unused accumulated vacation or sick leave.

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, landfill postclosure care costs, and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. Net 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.

As of June 30, 2014, Henderson County had \$15,700,026 in outstanding debt for capital purposes for the discretely presented Henderson County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Lexington School System) based on an average daily attendance proration. This debt is a liability of Henderson County, but the capital assets acquired are reported in the financial statements of the School Department and the City of Lexington School System. Therefore, Henderson 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 Henderson 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 change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Henderson 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 capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances

may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor, County Attorney, 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, Henderson County reported a significant encumbrance of \$105,000 for road signs in the Highway/Public Works Fund.

B. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations in the Rural Debt Service Fund by \$15,808. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Henderson County and the Henderson 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 and 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	\$ 2,133,209	\$ 0	\$ 6,000	\$ 2,127,209
Total Capital Assets Not Depreciated	<u>\$ 2,133,209</u>	<u>\$ 0</u>	<u>\$ 6,000</u>	<u>\$ 2,127,209</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 17,085,377	\$ 625,667	\$ 0	\$ 17,711,044
Infrastructure	2,401,635	0	0	2,401,635
Other Capital Assets	5,677,154	488,979	61,826	6,104,307
Total Capital Assets Depreciated	<u>\$ 25,164,166</u>	<u>\$ 1,114,646</u>	<u>\$ 61,826</u>	<u>\$ 26,216,986</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,098,884	\$ 638,911	\$ 0	\$ 3,737,795
Infrastructure	1,132,017	128,901	0	1,260,918
Other Capital Assets	4,398,138	290,743	61,826	4,627,055
Total Accumulated Depreciation	<u>\$ 8,629,039</u>	<u>\$ 1,058,555</u>	<u>\$ 61,826</u>	<u>\$ 9,625,768</u>
Total Capital Assets Depreciated, Net	<u>\$ 16,535,127</u>	<u>\$ 56,091</u>	<u>\$ 0</u>	<u>\$ 16,591,218</u>
Governmental Activities Capital Assets, Net	<u>\$ 18,668,336</u>	<u>\$ 56,091</u>	<u>\$ 6,000</u>	<u>\$ 18,718,427</u>

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

Governmental Activities:

General Government	\$ 8,667
Administration of Justice	159,555
Public Safety	638,321
Public Health and Welfare	56,505
Highway/Public Works	<u>195,507</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,058,555</u>

Discretely Presented Henderson County School Department

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 933,161	\$ 6,000	\$ 0	\$ 939,161
Construction in Progress	132,500	2,174,284	132,500	2,174,284
Total Capital Assets Not Depreciated	<u>\$ 1,065,661</u>	<u>\$ 2,180,284</u>	<u>\$ 132,500</u>	<u>\$ 3,113,445</u>
Capital Assets Depreciated:				
Building and Improvements	\$ 39,138,639	\$ 176,168	\$ 0	\$ 39,314,807
Infrastructure	99,606	0	0	99,606
Other Capital Assets	1,666,142	0	0	1,666,142
Total Capital Assets Depreciated	<u>\$ 40,904,387</u>	<u>\$ 176,168</u>	<u>\$ 0</u>	<u>\$ 41,080,555</u>
Less Accumulated Depreciation For:				
Building and Improvements	\$ 24,115,355	\$ 1,149,095	\$ 0	\$ 25,264,450
Infrastructure	5,395	4,980	0	10,375
Other Capital Assets	684,326	242,387	0	926,713
Total Accumulated Depreciation	<u>\$ 24,805,076</u>	<u>\$ 1,396,462</u>	<u>\$ 0</u>	<u>\$ 26,201,538</u>
Total Capital Assets Depreciated, Net	<u>\$ 16,099,311</u>	<u>\$ (1,220,294)</u>	<u>\$ 0</u>	<u>\$ 14,879,017</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,164,972</u>	<u>\$ 959,990</u>	<u>\$ 132,500</u>	<u>\$ 17,992,462</u>

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

Governmental Activities:

Instruction	\$ 976,512
Support Services	341,690
Operation of Noninstructional Services	<u>78,260</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,396,462</u></u>

C. Construction Commitments

At June 30, 2014, the School Department's Education Capital Projects Fund had uncompleted construction contracts of approximately \$3,066,334 for additions and renovations at four county schools. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 265
General Debt Service	"	18,215

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.

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	Component Unit:	
Primary Government:	School Department:	
Governmental Activities	Governmental Activities	\$ 1,600,826

The Due to the Primary Government from the School Department is the balance of the other loan payable issued by the county for the School Department. The School Department has agreed to contribute the funds necessary to retire the debt.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2014, consisted of the following amount:

Discretely Presented Henderson County School Department

	Transfer In
Transfer Out	General Purpose School Fund
Nonmajor governmental fund	\$ 2,057

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.

E. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loan

Henderson 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, the capital outlay note, and the other loan outstanding were issued for original terms of up to 21 years for bonds, up to eight years for the note, and up to 21 years for the other loan. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, the note, and the other loan included in long-term debt as of June 30, 2014, will be retired from the General, General Debt Service, and Rural Debt Service funds.

General obligation bonds, the capital outlay note, and the other loan 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	1.75 to 4.75%	6-30-29	\$ 19,900,000	\$ 19,250,000
General Obligation Bonds - Refunding	1 to 5	4-1-24	19,980,000	10,165,000
Capital Outlay Note	3	4-1-18	405,000	275,000
Other Loan	1.38	12-31-31	1,800,582	1,600,826

In prior years, Henderson County entered into an agreement with the State of Tennessee to receive funding from the state revolving loan fund program. Under this agreement, the program made \$1,934,199 available for loan to the Henderson County School Department for wastewater facility improvements at four elementary schools. As of June 30, 2014, the School Department had drawn \$1,800,582 of the available \$1,934,199 loan. The improvements were completed during a prior year, and no additional funds are expected to be received. The loan is repayable at a 1.38 percent interest rate. In addition, the county pays an administrative fee in connection with this loan.

The annual requirements to amortize all general obligation bonds, the note, and the other loan 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	\$ 2,710,000	\$ 1,085,321	\$ 3,795,321
2016	2,620,000	997,147	3,617,147
2017	2,410,000	907,045	3,317,045
2018	1,875,000	815,021	2,690,021
2019	2,040,000	754,573	2,794,573
2020-2024	9,535,000	2,794,383	12,329,383
2025-2029	8,225,000	1,052,046	9,277,046
Total	\$ 29,415,000	\$ 8,405,536	\$ 37,820,536

Year Ending June 30	Note		
	Principal	Interest	Total
2015	\$ 65,000	\$ 8,250	\$ 73,250
2016	70,000	6,300	76,300
2017	70,000	4,200	74,200
2018	70,000	2,100	72,100
Total	\$ 275,000	\$ 20,850	\$ 295,850

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
2015	\$ 81,444	\$ 21,576	\$ 1,284	\$ 104,304
2016	82,572	20,448	1,212	104,232
2017	83,724	19,296	1,152	104,172
2018	84,876	18,144	1,080	104,100
2019	86,064	16,956	1,020	104,040
2020-2024	448,572	66,528	4,020	519,120
2025-2029	480,588	34,512	2,172	517,272
2030-2032	252,986	4,455	340	257,781
Total	\$ 1,600,826	\$ 201,915	\$ 12,280	\$ 1,815,021

There is \$4,631,681 available in the debt service funds to service long-term debt. Debt per capita, including bonds, the note, and the other loan totaled \$1,127, based on the 2010 federal census.

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

Description of Indebtedness	Outstanding 6-30-14
<u>Other Loan</u>	
<u>Contributions from the General Purpose School Fund</u>	
Clean Water State Revolving Fund	\$ 1,600,826

Changes in Long-term Obligations

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

Governmental Activities:

	Bonds	Note	Other Loan
Balance, July 1, 2013	\$ 27,045,000	\$ 340,000	\$ 1,681,394
Additions	5,000,000	0	0
Reductions	(2,630,000)	(65,000)	(80,568)
Balance, June 30, 2014	<u>\$ 29,415,000</u>	<u>\$ 275,000</u>	<u>\$ 1,600,826</u>
Balance Due Within One Year	<u>\$ 2,710,000</u>	<u>\$ 65,000</u>	<u>\$ 81,444</u>

	Compensated Absences	Landfill Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2013	\$ 104,362	\$ 94,868	\$ 161,667
Additions	140,489	1,371	8,167
Reductions	(144,246)	(3,500)	(1,435)
Balance, June 30, 2014	<u>\$ 100,605</u>	<u>\$ 92,739</u>	<u>\$ 168,399</u>
Balance Due Within One Year	<u>\$ 100,605</u>	<u>\$ 3,500</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 31,652,569
Less: Balance Due Within One Year	(2,960,549)
Less: Deferred Discount on Debt	(7,780)
Add: Unamortized Premium on Debt	<u>111,078</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 28,795,318</u>

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

Discretely Presented Henderson County School Department

Changes in Long-term Obligations

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

Governmental Activities:

	Other Postemployment Benefits
Balance, July 1, 2013	\$ 830,324
Additions	168,856
Reductions	<u>(122,396)</u>
Balance, June 30, 2014	<u>\$ 876,784</u>
Balance Due Within One Year	<u>\$ 0</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Henderson 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 \$85,502 and \$32,466, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Liability, Property, Casualty, and Workers’ Compensation Insurance

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

Employee Health Insurance

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

The discretely presented Henderson 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. Contingent Liabilities

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

D. Landfill Closure/Postclosure Care Costs

Henderson County and the City of Lexington have an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The city and county have provided financial assurances for estimated closure and postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the city and county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Henderson County and the City of Lexington closed their sanitary landfill in 1997. The \$92,739 reported as postclosure care liability at June 30, 2014, represents the county's 50 percent share of the amounts based on what it would cost to perform all postclosure care in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. Joint Ventures

The Henderson County/Lexington Indigent Care Trust Fund was created by Henderson County and the City of Lexington and is governed by the Board of Trustees. The Board of Trustees comprises three members, two of whom are appointed by the Henderson County Commission. The City of Lexington's Board of City Aldermen and mayor appoint the remaining member. The hospital administrator of the Henderson County Community Hospital serves as an ex-officio nonvoting member. Henderson County and the City of Lexington have contributed monies to the Indigent Care Trust Fund. In accordance with the Indigent Care Trust Agreement, the city and county will not be responsible for any additional deposits to the Indigent Care Trust Fund. The trust fund will satisfy in full any obligations of the county and city for indigent care. The trust's funds were placed in the bank account under the control of the Indigent Care Board. The income from the trust fund will be available for payment solely to the hospital for treatment rendered to indigent patients from the hospital service area. Payments to the hospital from the trust fund shall be made semi-annually following the receipt by the trustees of a statement depicting the amount of care rendered by the hospital to indigent patients.

The Beech River Regional Airport was established through a joint operations agreement between Decatur County, Henderson County, the City of Parsons, and the City of Lexington. The agreement created the Beech River Regional Airport Board to plan, develop, and maintain a regional airport that will economically benefit all residents of the two-county area. The board

comprises nine members, two from each governmental unit and one appointed by the governmental entities on a one-year rotation basis. Each participant retains a 25 percent ownership in the airport; however, participants do not retain an equity interest in the airport. During the year ended June 30, 2014, the county appropriated an operating subsidy of \$107,562 to the airport.

The Everett Horn Public Library is a joint venture between Henderson County and the City of Lexington. It is operated by an appointed seven-member board. The library is jointly funded by the county and the City of Lexington with additional revenues received from private contributions. During the year ended June 30, 2014, the county contributed \$44,000 to the library.

Complete financial statements for the Henderson County/Lexington Indigent Care Trust Fund, the Beech River Regional Airport, and the Everett Horn Public Library can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Henderson County Community Hospital
200 West Church Street
Lexington, TN 38351

Beech River Regional Airport
790 Hidden Hill Circle
Lexington, TN 38351

Everett Horn Public Library
702 West Church Street
Lexington, TN 38351

F. Retirement Commitments

Information for this footnote for the year ended June 30, 2014, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented below is for the fiscal year ended June 30, 2013.

Plan Description

County Employees

Employees of Henderson 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 Henderson 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/>.

County Officials

Employees of Henderson 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 ten 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 ten 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 Henderson 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

County Employees

Henderson County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 8.79 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.

County Officials

Henderson County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 5.54 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

County Employees

For the year ended June 30, 2013, Henderson County's annual pension cost of \$570,900 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 post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was five years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$570,900	100%	\$0
6-30-12	563,161	100	0
6-30-11	497,372	100	0

County Officials

For the year ended June 30, 2013, Henderson County's annual pension cost of \$43,321 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 post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was 11 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$43,321	100%	\$0
6-30-12	42,012	100	0
6-30-11	44,306	100	0

Funded Status and Funding Progress

County Employees

As of July 1, 2011, the most recent actuarial valuation date, the plan was 86.37 percent funded. The actuarial accrued liability for benefits was \$8.44 million, and the actuarial value of assets was \$7.29 million, resulting in

an unfunded actuarial accrued liability (UAAL) of \$1.15 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.88 million, and the ratio of the UAAL to the covered payroll was 19.59 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.

County Officials

As of July 1, 2011, the most recent actuarial valuation date, the plan was 86.38 percent funded. The actuarial accrued liability for benefits was \$1.74 million, and the actuarial value of assets was \$1.51 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.24 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.76 million, and the ratio of the UAAL to the covered payroll was 31.2 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 Henderson 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 ending June 30, 2013, 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, 2013, 2012, and 2011 were \$1,241,579, \$1,259,735, and \$1,211,844, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits (OPEB)

Plan Description

Henderson County and the School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, *Tennessee Code Annotated (TCA)*, for local governments and Section 8-27-302, *TCA*, for 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 their own 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. During the year ended June 30, 2014, Henderson County and the School Department contributed \$1,435 and \$122,396, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 168,000	\$ 8,000
Interest on the NOPEBO	33,213	6,467
Adjustment to the ARC	(32,357)	(6,300)
Annual OPEB cost	\$ 168,856	\$ 8,167
Less: Amount of contribution	(122,396)	(1,435)
Increase/Decrease in NOPEBO	\$ 46,460	\$ 6,732
Net OPEB obligation, 7-1-13	830,324	161,667
Net OPEB obligation, 6-30-14	\$ 876,784	\$ 168,399

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	\$ 284,789	40%	\$ 662,489
6-30-13	"	287,371	42	830,324
6-30-14	"	168,856	72	876,784
6-30-12	Local Government Group	32,749	7	132,376
6-30-13	"	32,674	10	161,667
6-30-14	"	8,167	18	168,399

Funding 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)	\$ 1,692,000	\$ 50,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,692,000	\$ 50,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 10,755,223	\$ 4,848,347
UAAL as a % of covered payroll	16%	1%

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

Actuarial Methods and Assumptions

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

In the July 1, 2013, actuarial valuation for the Local Government Group and the Local Education 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. Office of Central Accounting, Budgeting, and Purchasing

Office of Director of Finance

Henderson County operates under the provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. This act also provides for the creation of a Finance Department operated under the direction of the finance director.

I. Purchasing Law

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by her to serve as the county purchasing agent. The finance director serves as the purchasing agent for Henderson County. The Henderson County Financial Management Committee, with the assistance of the director of finance, established a purchasing system for the county that requires the issuance of purchase orders. The Financial Management Committee has also established that competitive bids are required to be solicited through newspaper advertisement on all purchases estimated to exceed \$10,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial 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)
<u>County Officials</u>						
7-1-11	\$ 1,506	\$ 1,744	\$ 238	86.38	% \$ 762	31.20 %
7-1-09	1,104	1,353	250	81.56	756	33.00
7-1-07	928	1,039	111	89.32	594	18.69
<u>County Employees</u>						
7-1-11	7,293	8,444	1,151	86.37	5,875	19.59
7-1-09	4,773	4,855	82	98.31	5,158	1.59
7-1-07	3,435	3,524	89	97.47	4,588	1.94

Information for this exhibit for the year ended June 30, 2014, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented above is for the fiscal year ended June 30, 2013.

Exhibit E-2

Henderson County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Henderson 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	\$ 290	\$ 290	0 %	\$ 3,947	7 %
"	7-1-11	0	218	218	0	4,632	5
"	7-1-13	0	50	50	0	4,848	1
<u>DISCRETELY PRESENTED HENDERSON COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	2,111	2,111	0	9,770	22
"	7-1-11	0	2,684	2,684	0	10,756	25
"	7-1-13	0	1,692	1,692	0	10,755	16

HENDERSON 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 Henderson 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.

Debt Service Fund

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

Rural Debt Service Fund – The Rural Debt Service Fund is used to account for the accumulation of resources for, and the payment of, rural school debt.

Exhibit F-1

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

	Special Revenue Funds				Debt Service Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	Rural Debt Service		
\$	0 \$	0 \$	773,981 \$	773,981 \$	0 \$	0 \$	773,981
Equity in Pooled Cash and Investments	174,809	95,945	0	270,754	1,349,489		1,620,243
Accounts Receivable	2,526	0	31,199	33,725	0		33,725
Due from Other Governments	33,634	0	0	33,634	93,369		127,003
Property Taxes Receivable	461,864	0	0	461,864	0		461,864
Allowance for Uncollectible Property Taxes	(7,440)	0	0	(7,440)	0		(7,440)
Total Assets	665,393 \$	95,945 \$	805,180 \$	1,566,518 \$	1,442,858 \$		3,009,376

ASSETS

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

LIABILITIES

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

FUND BALANCES

Restricted:
 Restricted for Public Safety

\$	0 \$	0 \$	265 \$	265 \$	18,215 \$	18,215 \$	18,480
\$	0 \$	0 \$	265 \$	265 \$	18,215 \$	18,215 \$	18,480
\$	437,632 \$	0 \$	0 \$	437,632 \$	0 \$	0 \$	437,632
	14,854	0	0	14,854	0	0	14,854
	7,453	0	0	7,453	46,025		53,478
\$	459,939 \$	0 \$	0 \$	459,939 \$	46,025 \$		505,964
\$	0 \$	95,945 \$	0 \$	95,945 \$	0 \$	0 \$	95,945

(Continued)

Exhibit F-1

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

	Special Revenue Funds				Debt Service Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	Rural Debt Service		
\$ 68,585 \$	0 \$	0 \$	0 \$	68,585 \$	0 \$	68,585	
0	0	0	0	0	1,326,292	1,326,292	
0	0	442,583	442,583	442,583	0	442,583	
0	0	362,332	362,332	362,332	0	362,332	
136,869	0	0	136,869	136,869	0	136,869	
0	0	0	0	0	52,326	52,326	
<u>\$ 205,454 \$</u>	<u>95,945 \$</u>	<u>804,915 \$</u>	<u>1,106,314 \$</u>	<u>1,378,618 \$</u>		<u>2,484,932</u>	
\$ 665,393 \$	95,945 \$	805,180 \$	1,566,518 \$	1,442,858 \$		3,009,376	

FUND BALANCES (Cont.)

Restricted (Cont.):	
Restricted for Public Health and Welfare	
Restricted for Debt Service	
Committed:	
Committed for Finance	
Committed for Administration of Justice	
Committed for Public Health and Welfare	
Committed for Debt Service	
Total Fund Balances	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	

Exhibit F-2

Henderson 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					Total	Debt Service Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees				Rural Debt Service		
<u>Revenues</u>									
Local Taxes	\$ 533,445	\$ 0	\$ 0	\$ 0	\$ 533,445	\$ 577,008	\$ 1,110,453		
Fines, Forfeitures, and Penalties	0	64,099	0	0	64,099	0	64,099		
Charges for Current Services	0	0	616,497	0	616,497	0	616,497		
Other Local Revenues	46,812	0	0	0	46,812	17,145	63,957		
State of Tennessee	19,838	0	0	0	19,838	0	19,838		
Other Governments and Citizens Groups	0	0	0	0	0	651,437	651,437		
Total Revenues	\$ 600,095	\$ 64,099	\$ 616,497	\$ 1,280,691	\$ 1,280,691	\$ 1,245,590	\$ 2,526,281		
<u>Expenditures</u>									
Current:									
Finance	\$ 0	\$ 0	\$ 503,899	\$ 503,899	\$ 503,899	\$ 0	\$ 503,899		
Administration of Justice	0	0	407,110	407,110	407,110	0	407,110		
Public Safety	0	36,908	0	36,908	36,908	0	36,908		
Public Health and Welfare	537,154	0	0	537,154	537,154	0	537,154		
Debt Service:									
Principal on Debt	0	0	0	0	0	1,000,000	1,000,000		
Interest on Debt	0	0	0	0	0	161,112	161,112		
Other Debt Service	0	0	0	0	0	6,696	6,696		
Total Expenditures	\$ 537,154	\$ 36,908	\$ 911,009	\$ 1,485,071	\$ 1,485,071	\$ 1,167,808	\$ 2,652,879		
Excess (Deficiency) of Revenues Over Expenditures	\$ 62,941	\$ 27,191	\$ (294,512)	\$ (204,380)	\$ (204,380)	\$ 77,782	\$ (126,598)		
Net Change in Fund Balances	\$ 62,941	\$ 27,191	\$ (294,512)	\$ (204,380)	\$ (204,380)	\$ 77,782	\$ (126,598)		
Fund Balance, July 1, 2013	142,513	68,754	1,099,427	1,310,694	1,310,694	1,300,836	2,611,530		
Fund Balance, June 30, 2014	\$ 205,454	\$ 95,945	\$ 804,915	\$ 1,106,314	\$ 1,106,314	\$ 1,378,618	\$ 2,484,932		

Exhibit F-3

Henderson 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	\$ 533,445	\$ 439,312	\$ 485,432	\$ 48,013
Other Local Revenues	46,812	40,000	110,000	(63,188)
State of Tennessee	19,838	0	0	19,838
Total Revenues	<u>\$ 600,095</u>	<u>\$ 479,312</u>	<u>\$ 595,432</u>	<u>\$ 4,663</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Education/Information	\$ 537,154	\$ 489,826	\$ 605,946	\$ 68,792
Total Expenditures	<u>\$ 537,154</u>	<u>\$ 489,826</u>	<u>\$ 605,946</u>	<u>\$ 68,792</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 62,941	\$ (10,514)	\$ (10,514)	\$ 73,455
Net Change in Fund Balance	\$ 62,941	\$ (10,514)	\$ (10,514)	\$ 73,455
Fund Balance, July 1, 2013	142,513	239,008	239,008	(96,495)
Fund Balance, June 30, 2014	<u>\$ 205,454</u>	<u>\$ 228,494</u>	<u>\$ 228,494</u>	<u>\$ (23,040)</u>

Exhibit F-4

Henderson 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	\$ 64,099	\$ 55,000	\$ 55,000	\$ 9,099
Total Revenues	\$ 64,099	\$ 55,000	\$ 55,000	\$ 9,099
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 36,908	\$ 53,000	\$ 53,000	\$ 16,092
Total Expenditures	\$ 36,908	\$ 53,000	\$ 53,000	\$ 16,092
Excess (Deficiency) of Revenues Over Expenditures	\$ 27,191	\$ 2,000	\$ 2,000	\$ 25,191
Net Change in Fund Balance	\$ 27,191	\$ 2,000	\$ 2,000	\$ 25,191
Fund Balance, July 1, 2013	68,754	93,706	93,706	(24,952)
Fund Balance, June 30, 2014	\$ 95,945	\$ 95,706	\$ 95,706	\$ 239

Exhibit F-5

Henderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Rural 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	\$ 577,008	\$ 400,000	\$ 400,000	\$ 177,008
Other Local Revenues	17,145	5,000	5,000	12,145
Other Governments and Citizens Groups	651,437	0	623,000	28,437
Total Revenues	<u>\$ 1,245,590</u>	<u>\$ 405,000</u>	<u>\$ 1,028,000</u>	<u>\$ 217,590</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 1,000,000	\$ 732,000	\$ 1,000,000	\$ 0
<u>Interest on Debt</u>				
Education	161,112	90,000	144,000	(17,112)
<u>Other Debt Service</u>				
Education	6,696	0	8,000	1,304
Total Expenditures	<u>\$ 1,167,808</u>	<u>\$ 822,000</u>	<u>\$ 1,152,000</u>	<u>\$ (15,808)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 77,782</u>	<u>\$ (417,000)</u>	<u>\$ (124,000)</u>	<u>\$ 201,782</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 293,000	\$ 0	\$ 0
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 293,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 77,782	\$ (124,000)	\$ (124,000)	\$ 201,782
Fund Balance, July 1, 2013	<u>1,300,836</u>	<u>774,834</u>	<u>774,834</u>	<u>526,002</u>
Fund Balance, June 30, 2014	<u>\$ 1,378,618</u>	<u>\$ 650,834</u>	<u>\$ 650,834</u>	<u>\$ 727,784</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

Henderson 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	\$ 2,016,149	\$ 1,980,325	\$ 1,980,325	\$ 35,824
Other Local Revenues	87,325	50,000	50,000	37,325
Other Governments and Citizens Groups	104,364	0	107,536	(3,172)
Total Revenues	<u>\$ 2,207,838</u>	<u>\$ 2,030,325</u>	<u>\$ 2,137,861</u>	<u>\$ 69,977</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 75,000	\$ 120,000	\$ 75,000	\$ 0
Education	1,635,568	1,655,000	1,733,500	97,932
<u>Interest on Debt</u>				
General Government	612,550	617,000	615,000	2,450
Education	375,173	552,000	574,692	199,519
<u>Other Debt Service</u>				
General Government	35,062	0	52,000	16,938
Education	1,104	0	1,344	240
Total Expenditures	<u>\$ 2,734,457</u>	<u>\$ 2,944,000</u>	<u>\$ 3,051,536</u>	<u>\$ 317,079</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (526,619)</u>	<u>\$ (913,675)</u>	<u>\$ (913,675)</u>	<u>\$ 387,056</u>
Net Change in Fund Balance	\$ (526,619)	\$ (913,675)	\$ (913,675)	\$ 387,056
Fund Balance, July 1, 2013	<u>3,779,682</u>	<u>3,322,765</u>	<u>3,322,765</u>	<u>456,917</u>
Fund Balance, June 30, 2014	<u>\$ 3,253,063</u>	<u>\$ 2,409,090</u>	<u>\$ 2,409,090</u>	<u>\$ 843,973</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 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.

City School ADA - Lexington Fund – The City School ADA - Lexington Fund is used to account for the city school system's share of education revenues collected by the county, which must be apportioned between the Henderson County School System and the City of Lexington School System on an average daily attendance basis. These collections are remitted to the Lexington City School System 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.

Exhibit H-1

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

	<u>Agency Funds</u>			<u>Total</u>
	<u>Cities - Sales Tax</u>	<u>City School ADA - Lexington</u>	<u>Constitu- tional Officers - Agency</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,503,937	\$ 1,503,937
Equity in Pooled Cash and Investments	0	6,743	0	6,743
Accounts Receivable	0	145	4,618	4,763
Due from Other Governments	542,820	129,645	0	672,465
Taxes Receivable	0	464,198	0	464,198
Allowance for Uncollectible Taxes	0	(7,410)	0	(7,410)
Total Assets	<u>\$ 542,820</u>	<u>\$ 593,321</u>	<u>\$ 1,508,555</u>	<u>\$ 2,644,696</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 542,820	\$ 593,321	\$ 0	\$ 1,136,141
Due to Litigants, Heirs, and Others	0	0	1,508,555	1,508,555
Total Liabilities	<u>\$ 542,820</u>	<u>\$ 593,321</u>	<u>\$ 1,508,555</u>	<u>\$ 2,644,696</u>

Exhibit H-2

Henderson 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	\$ 3,179,262	\$ 3,179,262	\$ 0
Due from Other Governments	541,000	542,820	541,000	542,820
Total Assets	\$ 541,000	\$ 3,722,082	\$ 3,720,262	\$ 542,820
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 541,000	\$ 3,722,082	\$ 3,720,262	\$ 542,820
Total Liabilities	\$ 541,000	\$ 3,722,082	\$ 3,720,262	\$ 542,820
<u>City School ADA - Lexington Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 81,563	\$ 1,248,485	\$ 1,323,305	\$ 6,743
Accounts Receivable	325	145	325	145
Due from Other Governments	134,022	129,645	134,022	129,645
Taxes Receivable	474,233	464,198	474,233	464,198
Allowance for Uncollectible Taxes	(11,347)	(7,410)	(11,347)	(7,410)
Total Assets	\$ 678,796	\$ 1,835,063	\$ 1,920,538	\$ 593,321
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 678,796	\$ 1,835,063	\$ 1,920,538	\$ 593,321
Total Liabilities	\$ 678,796	\$ 1,835,063	\$ 1,920,538	\$ 593,321
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,666,402	\$ 5,932,147	\$ 6,094,612	\$ 1,503,937
Accounts Receivable	2,372	4,618	2,372	4,618
Total Assets	\$ 1,668,774	\$ 5,936,765	\$ 6,096,984	\$ 1,508,555
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,668,774	\$ 5,936,765	\$ 6,096,984	\$ 1,508,555
Total Liabilities	\$ 1,668,774	\$ 5,936,765	\$ 6,096,984	\$ 1,508,555
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,666,402	\$ 5,932,147	\$ 6,094,612	\$ 1,503,937
Equity in Pooled Cash and Investments	81,563	4,427,747	4,502,567	6,743
Accounts Receivable	2,697	4,763	2,697	4,763
Due from Other Governments	675,022	672,465	675,022	672,465
Taxes Receivable	474,233	464,198	474,233	464,198
Allowance for Uncollectible Taxes	(11,347)	(7,410)	(11,347)	(7,410)
Total Assets	\$ 2,888,570	\$ 11,493,910	\$ 11,737,784	\$ 2,644,696
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,219,796	\$ 5,557,145	\$ 5,640,800	\$ 1,136,141
Due to Litigants, Heirs, and Others	1,668,774	5,936,765	6,096,984	1,508,555
Total Liabilities	\$ 2,888,570	\$ 11,493,910	\$ 11,737,784	\$ 2,644,696

Henderson County School Department

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

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

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

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

School Transportation Fund – The School Transportation Fund is used to account for transportation of students.

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

Exhibit I-1

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

Functions/Programs	Program Revenues			Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Operating Grants and Contributions	Total Governmental Activities	
Governmental Activities:							
Instruction	\$ 20,473,205	\$ 6,350	\$ 1,634,303	\$	1,476,310	\$	(17,356,242)
Support Services	9,309,349	288,430	778,601		2,278,142		(5,964,176)
Operation of Noninstructional Services	2,828,167	714,685	2,050,070		1,190,725		1,127,313
Total Governmental Activities	\$ 32,610,721	\$ 1,009,465	\$ 4,462,974	\$	4,945,177	\$	(22,193,105)
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes						\$	3,059,082
Local Option Sales Taxes							2,710,467
Wheel Tax							365,665
Other Local Taxes							5,224
Grants and Contributions Not Restricted to Specific Programs							20,924,677
Unrestricted Investment Income							21,488
Miscellaneous							252,944
Total General Revenues						\$	27,339,547
Change in Net Position						\$	5,146,442
Net Position, July 1, 2013							23,373,535
Net Position, June 30, 2014						\$	28,519,977

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	School Transportation	Education Capital Projects	Other	Governmental Funds	

\$ 8,254,110	\$ 378,025	\$ 3,386,350	\$ 1,226,212	\$ 13,244,697
21,367	339	0	0	21,706
524,339	0	0	41,648	565,987
2,127,535	985,849	0	0	3,113,384
(33,959)	(15,736)	0	0	(49,695)

\$ 10,893,392	\$ 1,348,477	\$ 3,386,350	\$ 1,267,860	\$ 16,896,079
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ASSETS

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

Total Assets

LIABILITIES

Payroll Deductions Payable	0	0	0	0	338,045
Contracts Payable	0	0	504,837	0	504,837
Retainage Payable	0	0	95,459	0	95,459
Total Liabilities	0	0	600,296	0	938,341

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	934,941	0	0	0	2,952,613
Deferred Delinquent Property Taxes	31,130	0	0	0	99,874
Other Deferred/Unavailable Revenue	0	0	0	0	200,218
Total Deferred Inflows of Resources	966,071	0	0	0	3,252,705

FUND BALANCES

Restricted:					
Restricted for Education	33,440	304,544	0	28,530	366,514

(Continued)

Henderson County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Henderson County School Department (Cont.)

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	School Transportation	Education Capital Projects	Other	Governmental Funds	
Restricted (Cont.):						
Restricted for Operation of Non-instructional Services	\$ 0	\$ 0	\$ 0	\$ 839,330	\$ 839,330	\$ 839,330
Restricted for Capital Outlay	0	0	2,786,054	0	2,786,054	2,786,054
Committed:						
Committed for Education	0	77,862	0	0	77,862	77,862
Assigned:						
Assigned for Education	0	0	0	400,000	400,000	400,000
Unassigned	8,235,273	0	0	0	8,235,273	8,235,273
Total Fund Balances	\$ 8,268,713	\$ 382,406	\$ 2,786,054	\$ 1,267,860	\$ 12,705,033	\$ 12,705,033
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,893,392	\$ 1,348,477	\$ 3,386,350	\$ 1,267,860	\$ 16,896,079	\$ 16,896,079

Exhibit I-3

Henderson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Discretely Presented Henderson 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)		\$ 12,705,033
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 939,161	
Add: construction in progress	2,174,284	
Add: buildings and improvements net of accumulated depreciation	14,050,357	
Add: infrastructure net of accumulated depreciation	89,231	
Add: other capital assets net of accumulated depreciation	<u>739,429</u>	17,992,462
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: contributions due on primary government debt for the other loan	\$ (1,600,826)	
Less: other postemployment benefits liability	<u>(876,784)</u>	(2,477,610)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>300,092</u>
Net position of governmental activities (Exhibit A)		<u>\$ 28,519,977</u>

Exhibit I-4

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	School Transportation	Education Capital Projects	Other Governmental Funds	Governmental Funds	
<u>Revenues</u>						
Local Taxes	\$ 5,173,373	\$ 968,958	\$ 0	\$ 0	\$ 6,142,331	
Licenses and Permits	2,077	0	0	0	2,077	
Charges for Current Services	286,750	0	0	714,035	1,000,785	
Other Local Revenues	310,339	4,494	21,358	1,213	337,404	
State of Tennessee	21,383,014	0	0	0	21,383,014	
Federal Government	345,464	0	0	3,583,516	3,928,980	
Other Governments and Citizens Groups	0	0	4,939,177	0	4,939,177	
Total Revenues	\$ 27,501,017	\$ 973,452	\$ 4,960,535	\$ 4,298,764	\$ 37,733,768	
<u>Expenditures</u>						
Current:						
Instruction	\$ 17,255,523	\$ 0	\$ 0	\$ 1,313,179	\$ 18,568,702	
Support Services	7,413,803	984,155	0	713,353	9,111,311	
Operation of Non-instructional Services	562,342	0	0	2,175,559	2,737,901	
Capital Outlay	160,835	0	0	0	160,835	
Debt Service:						
Other Debt Service	755,801	0	0	0	755,801	
Capital Projects	0	0	2,174,481	0	2,174,481	
Total Expenditures	\$ 26,148,304	\$ 984,155	\$ 2,174,481	\$ 4,202,091	\$ 33,509,031	
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,352,713	\$ (10,703)	\$ 2,786,054	\$ 96,673	\$ 4,224,737	

(Continued)

Exhibit I-4

Henderson County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Henderson County School Department (Cont.)

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	School Transportation	Education Capital Projects	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 42,712	\$ 0	\$ 0	\$ 0	\$ 0	42,712
Transfers In	2,057	0	0	0	0	2,057
Transfers Out	0	0	0	(2,057)	(2,057)	(2,057)
Total Other Financing Sources (Uses)	\$ 44,769	\$ 0	\$ 0	\$ (2,057)	\$ (2,057)	42,712
Net Change in Fund Balances	\$ 1,397,482	\$ (10,703)	\$ 2,786,054	\$ 94,616	\$ 4,267,449	4,267,449
Fund Balance, July 1, 2013	6,871,231	393,109	0	1,173,244	8,437,584	8,437,584
Fund Balance, June 30, 2014	\$ 8,268,713	\$ 382,406	\$ 2,786,054	\$ 1,267,860	\$ 12,705,033	12,705,033

Exhibit I-5

Henderson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Henderson 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)		\$ 4,267,449
(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	\$ 2,217,952	
Less: current-year depreciation expense	<u>(1,396,462)</u>	821,490
(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		6,000
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 300,092	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(282,697)</u>	17,395
(4) The contributions of long-term debt (e.g., other loans) by the primary government provide current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Add: principal contributions on the other loan to primary government		80,568
(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 other postemployment benefits liability		<u>(46,460)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 5,146,442</u>

Exhibit I-6

Henderson County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Henderson 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	\$ 386,882	\$ 839,330	\$ 1,226,212
Due from Other Governments	41,648	0	41,648
	<hr/>		
Total Assets	\$ 428,530	\$ 839,330	\$ 1,267,860
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 28,530	\$ 0	\$ 28,530
Restricted for Operation of Non-instructional Services	0	839,330	839,330
Assigned:			
Assigned for Education	400,000	0	400,000
	<hr/>		
Total Fund Balances	\$ 428,530	\$ 839,330	\$ 1,267,860
	<hr/>		

Exhibit I-7

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

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 714,035	\$ 714,035
Other Local Revenues	0	1,213	1,213
Federal Government	2,041,605	1,541,911	3,583,516
Total Revenues	<u>\$ 2,041,605</u>	<u>\$ 2,257,159</u>	<u>\$ 4,298,764</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,313,179	\$ 0	\$ 1,313,179
Support Services	713,353	0	713,353
Operation of Non-instructional Services	0	2,175,559	2,175,559
Total Expenditures	<u>\$ 2,026,532</u>	<u>\$ 2,175,559</u>	<u>\$ 4,202,091</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 15,073</u>	<u>\$ 81,600</u>	<u>\$ 96,673</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (2,057)	\$ 0	\$ (2,057)
Total Other Financing Sources (Uses)	<u>\$ (2,057)</u>	<u>\$ 0</u>	<u>\$ (2,057)</u>
Net Change in Fund Balances	\$ 13,016	\$ 81,600	\$ 94,616
Fund Balance, July 1, 2013	415,514	757,730	1,173,244
Fund Balance, June 30, 2014	<u>\$ 428,530</u>	<u>\$ 839,330</u>	<u>\$ 1,267,860</u>

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 5,173,373	\$ 0	\$ 5,173,373	\$ 5,002,537	\$ 5,005,537	\$ 167,836
Licenses and Permits	2,077	0	2,077	2,000	2,000	77
Charges for Current Services	286,750	0	286,750	329,000	329,000	(42,250)
Other Local Revenues	310,339	0	310,339	374,000	288,062	22,277
State of Tennessee	21,383,014	0	21,383,014	20,633,286	21,711,806	(328,792)
Federal Government	345,464	0	345,464	263,500	331,890	13,574
Total Revenues	\$ 27,501,017	\$ 0	\$ 27,501,017	\$ 26,604,323	\$ 27,668,295	\$ (167,278)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 13,816,495	\$ 0	\$ 13,816,495	\$ 13,827,000	\$ 14,081,364	\$ 264,869
Alternative Instruction Program	21,974	0	21,974	44,050	44,050	22,076
Special Education Program	2,263,672	0	2,263,672	2,383,000	2,400,654	136,982
Vocational Education Program	1,069,973	0	1,069,973	1,235,450	1,235,450	165,477
Adult Education Program	83,409	0	83,409	77,700	93,200	9,791
<u>Support Services</u>						
Attendance	83,089	0	83,089	93,155	93,155	10,066
Health Services	349,703	0	349,703	301,550	391,550	41,847
Other Student Support	690,938	0	690,938	729,700	729,700	38,762
Regular Instruction Program	1,260,158	0	1,260,158	1,333,250	1,460,890	200,732
Alternative Instruction Program	67,745	0	67,745	79,650	79,650	11,905
Special Education Program	220,290	0	220,290	246,852	246,852	26,562
Vocational Education Program	98,498	0	98,498	101,250	101,250	2,752
Adult Programs	97,384	0	97,384	99,800	99,800	2,416
Other Programs	163,991	0	163,991	0	170,858	6,867
Board of Education	447,596	0	447,596	616,810	628,810	181,214

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Director of Schools	\$ 172,803	\$ 0	\$ 172,803	\$ 189,100	\$ 189,100	\$ 16,297
Office of the Principal	1,056,272	0	1,056,272	1,185,550	1,185,550	129,278
Fiscal Services	223,222	0	223,222	266,800	266,800	43,578
Operation of Plant	1,860,283	0	1,860,283	2,316,100	2,316,600	458,317
Maintenance of Plant	418,764	(25,455)	393,309	488,000	653,000	259,691
Transportation	203,067	0	203,067	215,500	213,957	10,890
<u>Operation of Noninstructional Services</u>						
Food Service	78,453	(4,500)	73,953	89,575	89,575	15,622
Early Childhood Education	483,889	0	483,889	505,285	505,285	21,396
<u>Capital Outlay</u>						
Regular Capital Outlay	160,835	(43,668)	117,167	301,000	227,000	109,833
<u>Principal on Debt</u>						
Education	0	0	0	90,000	3,000	3,000
Interest on Debt	0	0	0	75,000	0	0
Education						
<u>Other Debt Service</u>						
Education	755,801	0	755,801	310,000	756,000	199
Total Expenditures	\$ 26,148,304	\$ (73,623)	\$ 26,074,681	\$ 27,201,127	\$ 28,265,100	\$ 2,190,419
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,352,713	\$ 73,623	\$ 1,426,336	\$ (596,804)	\$ (596,805)	\$ 2,023,141
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 42,712	\$ 0	\$ 42,712	\$ 0	\$ 0	\$ 42,712

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Transfers In	\$ 2,057	\$ 0	\$ 2,057	\$ 0	\$ 0	\$ 2,057
Total Other Financing Sources	\$ 44,769	\$ 0	\$ 44,769	\$ 0	\$ 0	\$ 44,769
Net Change in Fund Balance	\$ 1,397,482	\$ 73,623	\$ 1,471,105	\$ (596,804)	\$ (596,805)	\$ 2,067,910
Fund Balance, July 1, 2013	6,871,231	(73,623)	6,797,608	5,403,500	5,403,500	1,394,108
Fund Balance, June 30, 2014	\$ 8,268,713	\$ 0	\$ 8,268,713	\$ 4,806,696	\$ 4,806,695	\$ 3,462,018

Exhibit I-9

Henderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Henderson 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	\$ 212,500	\$ 122,500	\$ (122,500)
Federal Government	2,041,605	990,477	1,968,454	73,151
Total Revenues	\$ 2,041,605	\$ 1,202,977	\$ 2,090,954	\$ (49,349)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 731,615	\$ 195,129	\$ 746,473	\$ 14,858
Special Education Program	539,464	539,233	539,464	0
Vocational Education Program	42,100	42,100	42,100	0
<u>Support Services</u>				
Health Services	0	90,000	0	0
Other Student Support	142,109	90,174	145,391	3,282
Regular Instruction Program	321,731	0	365,931	44,200
Special Education Program	82,629	82,653	82,629	0
Transportation	166,884	163,688	166,884	0
Total Expenditures	\$ 2,026,532	\$ 1,202,977	\$ 2,088,872	\$ 62,340
Excess (Deficiency) of Revenues Over Expenditures	\$ 15,073	\$ 0	\$ 2,082	\$ 12,991
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (2,057)	\$ 0	\$ (2,081)	\$ 24
Total Other Financing Sources	\$ (2,057)	\$ 0	\$ (2,081)	\$ 24
Net Change in Fund Balance	\$ 13,016	\$ 0	\$ 1	\$ 13,015
Fund Balance, July 1, 2013	415,514	415,514	415,514	0
Fund Balance, June 30, 2014	\$ 428,530	\$ 415,514	\$ 415,515	\$ 13,015

Exhibit I-10

Henderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Henderson 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	\$ 714,035	\$ 782,000	\$ 782,000	\$ (67,965)
Other Local Revenues	1,213	0	0	1,213
Federal Government	1,541,911	1,338,500	1,478,857	63,054
Total Revenues	<u>\$ 2,257,159</u>	<u>\$ 2,120,500</u>	<u>\$ 2,260,857</u>	<u>\$ (3,698)</u>
<u>Expenditures</u>				
<u>Operation of Noninstructional Services</u>				
Food Service	\$ 2,175,559	\$ 2,032,076	\$ 2,200,633	\$ 25,074
Total Expenditures	<u>\$ 2,175,559</u>	<u>\$ 2,032,076</u>	<u>\$ 2,200,633</u>	<u>\$ 25,074</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 81,600</u>	<u>\$ 88,424</u>	<u>\$ 60,224</u>	<u>\$ 21,376</u>
Net Change in Fund Balance	\$ 81,600	\$ 88,424	\$ 60,224	\$ 21,376
Fund Balance, July 1, 2013	<u>757,730</u>	<u>612,000</u>	<u>612,000</u>	<u>145,730</u>
Fund Balance, June 30, 2014	<u><u>\$ 839,330</u></u>	<u><u>\$ 700,424</u></u>	<u><u>\$ 672,224</u></u>	<u><u>\$ 167,106</u></u>

Exhibit I-11

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 968,958	\$ 932,596	\$ 962,596	\$ 6,362
Other Local Revenues	4,494	0	0	4,494
Total Revenues	<u>\$ 973,452</u>	<u>\$ 932,596</u>	<u>\$ 962,596</u>	<u>\$ 10,856</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 18,804	\$ 25,000	\$ 25,000	\$ 6,196
Transportation	965,351	944,600	974,600	9,249
Total Expenditures	<u>\$ 984,155</u>	<u>\$ 969,600</u>	<u>\$ 999,600</u>	<u>\$ 15,445</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (10,703)</u>	<u>\$ (37,004)</u>	<u>\$ (37,004)</u>	<u>\$ 26,301</u>
Net Change in Fund Balance	\$ (10,703)	\$ (37,004)	\$ (37,004)	26,301
Fund Balance, July 1, 2013	<u>393,109</u>	<u>200,000</u>	<u>200,000</u>	<u>193,109</u>
Fund Balance, June 30, 2014	<u>\$ 382,406</u>	<u>\$ 162,996</u>	<u>\$ 162,996</u>	<u>\$ 219,410</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Henderson County, Tennessee
Schedule of Changes in Long-term Note, Other Loan, 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	Paid and/or Matured During Period	Outstanding 6-30-14
NOTE PAYABLE								
<u>Payable through General Fund</u>								
Capital Outlay Note, Series 2010	\$ 405,000	3 %	8-27-10	4-1-18	\$ 340,000	0 \$	65,000 \$	275,000
Total Note Payable					\$ 340,000	0 \$	65,000 \$	275,000
OTHER LOAN PAYABLE								
<u>Payable by School Department Contributions to the General Debt Service Fund</u>								
Clean Water State Revolving Fund	1,800,582	1.38	7-31-10	12-31-31	\$ 1,681,394	0 \$	80,568 \$	1,600,826
Total Other Loan Payable					\$ 1,681,394	0 \$	80,568 \$	1,600,826
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
High School Refunding Bonds, Series 2001 School Bonds, Series 2004	8,150,000	3.5 to 5	10-11-01	4-1-17	\$ 3,965,000	0 \$	885,000 \$	3,080,000
High School Refunding Bonds, Series 2004	3,850,000	2 to 4.25	2-1-04	4-1-14	215,000	0	215,000	0
G.O. Bonds, Series 2008	2,840,000	2 to 3.875	4-1-04	4-1-20	2,375,000	0	155,000	2,220,000
G.O. Bonds, Series 2009	9,500,000	3.75 to 4.75	12-11-08	4-1-29	9,300,000	0	50,000	9,250,000
G.O. Refunding Bonds, Series 2012	5,400,000	1.75 to 4.15	11-10-09	6-30-29	5,300,000	0	25,000	5,275,000
Total Payable through General Debt Service Fund	4,035,000	1 to 2.5	7-12-12	4-1-24	3,595,000	0	300,000	3,295,000
					\$ 24,750,000	0 \$	1,630,000 \$	23,120,000
<u>Payable through Rural Debt Service Fund</u>								
Rural School Refunding Bonds, Series 2004	2,140,000	2 to 3.6	4-1-04	4-1-17	\$ 1,060,000	0 \$	250,000 \$	810,000
School Refunding Bonds, Series 2009	2,815,000	2 to 3	11-10-09	6-30-16	1,235,000	0	475,000	760,000
Rural School Bonds, Series 2013	5,000,000	2 to 3.75	8-1-13	4-1-29	0	5,000,000	275,000	4,725,000
Total Payable through Rural Debt Service Fund					\$ 2,295,000	\$ 5,000,000	\$ 1,000,000	\$ 6,295,000
Total Bonds Payable					\$ 27,045,000	\$ 5,000,000	\$ 2,630,000	\$ 29,415,000

Exhibit J-2

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

Year Ending June 30	Note		
	Principal	Interest	Total
2015	\$ 65,000	\$ 8,250	\$ 73,250
2016	70,000	6,300	76,300
2017	70,000	4,200	74,200
2018	70,000	2,100	72,100
Total	\$ 275,000	\$ 20,850	\$ 295,850

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
2015	\$ 81,444	\$ 21,576	\$ 1,284	\$ 104,304
2016	82,572	20,448	1,212	104,232
2017	83,724	19,296	1,152	104,172
2018	84,876	18,144	1,080	104,100
2019	86,064	16,956	1,020	104,040
2020	87,252	15,768	948	103,968
2021	88,464	14,556	876	103,896
2022	89,700	13,320	804	103,824
2023	90,948	12,072	732	103,752
2024	92,208	10,812	660	103,680
2025	93,480	9,540	588	103,608
2026	94,788	8,232	516	103,536
2027	96,096	6,924	432	103,452
2028	97,440	5,580	360	103,380
2029	98,784	4,236	276	103,296
2030	100,164	2,856	204	103,224
2031	101,556	1,464	120	103,140
2032	51,266	135	16	51,417
Total	\$ 1,600,826	\$ 201,915	\$ 12,280	\$ 1,815,021

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 2,710,000	\$ 1,085,321	\$ 3,795,321
2016	2,620,000	997,147	3,617,147
2017	2,410,000	907,045	3,317,045
2018	1,875,000	815,021	2,690,021
2019	2,040,000	754,573	2,794,573
2020	2,035,000	688,124	2,723,124
2021	1,745,000	619,448	2,364,448
2022	1,905,000	558,161	2,463,161
2023	1,915,000	489,925	2,404,925
2024	1,935,000	438,725	2,373,725
2025	1,625,000	345,575	1,970,575
2026	1,635,000	279,125	1,914,125
2027	1,645,000	212,113	1,857,113
2028	1,655,000	142,645	1,797,645
2029	1,665,000	72,588	1,737,588
Total	\$ 29,415,000	\$ 8,405,536	\$ 37,820,536

Exhibit J-3

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 2,057
Total Transfers Discretely Presented Henderson County School Department			\$ 2,057

Henderson County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Henderson 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	State Automobile Mutual Insurance Company
Road Supervisor	Section 8-24-102, TCA	72,195	100,000	Western Surety Company
Director of Schools	State Board of Education and County Board of Education	99,500 (1)	50,000	"
Trustee	Section 8-24-102, TCA, and County Commission	67,132 (2)	950,000	Auto-Owners Insurance Company
Assessor of Property	Section 8-24-102, TCA	65,632	25,000	Western Surety Company
Director of Finance	County Commission	67,131 (2)	100,000	State Automobile Mutual Insurance Company
County Clerk	Section 8-24-102, TCA, and County Commission	67,132 (2)	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA, and County Commission	73,695 (2,3)	50,000	"
Clerk and Master	Section 8-24-102, TCA, and County Commission	73,695 (2,3,4)	100,000	"
Register of Deeds	Section 8-24-102, TCA	67,132 (2)	25,000	"
Sheriff	Section 8-24-102, TCA	72,195 (5)	25,000	"
Employee Blanket Bonds:				
County Departments and Highway Department			150,000	Tennessee Risk Management Trust
School Department			150,000	"

- (1) Includes additional compensation of \$1,000 for the career ladder program.
- (2) Includes a certified public administrator supplement of \$1,500.
- (3) Includes additional compensation of \$6,563 for multiple courts.
- (4) Does not include special commissioner fees of \$1,260.
- (5) Does not include a law enforcement training supplement of \$600.

Exhibit J-5

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

	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 4,133,889	\$ 432,040	\$ 0	\$ 0	\$ 218,225	\$ 1,048,377
Trustee's Collections - Prior Year	154,563	22,341	0	0	8,190	37,179
Circuit/Clerk & Master Collections - Prior Years	35,334	7,084	0	0	2,071	10,186
Interest and Penalty	29,782	3,902	0	0	1,570	7,925
Payments in-Lieu-of Taxes - Local Utilities	66,612	8,250	0	0	3,514	17,233
<u>County Local Option Taxes</u>						
Local Option Sales Tax	86,198	56,869	0	0	0	0
Hotel/Motel Tax	50,609	0	0	0	0	0
Wheel Tax	0	0	0	0	0	888,022
Litigation Tax - General	133,001	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	50,576	0	0	0	0	0
Business Tax	196,200	0	0	0	0	0
Mixed Drink Tax	3,270	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	28,479	2,959	0	0	1,503	7,227
Wholesale Beer Tax	73,155	0	0	0	0	0
Interstate Telecommunications Tax	1,566	0	0	0	0	0
Total Local Taxes	\$ 5,043,234	\$ 533,445	\$ 0	\$ 0	\$ 235,073	\$ 2,016,149
<u>Licenses and Permits</u>						
<u>Permits</u>						
Beer Permits	\$ 950	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 950	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds						Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 27,150	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	1,808	0	0	0	0	0	0
Game and Fish Fines	24	0	0	0	0	0	0
Drug Control Fines	8,036	0	5,791	0	0	0	0
DUI Treatment Fines	665	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	114,874	0	0	0	0	0	0
Officers Costs	37,714	0	0	0	0	0	0
Game and Fish Fines	698	0	0	0	0	0	0
Drug Control Fines	4,220	0	4,389	0	0	0	0
Drug Court Fees	7,141	0	0	0	0	0	0
Jail Fees	44,436	0	0	0	0	0	0
DUI Treatment Fines	8,740	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	1,851	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	332	0	0	0	0	0	0
Data Entry Fee - Chancery Court	2,749	0	0	0	0	0	0
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures	0	0	53,919	0	0	0	0
Courtroom Security Fee	125,322	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 385,760	\$ 0	\$ 64,099	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Work Release Charges for Board Fees	\$ 820	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Copy Fees	78	0	0	0	0	0
Telephone Commissions	49,609	0	0	0	0	0
Vending Machine Collections	2,909	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	616,497	0	0
Data Processing Fee - Register	9,142	0	0	0	0	0
Data Processing Fee - Sheriff	10,157	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	7,000	0	0	0	0	0
Total Charges for Current Services	\$ 79,715	\$ 0	\$ 0	\$ 616,497	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 88,785	\$ 0	\$ 0	\$ 0	\$ 0	\$ 87,325
Lease/Rentals	5,475	0	0	0	0	0
Sale of Materials and Supplies	189	0	0	0	1,121	0
Commissary Sales	55,842	0	0	0	0	0
Sale of Recycled Materials	0	46,462	0	0	0	0
Miscellaneous Refunds	77,701	350	0	0	5,642	0
<u>Nonrecurring Items</u>						
Sale of Equipment	7,879	0	0	0	8,250	0
Damages Recovered from Individuals	95	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	2,313	0	0	0	0	0
Total Other Local Revenues	\$ 238,279	\$ 46,812	\$ 0	\$ 0	\$ 15,013	\$ 87,325

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 390,833	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	50,000	0	0	0	0	0
Trustee	122,560	0	0	0	0	0
<u>Fees in-Lieu-of Salary</u>						
Clerk and Master	99,161	0	0	0	0	0
Register	103,954	0	0	0	0	0
Sheriff	10,029	0	0	0	0	0
Total Fees Received from County Officials	\$ 776,537	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 4,770	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	20,669	0
Litter Program	32,955	0	0	0	0	0
Other Public Works Grants	0	0	0	0	16,657	0
<u>Other State Revenues</u>						
Income Tax	40,011	0	0	0	0	0
Beer Tax	17,806	0	0	0	0	0
Vehicle Certificate of Title Fees	1,647	0	0	0	0	0
Alcoholic Beverage Tax	58,670	0	0	0	0	0
Contracted Prisoner Boarding	1,494,804	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,766,807	0
Petroleum Special Tax	0	0	0	0	20,037	0
Registrar's Salary Supplement	17,039	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Other State Grants	\$ 177,498	\$ 19,838	\$ 0	\$ 0	\$ 0	\$ 0
Other State Revenues	121,152	0	0	0	0	0
Total State of Tennessee	\$ 1,966,352	\$ 19,838	\$ 0	\$ 0	\$ 1,824,170	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 186,237	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	23,000	0	0	0	0	0
Disaster Relief	754	0	0	0	22,783	0
Homeland Security Grants	22,623	0	0	0	0	0
Law Enforcement Grants	14,999	0	0	0	0	0
Other Federal through State	10,800	0	0	0	0	0
Total Federal Government	\$ 258,413	\$ 0	\$ 0	\$ 0	\$ 22,783	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 317,950	\$ 0	\$ 0	\$ 0	\$ 0	\$ 104,364
Contracted Services	149,500	0	0	0	0	0
Other	184,814	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 652,264	\$ 0	\$ 0	\$ 0	\$ 0	\$ 104,364
Total	\$ 9,401,504	\$ 600,095	\$ 64,099	\$ 616,497	\$ 2,097,039	\$ 2,207,838

(Continued)

Exhibit J-5

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

	Debt Service Fund (Cont.)	Rural Debt Service	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$ 0	\$ 5,832,531
Trustee's Collections - Prior Year	0	0	222,273
Circuit/Clerk & Master Collections - Prior Years	0	0	54,675
Interest and Penalty	0	0	43,179
Payments in-Lieu-of Taxes - Local Utilities	0	0	95,609
<u>County Local Option Taxes</u>			
Local Option Sales Tax	576,659	576,659	719,726
Hotel/Motel Tax	0	0	50,609
Wheel Tax	0	0	888,022
Litigation Tax - General	0	0	133,001
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	50,576
Business Tax	0	0	196,200
Mixed Drink Tax	0	0	3,270
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0	0	40,168
Wholesale Beer Tax	0	0	73,155
Interstate Telecommunications Tax	349	349	1,915
Total Local Taxes	\$ 577,008	\$ 577,008	\$ 8,404,909
<u>Licenses and Permits</u>			
<u>Permits</u>			
Beer Permits	0	0	950
Total Licenses and Permits	\$ 0	\$ 0	\$ 950

(Continued)

Exhibit J-5

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

	Debt Service Fund (Cont.)	Rural Debt Service	Total
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$ 0		27,150
Officers Costs	0		1,808
Game and Fish Fines	0		24
Drug Control Fines	0		13,827
DUI Treatment Fines	0		665
<u>General Sessions Court</u>			
Fines	0		114,874
Officers Costs	0		37,714
Game and Fish Fines	0		698
Drug Control Fines	0		8,609
Drug Court Fees	0		7,141
Jail Fees	0		44,436
DUI Treatment Fines	0		8,740
<u>Juvenile Court</u>			
Fines	0		1,851
<u>Chancery Court</u>			
Officers Costs	0		332
Data Entry Fee - Chancery Court	0		2,749
<u>Judicial District Drug Program</u>			
Drug Task Force Forfeitures and Seizures	0		53,919
Courtroom Security Fee	0		125,322
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	449,859

(Continued)

Exhibit J-5

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

	Debt Service Fund (Cont.)	Rural Debt Service	Total
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Work Release Charges for Board	\$ 0	\$ 0	820
<u>Fees</u>			
Copy Fees	0	0	78
Telephone Commissions	0	0	49,609
Vending Machine Collections	0	0	2,909
Constitutional Officers' Fees and Commissions	0	0	616,497
Data Processing Fee - Register	0	0	9,142
Data Processing Fee - Sheriff	0	0	10,157
Sexual Offender Registration Fees - Sheriff	0	0	7,000
Total Charges for Current Services	\$ 0	\$ 0	696,212
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 17,145	\$ 0	193,255
Lease/Rentals	0	0	5,475
Sale of Materials and Supplies	0	0	1,310
Commissary Sales	0	0	55,842
Sale of Recycled Materials	0	0	46,462
Miscellaneous Refunds	0	0	83,693
<u>Nonrecurring Items</u>			
Sale of Equipment	0	0	16,129
Damages Recovered from Individuals	0	0	95
<u>Other Local Revenues</u>			
Other Local Revenues	0	0	2,313
Total Other Local Revenues	\$ 17,145	\$ 0	404,574

(Continued)

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

	<u>Debt Service</u> <u>Fund (Cont.)</u>	<u>Rural</u> <u>Debt</u> <u>Service</u>	<u>Total</u>
<u>Fees Received from County Officials</u>			
<u>Excess Fees</u>			
County Clerk	0 \$		390,833
Circuit Court Clerk	0		50,000
Trustee	0		122,560
<u>Fees in-Lieu-of Salary</u>			
Clerk and Master	0		99,161
Register	0		103,954
Sheriff	0		10,029
Total Fees Received from County Officials	0 \$		776,537
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	0 \$		4,770
<u>Public Works Grants</u>			
Bridge Program	0		20,669
Litter Program	0		32,955
Other Public Works Grants	0		16,657
<u>Other State Revenues</u>			
Income Tax	0		40,011
Beer Tax	0		17,806
Vehicle Certificate of Title Fees	0		1,647
Alcoholic Beverage Tax	0		58,670
Contracted Prisoner Boarding	0		1,494,804
Gasoline and Motor Fuel Tax	0		1,766,807
Petroleum Special Tax	0		20,037
Registrar's Salary Supplement	0		17,039

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund (Cont.)</u>	<u>Rural</u> <u>Debt</u> <u>Service</u>	<u>Total</u>
<u>State of Tennessee (Cont.)</u>			
<u>Other State Revenues (Cont.)</u>			
Other State Grants	0 \$		197,336
Other State Revenues	0		121,152
<u>Total State of Tennessee</u>	<u>0 \$</u>		<u>3,810,360</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
Community Development	0 \$		186,237
Civil Defense Reimbursement	0		23,000
Disaster Relief	0		23,537
Homeland Security Grants	0		22,623
Law Enforcement Grants	0		14,999
Other Federal through State	0		10,800
<u>Total Federal Government</u>	<u>0 \$</u>		<u>281,196</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	651,437 \$		1,073,751
Contracted Services	0		149,500
Other			
Other	0		184,814
<u>Total Other Governments and Citizens Groups</u>	<u>651,437 \$</u>		<u>1,408,065</u>
<u>Total</u>	<u>1,245,590 \$</u>		<u>16,232,662</u>

Exhibit J-6

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

	Special Revenue Funds					Capital Projects Fund	Total
	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor- tation	Education Capital Projects		
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 1,940,342	\$ 0	\$ 0	\$ 899,447	\$ 0	\$ 0	2,839,789
Trustee's Collections - Prior Year	73,022	0	0	33,542	0	0	106,564
Circuit/Clerk & Master Collections - Prior Years	19,077	0	0	8,610	0	0	27,687
Interest and Penalty	14,516	0	0	6,571	0	0	21,087
Payments in-Lieu-of Taxes - T.V.A.	366	0	0	0	0	0	366
Payments in-Lieu-of Taxes - Local Utilities	31,604	0	0	14,590	0	0	46,194
<u>County Local Option Taxes</u>							
Local Option Sales Tax	2,710,467	0	0	0	0	0	2,710,467
Wheel Tax	365,665	0	0	0	0	0	365,665
Mixed Drink Tax	2,897	0	0	0	0	0	2,897
<u>Statutory Local Taxes</u>							
Bank Excise Tax	13,090	0	0	6,198	0	0	19,288
Interstate Telecommunications Tax	2,327	0	0	0	0	0	2,327
Total Local Taxes	\$ 5,173,373	\$ 0	\$ 0	\$ 968,958	\$ 0	\$ 0	6,142,331
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	1,797	0	0	0	0	0	1,797
<u>Permits</u>							
Other Permits	280	0	0	0	0	0	280
Total Licenses and Permits	\$ 2,077	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,077

(Continued)

Exhibit J-6

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

	Special Revenue Funds					Capital Projects Fund
	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor- tation	Education Capital Projects	
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Regular Day Students	\$ 1,550	\$ 0	\$ 0	\$ 0	\$ 0	1,550
Contract for Instructional Services with Other LEAs	285,200	0	0	0	0	285,200
Receipts from Individual Schools	0	0	714,035	0	0	714,035
Total Charges for Current Services	\$ 286,750	\$ 0	\$ 714,035	\$ 0	\$ 0	\$ 1,000,785
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 130	\$ 0	\$ 0	\$ 0	\$ 21,358	\$ 21,488
Lease/Rentals	5,450	0	0	0	0	5,450
Refund of Telecommunication & Internet Fees (E-Rate)	34,563	0	0	0	0	34,563
Miscellaneous Refunds	249,737	0	1,213	1,994	0	252,944
<u>Nonrecurring Items</u>						
Sale of Equipment	450	0	0	2,500	0	2,950
Contributions and Gifts	18,252	0	0	0	0	18,252
<u>Other Local Revenues</u>						
Other Local Revenues	1,757	0	0	0	0	1,757
Total Other Local Revenues	\$ 310,339	\$ 0	\$ 1,213	\$ 4,494	\$ 21,358	\$ 337,404
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-behalf Contributions for OPEB	\$ 117,968	\$ 0	\$ 0	\$ 0	\$ 0	\$ 117,968
<u>State Education Funds</u>						
Basic Education Program	19,325,000	0	0	0	0	19,325,000
Early Childhood Education	483,888	0	0	0	0	483,888

(Continued)

Exhibit J-6

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

	Special Revenue Funds					Capital Projects Fund
	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor- tation	Education Capital Projects	
<u>State of Tennessee (Cont.)</u>						
<u>State Education Funds (Cont.)</u>						
School Food Service	\$ 21,089	\$ 0	\$ 0	\$ 0	\$ 0	21,089
Driver Education	23,770	0	0	0	0	23,770
Other State Education Funds	139,791	0	0	0	0	139,791
Career Ladder Program	132,974	0	0	0	0	132,974
Career Ladder - Extended Contract	37,420	0	0	0	0	37,420
<u>Other State Revenues</u>						
State Revenue Sharing - T.V.A.	810,501	0	0	0	0	810,501
Other State Grants	1,060	0	0	0	0	1,060
Other State Revenues	289,553	0	0	0	0	289,553
Total State of Tennessee	\$ 21,383,014	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,383,014
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,002,609	\$ 0	\$ 0	1,002,609
USDA - Commodities	0	0	140,357	0	0	140,357
Breakfast	0	0	398,945	0	0	398,945
Adult Education State Grant Program	210,090	0	0	0	0	210,090
Vocational Education - Basic Grants to States	0	66,897	0	0	0	66,897
Title I Grants to Local Education Agencies	0	768,091	0	0	0	768,091
Special Education - Grants to States	39,724	763,847	0	0	0	803,571
Special Education Preschool Grants	8,628	24,969	0	0	0	33,597
English Language Acquisition Grants	0	1,417	0	0	0	1,417
Rural Education	0	111,553	0	0	0	111,553
Eisenhower Professional Development State Grants	0	103,814	0	0	0	103,814

(Continued)

Exhibit J-6

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

	Special Revenue Funds					Capital Projects Fund
	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor- tation	Education Capital Projects	
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Race-to-the-Top - ARRA	\$ 0	\$ 92,948	\$ 0	\$ 0	\$ 0	\$ 92,948
Other Federal through State	19,237	108,069	0	0	0	127,306
<u>Direct Federal Revenue</u>	67,785	0	0	0	0	67,785
ROTC Reimbursement						
Total Federal Government	\$ 345,464	\$ 2,041,605	\$ 1,541,911	\$ 0	\$ 0	\$ 3,928,980
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,939,177	\$ 4,939,177
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,939,177	\$ 4,939,177
Total	\$ 27,501,017	\$ 2,041,605	\$ 2,257,159	\$ 973,452	\$ 4,960,535	\$ 37,733,768

Exhibit J-7

Henderson 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	\$	65,500	
Social Security		4,061	
Employer Medicare		950	
Audit Services		8,331	
Total County Commission			\$ 78,842

Board of Equalization

Board and Committee Members Fees	\$	1,300	
Total Board of Equalization			1,300

County Mayor/Executive

County Official/Administrative Officer	\$	75,804	
Secretary(ies)		21,320	
Social Security		5,788	
State Retirement		6,074	
Medical Insurance		4,040	
Unemployment Compensation		126	
Employer Medicare		1,354	
Communication		2,418	
Dues and Memberships		2,713	
Legal Notices, Recording, and Court Costs		575	
Postal Charges		400	
Travel		1,969	
Office Supplies		1,980	
Other Charges		728	
Total County Mayor/Executive			125,289

County Attorney

Social Security	\$	496	
Employer Medicare		116	
Legal Services		8,000	
Total County Attorney			8,612

Election Commission

County Official/Administrative Officer	\$	59,068	
Clerical Personnel		22,126	
Part-time Personnel		3,915	
Election Commission		2,090	
Election Workers		7,087	
In-Service Training		3,600	
Social Security		5,267	
State Retirement		5,249	
Unemployment Compensation		181	
Employer Medicare		1,232	
Communication		2,284	
Data Processing Services		2,900	
Dues and Memberships		175	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Janitorial Services	\$	630	
Legal Notices, Recording, and Court Costs		1,170	
Maintenance Agreements		12	
Postal Charges		1,909	
Printing, Stationery, and Forms		1,416	
Rentals		9,000	
Other Contracted Services		13,566	
Office Supplies		1,628	
Other Supplies and Materials		940	
Office Equipment		1,540	
Total Election Commission			\$ 146,985

Register of Deeds

County Official/Administrative Officer	\$	67,132	
Secretary(ies)		30,152	
Part-time Personnel		146	
Social Security		6,041	
State Retirement		6,370	
Unemployment Compensation		128	
Employer Medicare		1,413	
Communication		1,450	
Data Processing Services		5,910	
Dues and Memberships		588	
Maintenance and Repair Services - Office Equipment		39	
Postal Charges		400	
Travel		135	
Office Supplies		3,777	
Other Charges		175	
Office Equipment		1,316	
Total Register of Deeds			125,172

County Buildings

Custodial Personnel	\$	116,691	
Social Security		6,544	
State Retirement		8,704	
Medical Insurance		11,455	
Unemployment Compensation		668	
Employer Medicare		1,530	
Communication		27,566	
Licenses		957	
Maintenance Agreements		46,411	
Maintenance and Repair Services - Buildings		419,976	
Maintenance and Repair Services - Equipment		2,400	
Maintenance and Repair Services - Vehicles		568	
Pest Control		4,014	
Postal Charges		4,190	
Custodial Supplies		2,313	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Gasoline	\$	619	
Utilities		258,916	
Other Charges		2,924	
Other Equipment		302,961	
Total County Buildings			\$ 1,219,407

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	67,131	
Accountants/Bookkeepers		142,000	
Social Security		12,177	
State Retirement		18,078	
Medical Insurance		13,302	
Unemployment Compensation		659	
Employer Medicare		2,848	
Communication		1,940	
Data Processing Services		11,656	
Legal Notices, Recording, and Court Costs		189	
Maintenance and Repair Services - Office Equipment		381	
Postal Charges		2,232	
Printing, Stationery, and Forms		3,302	
Travel		1,450	
Office Supplies		3,213	
Other Supplies and Materials		380	
Premiums on Corporate Surety Bonds		175	
Other Charges		477	
Office Equipment		414	
Total Accounting and Budgeting			282,004

Property Assessor's Office

County Official/Administrative Officer	\$	65,632	
Clerical Personnel		98,142	
Social Security		9,242	
State Retirement		12,263	
Medical Insurance		12,120	
Unemployment Compensation		504	
Employer Medicare		2,161	
Communication		1,564	
Contracts with Private Agencies		17,553	
Data Processing Services		5,572	
Dues and Memberships		1,745	
Legal Notices, Recording, and Court Costs		48	
Maintenance and Repair Services - Vehicles		9	
Postal Charges		345	
Printing, Stationery, and Forms		126	
Travel		923	
Gasoline		460	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Office Supplies	\$	1,200	
Other Charges		175	
Office Equipment		7,451	
Total Property Assessor's Office			\$ 237,235

County Trustee's Office

Communication	\$	2,341	
Data Processing Services		8,302	
Dues and Memberships		478	
Legal Notices, Recording, and Court Costs		223	
Postal Charges		6,499	
Printing, Stationery, and Forms		1,196	
Office Supplies		1,808	
Furniture and Fixtures		499	
Office Equipment		8,109	
Total County Trustee's Office			29,455

County Clerk's Office

Communication	\$	2,052	
Data Processing Services		13,579	
Dues and Memberships		95	
Legal Notices, Recording, and Court Costs		55	
Maintenance Agreements		1,376	
Postal Charges		7,639	
Office Supplies		2,509	
Office Equipment		883	
Total County Clerk's Office			28,188

Administration of Justice

Circuit Court

Other Salaries and Wages	\$	7,800	
Jury and Witness Expense		7,590	
Social Security		454	
State Retirement		686	
Unemployment Compensation		30	
Employer Medicare		106	
Communication		3,248	
Dues and Memberships		603	
Legal Notices, Recording, and Court Costs		164	
Maintenance Agreements		1,654	
Postal Charges		3,373	
Office Supplies		11,286	
Total Circuit Court			36,994

General Sessions Court

Judge(s)	\$	118,804	
Secretary(ies)		25,142	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Social Security	\$	8,117	
State Retirement		8,792	
Medical Insurance		8,077	
Unemployment Compensation		96	
Employer Medicare		1,898	
Communication		2	
Other Contracted Services		1,734	
Office Supplies		74	
Office Equipment		162	
Total General Sessions Court			\$ 172,898

Drug Court

Drugs and Medical Supplies	\$	9,146	
Total Drug Court			9,146

Chancery Court

County Official/Administrative Officer	\$	73,695	
Clerical Personnel		48,423	
Social Security		7,045	
State Retirement		7,456	
Medical Insurance		4,195	
Unemployment Compensation		250	
Employer Medicare		1,648	
Communication		1,311	
Data Processing Services		6,121	
Dues and Memberships		573	
Legal Notices, Recording, and Court Costs		1,491	
Office Supplies		4,013	
Office Equipment		2,240	
Total Chancery Court			158,461

Juvenile Court

Guidance Personnel	\$	31,204	
In-Service Training		445	
Social Security		1,397	
State Retirement		2,743	
Medical Insurance		4,040	
Unemployment Compensation		126	
Employer Medicare		327	
Communication		850	
Contracts with Other Public Agencies		878	
Travel		975	
Office Supplies		565	
Total Juvenile Court			43,550

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	72,195	
Deputy(ies)		949,418	
Salary Supplements		14,400	
Clerical Personnel		58,216	
Part-time Personnel		2,349	
Overtime Pay		10,690	
In-Service Training		8,243	
Social Security		66,342	
State Retirement		91,631	
Medical Insurance		49,473	
Unemployment Compensation		4,398	
Employer Medicare		15,453	
Communication		17,201	
Dues and Memberships		2,000	
Evaluation and Testing		5,000	
Maintenance Agreements		985	
Maintenance and Repair Services - Equipment		22,261	
Maintenance and Repair Services - Vehicles		41,697	
Postal Charges		3,078	
Gasoline		125,418	
Office Supplies		7,509	
Tires and Tubes		13,695	
Uniforms		11,383	
Other Charges		2,919	
Motor Vehicles		100,000	
Office Equipment		14,779	
Other Equipment		161,999	
Total Sheriff's Department			\$ 1,872,732

Administration of the Sexual Offender Registry

In-Service Training	\$	100	
Office Supplies		150	
Other Charges		1,365	
Total Administration of the Sexual Offender Registry			1,615

Workhouse

Guards	\$	782,908	
Clerical Personnel		23,041	
Overtime Pay		11,000	
Other Salaries and Wages		41,357	
In-Service Training		5,042	
Social Security		51,200	
State Retirement		70,500	
Medical Insurance		44,000	
Unemployment Compensation		6,406	
Employer Medicare		12,037	
Evaluation and Testing		2,000	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Maintenance Agreements	\$	400	
Maintenance and Repair Services - Equipment		21,831	
Medical and Dental Services		295,951	
Custodial Supplies		28,021	
Food Supplies		217,916	
Office Supplies		3,382	
Uniforms		6,943	
Other Charges		10,372	
Total Workhouse			\$ 1,634,307

Fire Prevention and Control

County Official/Administrative Officer	\$	56,238	
Part-time Personnel		13,080	
In-Service Training		2,470	
Social Security		3,480	
State Retirement		4,943	
Medical Insurance		4,040	
Unemployment Compensation		286	
Employer Medicare		814	
Communication		2,910	
Dues and Memberships		300	
Maintenance and Repair Services - Buildings		372	
Maintenance and Repair Services - Equipment		18,077	
Maintenance and Repair Services - Vehicles		16,632	
Postal Charges		159	
Travel		816	
Drugs and Medical Supplies		900	
Gasoline		12,128	
Instructional Supplies and Materials		947	
Office Supplies		999	
Uniforms		402	
Other Supplies and Materials		710	
Trustee's Commission		262	
Motor Vehicles		22,098	
Other Equipment		237,856	
Total Fire Prevention and Control			400,919

Civil Defense

Other Salaries and Wages	\$	85,233	
In-Service Training		1,548	
Social Security		3,810	
State Retirement		2,985	
Medical Insurance		4,040	
Unemployment Compensation		126	
Employer Medicare		891	
Communication		7,925	
Contracts with Private Agencies		5,700	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Janitorial Services	\$	530	
Maintenance Agreements		688	
Maintenance and Repair Services - Buildings		33,292	
Maintenance and Repair Services - Vehicles		513	
Other Contracted Services		195	
Gasoline		1,923	
Office Supplies		2,895	
Office Equipment		177	
Other Equipment		110,048	
Total Civil Defense			\$ 262,519

Rescue Squad

Contributions	\$	15,000	
Total Rescue Squad			15,000

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	49,809	
Ambulance Services		250	
Total County Coroner/Medical Examiner			50,059

Other Public Safety

County Official/Administrative Officer	\$	40,950	
Dispatchers/Radio Operators		225,767	
Clerical Personnel		35,714	
Temporary Personnel		20,000	
Part-time Personnel		23,741	
In-Service Training		2,785	
Social Security		21,005	
State Retirement		25,842	
Medical Insurance		69,044	
Unemployment Compensation		750	
Employer Medicare		4,913	
Maintenance and Repair Services - Equipment		360	
Other Equipment		6,007	
Total Other Public Safety			476,878

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	5,400	
Other Salaries and Wages		53,238	
Social Security		3,252	
State Retirement		3,565	
Medical Insurance		1,744	
Unemployment Compensation		298	
Employer Medicare		760	
Communication		6,275	
Legal Notices, Recording, and Court Costs		77	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Maintenance and Repair Services - Equipment	\$	1,000	
Postal Charges		398	
Travel		5,926	
Other Contracted Services		2,100	
Custodial Supplies		505	
Drugs and Medical Supplies		66	
Office Supplies		2,598	
Office Equipment		2,000	
Total Local Health Center			\$ 89,202

Alcohol and Drug Programs

Contributions	\$	7,500	
Total Alcohol and Drug Programs			7,500

Other Local Health Services

Contributions	\$	2,000	
Total Other Local Health Services			2,000

Appropriation to State

Contracts with Government Agencies	\$	10,300	
Total Appropriation to State			10,300

Waste Pickup

Supervisor/Director	\$	15,000	
Part-time Personnel		2,500	
Social Security		155	
Employer Medicare		36	
Communication		1,653	
Maintenance and Repair Services - Buildings		1,200	
Printing, Stationery, and Forms		2,791	
Gasoline		7,000	
Instructional Supplies and Materials		3,310	
Other Supplies and Materials		3,550	
Other Charges		8,018	
Total Waste Pickup			45,213

Social, Cultural, and Recreational Services

Adult Activities

Contributions	\$	5,807	
Total Adult Activities			5,807

Senior Citizens Assistance

Contributions	\$	17,500	
Total Senior Citizens Assistance			17,500

Libraries

Contributions	\$	44,000	
Total Libraries			44,000

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Other Social, Cultural, and Recreational

Contributions	\$ 18,345	
Total Other Social, Cultural, and Recreational		\$ 18,345

Agriculture and Natural Resources

Agriculture Extension Service

Assistant(s)	\$ 21,366	
Supervisor/Director	14,200	
Secretary(ies)	6,537	
Other Salaries and Wages	8,685	
Social Security	2,596	
State Retirement	5,199	
Unemployment Compensation	113	
Employer Medicare	584	
Communication	5,612	
Maintenance Agreements	478	
Postal Charges	180	
Travel	213	
Office Equipment	1,937	
Total Agriculture Extension Service		67,700

Soil Conservation

Secretary(ies)	\$ 15,615	
Social Security	968	
Unemployment Compensation	130	
Employer Medicare	226	
Total Soil Conservation		16,939

Flood Control

Other Contracted Services	\$ 18,400	
Total Flood Control		18,400

Other Operations

Tourism

Communication	\$ 1,643	
Contributions	12,250	
Other Charges	410	
Total Tourism		14,303

Industrial Development

Communication	\$ 1,300	
Contributions	10,750	
Other Charges	3,581	
Total Industrial Development		15,631

Veterans' Services

Supervisor/Director	\$ 32,306	
Secretary(ies)	17,120	

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

In-Service Training	\$	89	
Social Security		3,012	
State Retirement		2,840	
Medical Insurance		2,180	
Unemployment Compensation		200	
Employer Medicare		706	
Communication		136	
Postal Charges		500	
Travel		282	
Office Supplies		2,343	
Other Charges		166	
Office Equipment		800	
Total Veterans' Services			\$ 62,680

Other Charges

Building and Contents Insurance	\$	53,276	
Liability Insurance		77,498	
Vehicle and Equipment Insurance		98,207	
Workers' Compensation Insurance		72,170	
Total Other Charges			301,151

Employee Benefits

Medical Insurance	\$	20,891	
Unemployment Compensation		1,452	
Total Employee Benefits			22,343

Miscellaneous

Part-time Personnel	\$	7,297	
Dues and Memberships		7,391	
Legal Notices, Recording, and Court Costs		335	
Maintenance Agreements		2,759	
Office Supplies		1,911	
Road Signs		4,329	
Premiums on Corporate Surety Bonds		175	
Trustee's Commission		101,613	
Other Charges		9,940	
Airport Improvement		107,562	
Total Miscellaneous			243,312

Principal on Debt

General Government

Principal on Notes	\$	65,000	
Total General Government			65,000

Interest on Debt

General Government

Interest on Notes	\$	10,200	
Total General Government			10,200

Total General Fund \$ 8,495,093

(Continued)

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Supervisor/Director	\$	51,296	
Part-time Personnel		134,752	
Social Security		11,313	
State Retirement		6,321	
Medical Insurance		6,118	
Unemployment Compensation		1,718	
Employer Medicare		2,646	
Communication		3,739	
Contracts with Private Agencies		228,514	
Legal Notices, Recording, and Court Costs		96	
Maintenance and Repair Services - Equipment		23,461	
Maintenance and Repair Services - Vehicles		1,873	
Travel		154	
Custodial Supplies		634	
Gasoline		2,433	
Office Supplies		2,278	
Tires and Tubes		1,507	
Utilities		9,996	
Other Supplies and Materials		198	
Trustee's Commission		12,591	
Landfill Closure/Postclosure Care Costs		3,500	
Other Charges		807	
Motor Vehicles		7,800	
Other Equipment		23,409	
Total Sanitation Education/Information			\$ 537,154

Total Solid Waste/Sanitation Fund \$ 537,154

Drug Control Fund

Public Safety

Drug Enforcement

In-Service Training	\$	807	
Confidential Drug Enforcement Payments		6,000	
Maintenance and Repair Services - Vehicles		3,098	
Towing Services		4,026	
Uniforms		64	
Trustee's Commission		96	
Other Charges		854	
Motor Vehicles		19,992	
Office Equipment		1,971	
Total Drug Enforcement			\$ 36,908

Total Drug Control Fund 36,908

(Continued)

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

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 235,295	
Total County Trustee's Office		\$ 235,295

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 268,604	
Total County Clerk's Office		268,604

Administration of Justice

Circuit Court Clerk

Constitutional Officers' Operating Expenses	\$ 405,850	
Total Circuit Court Clerk		405,850

Chancery Court

Constitutional Officers' Operating Expenses	\$ 1,260	
Total Chancery Court		<u>1,260</u>

Total Constitutional Officers - Fees Fund		\$ 911,009
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 72,195	
Secretary(ies)	23,178	
Social Security	6,808	
State Retirement	5,983	
Medical Insurance	9,902	
Employer Medicare	322	
Dues and Memberships	2,808	
Legal Notices, Recording, and Court Costs	971	
Office Supplies	1,277	
Other Charges	127	
Office Equipment	<u>5,314</u>	
Total Administration		\$ 128,885

Highway and Bridge Maintenance

Equipment Operators	\$ 211,400
Truck Drivers	119,447
Laborers	115,447
Overtime Pay	6,000
Social Security	27,740
State Retirement	35,885
Medical Insurance	80,136
Employer Medicare	6,488
Evaluation and Testing	810
Other Contracted Services	4,000
Asphalt - Cold Mix	59,999
Asphalt - Liquid	119,523

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Crushed Stone	\$	97,267	
Pipe		27,416	
Road Signs		635	
Wood Products		35,177	
Other Supplies and Materials		1,040	
Total Highway and Bridge Maintenance			\$ 948,410

Operation and Maintenance of Equipment

Foremen	\$	34,149	
Mechanic(s)		26,048	
Overtime Pay		132	
Social Security		3,734	
Medical Insurance		9,654	
Employer Medicare		873	
Laundry Service		469	
Maintenance and Repair Services - Equipment		6,781	
Diesel Fuel		128,656	
Equipment and Machinery Parts		109,244	
Gasoline		36,395	
Lubricants		10,748	
Tires and Tubes		31,830	
Other Supplies and Materials		6,841	
Other Equipment		5,305	
Total Operation and Maintenance of Equipment			410,859

Other Charges

Communication	\$	4,160	
Maintenance and Repair Services - Buildings		1,468	
Utilities		10,665	
Liability Insurance		36,031	
Trustee's Commission		22,276	
Workers' Compensation Insurance		38,606	
Total Other Charges			113,206

Employee Benefits

Employee and Dependent Insurance	\$	20,004	
Unemployment Compensation		6,681	
Total Employee Benefits			26,685

Capital Outlay

Highway Equipment	\$	50,118	
Motor Vehicles		27,835	
Other Construction		7,260	
Total Capital Outlay			85,213

Total Highway/Public Works Fund \$ 1,713,258

(Continued)

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 75,000	
Total General Government		\$ 75,000

Education

Principal on Bonds	\$ 1,555,000	
Principal on Other Loans	80,568	
Total Education		1,635,568

Interest on Debt

General Government

Interest on Bonds	\$ 612,550	
Total General Government		612,550

Education

Interest on Bonds	\$ 352,481	
Interest on Other Loans	22,692	
Total Education		375,173

Other Debt Service

General Government

Fiscal Agent Charges	\$ 2,252	
Trustee's Commission	32,810	
Total General Government		35,062

Education

Fiscal Agent Charges	\$ 1,104	
Total Education		1,104

Total General Debt Service Fund		\$ 2,734,457
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Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 1,000,000	
Total Education		\$ 1,000,000

Interest on Debt

Education

Interest on Bonds	\$ 161,112	
Total Education		161,112

Other Debt Service

Education

Fiscal Agent Charges	\$ 795	
Trustee's Commission	5,901	
Total Education		6,696

Total Rural Debt Service Fund		1,167,808
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(Continued)

Exhibit J-7

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

Education Capital Projects Fund

Other Debt Service

Education

Underwriter's Discount	\$ 44,756	
Other Debt Issuance Charges	<u>56,975</u>	
Total Education		\$ 101,731

Capital Projects

Education Capital Projects

Contributions	<u>\$ 4,939,177</u>	
Total Education Capital Projects		<u>4,939,177</u>

Total Education Capital Projects Fund \$ 5,040,908

Total Governmental Funds - Primary Government \$ 20,636,595

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 8,540,703	
Career Ladder Program	58,000	
Career Ladder Extended Contracts	39,000	
Homebound Teachers	12,531	
Clerical Personnel	386,672	
Educational Assistants	201,190	
Other Salaries and Wages	401,747	
Non-certified Substitute Teachers	155,527	
Social Security	564,605	
State Retirement	838,474	
Medical Insurance	854,368	
Employer Medicare	133,325	
Maintenance and Repair Services - Equipment	3,984	
Tuition	63,125	
Other Contracted Services	14,674	
Instructional Supplies and Materials	445,134	
Textbooks	257,542	
Other Charges	81,000	
Regular Instruction Equipment	764,894	
Total Regular Instruction Program		\$ 13,816,495

Alternative Instruction Program

Educational Assistants	\$ 10,569	
Social Security	655	
Employer Medicare	153	
Instructional Supplies and Materials	597	
Other Equipment	10,000	
Total Alternative Instruction Program		21,974

Special Education Program

Teachers	\$ 1,418,845	
Career Ladder Program	13,500	
Career Ladder Extended Contracts	3,000	
Homebound Teachers	388	
Medical Personnel	22,231	
Educational Assistants	247,306	
Non-certified Substitute Teachers	43,214	
Social Security	93,413	
State Retirement	145,754	
Medical Insurance	137,680	
Employer Medicare	23,556	
Contracts with Private Agencies	47,568	
Maintenance and Repair Services - Equipment	495	
Travel	32,133	
Diesel Fuel	16,029	
Instructional Supplies and Materials	13,601	
Special Education Equipment	4,959	
Total Special Education Program		2,263,672

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	737,709	
Career Ladder Program		13,000	
Career Ladder Extended Contracts		6,000	
Non-certified Substitute Teachers		13,338	
Social Security		43,506	
State Retirement		67,195	
Medical Insurance		65,846	
Employer Medicare		10,175	
Instructional Supplies and Materials		39,763	
Other Supplies and Materials		32,909	
Vocational Instruction Equipment		40,532	
Total Vocational Education Program			\$ 1,069,973

Adult Education Program

Teachers	\$	35,648	
Clerical Personnel		10,954	
Other Salaries and Wages		13,028	
Social Security		1,664	
State Retirement		48	
Employer Medicare		863	
Other Contracted Services		1,829	
Other Supplies and Materials		11,052	
Regular Instruction Equipment		8,323	
Total Adult Education Program			83,409

Support Services

Attendance

Supervisor/Director	\$	62,246	
Career Ladder Program		1,000	
Social Security		3,538	
State Retirement		5,616	
Medical Insurance		7,925	
Employer Medicare		827	
Travel		1,270	
Attendance Equipment		667	
Total Attendance			83,089

Health Services

Career Ladder Program	\$	1,000	
Medical Personnel		203,432	
Other Salaries and Wages		60,612	
Social Security		15,473	
State Retirement		23,559	
Medical Insurance		18,447	
Employer Medicare		3,618	
Communication		725	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Travel	\$	4,633	
Instructional Supplies and Materials		9,260	
Other Supplies and Materials		4,959	
In Service/Staff Development		2,991	
Other Charges		994	
Total Health Services			\$ 349,703

Other Student Support

Career Ladder Program	\$	1,500	
Guidance Personnel		436,314	
Other Salaries and Wages		50,099	
Social Security		28,452	
State Retirement		43,317	
Medical Insurance		34,358	
Employer Medicare		6,654	
Evaluation and Testing		19,757	
Maintenance and Repair Services - Equipment		140	
Travel		7,304	
Other Contracted Services		6,941	
Other Supplies and Materials		258	
Other Charges		40,666	
Other Equipment		15,178	
Total Other Student Support			690,938

Regular Instruction Program

Supervisor/Director	\$	303,767	
Career Ladder Program		15,500	
Librarians		425,300	
Instructional Computer Personnel		71,486	
Other Salaries and Wages		99,096	
Social Security		52,635	
State Retirement		81,303	
Medical Insurance		73,476	
Employer Medicare		12,310	
Maintenance and Repair Services - Equipment		12	
Travel		20,131	
Other Contracted Services		32,280	
Library Books/Media		34,144	
Other Supplies and Materials		644	
In Service/Staff Development		37,514	
Other Equipment		560	
Total Regular Instruction Program			1,260,158

Alternative Instruction Program

Supervisor/Director	\$	53,748	
Social Security		3,247	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Alternative Instruction Program (Cont.)

State Retirement	\$	4,773	
Medical Insurance		3,096	
Employer Medicare		759	
Travel		1,000	
Instructional Supplies and Materials		843	
Other Supplies and Materials		189	
Other Charges		90	
Total Alternative Instruction Program			\$ 67,745

Special Education Program

Supervisor/Director	\$	70,886	
Career Ladder Program		1,000	
Assessment Personnel		49,796	
Other Salaries and Wages		21,152	
Social Security		8,094	
State Retirement		12,665	
Medical Insurance		10,609	
Employer Medicare		1,893	
Communication		9,401	
Travel		8,683	
Other Supplies and Materials		3,458	
In Service/Staff Development		1,153	
Other Charges		18,000	
Other Equipment		3,500	
Total Special Education Program			220,290

Vocational Education Program

Supervisor/Director	\$	72,218	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		3,000	
Social Security		4,644	
State Retirement		6,857	
Medical Insurance		3,661	
Employer Medicare		1,086	
Travel		2,532	
Other Supplies and Materials		1,000	
Other Charges		1,500	
Total Vocational Education Program			98,498

Adult Programs

Supervisor/Director	\$	73,438	
Social Security		4,132	
State Retirement		6,521	
Medical Insurance		9,122	
Employer Medicare		966	
Travel		1,282	
In Service/Staff Development		1,923	
Total Adult Programs			97,384

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

Teachers	\$	1,280	
Other Salaries and Wages		31,804	
Social Security		1,917	
Employer Medicare		480	
On-behalf Payments to OPEB		117,968	
Communication		2,686	
Evaluation and Testing		922	
Postal Charges		192	
Travel		749	
Instructional Supplies and Materials		1,050	
Other Supplies and Materials		4,943	
Total Other Programs			\$ 163,991

Board of Education

Custodial Personnel	\$	1,275	
Board and Committee Members Fees		28,250	
Social Security		1,404	
Medical Insurance		13,303	
Unemployment Compensation		38,127	
Employer Medicare		328	
Audit Services		19,000	
Dues and Memberships		8,193	
Legal Services		5,145	
Travel		1,637	
Other Contracted Services		8,737	
Office Supplies		9,012	
Judgments		61	
Trustee's Commission		118,332	
Workers' Compensation Insurance		194,373	
In Service/Staff Development		232	
Other Charges		187	
Total Board of Education			447,596

Director of Schools

County Official/Administrative Officer	\$	98,500	
Career Ladder Program		1,000	
Social Security		5,845	
State Retirement		8,836	
Medical Insurance		6,243	
Employer Medicare		1,367	
Communication		34,841	
Dues and Memberships		6,789	
Postal Charges		1,657	
Travel		4,080	
Office Supplies		1,249	
Other Charges		250	
Administration Equipment		2,146	
Total Director of Schools			172,803

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Principals	\$	602,215	
Career Ladder Program		7,000	
Assistant Principals		194,739	
Social Security		46,954	
State Retirement		70,894	
Medical Insurance		39,697	
Employer Medicare		11,153	
Communication		71,683	
In Service/Staff Development		11,812	
Other Charges		125	
Total Office of the Principal			\$ 1,056,272

Fiscal Services

Internal Audit Personnel	\$	29,400	
Clerical Personnel		42,904	
Social Security		4,356	
State Retirement		3,771	
Medical Insurance		3,442	
Employer Medicare		1,000	
Maintenance and Repair Services - Equipment		15,734	
Travel		1,699	
Other Contracted Services		117,050	
Gasoline		1,690	
Office Supplies		2,176	
Total Fiscal Services			223,222

Operation of Plant

Custodial Personnel	\$	507,456	
Social Security		29,405	
State Retirement		27,807	
Medical Insurance		13,381	
Employer Medicare		7,037	
Janitorial Services		72,151	
Disposal Fees		19,876	
Other Contracted Services		20,497	
Custodial Supplies		78,432	
Electricity		609,682	
Natural Gas		138,837	
Water and Sewer		81,531	
Building and Contents Insurance		253,991	
Other Charges		200	
Total Operation of Plant			1,860,283

Maintenance of Plant

Supervisor/Director	\$	41,936	
Maintenance Personnel		125,068	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Social Security	\$	10,209	
State Retirement		14,680	
Medical Insurance		2,133	
Employer Medicare		2,388	
Maintenance and Repair Services - Buildings		149,046	
Maintenance and Repair Services - Equipment		25,620	
Maintenance and Repair Services - Vehicles		8,027	
Pest Control		7,720	
Travel		1,220	
Other Contracted Services		2,580	
Gasoline		18,379	
Other Supplies and Materials		1,872	
Other Charges		711	
Maintenance Equipment		7,175	
Total Maintenance of Plant			\$ 418,764

Transportation

Bus Drivers	\$	42,097	
Social Security		2,610	
State Retirement		563	
Employer Medicare		611	
Contracts with Vehicle Owners		1,597	
Maintenance and Repair Services - Vehicles		10,014	
Diesel Fuel		142,855	
Transportation Equipment		2,720	
Total Transportation			203,067

Operation of Noninstructional Services

Food Service

Supervisor/Director	\$	34,692	
Clerical Personnel		22,000	
In-Service Training		2,632	
Social Security		2,136	
State Retirement		3,049	
Employer Medicare		499	
Travel		1,711	
Food Service Equipment		11,734	
Total Food Service			78,453

Early Childhood Education

Teachers	\$	249,139	
Educational Assistants		74,131	
Social Security		19,136	
State Retirement		28,639	
Medical Insurance		18,216	
Employer Medicare		4,475	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Noninstructional Services (Cont.)

Early Childhood Education (Cont.)

Communication	\$	14,949	
Travel		8,491	
Food Supplies		4,778	
Other Supplies and Materials		61,935	
Total Early Childhood Education			\$ 483,889

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	160,835	
Total Regular Capital Outlay			160,835

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	755,801	
Total Education			<u>755,801</u>

Total General Purpose School Fund \$ 26,148,304

School Federal Projects Fund

Instruction

Regular Instruction Program

Educational Assistants	\$	219,248	
Other Salaries and Wages		310,578	
Social Security		31,558	
State Retirement		44,629	
Medical Insurance		17,527	
Employer Medicare		7,478	
Maintenance and Repair Services - Equipment		5,980	
Other Contracted Services		34,997	
Instructional Supplies and Materials		36,622	
Regular Instruction Equipment		22,998	
Total Regular Instruction Program			\$ 731,615

Special Education Program

Teachers	\$	36,792	
Clerical Personnel		17,850	
Educational Assistants		363,065	
Social Security		25,767	
State Retirement		35,929	
Medical Insurance		23,480	
Employer Medicare		5,081	
Contracts with Private Agencies		31,500	
Total Special Education Program			539,464

Vocational Education Program

Other Supplies and Materials	\$	2,500	
Vocational Instruction Equipment		39,600	
Total Vocational Education Program			42,100

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services

Other Student Support

Other Salaries and Wages	\$	3,332	
Social Security		207	
State Retirement		296	
Employer Medicare		49	
Communication		8,624	
Evaluation and Testing		43,130	
Travel		26,439	
Other Contracted Services		9,950	
Other Supplies and Materials		10,900	
In Service/Staff Development		30,000	
Other Charges		9,182	
Total Other Student Support			\$ 142,109

Regular Instruction Program

Supervisor/Director	\$	76,812	
Secretary(ies)		24,794	
Other Salaries and Wages		119,478	
Social Security		12,388	
State Retirement		18,991	
Medical Insurance		17,726	
Employer Medicare		2,897	
Travel		21,073	
Other Supplies and Materials		8,981	
In Service/Staff Development		18,591	
Total Regular Instruction Program			321,731

Special Education Program

Secretary(ies)	\$	21,152	
Social Security		1,311	
State Retirement		1,859	
Employer Medicare		307	
Other Contracted Services		58,000	
Total Special Education Program			82,629

Transportation

Bus Drivers	\$	126,079	
Social Security		7,765	
State Retirement		4,983	
Employer Medicare		1,816	
Contracts with Parents		1,622	
Diesel Fuel		24,619	
Total Transportation			166,884

Total School Federal Projects Fund \$ 2,026,532

(Continued)

Exhibit J-8

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

Central Cafeteria Fund

Operation of Noninstructional Services

Food Service

Cafeteria Personnel	\$	743,862	
Social Security		44,225	
State Retirement		58,400	
Medical Insurance		25,189	
Employer Medicare		10,343	
Communication		5,718	
Travel		2,244	
Food Supplies		1,031,414	
Uniforms		4,460	
USDA - Commodities		140,357	
Other Supplies and Materials		106,233	
Other Equipment		3,114	
Total Food Service			\$ 2,175,559

Total Central Cafeteria Fund \$ 2,175,559

School Transportation Fund

Support Services

Board of Education

Trustee's Commission	\$	18,804	
Total Board of Education			\$ 18,804

Transportation

Supervisor/Director	\$	29,295	
Social Security		1,816	
State Retirement		2,575	
Employer Medicare		425	
Communication		392	
Contracts with Vehicle Owners		806,037	
Maintenance and Repair Services - Vehicles		2,059	
Other Contracted Services		5,000	
Diesel Fuel		112,880	
Other Charges		4,872	
Total Transportation			965,351

Total School Transportation Fund 984,155

Education Capital Projects Fund

Capital Projects

General Administration Projects

Trustee's Commission	\$	197	
Total General Administration Projects			\$ 197

Education Capital Projects

Building Construction	\$	2,174,284	
Total Education Capital Projects			2,174,284

Total Education Capital Projects Fund 2,174,481

Total Governmental Funds - Henderson County School Department \$ 33,509,031

Exhibit J-9

Henderson 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	City School ADA - Lexington Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 423,666	\$ 423,666
Trustee's Collections - Prior Year	0	16,729	16,729
Circuit/Clerk and Master Collections - Prior Years	0	5,035	5,035
Interest and Penalty	0	3,087	3,087
Payments in-Lieu-of Taxes - Local Utilities	0	7,309	7,309
Local Option Sales Tax	3,179,262	708,851	3,888,113
Wheel Tax	0	79,118	79,118
Mixed Drink Tax	0	594	594
Bank Excise Tax	0	3,205	3,205
Interstate Telecommunications Tax	0	502	502
Marriage Licenses	0	389	389
Total Cash Receipts	\$ 3,179,262	\$ 1,248,485	\$ 4,427,747
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,147,470	\$ 1,304,832	\$ 4,452,302
Trustee's Commission	31,792	18,473	50,265
Total Cash Disbursements	\$ 3,179,262	\$ 1,323,305	\$ 4,502,567
<u>Excess of Cash Receipts</u>			
Over (Under) Cash Disbursements	\$ 0	\$ (74,820)	\$ (74,820)
Cash Balance, July 1, 2013	0	81,563	81,563
Cash Balance, June 30, 2014	\$ 0	\$ 6,743	\$ 6,743

SINGLE AUDIT SECTION



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

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Independent Auditor's Report

Henderson County Mayor and
Board of County Commissioners
Henderson 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 Henderson County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Henderson County's basic financial statements, and have issued our report thereon dated October 14, 2014.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 2014-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2014-002, 2014-004, 2014-005(B), 2014-007, 2014-011, and 2014-012.

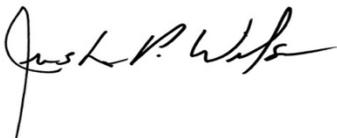
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Henderson 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003, 2014-005(A), 2014-006, 2014-008, 2014-009, and 2014-010.

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 Henderson 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

October 14, 2014

JPW/kp



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
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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

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Henderson 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 Henderson County's major federal programs for the year ended June 30, 2014. Henderson 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 Henderson 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 Henderson 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 Henderson County's compliance.

Opinion on Each Major Federal Program

In our opinion, Henderson 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 Henderson 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 Henderson 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 Henderson 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

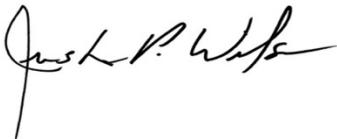
we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Henderson County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Henderson County's basic financial statements. We issued our report thereon dated October 14, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 14, 2014

JPW/kp

Henderson 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 Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 140,357 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	398,945
National School Lunch Program	10.555	N/A	1,002,609 (3)
Total U.S. Department of Agriculture			<u>\$ 1,541,911</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	35533	\$ 186,237
Total U.S. Department of Housing and Urban Development			<u>\$ 186,237</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	\$ 4,770
Passed-through State Department of Finance and Administration:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	22895	14,999
Total U.S. Department of Justice			<u>\$ 19,769</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z14GHS154	\$ 20,500
Total U.S. Department of Transportation			<u>\$ 20,500</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 210,090
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	802,804
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	803,732
Special Education - Preschool Grants	84.173	N/A	33,597
Career and Technical Education - Basic Grants to States	84.048	N/A	62,872
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	136,931
Rural Education	84.358	N/A	88,253
Improving Teacher Quality State Grants	84.367	N/A	103,813
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	57,951
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	Z 14-70510-00	4,806
Total U.S. Department of Education			<u>\$ 2,304,849</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1974-DR-TN	\$ 23,537
Emergency Management Performance Grants	97.042	(2)	23,000
Homeland Security Grant Program	97.067	12020	22,623
Total U.S. Department of Homeland Security			<u>\$ 69,160</u>
Total Expenditures of Federal Awards			<u>\$ 4,142,426</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Litter Program - State Department of Transportation	N/A	(2)	\$ 32,955
Volunteer Fire Assistance Grant Program - State Department of Agriculture	N/A	(2)	3,000
Local Park and Recreation Fund - State Department of Environment and Conservation	N/A	(2)	153,998
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	30046	18,727
Waste Tire Option Grant - State Department of Environment and Conservation	N/A	(2)	1,111
Disaster Grants - State Department of Military	N/A	(2)	16,657
Coordinated School Health - State Department of Education	N/A	(2)	90,000
ACT/Explore - State Department of Education	N/A	(2)	5,438
Connectenn - State Department of Education	N/A	(2)	11,031
Statewide Student Management System - State Department of Education	N/A	(2)	10,022
Safe Schools - State Department of Education	N/A	(2)	23,300
Early Childhood Education - State Department of Education	N/A	(2)	<u>483,888</u>
Total State Grants			<u>\$ 850,127</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,142,966.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Henderson County, Tennessee, for the year ended June 30, 2013, which have not been corrected.

OFFICE OF FINANCE DIRECTOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-001	148	Purchase orders were not issued in some instances
2013-002	148	Designated situs-based taxes were inadequate to fund rural fire protection

OFFICE OF COUNTY CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-005	150	Deficiencies were noted in cash reconciliation procedures

OFFICES OF COUNTY CLERK AND CIRCUIT COURT CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-006	151	Excess fees were not reported and paid to the county in compliance with state statute

OFFICES OF COUNTY CLERK AND CLERK AND MASTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-007	151	Multiple employees operated from the same cash drawer

OFFICES OF FINANCE DIRECTOR, COUNTY CLERK, AND SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-008	152	Duties were not segregated adequately

HENDERSON 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 Henderson County is unmodified.
2. The audit of the financial statements of Henderson County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Henderson 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 were required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555) and the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Henderson County did 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 FINANCE DIRECTOR

FINDING 2014-001

THE GENERAL FUND AND THE SCHOOL DEPARTMENT'S EDUCATION CAPITAL PROJECTS 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 General Fund and the School Department's Education Capital Projects Fund were not materially correct, and audit adjustments totaling \$247,107 and \$601,991, respectively, were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Henderson County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county'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 county 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

Henderson County should have appropriate processes in place to ensure that its general ledgers are materially correct.

FINDING 2014-002

PURCHASE ORDERS WERE NOT ISSUED IN SOME INSTANCES

(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 60 disbursements totaling \$362,705 from a population of 5,244 vendor checks totaling \$17,375,378. Our sample revealed that purchase orders were not issued in three of 28 applicable instances. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. The failure to issue purchase orders could result in unauthorized purchases,

purchases made without adequate appropriations, or undocumented purchasing commitments. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

To strengthen internal controls over the purchasing process and to document purchasing commitments, the office should issue purchase orders for all applicable purchases.

FINDING 2014-003 **DESIGNATED SITUS-BASED TAXES WERE INADEQUATE TO FUND RURAL FIRE PROTECTION**
(Noncompliance Under *Government Auditing Standards*)

Henderson County has used questionable methods of funding rural fire protection since 1994. Effective May 1999, counties have been authorized to fund rural fire protection services with designated situs-based taxes. In 2001, the Henderson County Commission designated certain situs-based taxes in the General Fund to be used to fund rural fire protection. Only once in the last 12 years have the collections from these situs-based taxes been sufficient to cover the expenditures for rural fire protection.

During the 2013-14 year, Henderson County expended \$286,882 from the General Fund to provide fire protection service to rural areas of the county. However, the situs-based taxes totaled \$249,772 for the year and were not sufficient to cover the operating expenditures of \$286,882. Therefore, property taxes of all county citizens, living both inside and outside the City of Lexington, helped to fund this service. Citizens living within the City of Lexington paid for fire protection service in both the city and rural areas. This deficiency continues to exist due to management's failure to correct the deficiency noted in prior-year audit reports.

RECOMMENDATION

In addition to designated situs-based taxes, Henderson County should consider establishing fire districts and annually taxing property owners of each district to pay that district's share of the total budget of the countywide departments.

FINDING 2014-004 **TIME SHEETS OF SOME SCHOOL CAFETERIA EMPLOYEES WERE NOT SIGNED BY A SUPERVISOR**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

In some instances, supervisors at the individual school cafeterias did not sign employees' time sheets as evidence of review and approval. As part of our audit procedures for obtaining reasonable assurance that payroll was properly documented and approved, we judgmentally selected 14 payroll disbursements to trace to time sheets and other supporting documentation. Supervisors had not signed the employees' time sheets in five of

the 14 disbursements tested. Sound business practices dictate that payroll time sheets should be properly reviewed and approved. This deficiency is due to a lack of management oversight. If supervisors do not review and approve time sheets, risks increase that improper payments could result.

RECOMMENDATION

Supervisors should sign the employees' time sheets as evidence of review and approval.

FINDING 2014-005

THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

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

The following deficiencies were noted in budget operations:

- A. Expenditures exceeded total appropriations approved by the County Commission in the Rural Debt Service Fund by \$15,808. Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency exists because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

- B. During our examination, we noted journal entries totaling \$14,384 and \$1,455 in the General and General Purpose School funds, respectively, that reclassified amounts between various expenditure line items. We were advised by the finance director that these journal entries were posted to the accounting records at year end in an attempt to keep expenditures within appropriations instead of submitting budget amendments to the County Commission. Many of these journal entries resulted in expenditures being coded to accounts that did not reflect the true nature of the expenditure. Sound budgetary principles require expenditures to be coded to accounts that reflect the true nature of the expenditures. Misclassifying expenditures diminishes the usefulness of the accounting records as a management tool. Audit adjustments were made to reverse these journal entries to properly present the financial statements in this report.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission. When necessary, budget amendments should be submitted to the County Commission for

its consideration. Expenditures should be coded to accounts that most appropriately reflect the true nature of the transactions.

FINDING 2014-006

**AMOUNTS WITHHELD FROM CONTRACTOR PAYMENTS
WERE NOT DEPOSITED INTO AN ESCROW ACCOUNT**
(Noncompliance Under *Government Auditing Standards*)

The office did not deposit amounts withheld from contractor payments into an escrow account related to construction contracts of \$1,754,529 and \$2,381,450 for school renovations and additions. Section 66-34-104, *Tennessee Code Annotated*, requires that funds withheld from contractor payments be deposited into an escrow account with a third party for contracts of \$500,000 or more. This deficiency could result in the loss of interest earnings.

RECOMMENDATION

Amounts withheld from contractor payments on contracts of \$500,000 or more should be deposited into an escrow account in compliance with state statute.

OFFICE OF COUNTY CLERK

FINDING 2014-007

**DEFICIENCIES WERE NOTED IN CASH
RECONCILIATION PROCEDURES**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Employees did not accurately reconcile their cash drawer collections with the daily computer receipt reports. Instead of identifying differences between daily receipts and collections, the differences were posted as adjustments to an over/short account or to the clerk's miscellaneous fee account. The two accounts were used to balance daily deposits on 30 different occasions during the period under examination. Sound business practices dictate that receipts should be reconciled with collections daily and any differences identified and corrected. The failure to reconcile collections with receipt reports allows errors to remain undiscovered and uncorrected and increases the risk of fraud and abuse. This deficiency can be attributed to a lack of understanding of internal controls and sound business practices. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Employees should reconcile receipts with each cash drawer's collections daily, and any errors discovered should be corrected promptly. The clerk's miscellaneous fee account or an over/short account should not be used as a substitute for reconciling and correcting differences.

OFFICE OF CIRCUIT COURT CLERK

FINDING 2014-008

UNCLAIMED FUNDS WERE NOT REPORTED AND PAID TO THE STATE

(Noncompliance Under *Government Auditing Standards*)

The clerk did not report and pay to the state unclaimed funds totaling \$10,000. At June 30, 2014, the circuit court clerk had a \$10,000 bond listed on the execution docket trial balance. This balance remained from an old case, which had been expunged, and the clerk stated that the litigant was most likely deceased. In the prior year, auditors advised the clerk to take steps to turn these funds over to the state Treasurer's Office as abandoned property. The Unclaimed Property Act, Section 66-29-101, et seq., *Tennessee Code Annotated*, provides that any funds held by the court for more than one year and unclaimed by the owner are considered abandoned. This statute further provides for the funds to be reported and paid to the state Treasurer's Office. This situation was discussed with the clerk in the prior year but was not corrected; therefore, this deficiency exists as the result of a management decision.

RECOMMENDATION

The clerk should report and pay to the state unclaimed funds held for more than one year as required by state statute.

FINDING 2014-009

FEES AND COMMISSIONS TOTALING \$15,950 WERE EXPENDED WITHOUT PROPER AUTHORIZATION

(Noncompliance Under *Government Auditing Standards*)

The Circuit Court Clerk's Office operates under Section 8-22-104(a)(2), *Tennessee Code Annotated (TCA)*. This statute provides for all fees and commissions earned in excess of three months salaries for the official and employees to be paid to the county trustee quarterly. Also, Section 8-22-107, *TCA*, requires that all necessary books, stationery, office equipment, stamps, and supplies of all kinds used in the conduct of the various offices shall be furnished and paid for by the county. During the year, the clerk expensed \$15,514 from the fee and commission account and \$436 from a data processing fee account to a software vendor. By paying the vendor invoices directly from the fee and commission and data processing fee accounts, the clerk circumvented the county's budgeting and purchasing processes. These disbursements should have been made by the county's General Fund through the budgetary and purchasing systems to ensure disbursements were appropriated and authorized as required by state statutes. Management stated that they were unaware of these requirements.

RECOMMENDATION

Excess fees and commissions and data processing fees should be properly remitted to the county trustee, and operating expenses of the office should be appropriated and paid through the county's General Fund as required by state statutes.

OFFICES OF COUNTY CLERK AND CIRCUIT COURT CLERK

FINDING 2014-010

EXCESS FEES WERE NOT REPORTED AND PAID TO THE COUNTY IN COMPLIANCE WITH STATE STATUTE

(Material Noncompliance Under *Government Auditing Standards*)

The county clerk and circuit court clerk did not report and pay excess fees to the county in compliance with Section 8-22-104, *Tennessee Code Annotated*. This statute requires excess fees to be reported and paid to the county quarterly and authorizes the clerks to retain sufficient fees to operate their offices for three months. Excess fees retained in these offices exceeded statutory limits for each quarter covered by our examination. The county clerk paid excess fees of \$390,833 to the county during the period under examination; however excess fees totaled \$399,725 on June 30, 2014, and were approximately \$346,900 more than the amount permitted by state statute. The circuit court clerk paid excess fees of \$50,000 to the county during the period under examination; however excess fees totaled \$331,169 on June 30, 2014, and were approximately \$246,300 more than the amount permitted by state statute. Therefore, approximately \$593,200 (\$346,900 plus \$246,300) is due to the county's General Fund, which could be used to pay county expenses. This deficiency exists because management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The county clerk and circuit court clerk should report and pay excess fees to the county in compliance with state statute.

OFFICES OF COUNTY CLERK AND CLERK AND MASTER

FINDING 2014-011

MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER

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

Multiple employees operated from the same cash drawer in the Offices of County Clerk and Clerk and Master. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but the beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases

the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, officials would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the officials resulting in a loss of control over assets. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should assign each employee their own cash drawer.

OFFICES OF FINANCE DIRECTOR, COUNTY CLERK, AND SHERIFF

FINDING 2014-012

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

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

RECOMMENDATION

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

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

There were no findings and questioned costs for federal awards.

**HENDERSON 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.