

**ANNUAL FINANCIAL REPORT**  
**HENRY COUNTY, TENNESSEE**

**FOR THE YEAR ENDED JUNE 30, 2015**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT  
HENRY COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2015**

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

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

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PATRICIA AVERY  
WENDY HEATH, CFE  
State Auditors***

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

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# ***Summary of Audit Findings***

Annual Financial Report  
Henry County, Tennessee  
For the Year Ended June 30, 2015

## ***Scope***

We have audited the basic financial statements of Henry County as of and for the year ended June 30, 2015.

## ***Results***

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

Our audit resulted in no findings and recommendations.

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# INTRODUCTORY SECTION

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# Henry County Officials

## June 30, 2015

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### **Officials**

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

### **Board of County Commissioners**

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

Kreg Kyle  
Paul Mathenia  
Connie McSwain  
Paul Neal  
Monte Starks  
James Travis  
Marty Visser  
David Webb

### **Board of Education**

Tom Beasley, Chairman  
Doug Braden  
Rod Frey  
Jim McCampbell

### **Highway Commission**

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

### **Audit Committee**

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

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## **FINANCIAL SECTION**

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henry County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Henry County Medical Center, which represent 68.6 percent, 66.3 percent, and 71.2 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Also, we did not audit the financial statements of the Henry County Emergency Communications District, which represent 1.9 percent, 2.8 percent, and .6 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Henry County Medical Center and the Henry County Emergency Communications District, is based solely on the reports of

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

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

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

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henry County, Tennessee, as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparisons for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As described in Note V.B., Henry County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

### ***Emphasis of Matter***

We draw attention to Note I.D.8. to the financial statements, which describe restatements increasing the beginning Governmental Activities net position by \$144,108 and decreasing the discretely presented Henry County School Department's net position by \$3,909,378. We also draw attention to Note VI.B.16. to the financial statements, which describes a restatement increasing the discretely presented Henry County Medical Center's net position by \$417,610. These restatements were necessary because of the transitional requirements of

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to these matters.

### ***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 schedule of changes in the county's net pension liability (asset) and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension asset, and schedule of funding progress - other postemployment benefits plan on pages 103 - 109 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

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

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Henry County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information

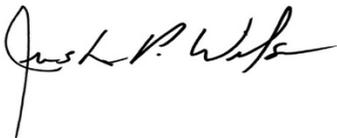
directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Henry County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2016, on our consideration of Henry County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Henry County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

February 26, 2016

JPW/sb

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# **BASIC FINANCIAL STATEMENTS**

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Exhibit A

Henry County, Tennessee  
Statement of Net Position  
June 30, 2015

	Primary Government Governmental Activities	Component Units		
		Henry County School Department	Henry County Medical Center	Emergency Communications District
<u>ASSETS</u>				
Cash	\$ 3,456	\$ 0	\$ 1,662,100	\$ 1,091,875
Equity in Pooled Cash and Investments	7,176,090	5,519,564	0	0
Inventories	0	0	2,165,062	0
Investments	0	0	6,671,355	0
Accounts Receivable	54,312	5,955	17,986,940	0
Allowance for Uncollectibles	0	0	(8,006,000)	0
Due from Other Governments	1,370,579	960,000	0	0
Property Taxes Receivable	5,134,948	4,659,957	0	0
Allowance for Uncollectible Property Taxes	(174,550)	(158,411)	0	0
Prepaid Items	0	0	741,858	0
Accrued Interest Receivable	0	0	0	145
Cash Shortage	53,846	0	0	0
Other Current Assets	0	0	1,612,810	0
Other Restricted Assets	0	0	11,765,001	0
Net Pension Asset- Agent Plan	1,623,877	1,642,213	4,705,817	0
Net Pension Asset- Cost-sharing Plan	0	52,301	0	0
Capital Assets:				
Assets Not Depreciated:				
Land	5,556,920	610,066	851,433	114,860
Construction in Progress	81,340	0	1,535,990	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	4,063,826	22,037,306	29,947,452	700,114
Infrastructure	14,352,518	0	0	0
Other Capital Assets	1,073,425	1,821,029	9,958,685	482,818
Goodwill and Other Intangible Assets	0	0	4,919,345	0
Total Assets	<u>\$ 40,370,587</u>	<u>\$ 37,149,980</u>	<u>\$ 86,517,848</u>	<u>\$ 2,389,812</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charge on Refunding	\$ 141,961	\$ 0	\$ 0	\$ 0
Pension Changes in Experience	0	126,980	0	0
Pension Contributions after Measurement Date	393,748	1,309,557	1,544,177	0
Pension Other Deferrals	0	102,789	0	0
Total Deferred Outflows of Resources	<u>\$ 535,709</u>	<u>\$ 1,539,326</u>	<u>\$ 1,544,177</u>	<u>\$ 0</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 19,404	\$ 37,493	\$ 2,506,379	\$ 18,986
Payroll Deductions Payable	97	7,934	0	0
Contracts Payable	397,849	0	0	0
Accrued Interest Payable	45,971	0	0	0
Estimated Third-party Payor Settlements	0	0	47,851	0
Other Current Liabilities	0	0	4,051,858	0
Noncurrent Liabilities:				
Due Within One Year	2,175,902	4,477	1,878,339	0
Due in More Than One Year (net of unamortized premium on debt)	16,238,979	2,532,343	19,783,949	0
Total Liabilities	<u>\$ 18,878,202</u>	<u>\$ 2,582,247</u>	<u>\$ 28,268,376</u>	<u>\$ 18,986</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units		
		Henry County School Department	Henry County Medical Center	Emergency Communications District
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Current Property Taxes	\$ 4,845,023	\$ 4,396,832	\$ 0	\$ 0
Pension Changes in Experience	231,863	234,481	671,912	0
Pension Changes in Investment Earnings	1,196,501	5,519,469	3,467,327	0
Total Deferred Inflows of Resources	<u>\$ 6,273,387</u>	<u>\$ 10,150,782</u>	<u>\$ 4,139,239</u>	<u>\$ 0</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 22,597,029	\$ 24,468,401	\$ 20,631,272	\$ 1,297,792
Restricted for:				
General Government	47,169	0	0	0
Public Safety	137,508	0	0	0
Public Health and Welfare	36,878	0	0	0
Highway/Public Works	981,834	0	0	0
Education	0	2,446,008	0	0
Operation of Non-instructional Services	0	519,082	0	0
Capital Outlay	112,769	0	0	0
Other Purposes	1,623,877	0	4,705,817	0
Unrestricted	<u>(9,782,357)</u>	<u>(1,477,214)</u>	<u>30,317,321</u>	<u>1,073,034</u>
Total Net Position	<u>\$ 15,754,707</u>	<u>\$ 25,956,277</u>	<u>\$ 55,654,410</u>	<u>\$ 2,370,826</u>

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

Exhibit B

Henry County, Tennessee  
 Statement of Activities  
 For the Year Ended June 30, 2015

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 Governmental Activities	Component Units			
						Henry County School Department	Henry County Medical Center	Emergency Communications District	
Primary Government:									
Governmental Activities:									
General Government	\$ 3,212,704	\$ 809,826	\$ 927,889	\$ 508,354	\$ (966,635)	\$ 0	\$ 0	\$ 0	\$ 0
Finance	1,037,540	868,719	0	0	(168,821)	0	0	0	0
Administration of Justice	1,127,563	716,073	13,500	0	(397,990)	0	0	0	0
Public Safety	4,890,603	1,567,094	160,547	66,250	(3,096,712)	0	0	0	0
Public Health and Welfare	818,644	208,419	73,251	4,453	(532,521)	0	0	0	0
Social, Cultural, and Recreational Services	346,699	0	43,026	0	(303,673)	0	0	0	0
Agriculture and Natural Resources	187,395	0	0	0	(187,395)	0	0	0	0
Highways	4,810,440	2,523	1,947,735	303,984	(2,556,198)	0	0	0	0
Interest on Long-term Debt	630,021	0	1,498,841	0	868,820	0	0	0	0
<b>Total Primary Government</b>	<b>\$ 17,061,609</b>	<b>\$ 4,172,654</b>	<b>\$ 4,664,789</b>	<b>\$ 883,041</b>	<b>\$ (7,341,125)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Component Units:									
Henry County School Department	\$ 29,503,586	\$ 623,599	\$ 3,609,385	\$ 1,129,243	\$ 0	\$ (24,141,359)	\$ 0	\$ 0	\$ 0
Henry County Medical Center	75,408,948	73,499,753	0	0	0	0	(1,909,195)	0	0
Emergency Communications District	433,114	215,482	219,863	0	0	0	0	0	2,231
<b>Total Component Units</b>	<b>\$ 105,345,648</b>	<b>\$ 74,338,834</b>	<b>\$ 3,829,248</b>	<b>\$ 1,129,243</b>	<b>\$ 0</b>	<b>\$ (24,141,359)</b>	<b>\$ (1,909,195)</b>	<b>\$ 0</b>	<b>\$ 2,231</b>

(Continued)

Exhibit B

Henry County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units		
						Henry County School Department	Henry County Medical Center	Emergency Communications District
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 5,106,192	\$ 4,655,185	\$ 0	\$ 0
Property Taxes Levied for Debt Service					261,581	0	0	0
Local Option Sales Taxes					755,727	2,898,121	0	0
Hotel/Motel Tax					249,688	0	0	0
Wheel Tax					459,736	0	0	0
Litigation Tax					126,790	0	0	0
Business Tax					143,647	129,851	0	0
Wholesale Beer Tax					195,204	0	0	0
Other Local Taxes					22,975	22,620	0	0
Grants and Contributions Not Restricted to Specific Programs					682,182	17,114,182	0	225,881
Unrestricted Investment Income					61,525	0	161,421	2,519
Miscellaneous					17,394	84,102	2,829,478	3,970
Pension Income					51,405	79,711	148,968	0
Total General Revenues					<u>\$ 8,134,046</u>	<u>\$ 24,983,772</u>	<u>\$ 3,139,867</u>	<u>\$ 232,370</u>
Change in Net Position								
Net Position, July 1, 2014					\$ 792,921	\$ 842,413	\$ 1,230,672	\$ 234,601
Restatement - Pension Asset and Liability (See Note I.D.8)					14,817,678	29,023,242	54,006,128	2,136,225
Restatement - Pension Asset (See Note VI.B.16)					144,108	(3,909,378)	0	0
					<u>0</u>	<u>0</u>	<u>417,610</u>	<u>0</u>
Net Position, June 30, 2015					<u>\$ 15,754,707</u>	<u>\$ 25,956,277</u>	<u>\$ 55,654,410</u>	<u>\$ 2,370,826</u>

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

Exhibit C-1

Henry County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2015

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 3,456	\$ 3,456
Equity in Pooled Cash and Investments	3,615,714	1,159,768	2,014,751	380,857	7,171,090
Accounts Receivable	37,304	0	0	17,008	54,312
Due from Other Governments	686,768	656,608	0	27,203	1,370,579
Due from Other Funds	3,456	460,139	0	0	463,595
Property Taxes Receivable	3,053,059	1,443,708	249,599	388,582	5,134,948
Allowance for Uncollectible Property Taxes	(103,784)	(49,069)	(8,488)	(13,209)	(174,550)
Cash Shortage	10,066	0	0	43,780	53,846
Total Assets	<u>\$ 7,302,583</u>	<u>\$ 3,671,154</u>	<u>\$ 2,255,862</u>	<u>\$ 847,677</u>	<u>\$ 14,077,276</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 123	\$ 19,201	\$ 0	\$ 80	\$ 19,404
Payroll Deductions Payable	0	97	0	0	97
Contracts Payable	0	397,849	0	0	397,849
Due to Other Funds	455,139	0	0	3,456	458,595
Total Liabilities	<u>\$ 455,262</u>	<u>\$ 417,147</u>	<u>\$ 0</u>	<u>\$ 3,536</u>	<u>\$ 875,945</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 2,880,674	\$ 1,362,209	\$ 235,498	\$ 366,642	\$ 4,845,023
Deferred Delinquent Property Taxes	55,411	26,195	4,534	7,053	93,193
Other Deferred/Unavailable Revenue	287,744	180,385	0	0	468,129
Total Deferred Inflows of Resources	<u>\$ 3,223,829</u>	<u>\$ 1,568,789</u>	<u>\$ 240,032</u>	<u>\$ 373,695</u>	<u>\$ 5,406,345</u>

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 7,153	\$ 0	\$ 0	\$ 130,355	\$ 137,508
Restricted for Public Health and Welfare	29,825	0	0	0	29,825
Restricted for Other Operations	257	0	0	0	257
Restricted for Highways/Public Works	0	775,253	0	0	775,253
Restricted for Capital Outlay	0	0	0	112,769	112,769
Restricted for Debt Service	0	0	157,706	0	157,706
Committed:					
Committed for Public Health and Welfare	0	0	0	227,322	227,322
Committed for Highways/Public Works	0	909,965	0	0	909,965
Committed for Debt Service	0	0	1,858,124	0	1,858,124
Assigned:					
Assigned for Administration of Justice	13,157	0	0	0	13,157
Assigned for Public Safety	2,625	0	0	0	2,625
Assigned for Public Health and Welfare	28,497	0	0	0	28,497
Assigned for Other Operations	138,516	0	0	0	138,516
Unassigned	3,403,462	0	0	0	3,403,462
Total Fund Balances	\$ 3,623,492	\$ 1,685,218	\$ 2,015,830	\$ 470,446	\$ 7,794,986
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,302,583	\$ 3,671,154	\$ 2,255,862	\$ 847,677	\$ 14,077,276

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

Exhibit C-2

Henry County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
June 30, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	7,794,986
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	5,556,920	
Add: construction in progress		81,340	
Add: buildings and improvements net of accumulated depreciation		4,063,826	
Add: infrastructure net of accumulated depreciation		14,352,518	
Add: other capital assets net of accumulated depreciation		<u>1,073,425</u>	25,128,029
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(1,720,000)	
Less: other loans payable		(811,000)	
Less: bonds payable		(12,755,121)	
Add: deferred amount on refunding		141,961	
Less: other deferred revenue - premium on debt		(552,216)	
Less: accrued interest on notes and bonds		(45,971)	
Less: accreted interest on bonds		(2,188,512)	
Less: compensated absences payable		<u>(388,032)</u>	(18,318,891)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.			
Add: deferred outflows of resources related to pensions	\$	393,748	
Less: deferred inflows of resources related to pensions		<u>(1,428,364)</u>	(1,034,616)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			1,623,877
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>561,322</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>15,754,707</u></u>

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

Exhibit C-3

Henry County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2015

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 5,165,115	\$ 1,591,333	\$ 307,550	\$ 425,247	\$ 7,489,245
Licenses and Permits	174,628	0	0	0	174,628
Fines, Forfeitures, and Penalties	194,215	0	0	26,100	220,315
Charges for Current Services	134,339	0	0	33,010	167,349
Other Local Revenues	495,900	3,063	142,233	175,444	816,640
Fees Received from County Officials	1,506,696	0	0	0	1,506,696
State of Tennessee	2,302,401	2,238,427	0	27,203	4,568,031
Federal Government	824,098	65,780	0	0	889,878
Other Governments and Citizens Groups	426,415	0	1,498,841	3,111	1,928,367
Total Revenues	\$ 11,223,807	\$ 3,898,603	\$ 1,948,624	\$ 690,115	\$ 17,761,149
<u>Expenditures</u>					
Current:					
General Government	\$ 1,066,370	\$ 0	\$ 0	\$ 0	\$ 1,066,370
Finance	824,282	0	0	0	824,282
Administration of Justice	883,014	0	0	8,927	891,941
Public Safety	3,592,260	0	0	31,319	3,623,579
Public Health and Welfare	148,162	0	0	564,640	712,802
Social, Cultural, and Recreational Services	289,950	0	0	0	289,950
Agriculture and Natural Resources	178,073	0	0	0	178,073
Other Operations	3,462,914	0	6,973	9,841	3,479,728
Highways	0	3,962,716	0	0	3,962,716
Debt Service:					
Principal on Debt	0	290,000	1,581,138	0	1,871,138
Interest on Debt	0	2,243	620,845	0	623,088
Other Debt Service	0	7,807	21,458	0	29,265

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Governmental Funds
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 600,447	\$ 600,447
Total Expenditures	\$ 10,445,025	\$ 4,262,766	\$ 2,230,414	\$ 1,215,174	\$ 18,153,379
<u>Excess (Deficiency) of Revenues Over Expenditures</u>					
	\$ 778,782	\$ (364,163)	\$ (281,790)	\$ (525,059)	\$ (392,230)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 377,969	\$ 377,969
Refunding Debt Issued	0	0	2,280,000	0	2,280,000
Insurance Recovery	12,333	0	0	0	12,333
Transfers In	0	460,139	50,000	168,605	678,744
Transfers Out	(678,744)	0	0	0	(678,744)
Payments to Refunded Debt Escrow Agent	0	0	(2,266,124)	0	(2,266,124)
Total Other Financing Sources (Uses)	\$ (666,411)	\$ 460,139	\$ 63,876	\$ 546,574	\$ 404,178
Net Change in Fund Balances	\$ 112,371	\$ 95,976	\$ (217,914)	\$ 21,515	\$ 11,948
Fund Balance, July 1, 2014	3,511,121	1,589,242	2,233,744	448,931	7,783,038
Fund Balance, June 30, 2015	\$ 3,623,492	\$ 1,685,218	\$ 2,015,830	\$ 470,446	\$ 7,794,986

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

Exhibit C-4

Henry County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2015

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)		\$	11,948
(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	\$	891,556	
Less: current-year depreciation expense		<u>(2,114,145)</u>	(1,222,589)
(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	\$	66,250	
Less: book value of capital assets disposed		<u>(30,779)</u>	35,471
(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, 2015	\$	561,322	
Less: deferred delinquent property taxes and other deferred June 30, 2014		<u>(614,735)</u>	(53,413)
(4) The issuance of long-term debt (e.g., notes, other loans, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Less: note proceeds	\$	(377,969)	
Less: refunding bond proceeds		(2,280,000)	
Less: change in deferred amount on refunding debt		(20,620)	
Add: change in premium on debt issuances		58,401	
Add: principal payments on notes		437,969	
Add: principal payments on bonds		898,169	
Add: principal payments on other loans		535,000	
Add: debt principal refunded		<u>2,260,000</u>	1,510,950
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest on notes and bonds	\$	16,451	
Change in accreted interest on bonds		3,360	
Change in compensated absences payable		(26,079)	
Change in other postemployment benefits liability		71,669	
Change in net pension asset		1,479,769	
Change in deferred outflows related to pensions		393,748	
Change in deferred inflows related to pensions		<u>(1,428,364)</u>	510,554
Change in net position of governmental activities (Exhibit B)		\$	<u>792,921</u>

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

Exhibit C-5

Henry County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 5,165,115	\$ 0	\$ 0	\$ 5,165,115	\$ 5,059,322	\$ 5,078,322	\$ 86,793
Licenses and Permits	174,628	0	0	174,628	152,000	152,000	22,628
Fines, Forfeitures, and Penalties	194,215	0	0	194,215	220,493	220,493	(26,278)
Charges for Current Services	134,339	0	0	134,339	157,590	157,590	(23,251)
Other Local Revenues	495,900	0	0	495,900	650,745	654,745	(158,845)
Fees Received from County Officials	1,506,696	0	0	1,506,696	1,556,272	1,556,272	(49,576)
State of Tennessee	2,302,401	0	0	2,302,401	2,384,249	2,433,638	(131,237)
Federal Government	824,098	0	0	824,098	677,595	1,162,308	(338,210)
Other Governments and Citizens Groups	426,415	0	0	426,415	114,400	301,610	124,805
Total Revenues	\$ 11,223,807	\$ 0	\$ 0	\$ 11,223,807	\$ 10,972,666	\$ 11,716,978	\$ (493,171)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 50,374	\$ 0	\$ 0	\$ 50,374	\$ 38,450	\$ 51,450	\$ 1,076
Board of Equalization	120	0	0	120	1,000	1,000	880
Other Boards and Committees	4,525	0	0	4,525	5,000	5,000	475
County Mayor/Executive	209,539	0	0	209,539	213,058	213,058	3,519
County Attorney	20,766	0	0	20,766	20,766	20,766	0
Election Commission	180,407	0	0	180,407	180,285	185,062	4,655
Register of Deeds	147,899	0	0	147,899	155,219	155,219	7,320
Building	90,039	0	0	90,039	90,973	92,973	2,934
County Buildings	159,385	0	0	159,385	134,000	160,000	615
Other General Administration	190,831	0	0	190,831	183,461	194,126	3,295
Preservation of Records	12,485	(44)	0	12,441	12,750	12,750	309
<u>Finance</u>							
Accounting and Budgeting	97,426	0	0	97,426	98,854	98,854	1,428
Property Assessor's Office	190,034	0	0	190,034	204,588	204,588	14,554
Reappraisal Program	104,324	0	0	104,324	120,829	122,497	18,173
County Trustee's Office	194,656	0	0	194,656	206,407	206,407	11,751
County Clerk's Office	237,842	0	0	237,842	243,859	243,859	6,017

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice</u>							
Circuit Court	\$ 220,025	\$ 0	\$ 13,157	\$ 233,182	\$ 220,808	\$ 250,859	\$ 17,677
General Sessions Court	103,560	0	0	103,560	106,407	106,407	2,847
General Sessions Judge	169,507	0	0	169,507	180,228	180,228	10,721
Chancery Court	168,293	0	0	168,293	180,573	181,877	13,584
Juvenile Court	165,455	(700)	0	164,755	216,060	216,060	51,305
Probate Court	52,818	0	0	52,818	55,810	55,810	2,992
Other Administration of Justice	3,356	0	0	3,356	7,500	7,500	4,144
<u>Public Safety</u>							
Sheriff's Department	2,053,873	0	0	2,053,873	2,121,412	2,137,912	84,039
Special Patrols	79,827	0	0	79,827	94,000	94,000	14,173
Administration of the Sexual Offender Registry	4,854	0	0	4,854	2,200	5,500	646
Jail	1,323,345	0	0	1,323,345	1,363,596	1,364,036	40,691
Fire Prevention and Control	33,200	0	0	33,200	33,200	33,200	0
Rescue Squad	4,800	0	0	4,800	4,800	4,800	0
Other Emergency Management	50,235	0	0	50,235	56,990	74,217	23,982
County Coroner/Medical Examiner	42,126	(5,820)	2,625	38,931	51,200	51,200	12,269
<u>Public Health and Welfare</u>							
Local Health Center	111,360	0	28,497	139,857	162,339	187,172	47,315
Rabies and Animal Control	6,404	0	0	6,404	8,600	8,600	2,196
Maternal and Child Health Services	1,350	0	0	1,350	1,350	1,350	0
Alcohol and Drug Programs	10,688	0	0	10,688	12,540	12,540	1,852
Crippled Children Services	2,660	0	0	2,660	2,660	2,660	0
Other Local Health Services	15,700	0	0	15,700	16,200	16,200	500
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	111,450	0	0	111,450	123,505	123,505	12,055
Libraries	142,500	0	0	142,500	142,500	142,500	0
Parks and Fair Boards	5,250	0	0	5,250	5,250	5,250	0
Other Social, Cultural, and Recreational	30,750	0	0	30,750	31,250	31,250	500

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	\$ 123,655	\$ 0	\$ 0	\$ 123,655	\$ 133,851	\$ 130,074	\$ 6,419
Soil Conservation	32,610	0	0	32,610	32,614	32,614	4
Flood Control	21,808	0	0	21,808	21,808	21,808	0
<u>Other Operations</u>							
Tourism	26,550	0	0	26,550	26,550	26,550	0
Tourism-resort District	409,950	0	0	409,950	399,950	409,950	0
Industrial Development	55,000	0	0	55,000	55,000	55,000	0
Other Economic and Community Development	395,514	0	0	395,514	281,929	395,514	0
Airport	372,134	(15,945)	16,567	372,756	550,228	550,228	177,472
Veterans' Services	47,641	0	0	47,641	53,885	53,885	6,244
Other Charges	137,350	(30)	342	137,662	130,205	139,707	2,045
Contributions to Other Agencies	443,122	(36,434)	121,607	528,295	486,452	852,664	324,369
Employee Benefits	1,574,825	0	0	1,574,825	1,630,106	1,630,106	55,281
Miscellaneous	828	0	0	828	617,500	16,991	16,163
Total Expenditures	\$ 10,445,025	\$ (58,973)	\$ 182,795	\$ 10,568,847	\$ 11,530,555	\$ 11,577,333	\$ 1,008,486
Excess (Deficiency) of Revenues Over Expenditures	\$ 778,782	\$ 58,973	\$ (182,795)	\$ 654,960	\$ (557,889)	\$ 139,645	\$ 515,315
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 12,333	\$ 0	\$ 0	\$ 12,333	\$ 1,000	\$ 13,333	\$ (1,000)
Transfers In	0	0	0	0	162,410	0	0
City General Fund Transfer	0	0	0	0	28,800	0	0
Transfers Out	(678,744)	0	0	(678,744)	0	(683,605)	4,861
Total Other Financing Sources	\$ (666,411)	\$ 0	\$ 0	\$ (666,411)	\$ 192,210	\$ (670,272)	\$ 3,861
Net Change in Fund Balance	\$ 112,371	\$ 58,973	\$ (182,795)	\$ (11,451)	\$ (365,679)	\$ (530,627)	\$ 519,176
Fund Balance, July 1, 2014	3,511,121	(58,973)	0	3,452,148	3,356,736	3,356,736	95,412
Fund Balance, June 30, 2015	\$ 3,623,492	\$ 0	\$ (182,795)	\$ 3,440,697	\$ 2,991,057	\$ 2,826,109	\$ 614,588

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

## Exhibit C-6

Henry County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,591,333	\$ 2,007,994	\$ 1,552,855	\$ 38,478
Other Local Revenues	3,063	34,000	34,000	(30,937)
State of Tennessee	2,238,427	2,483,751	2,483,751	(245,324)
Federal Government	65,780	0	0	65,780
Total Revenues	<u>\$ 3,898,603</u>	<u>\$ 4,525,745</u>	<u>\$ 4,070,606</u>	<u>\$ (172,003)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 298,643	\$ 301,487	\$ 301,787	\$ 3,144
Highway and Bridge Maintenance	1,226,521	1,367,090	1,385,166	158,645
Operation and Maintenance of Equipment	569,841	682,423	645,292	75,451
Quarry Operations	0	1,000	0	0
Litter and Trash Collection	43,500	43,500	43,500	0
Other Charges	273,701	264,200	279,510	5,809
Employee Benefits	532,160	614,554	614,504	82,344
Capital Outlay	1,018,350	1,506,000	1,301,035	282,685
<u>Principal on Debt</u>				
Highways and Streets	290,000	0	290,000	0
<u>Interest on Debt</u>				
Highways and Streets	2,243	14,000	6,193	3,950
<u>Other Debt Service</u>				
Highways and Streets	7,807	0	7,807	0
Total Expenditures	<u>\$ 4,262,766</u>	<u>\$ 4,794,254</u>	<u>\$ 4,874,794</u>	<u>\$ 612,028</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (364,163)</u>	<u>\$ (268,509)</u>	<u>\$ (804,188)</u>	<u>\$ 440,025</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 460,139	\$ 5,000	\$ 460,139	\$ 0
Total Other Financing Sources	<u>\$ 460,139</u>	<u>\$ 5,000</u>	<u>\$ 460,139</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 95,976	\$ (263,509)	\$ (344,049)	\$ 440,025
Fund Balance, July 1, 2014	1,589,242	613,509	613,509	975,733
Fund Balance, June 30, 2015	<u>\$ 1,685,218</u>	<u>\$ 350,000</u>	<u>\$ 269,460</u>	<u>\$ 1,415,758</u>

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

Exhibit D

Henry County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,194,517
Equity in Pooled Cash and Investments	332,400
Accounts Receivable	7,207
Due from Other Governments	979,981
Property Taxes Receivable	3,647,357
Allowance for Uncollectible Property Taxes	<u>(119,697)</u>
Total Assets	<u>\$ 6,041,765</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 4,728,414
Due to Litigants, Heirs, and Others	1,198,705
Due to Joint Ventures	<u>114,646</u>
Total Liabilities	<u>\$ 6,041,765</u>

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

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## HENRY COUNTY, TENNESSEE

### Index of Notes to the Financial Statements

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**HENRY COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

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

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

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

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

Administrative Offices:

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

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

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

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

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

Henry County issues all debt for the discretely presented Henry County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2015.

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

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

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

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

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

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

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

Fiduciary funds financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Henry County reports the following major governmental funds:

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

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

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

Additionally, Henry County reports the following fund types:

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

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

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

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

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

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

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

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

**1. Deposits and Investments**

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Henry County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Henry County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms

and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.71 percent of total taxes levied.

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

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

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

## **3. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial

statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life exceeding one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for the deferred charge on refunding, pension changes in experience, employer contributions made to the pension plan after the measurement date, and pension changes in proportionate share of contributions.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues, etc.) 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 items are from the following

sources: current and delinquent property taxes, pension changes in experience and investment earnings, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**5. Compensated Absences**

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

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

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

**6. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

## **7. Net Position and Fund Balance**

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

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

The government-wide Statement of Net Position reports \$2,940,035 of restricted net position for the primary government, of which \$46,912 is restricted by enabling legislation.

At June 30, 2015, Henry County had \$12,755,121 in outstanding debt for capital purposes for the discretely presented Henry County School Department. The debt is a liability of Henry County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Henry County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

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

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

## **8. Restatements**

In prior years, the government was not required to recognize a liability for its defined pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement increasing Henry County's beginning net position by \$144,108 has been recognized on the Statement of Activities. In addition, a restatement decreasing the Henry County School Department's beginning net position by \$3,909,378 has been recognized on the Statement of Activities for assets of the pension agent plan of \$145,735 and for liabilities of the pension cost-sharing plan of \$4,055,113.

## **E. Pension Plans**

### **Primary Government**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Henry County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Henry County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

### **Discretely Presented Henry County School Department**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

**Primary Government**

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

**Discretely Presented Henry County School Department**

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

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

**Primary Government**

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

**Discretely Presented Henry County School Department**

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

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

**A. Budgetary Information**

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

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

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

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

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

At June 30, 2015, the Henry County School Department reported significant encumbrances of \$94,461 for buses.

**B. Cash Shortage – Prior Year**

The audit of Henry County for the 2005-06 year reported a cash shortage of \$162,658 existed in the General (\$118,878), Drug Control (\$23,502), and General Capital Projects (\$20,278) funds as a result of irregularities in the Office of Sheriff. The former sheriff, former business manager, and former owner of Elite Firearms all pled guilty to various charges and received various sentences and fines. The three defendants have been ordered to pay restitution totaling \$71,512. This amount is net of estimated auction proceeds of items recovered from the former sheriff. The actual auction proceeds received during the 2008-09 year totaled \$12,205. During the 2014-15 fiscal year, restitution was received from the former sheriff totaling \$3,204. As of June 30, 2015, the cash shortage totaled \$53,846, which included the General (\$10,066), Drug Control (\$23,502), and General Capital Projects (\$20,278) funds.

**C. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in the Landfill Operation and Maintenance major appropriation category (the legal level of control) of the Solid Waste/Sanitation Fund by \$3,171. 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

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

##### Deposits

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

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

##### Investments

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the

State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled or nonpooled investments as of June 30, 2015.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2015, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 5,472,426	\$ 84,494	\$ 0	\$ 5,556,920
Construction in Progress	152,312	8,032	(79,004)	81,340
Total Capital Assets Not Depreciated	<u>\$ 5,624,738</u>	<u>\$ 92,526</u>	<u>\$ (79,004)</u>	<u>\$ 5,638,260</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,681,769	\$ 0	\$ 0	\$ 9,681,769
Infrastructure	42,628,577	251,638	0	42,880,215
Other Capital Assets	4,230,881	692,646	(40,782)	4,882,745
Total Capital Assets Depreciated	<u>\$ 56,541,227</u>	<u>\$ 944,284</u>	<u>\$ (40,782)</u>	<u>\$ 57,444,729</u>

**Governmental Activities (Cont.):**

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,291,569	\$ 326,374	\$ 0	\$ 5,617,943
Infrastructure	27,048,298	1,479,399	0	28,527,697
Other Capital Assets	3,510,951	308,372	(10,003)	3,809,320
Total Accumulated Depreciation	<u>\$ 35,850,818</u>	<u>\$ 2,114,145</u>	<u>\$ (10,003)</u>	<u>\$ 37,954,960</u>
Total Capital Assets Depreciated, Net	<u>\$ 20,690,409</u>	<u>\$ (1,169,861)</u>	<u>\$ (30,779)</u>	<u>\$ 19,489,769</u>
Governmental Activities Capital Assets, Net	<u>\$ 26,315,147</u>	<u>\$ (1,077,335)</u>	<u>\$ (109,783)</u>	<u>\$ 25,128,029</u>

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

**Governmental Activities:**

General Government	\$ 239,335
Finance	3,492
Administration of Justice	4,350
Public Safety	369,688
Public Health and Welfare	47,745
Social, Cultural, and Recreational Services	2,094
Highways/Public Works	<u>1,447,441</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,114,145</u></u>

**Discretely Presented Henry County School Department**

**Governmental Activities:**

	Balance			Balance
	7-1-14	Increases	Decreases	6-30-15
	<u>          </u>			<u>          </u>
Capital Assets Not Depreciated:				
Land	\$ 610,066	\$ 0	\$ 0	\$ 610,066
Construction in Progress	1,014,336	0	(1,014,336)	0
Total Capital Assets Not Depreciated	<u>\$ 1,624,402</u>	<u>\$ 0</u>	<u>\$ (1,014,336)</u>	<u>\$ 610,066</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 49,267,566	\$ 2,406,769	\$ 0	\$ 51,674,335
Other Capital Assets	5,509,760	753,318	0	6,263,078
Total Capital Assets Depreciated	<u>\$ 54,777,326</u>	<u>\$ 3,160,087</u>	<u>\$ 0</u>	<u>\$ 57,937,413</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 27,829,151	\$ 1,807,878	\$ 0	\$ 29,637,029
Other Capital Assets	3,952,521	489,528	0	4,442,049
Total Accumulated Depreciation	<u>\$ 31,781,672</u>	<u>\$ 2,297,406</u>	<u>\$ 0</u>	<u>\$ 34,079,078</u>
Total Capital Assets Depreciated, Net	<u>\$ 22,995,654</u>	<u>\$ 862,681</u>	<u>\$ 0</u>	<u>\$ 23,858,335</u>
Governmental Activities Capital Assets, Net	<u>\$ 24,620,056</u>	<u>\$ 862,681</u>	<u>\$ (1,014,336)</u>	<u>\$ 24,468,401</u>

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

**Governmental Activities:**

Instruction	\$ 1,800,544
Support Services	441,969
Operation of Non-instructional Services	<u>54,893</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,297,406</u></u>

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

The composition of interfund balances as of June 30, 2015, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 3,456
Highway/Public Works	General	460,139

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.

A portion of the receivable in the Highway/Public Works Fund (\$5,000) was in transit from the General Fund at June 30, 2015.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2015, consisted of the following amounts:

**Primary Government**

<u>Transfers Out</u>	<u>Transfers In</u>		
	Highway/ Public Works Fund	General Debt Service Fund	Nonmajor Governmental Fund
General Fund	\$ 460,139	\$ 50,000	\$ 168,605

**Discretely Presented Henry County  
School Department**

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental fund	\$ 18,815

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

**D. Long-term Obligations**

**Primary Government**

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

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 20 years for bonds, up to ten years for notes, and up to nine years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in the long-term debt as of June 30, 2015, will be retired from the General Debt Service and Highway/Public Works funds.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds	1.6 to 4.25%	5-1-26	\$ 2,500,000	\$ 2,270,000
General Obligation Bonds - Refunding	.9 to 4	5-1-25	8,425,000	8,425,000
Capital Accretion Bonds	4.6 to 5.2	5-1-21	3,693,361	2,060,121
Other Loans	variable	5-25-18	2,800,000	811,000
Capital Outlay Notes	0 to 2	5-1-23	2,745,000	1,720,000

In prior years, Henry County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$2,800,000 to Henry County for road improvements. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with this loan. At June 30, 2015, the variable interest rate was .26 percent and other fees totaled .72 percent of the outstanding loan principal.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2015, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 1,198,040	\$ 525,294	\$ 1,723,334
2017	1,180,910	528,103	1,709,013
2018	936,633	769,567	1,706,200
2019	642,109	1,139,891	1,782,000
2020	607,815	1,172,260	1,780,075
2021-2025	7,629,614	1,116,366	8,745,980
2026	560,000	23,800	583,800
Total	\$ 12,755,121	\$ 5,275,281	\$ 18,030,402

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 412,500	\$ 21,126	\$ 433,626
2017	412,500	19,383	431,883
2018	295,000	15,300	310,300
2019	130,000	11,800	141,800
2020	125,000	9,400	134,400
2021-2023	345,000	12,900	357,900
Total	\$ 1,720,000	\$ 89,909	\$ 1,809,909

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2016	\$ 304,000	\$ 2,109	\$ 5,839	\$ 311,948
2017	319,000	1,318	3,650	323,968
2018	188,000	489	1,354	189,843
Total	\$ 811,000	\$ 3,916	\$ 10,843	\$ 825,759

There is \$2,015,830 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled \$473, based on the 2010 federal census.

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

#### **Governmental Activities:**

	Bonds		Notes		Accreted
					Interest
Balance, July 1, 2014	\$ 13,633,290	\$	1,780,000	\$	2,191,872
Additions	2,280,000		377,969		228,470
Reductions	(3,158,169)		(437,969)		(231,830)
Balance, June 30, 2015	\$ 12,755,121	\$	1,720,000	\$	2,188,512
Balance Due Within One Year	\$ 1,198,040	\$	412,500	\$	241,960

**Governmental Activities (Cont.):**

	Other Loans	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2014	\$ 1,346,000	\$ 361,953	\$ 71,669
Additions	0	389,641	0
Reductions	(535,000)	(363,562)	(71,669)
Balance, June 30, 2015	<u>\$ 811,000</u>	<u>\$ 388,032</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 304,000</u>	<u>\$ 19,402</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 17,862,665
Less: Balance Due Within One Year	(2,175,902)
Add: Unamortized Premium on Debt	<u>552,216</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 16,238,979</u>

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

Current Refunding

On April 27, 2015, Henry County issued \$2,280,000 in general obligation school refunding bonds for a current refunding of \$2,260,000 in Series 2005 school refunding bonds. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. Also, as a result of the refunding, total debt service payments over the next three years will be reduced by \$78,925, and an economic gain (difference between the present value of debt service payments of the refunded and refunding bonds) of \$88,262 was obtained.

**Discretely Presented Henry County School Department**

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Henry County School Department for the year ended June 30, 2015, was as follows:

**Governmental Activities:**

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2014	\$ 82,099	\$ 2,069,499
Additions	62,341	601,132
Reductions	(54,903)	(223,348)
Balance, June 30, 2015	<u>\$ 89,537</u>	<u>\$ 2,447,283</u>
Balance Due Within One Year	<u>\$ 4,477</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 2,536,820
Less: Balance Due Within One Year	<u>(4,477)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,532,343</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Henry County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2015, were \$134,830 and \$36,600 respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**V. OTHER INFORMATION**

**A. Risk Management**

Henry County and the discretely presented Henry County School Department are exposed to various risks related to general liability, property, casualty, workers’ compensation, health, and accident losses. The county and the School Department decided it was more economically feasible to join a public entity

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

Henry County (except for School Department employees) purchases commercial insurance for the risk associated with employee health coverage. The Highway Department participated in a public entity risk pool to provide health insurance coverage for its employees until September 30, 2014. Effective October 1, 2014, the Highway Department also purchased commercial insurance for employee health coverage. Pre-65 age retirees are not allowed to remain in the program. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The discretely presented Henry County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *Tennessee Code Annotated (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. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to amounts of contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**C. Subsequent Events**

Director of Schools, Sam Miles, retired on June 30, 2015, and was succeeded by Brian Norton on July 1, 2015.

On October 5, 2015, Henry County issued capital outlay notes totaling \$156,645 for various public works projects.

**D. Contingent Liabilities**

The Henry County Medical Center has entered into loan agreements with the Montgomery County Public Building Authority and the City of Clarksville Public Building Authority. Under these loan agreements, the authorities loaned \$28,500,000 to the medical center. The medical center has also issued capital outlay notes of \$6,000,000. The medical center has used the loan and note proceeds for construction, acquisition, and/or enlargement of its buildings, structures, and facilities. As of June 30, 2015, the medical center had \$17,103,989 outstanding on the loans, and \$4,176,707 outstanding on the capital outlay notes. Henry County would become liable for the repayment of the loans and notes in the event of default by the medical center.

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

**E. Change in Administration**

On August 7, 2014, David Stone left the Office of Trustee and was succeeded by Randi French on August 18, 2014.

**F. Joint Ventures**

The Twenty-fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fourth Judicial District; Benton, Carroll, Decatur, Hardin, and Henry counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Henry County made no contributions to the DTF for the year ended June 30, 2015, and does not have any equity interest in this

joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

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

The W.G. Rhea Paris – Henry County Library is a regional library owned by Henry County and the City of Paris and operated by the W.G. Rhea Paris – Henry County Library Board. The board includes seven members, four appointed by the Henry County Commission and three appointed by the City of Paris. Henry County has control over budgeting and financing the joint venture only to the extent of representation by the four board members appointed and is responsible for funding 50 percent of any deficits from operations. Henry County contributed \$142,500 to the operations of the board during the year ended June 30, 2015. Complete financial statements for the W.G. Rhea Paris – Henry County Library can be obtained from the County Clerk’s Office or the library board’s administrative office at the following address:

Administrative Office:

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

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

The Paris-Henry County Industrial Development Committee is a joint venture formed by an interlocal agreement between the city of Paris, Henry County, and the Paris-Henry County Chamber of Commerce. The purpose of the Industrial Development Committee is to provide for the planning, direction, and oversight of economic development for the City of Paris and Henry County. The committee is comprised of the director of economic development, the chief executive of the county or other designee, the mayor of Paris or other designee, one city commissioner, two county commissioners, the city manager of the City of Paris, and the current president of the chamber of commerce. Henry County

contributed \$55,000 to the Industrial Development Committee for the year ended June 30, 2015, and does not have an equity interest in this joint venture. Complete financial statements for the Industrial Development Committee can be obtained from its administrative office at the following address:

Administrative Office:

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

The Henry County Tourism Development Agency is a governmental entity that is a joint venture between the City of Paris and Henry County. The authority applied for and was approved for tax-exempt status under section 501(c)(6) of the Internal Revenue Code. The authority is governed by a Board of Directors comprised of the Henry County Mayor, two county authority members appointed by the county mayor, the Mayor of Paris, Tennessee, one City of Paris member appointed by the city mayor, the Paris City Manager, and the President of the Paris/Henry County Chamber of Commerce. The directors all serve as non-compensated volunteers. The purpose of the authority is to promote and advertise Henry County, manage special events and further efforts as it may undertake from time to time for the promotion of tourism in Henry County. The authority is heavily dependent upon funding through the city and county governments. Complete financial statements for the Henry County Tourism Development Agency can be obtained from the authority's administrative office at the following address:

Administrative Office:

Henry County Tourism Development Agency  
2508 East Wood Street  
Paris, TN 38242

**G. Retirement Commitments**

**Tennessee Consolidated Retirement System (TCRS)**

**Primary Government**

**General Information about the Pension Plan**

*Plan Description.* Employees of Henry County, non-certified employees of the discretely presented Henry County School Department, and employees of the discretely presented Henry County Medical Center are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees, non-certified employees of the discretely presented

Henry County School Department, and employees of the discretely presented Henry County Medical Center comprise 20.37 percent, 20.6 percent, and 59.03 percent, respectively, of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

*Employees Covered by Benefit Terms.* At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	388
Inactive Employees Entitled to But Not Yet Receiving Benefits	691
Active Employees	<u>830</u>
Total	<u><u>1,909</u></u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Henry County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Henry County were \$2,310,256 based on a rate of 6.6 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Henry County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Net Pension Liability (Asset)**

Henry County's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Henry County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit

payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability (Asset)**

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 82,319,506	\$ 80,616,158	\$ 1,703,348
Changes for the Year:			
Service Cost	\$ 2,858,015	\$ 0	\$ 2,858,015
Interest	6,259,550	0	6,259,550
Differences Between Expected and Actual Experience	(1,422,820)	0	(1,422,820)
Contributions-Employer	0	2,410,801	(2,410,801)
Contributions-Employees	0	1,585,932	(1,585,932)
Net Investment Income	0	13,408,310	(13,408,310)
Benefit Payments, Including Refunds of Employee Contributions	(3,433,718)	(3,433,718)	0
Administrative Expense	0	(35,043)	35,043
Other Changes	0	0	0
Net Changes	<u>\$ 4,261,027</u>	<u>\$ 13,936,282</u>	<u>\$ (9,675,255)</u>
Balance, June 30, 2014	<u>\$ 86,580,533</u>	<u>\$ 94,552,440</u>	<u>\$ (7,971,907)</u>

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total	Plan	Net
		Pension	Fiduciary	Pension
		Liability	Net	Liability
			Position	(Asset)
Primary Government	20.37%	\$ 17,636,455	\$ 19,260,332	\$ (1,623,877)
Medical Center	59.03%	51,108,489	55,814,305	(4,705,817)
School Department	20.60%	17,835,590	19,477,803	(1,642,213)
Total		<u>\$ 86,580,533</u>	<u>\$ 94,552,440</u>	<u>\$ (7,971,907)</u>

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the net pension liability (asset) of Henry County calculated using the discount rate of 7.5 percent, as well as what the net

pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1%	Current	1%
	Decrease	Discount	Increase
	6.5%	Rate	8.5%
<u>Henry County</u>			

Net Pension Liability    \$ 3,603,225    \$ (7,971,907)    \$ (17,544,116)

**Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions**

*Pension Income.* For the year ended June 30, 2015, Henry County recognized pension income of \$252,359.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2015, Henry County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 1,138,256
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	5,873,839
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>2,310,256</u>	<u>N/A</u>
Total	<u>\$ 2,310,256</u>	<u>\$ 7,012,095</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and  
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 393,748	\$ 1,428,364
Medical Center	1,544,177	4,139,239
School Department	372,331	1,444,492
Total	<u>\$ 2,310,256</u>	<u>\$ 7,012,095</u>

Amounts reported as deferred outflows of resources, with the exception of contributions after the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (1,753,024)
2017	(1,753,024)
2018	(1,753,024)
2019	(1,753,023)
2020	0
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**Discretely Presented Henry County School Department**

**Non-certified Employees**

**General Information about the Pension Plan**

*Plan Description.* As noted above under the primary government, employees of Henry County, non-certified employees of the discretely presented Henry County School Department, and employees of the discretely presented Henry County Medical Center are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees, non-certified employees of the discretely presented School Department, and employees of the discretely presented Henry County Medical Center comprise 20.37 percent, 20.6 percent, and 59.03 percent, respectively, of the plan based on census data.

## **Certified Employees**

### **Teacher Retirement Plan**

#### **General Information about the Pension Plan**

*Plan Description.* Teachers of the Henry County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$26,313, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Liabilities.* Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

*Pension Expense.* Since the measurement date is June 30, 2014, the Henry County School Department did not recognize any pension expense at June 30, 2015.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2015, the Henry County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>Resources</u>	<u>Resources</u>
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 26,313	N/A

The Henry County School Department’s employer contributions of \$26,313 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

## **Teacher Legacy Pension Plan**

### **General Information about the Pension Plan**

*Plan Description.* Teachers of the Henry County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The

TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Henry County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$910,913, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Assets.* At June 30, 2015, the Henry County School Department reported an asset of \$52,301 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Henry County School Department's proportion of the net pension asset was based on the Henry County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, the Henry County School Department's proportion was .321876 percent. The proportion measured as of June 30, 2013, was .314588.

*Pension Income.* For the year ended June 30, 2015, the Henry County School Department recognized a pension income of \$27,725.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2015, the Henry County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 126,980	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	4,309,458
Changes in Proportion of Net Pension Liability (Asset)	102,789	0
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	910,913	N/A
Total	<u>\$ 1,140,682</u>	<u>\$ 4,309,458</u>

The Henry County School Department's employer contributions of \$910,913 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (1,039,070)
2017	(1,039,070)
2018	(1,039,070)
2019	(1,039,070)
2020	38,295
Thereafter	38,296

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

*Actuarial Assumptions.* The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the

TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the four factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents Henry County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Henry County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 8,821,541	\$ (52,301)	\$ (7,398,885)

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

**H. Other Postemployment Benefits (OPEB)**

**Primary Government**

The Henry County Highway Department switched from the state-administered Local Government Group Insurance Plan to a commercial healthcare plan in October 2014. This effectively terminates any current or future postemployment benefits liability of the county government for the Local Government Group Insurance Plan.

**Discretely Presented Henry County School Department**

**Plan Description**

The Henry County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated*, 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 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 plan is 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 employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The School Department makes a contribution toward the health insurance premium of the group medical plan for all certified employees that meet length of employment criteria of ten years of service with the Henry County School System and a total of 25 years teaching experience. The School Department pays medical insurance in full for a single individual for a maximum of ten years or until Medicare becomes available. During the year ended June 30, 2015, the Henry County School Department contributed \$223,348 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 599,000	\$ 0
Interest on the NOPEBO	82,780	0
Adjustment to the ARC	(80,648)	0
Annual OPEB cost	\$ 601,132	\$ 0
Less: Amount of contribution	(223,348)	(71,669)
Increase/decrease in NOPEBO	\$ 377,784	\$ (71,669)
Net OPEB obligation, 7-1-14	2,069,499	71,669
Net OPEB obligation, 6-30-15	\$ 2,447,283	\$ 0

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Local Education Group	\$ 512,237	54%	\$ 1,765,961
6-30-14	"	579,819	48	2,069,499
6-30-15	"	601,132	37	2,447,283

### Funded Status and Funding Progress

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

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

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

### Actuarial Methods and Assumptions

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

In the July 1, 2013, actuarial valuation for the Local Education Group Plan, 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 seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in fiscal year 2016 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. The rate includes a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

**I. Purchasing Laws**

Office of County Mayor

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

Office of County Road Supervisor

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

Office of Director of Schools

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

**VI. OTHER NOTES – DISCRETELY PRESENTED HENRY COUNTY MEDICAL CENTER**

**A. Nature of Operations**

**Organization**

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

## **B. Summary of Significant Accounting Policies**

### **1. Basis of Presentation**

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

### **2. Inventories**

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

### **3. Assets Limited as to Use**

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

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

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

Investments consist of certificates of deposit and cash and cash equivalents with original maturities of greater than three months as well as mutual funds and exchange traded funds. Those investments with original maturities greater than three months but less than one year are classified as short-term investments, while the remaining amount is classified as long-term. Amounts included in the balance sheet caption "assets limited as to use" consist of cash and cash equivalents, certificates of deposit, mutual funds, and exchange traded funds. These investments are reported at fair market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

The medical center makes authorized investments pursuant to the provisions granted under the Private Act Hospital Authority. Investment income is reported as nonoperating income. Any changes in fair market value in the current year are recognized in the Statement of Revenue, Expenses and Changes in Net Position as a component of investment income. All of the medical center's cash, cash equivalents, and certificates of deposit are insured or collateralized by securities held by the financial institutions' trust department in the medical center's name.

At June 30, 2015, the total carrying value of the medical center's cash, cash equivalents, and investments was \$9,969,390, and the bank balance was \$10,368,327. The entire financial institution balance as of June 30, 2015, was covered by federal depository insurance or by collateral held by the trustee in the medical center's name.

A 50 percent interest in a joint venture that provides cancer care services in the Henry County area is included in long-term investments on the accompanying Statement of Net Position. This investment is accounted for under the equity method. The investment balance included in long-term investments is \$557,644 at June 30, 2015. Complete financial statements of the cancer care center can be obtained from the medical center's accounting department located at 301 Tyson Avenue, P.O. Box 1030, Paris, TN 38242.

## **5. Fair Value Measurements**

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity including quoted market prices in active markets for identical assets (Level 1), or significant other observable inputs (Level 2) and the reporting entity's own assumptions about market participant assumptions (Level 3). As of June 30, 2015, the medical center had approximately \$15,040,000 in a money market fund, mutual and exchange traded funds, and certificates of deposit that would be classified as Level 1 or Level 2 under the hierarchy above. The medical center also had a net pension asset of \$4,705,817 as of June 30, 2015, which would be classified as Level 2 under the hierarchy above. The medical center does not have any fair value measurements using significant unobservable inputs (Level 3) as of June 30, 2015.

6. **Property and Equipment**

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

7. **Intangible Assets and Excess Consideration Provided for Acquisition**

Intangible assets consist of non-compete agreements, which are amortized over their respective useful lives on a straight-line basis.

The medical center evaluates excess consideration provided for acquisition for impairment on an annual basis or more frequently if impairment indicators arise. In the event excess consideration provided for acquisition is considered to be impaired, a charge to earnings would be recorded during the period in which management makes such impairment assessment.

8. **Patient Service Revenue**

The medical center has agreements with third-party payors that provide for payments to the medical center at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per-diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Patient service revenue is net of contractual adjustments and policy discounts of approximately \$170.4 million for the year ended June 30, 2015. For the year ended June 30, 2015, approximately 51 percent of net patient service revenue was from Medicare and approximately 11 percent was from Medicaid/TennCare.

The medical center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the medical center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. These costs are estimated based on the ratio of total costs to gross charges and totaled approximately \$1,275,000 for the year ended June 30, 2015.

**9. Operating Activities**

The medical center defines operating activities as reported on the Statement of Revenue, Expenses and Changes in Net Position as those that generally result from exchange transactions, such as payments for providing services and payments for goods and services received. Non-exchange transactions, including investment income, interest expense, and changes in pension assets (liabilities), are considered nonoperating revenue and expenses.

**10. Costs of Borrowing**

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

**11. Pension Plan**

Medical center employees are covered under the Tennessee Consolidated Retirement System (TCRS), a defined benefit plan. For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employee Retirement Plan in the TCRS and additions to/deletions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan. Investments are reported at fair value. See Note VI.I for further information related to the pension plan.

**12. Compensated Absences**

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

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

**13. Risk Management**

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

**14. Net Position**

All resources that are not restricted by donors are included in unrestricted net position. Resources temporarily restricted by donors for specific purposes are reported as temporarily restricted net position. When specific purposes are achieved, either through passage of a stipulated time or the purpose for restriction is accomplished, they are classified as unrestricted net position and reported in the Statement of Revenues, Expenses, and Changes in Net Position. Resources temporarily restricted by donors for additions to land, buildings, and equipment are initially reported as temporarily restricted net position and are transferred to unrestricted net position when expended. Donor-imposed restrictions, which stipulate that the resources be maintained permanently, are reported as permanently restricted net position. Investment income for the permanently restricted net position is classified as either temporarily restricted or unrestricted based on the intent of the donor. At June 30, 2015, the medical center had temporarily restricted net position of \$2,110,755 relating to the net pension asset, deferred outflows of resources and deferred inflows of resources related to net pension benefits.

**15. Income Taxes**

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

**16. Cumulative Effect Adjustment**

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB No. 27* and in November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB No. 68*. GASB Statements No. 68 and No. 71 amend the accounting and financial reporting by state and local governments for pensions. Under these statements, state and local governments will recognize their specific pension amounts, which include net pension asset (liability), deferred outflows of resources, deferred inflows of resources, and pension income (expense). The medical center adopted the provisions of these statements as of

July 1, 2014, and incorporated the provisions of these statements to its financial statements through retrospective application to all periods presented and a cumulative effect adjustment to net position as of July 1, 2013.

The medical center increased net position by \$417,610 as of July 1, 2014, to reflect the cumulative effect of the adoption of GASB Statements No. 68 and No. 71 and to record the initial net pension asset. The prior period financial statements have been revised to reflect this change in accounting, the effects of which have been summarized below:

Statement of Net Position:	As of and for the Year Ended June 30, 2014		
	As Previously Reported	Adjustment	As Adjusted
Net pension asset	\$ 0	\$ 417,610	\$ 417,610
Net position at beginning of year	52,549,873	417,610	52,967,483
Net position at end of year	54,006,128	417,610	54,423,738

**17. Performance Indicator**

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

**18. Long-lived Assets**

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

**19. Adoption of New Accounting Pronouncements**

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

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement relates to accounting and financial reporting for government combinations and disposals of government operations and was effective

for financial statements for the fiscal years beginning after December 15, 2013. Therefore, the medical center adopted this standard at the beginning of fiscal year 2015.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB No. 68*. The primary objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68. This statement requires that at transition, an entity recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning of the net pension liability. The provisions of this statement are required to be applied simultaneously with the provisions of Statement No. 68.

The adoption of these accounting standards, with the exception of Statements No. 68 and No. 69, did not have a material impact on the medical center's financial statements. The adoption of Statement No. 68 was incorporated in the medical center's financial statements through retrospective application and a cumulative adjustment to net position as of July 1, 2014. The adoption of Statement No. 69 changed the presentation of amounts previously reported as goodwill and other intangible assets on the statement of net position.

## **20. New Accounting Pronouncements**

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement Application*. This statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This standard is effective for fiscal years beginning after June 15, 2015. Therefore, the medical center expects to adopt this standard at the beginning of fiscal year 2016.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. This statement is applicable to the medical center with regard to clarification of certain provisions of Statement No. 68 including information that is required to be presented as notes to the ten-year schedules of required supplementary information. The requirements of this standard that are within the scope of Statement No. 68 are effective for fiscal years beginning after June 15, 2015. Therefore, the medical center expects to adopt this standard at the beginning of fiscal year 2016.

In June 2015, GASB issued Statement No. 76, *the Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which amended Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the hierarchy of generally accepted accounting principles (GAAP) to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement is effective for fiscal years beginning after June 15, 2015, and should be applied retroactively. Therefore, the medical center expects to adopt this standard at the beginning of fiscal year 2016.

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

**21. Use of Estimates**

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

**22. Reclassifications**

Certain reclassifications have been made to the 2014 financial statements in order for them to conform to the 2015 presentation. With the exception of the adoption of GASB Statements No. 68 and No. 71 as discussed, these reclassifications have no effect on net position or change in net position as previously reported.

**C. Third-party Reimbursement Programs**

The medical center receives revenue under various third-party reimbursement programs, which include Medicare, TennCare, and other third-party payors. Contractual adjustments under third-party reimbursement programs represent the difference between the medical center's billings at its established rates and the amounts reimbursed by third-party payors. They also include any differences between estimated third-party reimbursement settlements for prior years and subsequent tentative or final settlements. The adjustments resulting from tentative or final settlements to estimated reimbursement amounts resulted in an increase to revenue of approximately \$331,000 for the year ended June 30, 2015.

1. **Medicare**

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

The medical center qualifies as a Medicare-dependent hospital. When the volume of acute patients decreases by more than five percent, the medical center is eligible to recover unreimbursed costs. During 2015, the medical center requested, and Medicare approved, an additional reimbursement of \$1,451,696 relating to volume decreases in fiscal years 2010 and 2011. These funds were received on October 8, 2015, and will be recorded as other revenue for the medical center's fiscal year ending June 30, 2016.

2. **Medicaid**

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

3. **TennCare**

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

4. **Commercial Payors**

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

5. **Credit Concentration**

The medical center grants credit to patients and generally does not require collateral or other security in extending credit; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies. At June 30, 2015, the medical center had net receivables from the federal government (Medicare) of approximately \$3.1 million and from Medicaid/TennCare of approximately \$1.2 million.

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

The American Recovery and Reinvestment Act of 2009 established incentive payments under the Medicare and Medicaid programs for hospitals that implemented "meaningful use" certified electronic health record (EHR) technology. In order to receive incentive payments, a hospital, which is able to meet the meaningful use criteria must attest that during the EHR reporting period, the hospital used certified EHR technology and specify the technology used, satisfied the required meaningful use objectives and associated measures for the applicable stage, and must specify the EHR reporting period and provide the result of each applicable measure for all patients admitted to the inpatient or emergency department of the hospital during the EHR reporting period for which a selected measure is applicable. A hospital may receive an incentive payment for up to four years, provided it successfully demonstrates meaningful use of certified EHR technology for the EHR reporting period. Hospitals that adopt a certified EHR system and are meaningful users can begin receiving incentive payments in any federal fiscal year from 2011 (October 1, 2010 – September 30, 2011) to 2015; however, the incentive payments will decrease for hospitals that first started receiving payments in federal fiscal years 2014 or 2015.

The medical center met the meaningful use criteria during 2015. As a result, the medical center recognized income of approximately \$801,000 from Medicare in 2015. There are no receivables related to meaningful use at June 30, 2015. The income is reported as other revenue on the accompanying Statements of Revenue, Expenses and Changes in Net Position.

**D. Inventories**

A summary of inventories as of June 30, 2015, was as follows:

Medical Stores	\$ 104,401
Dietary	40,256
Departmental	<u>2,020,405</u>
Total	<u>\$ 2,165,062</u>

**E. Investments and Assets Limited To Use**

The medical center's investments and assets limited as to use are reported at estimated fair value based on quoted market prices. The medical center invests in money market funds, certificates of deposits, mutual funds, and exchange traded funds that are in accordance with the medical center's investment policy. A 50 percent interest in a joint venture with a balance of \$557,644 at June 30, 2015, is not included in the schedules below. A summary of investments and assets limited as to use as of June 30, 2015, is as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Cash and cash equivalents	\$ 2,838,295	\$ 2,838,295	0
Money market funds	257,217	257,217	0
Certificates of deposits	5,211,778	5,211,778	0
Mutual and exchange traded funds	<u>9,578,107</u>	<u>9,571,422</u>	<u>(6,685)</u>
	<u>\$ 17,885,397</u>	<u>\$ 17,878,712</u>	<u>\$ (6,685)</u>

Interest rate risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. The medical center's investment policy selected a blended investment approach in order to diversify the entire asset pool while reducing the risk of wide swings in market value from year-to-year, or from incurring large compounded losses.

The following schedule summarizes the investment income in the Statement of Activities for 2015:

Interest income and realized gain on investments	\$ 168,106
Unrealized loss on investments	<u>(6,685)</u>
Total	<u>\$ 161,421</u>

## F. Property and Equipment

The major classifications and changes in property and equipment as of and for the year ended June 30, 2015, are as follows:

	Balance 7-1-14	Additions/ Transfers	Placed in Service/ Retirements	Balance 6-30-15
Land	\$ 851,433	\$ 0	\$ 0	\$ 851,433
Land Improvements	1,595,313	285,394	0	1,880,707
Building and Improvements	59,342,922	183,804	0	59,526,726
Machinery and Equipment	39,322,086	2,475,328	(226,364)	41,571,050
Total	<u>\$ 101,111,754</u>	<u>\$ 2,944,526</u>	<u>\$ (226,364)</u>	<u>\$ 103,829,916</u>
Less Allowance for Depreciation and Amortization:				
Land Improvements	\$ (1,200,194)	\$ (47,623)	\$ 0	\$ (1,247,817)
Building and Improvements	(27,671,280)	(1,907,994)	0	(29,579,274)
Machinery and Equipment	(29,268,637)	(3,197,654)	221,036	(32,245,255)
Total	<u>\$ (58,140,111)</u>	<u>\$ (5,153,271)</u>	<u>\$ 221,036</u>	<u>\$ (63,072,346)</u>
Subtotal	\$ 42,971,643	\$ (2,208,745)	\$ (5,328)	\$ 40,757,570
Construction in Progress	136,971	1,484,179	(85,160)	1,535,990
Total Capital Assets, Net	<u>\$ 43,108,614</u>	<u>\$ (724,566)</u>	<u>\$ (90,488)</u>	<u>\$ 42,293,560</u>

The medical center is in the process of constructing various expansions and additions to the existing facilities. As of June 30, 2015, the total cost of these projects is expected to be approximately three million.

## G. Other Intangible Assets

Other intangible assets include non-compete agreements with seven-year lives. The non-compete agreements have a balance of \$258,913, which is net of accumulated amortization of \$258,913 as of June 30, 2015. Amortization expense totaled \$73,975 in 2015. Future amortization expense of the net carrying amount of the non-compete agreements is \$73,975 per year.

## H. Long-term Debt

A schedule of changes in the medical center's long-term debt as of and for the year ended June 30, 2015, is as follows:

	Balance 7-1-14	Additions	Reductions	Balance 6-30-15	Amounts Due Within One Year
Public Building Authority of the County of Montgomery, Tennessee - Series 2002	\$ 11,232,000	\$ 0	\$ (634,000)	\$ 10,598,000	\$ 666,000
General Obligation Hospital Revenue and Tax Capital Outlay Note - Series 2011	4,637,093	0	(460,386)	4,176,707	475,669
Public Building Authority of the City of Clarksville, TN - Series 2012	6,195,000	0	(416,000)	5,779,000	426,000
TN- Series 2015	0	726,989	0	726,989	170,000
Other Debt	248,269	268,400	(135,077)	381,592	140,670
Total	<u>\$ 22,312,362</u>	<u>\$ 995,389</u>	<u>\$ (1,645,463)</u>	<u>\$ 21,662,288</u>	<u>\$ 1,878,339</u>

During June 2002, the medical center entered into a loan agreement with the Public Building Authority of the County of Montgomery, Tennessee, whereby, the authority agreed to loan the medical center up to \$16,500,000 for the construction, acquisition, and enlargement of its buildings, structures, and facilities. As of June 30, 2015, the medical center had outstanding borrowings of \$10,598,000 under this agreement. The loan agreement bears interest at an adjustable rate (.26 percent as of June 30, 2015) and is due in annual installments varying between \$666,000 and \$1,139,000 through May 25, 2027. The adjustable interest rate is adjusted daily as determined by the remarketing agent.

During April 2011, the medical center entered into a General Obligation Hospital Revenue and Tax Capital Outlay Note totaling \$6,000,000 secured by the general obligation of Henry County for the construction and enlargement of its buildings, structures, and facilities. As of June 30, 2015, the medical center had outstanding borrowings of \$4,176,707 under this obligation. The note bears interest at a fixed rate of 3.27 percent per annum, and is due in monthly installments of \$50,431 through April 1, 2023.

During January 2012, the medical center entered into a loan agreement with the Public Building Authority of the City of Clarksville, Tennessee, whereby the authority agreed to loan the medical center up to \$7,000,000 to provide funding to finance certain public works projects, including the acquisition of the Kentucky Lake Surgery Center, LLC. As of June 30, 2015, the medical center had outstanding borrowings of \$5,779,000 under this obligation. The note bears interest at an adjustable rate (.6 percent as of June 30, 2015), and is due in annual installments varying between \$426,000 and \$543,000 through June 1, 2027. The adjustable interest rate is adjusted weekly as determined by the remarketing agent.

During June 2015, the medical center entered into a loan agreement with the Public Building Authority of the City of Clarksville, Tennessee (Building Authority) whereby, the Building Authority agreed to loan the Medical Center up to \$5,000,000 for the acquisition of the existing building and the construction, equipping, extension, and improvement of the medical center's facilities, including the construction and equipping, extension and improvement of the Medical Center's facilities, including the construction and equipping of a new operating room. As of June 30, 2015, the medical center had outstanding borrowings of \$726,989 under this obligation. In July 2015, the Medical Center drew an additional \$3,200,000 from the loan to purchase a medical office building. The note bears interest at an adjustable rate (.7 percent as of June 30, 2015), and is due in annual installments varying between \$170,000 and \$234,000 through May 25, 2040. The adjustable interest rate is adjusted weekly as determined by the remarketing agent.

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

A summary of future maturities and interest of long-term debt, as of June 30, 2015, is as follows:

Year	Principal	Estimated Interest	Total Payments
2016	\$ 1,878,339	\$ 193,000	\$ 2,071,339
2017	1,867,000	172,000	2,039,000
2018	1,894,000	148,000	2,042,000
2019	1,961,000	126,000	2,087,000
2020	1,884,000	104,000	1,988,000
2021-2025	8,885,000	209,000	9,094,000
2026-2027	3,292,949	12,000	3,304,949
Total	\$ 21,662,288	\$ 964,000	\$ 22,626,288

Further detail of future maturities and interest of long-term debt by issue is as follows:

Year Ending June 30:	Public Building Authority Bonds		
	Principal	Interest	Total
2016	\$ 1,262,000	\$ 64,000	\$ 1,326,000
2017	1,306,000	59,000	1,365,000
2018	1,353,000	51,000	1,404,000
2019	1,403,000	46,000	1,449,000
2020	1,308,000	42,000	1,350,000
2021	1,325,000	37,000	1,362,000
2022	1,377,000	32,000	1,409,000
2023	1,433,000	26,000	1,459,000
2024	1,491,000	21,000	1,512,000
2025	1,551,000	15,000	1,566,000
2026	1,614,000	9,000	1,623,000
2027	1,680,989	3,000	1,683,989
Total	\$ 17,103,989	\$ 405,000	\$ 17,508,989

Year Ending June 30:	Capital Outlay Note		
	Principal	Interest	Total
2016	\$ 475,669	\$ 129,000	\$ 604,669
2017	492,000	113,000	605,000
2018	507,000	97,000	604,000
2019	525,000	80,000	605,000
2020	542,000	62,000	604,000
2021	560,000	44,000	604,000
2022	579,000	26,000	605,000
2023	496,038	8,000	504,038
Total	\$ 4,176,707	\$ 559,000	\$ 4,735,707

Year Ending June 30:	Other Long-term Debt		
	Principal	Interest	Total
2016	\$ 140,670	\$ 0	\$ 140,670
2017	69,000	0	69,000
2018	34,000	0	34,000
2019	33,000	0	33,000
2020	34,000	0	34,000
2021	34,000	0	34,000
2022	34,000	0	34,000
2023	2,922	0	2,922
Total	\$ 381,592	\$ 0	\$ 381,592

## I. Pension Plan

### General Information About the Pension Plan

*Plan Description.* Employees of the medical center, a component unit of Henry County, Tennessee, are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administrative of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plan of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA

is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. The component units of Henry County make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for the medical center to the Public Employee Retirement Plan were \$1,544,177, which is 6.01 percent of covered payroll. By law, employer contributions for the Public Employee Retirement Plan are required to be paid. The TCRS may intercept Henry County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

### **Net Pension Asset**

At June 30, 2015, the medical center reported an asset of \$4,705,817 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate net pension asset as determined by an actuarial valuation as of that date. The medical center's proportion of the net pension asset was based on the medical center's active participants as on June 30, 2014, relative to the active participants of all component units of Henry County as of June 30, 2014. At the June 30, 2014, measurement date, the medical center's proportion was 59.03 percent.

*Actuarial Assumptions.* The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity Developed Market	6.46	%	33	%
International Equity Emerging Market	6.26		17	
International Equity Private Equity and Strategic Lending	6.40		5	
U.S. Fixed Income	4.61		8	
Real Estate	0.98		29	
Short-term Securities	4.73		7	
	0.00		<u>1</u>	
Total			<u>100</u>	<u>%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all component units of Henry County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Asset to Changes in the Discount Rate.* The following presents the medical center's proportionate share of the net pension asset calculated using the discount rate of 7.5 percent, as well as what the medical center's proportionate share of the net pension asset would be if it was calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

Medical Center's Proportionate Share	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Asset	\$ (2,126,984)	\$ 4,705,817	\$ 10,356,292

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

**Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions**

*Pension Income.* For the year ended June 30, 2015, the medical center recognized pension income of \$148,968.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2015, the medical center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 671,912
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	3,467,327
Contributions Subsequent to the Measurement Date of June 30, 2014	<u>1,544,177</u>	<u>0</u>
Total	<u>\$ 1,544,177</u>	<u>\$ 4,139,239</u>

The medical center employer contributions of \$1,544,177, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (1,034,810)
2017	(1,034,810)
2018	(1,034,810)
2019	(1,034,809)
2020	0
Thereafter	0

In the table shown above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

*Payable to the Pension Plan.* At June 30, 2015, the medical center reported a payable of \$217,077 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

## **J. Deferred Compensation Plans**

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

During 2010, the medical center implemented a physician on-call pay plan whereas the medical center would make contributions to the plan on behalf of the physicians. Effective July 1, 2011, the deferred element of the physician on-call plan was terminated, and participants are paid quarterly. The medical center still holds the life insurance policies and the underlying assets, which are invested in mutual funds and totaled approximately \$1.3 million at June 30, 2015. These assets are included in other assets in the accompanying Statement of Net Position.

**K. Commitments and Contingencies**

**1. Lease Commitments**

The medical center leases various equipment under operating lease agreements. Rent expense was \$953,280 in 2015.

A summary of future minimum payments under these equipment leases as of June 30, 2015, is as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 650,000
2017	562,000
2018	515,000
2019	336,000
2020	312,000
2021 and later years	<u>440,000</u>
Total	<u><u>\$ 2,815,000</u></u>

**2. Insurance**

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

The medical center is self-insured for a portion of employee medical and other healthcare benefits and workers' compensation claims. The risk of loss retained by the medical center is limited to \$180,000 and

\$400,000 per occurrence for employee health and workers' compensation, respectively. Beginning on July 1, 2014, the risk of loss related to workers' compensation increased to \$500,000. The medical center has purchased excess insurance to provide coverage for claims in excess of the self-insured retention. Contributions by the medical center for employee health are based on actuarial estimates, while contributions for workers' compensation are based on actual claims experience. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include a provision for estimated claims incurred but not reported. Reserves included within accrued expenses related to employee medical and other healthcare benefits totaled \$950,000 in 2015. Reserves included within accrued expenses related to workers' compensation claims totaled \$434,867 in 2015.

### **3. Healthcare Industry**

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

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

Management continues to implement policies, procedures, and compliance overview of organizational structure to enforce and monitor compliance with the Health Insurance Portability and Accountability

Act of 1996 and other government statutes and regulations. The medical center's compliance with such laws and regulations is subject to future government review and interpretations, as well as regulatory actions, which are unknown or unasserted at this time.

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

#### 4. **Health Care Reform**

In March 2010, the Patient Protection and Affordable Care Act was signed into law, along with the Health Care and Education Reconciliation Act of 2010 (collectively, the Affordable Care Act). The passage of the Affordable Care Act has resulted in comprehensive reform legislation that is expected to expand health care coverage to millions of currently uninsured people beginning in 2014 and provide for significant changes to the U.S. health care system over the next ten years. To help fund this expansion, the Affordable Care Act outlines certain reductions in Medicare reimbursements for various health care providers, as well as certain other changes in Medicare payment methodologies. This comprehensive health care legislation provides for extensive future rulemaking by regulatory authorities, and also may be altered or amended. Due to the complexity of the Affordable Care Act's laws, lack of current implementation regulations and interpretive guidance, and response by CMS and other participants in health care industry to the choices available under the law, it is difficult for the medical center to predict the full impact of the law on the medical center's operations. Additionally, pending legislative proposals which may be adopted may affect the medical center. The provisions of the legislation and other regulations implementing the provisions of the Affordable Care Act may materially impact the medical center through increased costs, decreased revenues, and additional exposure to potential liability.

**L. Functional Expenses**

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

Healthcare Services	\$ 51,697,290
General and Administrative	<u>23,502,637</u>
Total	<u><u>\$ 75,199,927</u></u>

**M. Subsequent Events**

During July 2015, the medical center entered into a real estate purchase and sale agreement and a related asset purchase agreement to acquire certain real property, a medical office building and the existing office furniture, fixtures, and equipment for a combined purchase price of \$3,200,000. To complete the purchase, the medical center increased the outstanding balance under the Public Building Authority of the City of Clarksville, TN – Series 2015 loan by \$3,200,000.

The medical center completed additional withdrawals under the Public Building Authority of the City of Clarksville, TN - Series 2015 loan in August and November 2015 increasing the outstanding balance to \$5,000,000.

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

**A. Nature of Activities and Summary of Significant Accounting Policies**

**1. Nature of Activities**

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

The district is a discretely presented component unit of Henry County, Tennessee, and the financial statements are presented in both the district’s separate financial report and within the Henry County,

Tennessee, financial report. The district is considered a discretely presented component unit of Henry County as defined under the criteria set forth in Governmental Accounting Standards Board Statement No. 14, because the district would be unable to issue debt without going through Henry County, Tennessee.

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

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

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

3. **Use of Estimates**

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

4. **Accounts Receivable**

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

5. **Budgetary Policies**

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

**6. Cash and Cash Equivalents**

Investments that have maturities of three months or less at the date of purchase are classified as cash equivalents. Cash represents money on deposit in various banks. Cash and investments are stated at cost, which approximates market value. A summary of cash balances is as follows: unrestricted \$1,091,875.

State law authorizes the district to invest in obligations of the United States of America or its agencies, nonconvertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States of America or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the Tennessee Department of Treasury Local Government Investment Pool (LGIP). The LGIP contains investments in certificates of deposit, U.S. Treasury securities, and repurchase agreements backed by the U.S. Treasury securities. The Treasurer of the State of Tennessee administers the investment pool.

All deposits with financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution that participates in the State of Tennessee Bank Collateral Pool. For deposits with financial institutions that do not participate in the State of Tennessee 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.

All cash balances at June 30, 2015, were entirely insured through the FDIC or the State of Tennessee Bank Collateral Pool.

**7. Capital Assets**

The district defines capital assets as assets with an initial cost of more than \$7,500 and an estimated useful life in excess of one year. Additions to capital assets are recorded at acquisition cost or estimated market value at the date of donation in the case of donated property. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from five to 40 years. Interest costs incurred on financing during the construction or installation period of capital assets are capitalized as part of the cost of the assets. For the year under review, there were no interest costs capitalized.

**8. Net Position**

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

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

**9. Capital Assets**

Capital assets activity during the year was as follows:

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Not Being Depreciated:			
Land	\$ 114,860	\$ 0	\$ 114,860
Total Capital Assets Not Being Depreciated	<u>\$ 114,860</u>	<u>\$ 0</u>	<u>\$ 114,860</u>
Capital Assets Being Depreciated:			
Buildings and Improvements	\$ 738,472	\$ 0	\$ 738,472
Furniture and Fixtures	111,591	0	111,591
Office Equipment	8,851	0	8,851
Communications Equipment	585,259	34,978	620,237
Vehicles	0	20,843	20,843
Total Capital Assets Being Depreciated	<u>\$ 1,444,173</u>	<u>\$ 55,821</u>	<u>\$ 1,499,994</u>

Capital Assets (Cont.)	Balance 7-1-14	Increases	Balance 6-30-15
Less Accumulated			
Depreciation:			
Buildings and			
Improvements	\$ 19,333	\$ 19,025	\$ 38,358
Furniture and Fixtures	37,651	12,922	50,573
Office Equipment	7,485	875	8,360
Communications			
Equipment	117,388	101,341	218,729
Vehicles	0	1,042	1,042
Total Accumulated			
Depreciation	<u>\$ 181,857</u>	<u>\$ 135,205</u>	<u>\$ 317,062</u>
 Total Capital Assets Being			
Depreciated, Net	<u>\$ 1,262,316</u>	<u>\$ (79,384)</u>	<u>\$ 1,182,932</u>
 Total Capital Assets, Net	<u>\$ 1,377,176</u>	<u>\$ (79,384)</u>	<u>\$ 1,297,792</u>

## 10. Income Taxes

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

### B. Major Revenue Source

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

### C. Risk Management

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

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Henry County, Tennessee  
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on  
Participation in the Public Employee Pension Plan of TCRS  
Primary Government  
For the Fiscal Year Ended June 30

	<u>2014</u>
<b>Total Pension Liability (Asset)</b>	
Service Cost	\$ 2,858,015
Interest	6,259,550
Differences Between Actual and Expected Experience	(1,422,820)
Benefit Payments, Including Refunds of Employee Contributions	<u>(3,433,718)</u>
Net Change in Total Pension Liability (Asset)	\$ 4,261,027
Total Pension Liability (Asset), Beginning	<u>82,319,506</u>
Total Pension Liability (Asset), Ending (a)	<u>\$ 86,580,533</u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 2,410,801
Contributions - Employee	1,585,932
Net Investment Income	13,408,310
Benefit Payments, Including Refunds of Employee Contributions	(3,433,718)
Administrative Expense	<u>(35,043)</u>
Net Change in Plan Fiduciary Net Position	\$ 13,936,282
Plan Fiduciary Net Position, Beginning	<u>80,616,158</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 94,552,440</u>
Net Pension Liability (Asset), Ending (a - b)	<u>\$ (7,971,907)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	109.21%
Covered Employee Payroll	\$ 31,390,528
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	25.40%

Note: ten years of data will be presented when available.

Note: data presented includes the primary government, the discretely presented non-certified employees of the School Department, and the discretely presented Henry County Medical Center.

Exhibit E-2

Henry County, Tennessee  
Schedule of Contributions Based on Participation in the Public  
Employee Pension Plan of TCRS  
Primary Government  
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 2,410,801	\$ 2,310,256
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(2,410,801)</u>	<u>(2,310,256)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 31,390,528	\$ 37,951,562
Contributions as a Percentage of Covered Employee Payroll	7.68%	6.09%

Note: ten years of data will be presented when available.

Note: data presented includes the primary government, the discretely presented non-certified employees of the School Department, and the discretely presented Henry County Medical Center.

Exhibit E-3

Henry County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Retirement Plan of TCRS  
Discretely Presented Henry County School Department  
For the Fiscal Year Ended June 30

	<u>2015</u>
Actuarially Determined Contribution	\$ 16,446
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(26,313)</u>
Contribution Deficiency (Excess)	<u>\$ (9,867)</u>
Covered Employee Payroll	\$ 657,825
Contributions as a Percentage of Covered Employee Payroll	4.00%

Note: ten years of data will be presented when available.

Exhibit E-4

Henry County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Legacy Pension Plan of TCRS  
Discretely Presented Henry County School Department  
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 1,121,863	\$ 910,913
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(1,121,863)</u>	<u>(910,913)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 12,633,582	\$ 10,217,187
Contributions as a Percentage of Covered Employee Payroll	8.88%	8.92%

Note: ten years of data will be presented when available.

Exhibit E-5

Henry County, Tennessee  
Schedule of Proportionate Share of the Net Pension Asset  
in the Teacher Legacy Pension Plan of TCRS  
Discretely Presented Henry County School Department  
For the Fiscal Year Ended June 30 \*

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.321876%
School Department's Proportionate Share of the Net Pension Asset	\$ 52,301
Covered Employee Payroll	\$ 12,633,582
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit E-6

Henry County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plan  
Discretely Presented Henry County School Department  
June 30, 2015

(Dollar amounts in thousands)

Plan	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)
Local Education Group	7-1-10	\$ 0	\$ 4,900	\$ 4,900	0	% \$ 10,505	47 %
"	7-1-11	0	4,740	4,740	0	10,699	44
"	7-1-13	0	4,863	4,863	0	11,691	42

**HENRY COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2015**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Two Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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

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

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

## Capital Projects Fund

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

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

Exhibit F-1

Henry County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 3,456	\$ 3,456	\$ 0	\$ 3,456
Equity in Pooled Cash and Investments	204,263	106,853	0	311,116	69,741	380,857
Accounts Receivable	17,008	0	0	17,008	0	17,008
Due from Other Governments	4,453	0	0	4,453	22,750	27,203
Property Taxes Receivable	388,582	0	0	388,582	0	388,582
Allowance for Uncollectible Property Taxes	(13,209)	0	0	(13,209)	0	(13,209)
Cash Shortage	0	23,502	0	23,502	20,278	43,780
Total Assets	<u>\$ 601,097</u>	<u>\$ 130,355</u>	<u>\$ 3,456</u>	<u>\$ 734,908</u>	<u>\$ 112,769</u>	<u>\$ 847,677</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 80	\$ 0	\$ 0	\$ 80	\$ 0	\$ 80
Due to Other Funds	0	0	3,456	3,456	0	3,456
Total Liabilities	<u>\$ 80</u>	<u>\$ 0</u>	<u>\$ 3,456</u>	<u>\$ 3,536</u>	<u>\$ 0</u>	<u>\$ 3,536</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 366,642	\$ 0	\$ 0	\$ 366,642	\$ 0	\$ 366,642
Deferred Delinquent Property Taxes	7,053	0	0	7,053	0	7,053
Total Deferred Inflows of Resources	<u>\$ 373,695</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 373,695</u>	<u>\$ 0</u>	<u>\$ 373,695</u>

(Continued)

Exhibit F-1

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

	<u>Special Revenue Funds</u>				<u>Capital</u>	<u>Total</u>
	<u>Solid</u>	<u>Drug</u>	<u>Constitu-</u>	<u>Total</u>	<u>Projects</u>	
	<u>Waste /</u>	<u>Control</u>	<u>tional</u>		<u>General</u>	<u>Nonmajor</u>
	<u>Sanitation</u>		<u>Officers -</u>		<u>Capital</u>	<u>Governmental</u>
			<u>Fees</u>		<u>Projects</u>	<u>Funds</u>
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 130,355	\$ 0	\$ 130,355	\$ 0	\$ 130,355
Restricted for Capital Outlay	0	0	0	0	112,769	112,769
Committed:						
Committed for Public Health and Welfare	227,322	0	0	227,322	0	227,322
Total Fund Balances	<u>\$ 227,322</u>	<u>\$ 130,355</u>	<u>\$ 0</u>	<u>\$ 357,677</u>	<u>\$ 112,769</u>	<u>\$ 470,446</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 601,097</u>	<u>\$ 130,355</u>	<u>\$ 3,456</u>	<u>\$ 734,908</u>	<u>\$ 112,769</u>	<u>\$ 847,677</u>

Exhibit F-2

Henry County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2015

	Special Revenue Funds				Capital	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	
<u>Revenues</u>						
Local Taxes	\$ 425,247	\$ 0	\$ 0	\$ 425,247	\$ 0	\$ 425,247
Fines, Forfeitures, and Penalties	0	26,100	0	26,100	0	26,100
Charges for Current Services	24,083	0	8,927	33,010	0	33,010
Other Local Revenues	175,055	389	0	175,444	0	175,444
State of Tennessee	4,453	0	0	4,453	22,750	27,203
Other Governments and Citizens Groups	0	3,111	0	3,111	0	3,111
<b>Total Revenues</b>	<b>\$ 628,838</b>	<b>\$ 29,600</b>	<b>\$ 8,927</b>	<b>\$ 667,365</b>	<b>\$ 22,750</b>	<b>\$ 690,115</b>
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 8,927	\$ 8,927	\$ 0	\$ 8,927
Public Safety	0	31,319	0	31,319	0	31,319
Public Health and Welfare	564,640	0	0	564,640	0	564,640
Other Operations	9,841	0	0	9,841	0	9,841
Capital Projects	0	0	0	0	600,447	600,447
<b>Total Expenditures</b>	<b>\$ 574,481</b>	<b>\$ 31,319</b>	<b>\$ 8,927</b>	<b>\$ 614,727</b>	<b>\$ 600,447</b>	<b>\$ 1,215,174</b>
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 54,357	\$ (1,719)	\$ 0	\$ 52,638	\$ (577,697)	\$ (525,059)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 377,969	\$ 377,969
Transfers In	0	0	0	0	168,605	168,605
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 546,574</b>	<b>\$ 546,574</b>
Net Change in Fund Balances						
Fund Balance, July 1, 2014	\$ 172,965	\$ 132,074	\$ 0	\$ 305,039	\$ 143,892	\$ 448,931
<b>Fund Balance, June 30, 2015</b>	<b>\$ 227,322</b>	<b>\$ 130,355</b>	<b>\$ 0</b>	<b>\$ 357,677</b>	<b>\$ 112,769</b>	<b>\$ 470,446</b>

Exhibit F-3

Henry County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 425,247	\$ 411,950	\$ 411,950	\$ 13,297
Charges for Current Services	24,083	0	0	24,083
Other Local Revenues	175,055	200,600	200,600	(25,545)
State of Tennessee	4,453	0	20,476	(16,023)
Total Revenues	<u>\$ 628,838</u>	<u>\$ 612,550</u>	<u>\$ 633,026</u>	<u>\$ (4,188)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 46,780	\$ 48,440	\$ 48,440	\$ 1,660
Recycling Center	452,752	493,334	498,734	45,982
Landfill Operation and Maintenance	63,171	60,000	60,000	(3,171)
Other Waste Disposal	1,937	0	1,937	0
<u>Other Operations</u>				
Other Charges	9,841	7,000	10,000	159
Total Expenditures	<u>\$ 574,481</u>	<u>\$ 608,774</u>	<u>\$ 619,111</u>	<u>\$ 44,630</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 54,357</u>	<u>\$ 3,776</u>	<u>\$ 13,915</u>	<u>\$ 40,442</u>
Net Change in Fund Balance	\$ 54,357	\$ 3,776	\$ 13,915	\$ 40,442
Fund Balance, July 1, 2014	<u>172,965</u>	<u>172,965</u>	<u>172,965</u>	<u>0</u>
Fund Balance, June 30, 2015	<u>\$ 227,322</u>	<u>\$ 176,741</u>	<u>\$ 186,880</u>	<u>\$ 40,442</u>

Exhibit F-4

Henry County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 26,100	\$ 12,000	\$ 12,000	\$ 14,100
Other Local Revenues	389	14,350	14,350	(13,961)
Other Governments and Citizens Groups	3,111	0	3,500	(389)
Total Revenues	<u>\$ 29,600</u>	<u>\$ 26,350</u>	<u>\$ 29,850</u>	<u>\$ (250)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 31,319	\$ 27,350	\$ 36,550	\$ 5,231
Total Expenditures	<u>\$ 31,319</u>	<u>\$ 27,350</u>	<u>\$ 36,550</u>	<u>\$ 5,231</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,719)</u>	<u>\$ (1,000)</u>	<u>\$ (6,700)</u>	<u>\$ 4,981</u>
<u>Other Financing Sources (Uses)</u>				
City General Fund Transfer	\$ 0	\$ 3,500	\$ 0	\$ 0
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 3,500</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (1,719)	\$ 2,500	\$ (6,700)	\$ 4,981
Fund Balance, July 1, 2014	<u>132,074</u>	<u>132,074</u>	<u>132,074</u>	<u>0</u>
Fund Balance, June 30, 2015	<u>\$ 130,355</u>	<u>\$ 134,574</u>	<u>\$ 125,374</u>	<u>\$ 4,981</u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit G

Henry County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 307,550	\$ 300,554	\$ 300,554	\$ 6,996
Other Local Revenues	142,233	126,429	126,429	15,804
Other Governments and Citizens Groups	1,498,841	0	1,498,841	0
Total Revenues	<u>\$ 1,948,624</u>	<u>\$ 426,983</u>	<u>\$ 1,925,824</u>	<u>\$ 22,800</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 6,973	\$ 10,000	\$ 10,000	\$ 3,027
<u>Principal on Debt</u>				
General Government	437,969	437,969	437,969	0
Education	1,143,169	1,143,169	1,143,169	0
<u>Interest on Debt</u>				
General Government	21,446	21,750	21,750	304
Education	599,399	600,161	600,161	762
<u>Other Debt Service</u>				
General Government	652	2,000	1,000	348
Education	20,806	6,800	21,676	870
Total Expenditures	<u>\$ 2,230,414</u>	<u>\$ 2,221,849</u>	<u>\$ 2,235,725</u>	<u>\$ 5,311</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (281,790)</u>	<u>\$ (1,794,866)</u>	<u>\$ (309,901)</u>	<u>\$ 28,111</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 2,280,000	\$ 0	\$ 2,280,000	\$ 0
Transfers In	50,000	1,549,830	50,989	(989)
Payments to Refunded Debt Escrow Agent	(2,266,124)	0	(2,266,124)	0
Total Other Financing Sources	<u>\$ 63,876</u>	<u>\$ 1,549,830</u>	<u>\$ 64,865</u>	<u>\$ (989)</u>
Net Change in Fund Balance	\$ (217,914)	\$ (245,036)	\$ (245,036)	\$ 27,122
Fund Balance, July 1, 2014	<u>2,233,744</u>	<u>2,244,766</u>	<u>2,244,766</u>	<u>(11,022)</u>
Fund Balance, June 30, 2015	<u>\$ 2,015,830</u>	<u>\$ 1,999,730</u>	<u>\$ 1,999,730</u>	<u>\$ 16,100</u>

# Fiduciary Funds

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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.

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

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

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

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

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

Exhibit H-1

Henry County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
For the Year Ended June 30, 2015

	Agency Funds					Total
	Cities - Sales Tax	Watershed District	Special School District	Constitu- tional Officers - Agency	Judicial District Drug	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 1,191,498	\$ 3,019	\$ 1,194,517
Equity in Pooled Cash and Investments	0	1,606	231,924	0	98,870	332,400
Accounts Receivable	0	0	0	7,207	0	7,207
Due from Other Governments	652,830	0	314,394	0	12,757	979,981
Property Taxes Receivable	0	0	3,647,357	0	0	3,647,357
Allowance for Uncollectible Property Taxes	0	0	(119,697)	0	0	(119,697)
Total Assets	<u>\$ 652,830</u>	<u>\$ 1,606</u>	<u>\$ 4,073,978</u>	<u>\$ 1,198,705</u>	<u>\$ 114,646</u>	<u>\$ 6,041,765</u>
<u>LIABILITIES</u>						
Due to Other Taxing Units	\$ 652,830	\$ 1,606	\$ 4,073,978	\$ 0	\$ 0	\$ 4,728,414
Due to Litigants, Heirs, and Others	0	0	0	1,198,705	0	1,198,705
Due to Joint Ventures	0	0	0	0	114,646	114,646
Total Liabilities	<u>\$ 652,830</u>	<u>\$ 1,606</u>	<u>\$ 4,073,978</u>	<u>\$ 1,198,705</u>	<u>\$ 114,646</u>	<u>\$ 6,041,765</u>

## Exhibit H-2

Henry County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,929,060	\$ 2,929,060	\$ 0
Due from Other Governments	598,777	652,830	598,777	652,830
<b>Total Assets</b>	<b>\$ 598,777</b>	<b>\$ 3,581,890</b>	<b>\$ 3,527,837</b>	<b>\$ 652,830</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 598,777	\$ 3,581,890	\$ 3,527,837	\$ 652,830
<b>Total Liabilities</b>	<b>\$ 598,777</b>	<b>\$ 3,581,890</b>	<b>\$ 3,527,837</b>	<b>\$ 652,830</b>
<u>Watershed District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,606	\$ 0	\$ 0	\$ 1,606
<b>Total Assets</b>	<b>\$ 1,606</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,606</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,606	\$ 0	\$ 0	\$ 1,606
<b>Total Liabilities</b>	<b>\$ 1,606</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,606</b>
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 194,211	\$ 1,349,647	\$ 1,311,934	\$ 231,924
Due from Other Governments	300,190	314,394	300,190	314,394
Property Taxes Receivable	3,654,634	3,647,357	3,654,634	3,647,357
Allowance for Uncollectible Property Taxes	(104,671)	(119,697)	(104,671)	(119,697)
<b>Total Assets</b>	<b>\$ 4,044,364</b>	<b>\$ 5,191,701</b>	<b>\$ 5,162,087</b>	<b>\$ 4,073,978</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,044,364	\$ 5,191,701	\$ 5,162,087	\$ 4,073,978
<b>Total Liabilities</b>	<b>\$ 4,044,364</b>	<b>\$ 5,191,701</b>	<b>\$ 5,162,087</b>	<b>\$ 4,073,978</b>

(Continued)

## Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,370,466	\$ 7,230,888	\$ 7,409,856	\$ 1,191,498
Accounts Receivable	6,291	7,207	6,291	7,207
Total Assets	\$ 1,376,757	\$ 7,238,095	\$ 7,416,147	\$ 1,198,705
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,376,757	\$ 7,238,095	\$ 7,416,147	\$ 1,198,705
Total Liabilities	\$ 1,376,757	\$ 7,238,095	\$ 7,416,147	\$ 1,198,705
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 2,772	\$ 3,019	\$ 2,772	\$ 3,019
Equity in Pooled Cash and Investments	166,285	254,500	321,915	98,870
Due From Other Governments	20,002	12,757	20,002	12,757
Total Assets	\$ 189,059	\$ 270,276	\$ 344,689	\$ 114,646
<u>Liabilities</u>				
Due to Joint Ventures	\$ 189,059	\$ 270,276	\$ 344,689	\$ 114,646
Total Liabilities	\$ 189,059	\$ 270,276	\$ 344,689	\$ 114,646
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,373,238	\$ 7,233,907	\$ 7,412,628	\$ 1,194,517
Equity in Pooled Cash and Investments	362,102	4,533,207	4,562,909	332,400
Accounts Receivable	6,291	7,207	6,291	7,207
Due from Other Governments	918,969	979,981	918,969	979,981
Property Taxes Receivable	3,654,634	3,647,357	3,654,634	3,647,357
Allowance for Uncollectible Property Taxes	(104,671)	(119,697)	(104,671)	(119,697)
Total Assets	\$ 6,210,563	\$ 16,281,962	\$ 16,450,760	\$ 6,041,765
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,644,747	\$ 8,773,591	\$ 8,689,924	\$ 4,728,414
Due to Litigants, Heirs, and Others	1,376,757	7,238,095	7,416,147	1,198,705
Due to Joint Ventures	189,059	270,276	344,689	114,646
Total Liabilities	\$ 6,210,563	\$ 16,281,962	\$ 16,450,760	\$ 6,041,765

# Henry County School Department

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

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

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

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

Exhibit I-1

Henry County, Tennessee  
Statement of Activities  
Discretely Presented Henry County School Department  
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 18,490,139	\$ 0	\$ 1,435,606	\$ 1,129,243	\$ (15,925,290)
Support Services	8,410,393	85,821	500,696	0	(7,823,876)
Operation of Non-instructional Services	2,603,054	537,778	1,673,083	0	(392,193)
<b>Total Governmental Activities</b>	<b>\$ 29,503,586</b>	<b>\$ 623,599</b>	<b>\$ 3,609,385</b>	<b>\$ 1,129,243</b>	<b>\$ (24,141,359)</b>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 4,655,185
Local Option Sales Taxes					2,898,121
Business Tax					129,851
Other Local Taxes					22,620
Grants and Contributions Not Restricted to Specific Programs					17,114,182
Miscellaneous					84,102
Pension Income					79,711
<b>Total General Revenues</b>					<b>\$ 24,983,772</b>
Change in Net Position					\$ 842,413
Net Position, July 1, 2014					29,023,242
Restatement - Pension Liability (see Note I.D.8)					(3,909,378)
<b>Net Position, June 30, 2015</b>					<b>\$ 25,956,277</b>

Exhibit I-2

Henry County, Tennessee  
 Balance Sheet - Governmental Funds  
Discretely Presented Henry County School Department  
 June 30, 2015

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>			
Equity in Pooled Cash and Investments	\$ 4,906,925	\$ 612,639	\$ 5,519,564
Accounts Receivable	5,085	870	5,955
Due from Other Governments	904,422	55,578	960,000
Property Taxes Receivable	4,659,957	0	4,659,957
Allowance for Uncollectible Property Taxes	(158,411)	0	(158,411)
Total Assets	<u>\$ 10,317,978</u>	<u>\$ 669,087</u>	<u>\$ 10,987,065</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 37,493	\$ 0	\$ 37,493
Payroll Deductions Payable	7,934	0	7,934
Total Liabilities	<u>\$ 45,427</u>	<u>\$ 0</u>	<u>\$ 45,427</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Current Property Taxes	\$ 4,396,832	\$ 0	\$ 4,396,832
Deferred Delinquent Property Taxes	84,585	0	84,585
Other Deferred/Unavailable Revenue	270,009	0	270,009
Total Deferred Inflows of Resources	<u>\$ 4,751,426</u>	<u>\$ 0</u>	<u>\$ 4,751,426</u>
<b><u>FUND BALANCES</u></b>			
Restricted:			
Restricted for Education	\$ 751,489	\$ 5	\$ 751,494
Restricted for Operation of Non-instructional Services	0	519,082	519,082
Assigned:			
Assigned for Education	1,232	150,000	151,232
Assigned for Support Services	129,466	0	129,466
Assigned for Capital Projects	363,710	0	363,710
Unassigned	4,275,228	0	4,275,228
Total Fund Balances	<u>\$ 5,521,125</u>	<u>\$ 669,087</u>	<u>\$ 6,190,212</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,317,978</u>	<u>\$ 669,087</u>	<u>\$ 10,987,065</u>

Exhibit I-3

Henry County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
Discretely Presented Henry County School Department  
June 30, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	6,190,212
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	610,066	
Add: buildings and improvements net of accumulated depreciation		22,037,306	
Add: other capital assets net of accumulated depreciation		<u>1,821,029</u>	24,468,401
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: compensated absences payable	\$	(89,537)	
Less: other postemployment benefits liability		<u>(2,447,283)</u>	(2,536,820)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as a component of pension expense in future years.			
Add: deferred outflows of resources related to pensions	\$	1,539,326	
Less: deferred inflows of resources related to pensions		<u>(5,753,950)</u>	(4,214,624)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	1,642,213	
Add: net pension asset - cost-sharing plan		<u>52,301</u>	1,694,514
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>354,594</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>25,956,277</u></u>

## Exhibit I-4

Henry County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Henry County School Department  
For the Year Ended June 30, 2015

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 8,046,544	\$ 0	\$ 8,046,544
Licenses and Permits	1,755	0	1,755
Charges for Current Services	69,968	537,620	607,588
Other Local Revenues	170,309	561	170,870
State of Tennessee	17,086,157	17,077	17,103,234
Federal Government	1,326,633	3,049,170	4,375,803
Total Revenues	<u>\$ 26,701,366</u>	<u>\$ 3,604,428</u>	<u>\$ 30,305,794</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 14,129,287	\$ 1,520,447	\$ 15,649,734
Support Services	8,919,756	204,657	9,124,413
Operation of Non-instructional Services	644,117	1,922,416	2,566,533
Capital Outlay	1,444,115	0	1,444,115
Debt Service:			
Interest on Debt	1,498,841	0	1,498,841
Total Expenditures	<u>\$ 26,636,116</u>	<u>\$ 3,647,520</u>	<u>\$ 30,283,636</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 65,250</u>	<u>\$ (43,092)</u>	<u>\$ 22,158</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 7,370	\$ 0	\$ 7,370
Transfers In	18,815	0	18,815
Transfers Out	0	(18,815)	(18,815)
Total Other Financing Sources (Uses)	<u>\$ 26,185</u>	<u>\$ (18,815)</u>	<u>\$ 7,370</u>
Net Change in Fund Balances	\$ 91,435	\$ (61,907)	\$ 29,528
Fund Balance, July 1, 2014	5,429,690	730,994	6,160,684
Fund Balance, June 30, 2015	<u>\$ 5,521,125</u>	<u>\$ 669,087</u>	<u>\$ 6,190,212</u>

Exhibit I-5

Henry County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Henry County School Department  
For the Year Ended June 30, 2015

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)		\$	29,528
(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	\$	2,145,751	
Less: current-year depreciation expense		<u>(2,297,406)</u>	(151,655)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$	354,594	
Less: deferred delinquent property taxes and other deferred June 30, 2014		<u>(394,100)</u>	(39,506)
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	(7,438)	
Change in other postemployment benefits liability		(377,784)	
Change in net pension asset - agent plan		1,496,478	
Change in net pension asset - cost-sharing plan		4,107,414	
Change in deferred outflows related to pensions		1,539,326	
Change in deferred inflows related to pensions		<u>(5,753,950)</u>	1,004,046
Change in net position of governmental activities (Exhibit B)			<u>\$ 842,413</u>

Exhibit I-6

Henry County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Henry County School Department  
June 30, 2015

	<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	\$ 125,782	\$ 486,857	\$ 612,639
Accounts Receivable	0	870	870
Due from Other Governments	24,223	31,355	55,578
Total Assets	<u>\$ 150,005</u>	<u>\$ 519,082</u>	<u>\$ 669,087</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 5	\$ 0	\$ 5
Restricted for Operation of Non-instructional Services	0	519,082	519,082
Assigned:			
Assigned for Education	150,000	0	150,000
Total Fund Balances	<u>\$ 150,005</u>	<u>\$ 519,082</u>	<u>\$ 669,087</u>

Exhibit I-7

Henry County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Henry County School Department  
For the Year Ended June 30, 2015

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 537,620	\$ 537,620
Other Local Revenues	0	561	561
State of Tennessee	0	17,077	17,077
Federal Government	1,745,169	1,304,001	3,049,170
Total Revenues	<u>\$ 1,745,169</u>	<u>\$ 1,859,259</u>	<u>\$ 3,604,428</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,520,447	\$ 0	\$ 1,520,447
Support Services	204,657	0	204,657
Operation of Non-instructional Services	0	1,922,416	1,922,416
Total Expenditures	<u>\$ 1,725,104</u>	<u>\$ 1,922,416</u>	<u>\$ 3,647,520</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 20,065</u>	<u>\$ (63,157)</u>	<u>\$ (43,092)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (18,815)	\$ 0	\$ (18,815)
Total Other Financing Sources (Uses)	<u>\$ (18,815)</u>	<u>\$ 0</u>	<u>\$ (18,815)</u>
Net Change in Fund Balances	\$ 1,250	\$ (63,157)	\$ (61,907)
Fund Balance, July 1, 2014	148,755	582,239	730,994
Fund Balance, June 30, 2015	<u>\$ 150,005</u>	<u>\$ 519,082</u>	<u>\$ 669,087</u>

Exhibit I-8

Henry County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Henry County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,046,544	\$ 0	\$ 0	\$ 8,046,544	\$ 7,625,404	\$ 7,625,404	\$ 421,140
Licenses and Permits	1,755	0	0	1,755	1,500	1,500	255
Charges for Current Services	69,968	0	0	69,968	81,428	82,303	(12,335)
Other Local Revenues	170,309	0	0	170,309	142,392	168,192	2,117
State of Tennessee	17,086,157	0	0	17,086,157	16,926,641	17,258,571	(172,414)
Federal Government	1,326,633	0	0	1,326,633	205,000	229,675	1,096,958
<b>Total Revenues</b>	<b>\$ 26,701,366</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 26,701,366</b>	<b>\$ 24,982,365</b>	<b>\$ 25,365,645</b>	<b>\$ 1,335,721</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 11,331,806	\$ (98,765)	\$ 1,232	\$ 11,234,273	\$ 11,492,359	\$ 11,665,346	\$ 431,073
Alternative Instruction Program	191,591	0	0	191,591	193,031	194,873	3,282
Special Education Program	1,500,479	0	0	1,500,479	1,498,396	1,529,221	28,742
Vocational Education Program	898,924	0	0	898,924	1,054,377	914,377	15,453
Adult Education Program	206,487	0	0	206,487	217,180	241,855	35,368
<u>Support Services</u>							
Attendance	148,680	0	0	148,680	145,651	158,006	9,326
Health Services	351,501	0	0	351,501	333,775	361,050	9,549
Other Student Support	615,939	0	0	615,939	635,046	648,729	32,790
Regular Instruction Program	1,036,632	0	0	1,036,632	1,075,794	1,063,556	26,924
Alternative Instruction Program	83,681	0	0	83,681	98,630	87,139	3,458
Special Education Program	119,009	0	0	119,009	123,995	123,696	4,687
Vocational Education Program	10,238	0	0	10,238	10,250	10,250	12
Other Programs	171,430	0	0	171,430	0	171,430	0
Board of Education	518,596	0	0	518,596	522,077	519,973	1,377
Director of Schools	263,680	0	0	263,680	270,842	268,742	5,062
Office of the Principal	1,304,355	0	0	1,304,355	1,340,067	1,354,902	50,547
Fiscal Services	184,232	(5,200)	0	179,032	180,772	180,772	1,740
Operation of Plant	1,494,685	0	0	1,494,685	1,586,300	1,586,300	91,615
Maintenance of Plant	694,197	(34,618)	0	659,579	612,606	675,356	15,777

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 1,922,901	\$ (283,383)	\$ 129,466	\$ 1,768,984	\$ 1,874,008	\$ 1,869,404	\$ 100,420
<u>Operation of Non-instructional Services</u>							
Community Services	350,243	0	0	350,243	411,050	637,856	287,613
Early Childhood Education	293,874	0	0	293,874	305,914	306,789	12,915
<u>Capital Outlay</u>							
Regular Capital Outlay	1,444,115	(1,245,479)	0	198,636	200,000	203,290	4,654
<u>Principal on Debt</u>							
Education	0	0	0	0	898,141	0	0
<u>Interest on Debt</u>							
Education	1,498,841	0	0	1,498,841	598,661	1,498,985	144
Total Expenditures	\$ 26,636,116	\$ (1,667,445)	\$ 130,698	\$ 25,099,369	\$ 25,678,922	\$ 26,271,897	\$ 1,172,528
Excess (Deficiency) of Revenues Over Expenditures							
	\$ 65,250	\$ 1,667,445	\$ (130,698)	\$ 1,601,997	\$ (696,557)	\$ (906,252)	\$ 2,508,249
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 7,370	\$ 0	\$ 0	\$ 7,370	\$ 0	\$ 7,307	\$ 63
Transfers In	18,815	0	0	18,815	34,500	34,500	(15,685)
Total Other Financing Sources	\$ 26,185	\$ 0	\$ 0	\$ 26,185	\$ 34,500	\$ 41,807	\$ (15,622)
Net Change in Fund Balance							
Fund Balance, July 1, 2014	\$ 5,429,690	(1,667,445)	0	3,762,245	4,374,403	4,374,403	(612,158)
Fund Balance, June 30, 2015	\$ 5,521,125	\$ 0	\$ (130,698)	\$ 5,390,427	\$ 3,712,346	\$ 3,509,958	\$ 1,880,469

Exhibit I-9

Henry County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Henry County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 0	\$ 43,845	\$ 43,845	\$ (43,845)
Federal Government	1,745,169	2,040,441	2,085,606	(340,437)
<b>Total Revenues</b>	<b>\$ 1,745,169</b>	<b>\$ 2,084,286</b>	<b>\$ 2,129,451</b>	<b>\$ (384,282)</b>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 928,805	\$ 1,006,171	\$ 1,024,811	\$ 96,006
Special Education Program	535,943	744,655	747,115	211,172
Vocational Education Program	55,699	55,700	55,700	1
<u>Support Services</u>				
Other Student Support	50,043	80,527	80,527	30,484
Regular Instruction Program	41,300	144,666	166,265	124,965
Special Education Program	91,731	121,500	121,500	29,769
Vocational Education Program	3,886	3,900	3,900	14
Transportation	17,697	19,993	22,393	4,696
<b>Total Expenditures</b>	<b>\$ 1,725,104</b>	<b>\$ 2,177,112</b>	<b>\$ 2,222,211</b>	<b>\$ 497,107</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 20,065	\$ (92,826)	\$ (92,760)	\$ 112,825
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 115,797	\$ 115,797	\$ (115,797)
Transfers Out	(18,815)	(22,972)	(23,038)	4,223
<b>Total Other Financing Sources</b>	<b>\$ (18,815)</b>	<b>\$ 92,825</b>	<b>\$ 92,759</b>	<b>\$ (111,574)</b>
Net Change in Fund Balance	\$ 1,250	\$ (1)	\$ (1)	\$ 1,251
Fund Balance, July 1, 2014	148,755	148,755	148,755	0
<b>Fund Balance, June 30, 2015</b>	<b>\$ 150,005</b>	<b>\$ 148,754</b>	<b>\$ 148,754</b>	<b>\$ 1,251</b>

Exhibit I-10

Henry County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Henry County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 537,620	\$ 519,550	\$ 519,550	\$ 18,070
Other Local Revenues	561	720	720	(159)
State of Tennessee	17,077	17,323	17,323	(246)
Federal Government	1,304,001	1,467,303	1,467,303	(163,302)
Total Revenues	<u>\$ 1,859,259</u>	<u>\$ 2,004,896</u>	<u>\$ 2,004,896</u>	<u>\$ (145,637)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 1,922,416	\$ 2,097,187	\$ 2,097,187	\$ 174,771
Total Expenditures	<u>\$ 1,922,416</u>	<u>\$ 2,097,187</u>	<u>\$ 2,097,187</u>	<u>\$ 174,771</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (63,157)</u>	<u>\$ (92,291)</u>	<u>\$ (92,291)</u>	<u>\$ 29,134</u>
Net Change in Fund Balance	\$ (63,157)	\$ (92,291)	\$ (92,291)	\$ 29,134
Fund Balance, July 1, 2014	<u>582,239</u>	<u>92,291</u>	<u>92,291</u>	<u>489,948</u>
Fund Balance, June 30, 2015	<u>\$ 519,082</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 519,082</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

Henry County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, and Bonds  
For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-15
<b>NOTES PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
Airport Industrial Building	\$ 960,000	0	% 8-6-08	7-31-18	\$ 490,000	\$ 0	\$ 120,000	\$ 0	\$ 370,000
General Obligation Refunding and Improvement CON Series 2013	1,550,000	1 to 2	1-2-13	5-1-23	1,290,000	0	175,000	0	1,115,000
Capital Outlay Notes, Series 2014A	142,969	.93	10-1-14	6-30-15	0	142,969	142,969	0	0
Capital Outlay Notes, Series 2014B	235,000	.99	10-20-14	10-20-16	0	235,000	0	0	235,000
Total Notes Payable					<u>\$ 1,780,000</u>	<u>\$ 377,969</u>	<u>\$ 437,969</u>	<u>\$ 0</u>	<u>\$ 1,720,000</u>
<b>OTHER LOANS PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
Grove School/Campus Renovation	3,000,000	Variable	5-17-96	5-25-15	\$ 245,000	\$ 0	\$ 245,000	\$ 0	\$ 0
<u>Payable through Highway/Public Works Fund</u>									
Road Improvements	2,800,000	Variable	8-25-09	5-25-18	1,101,000	0	290,000	0	811,000
Total Other Loans Payable					<u>\$ 1,346,000</u>	<u>\$ 0</u>	<u>\$ 535,000</u>	<u>\$ 0</u>	<u>\$ 811,000</u>
<b>BONDS PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
School, Series 2001B (CAB) (1)	3,693,361	4.6 to 5.2	3-1-01	5-1-21	\$ 2,293,290	\$ 0	\$ 233,169	\$ 0	\$ 2,060,121
School, Refunding Series 2005	5,790,000	3 to 3.85	5-27-05	4-27-15	2,875,000	0	615,000	2,260,000	0
School, Series 2010	2,500,000	1.6 to 4.25	1-22-10	5-1-26	2,320,000	0	50,000	0	2,270,000
Rural School Refunding Bonds, Series 2013	6,145,000	2 to 4	1-2-13	5-1-25	6,145,000	0	0	0	6,145,000
General Obligation High School Refunding Bonds, Series 2015	2,280,000	.9 to 1.4	4-27-15	5-1-18	0	2,280,000	0	0	2,280,000
Total Bonds Payable					<u>\$ 13,633,290</u>	<u>\$ 2,280,000</u>	<u>\$ 898,169</u>	<u>\$ 2,260,000</u>	<u>\$ 12,755,121</u>

(1) These (CAB) bonds accrete interest that is paid at bond maturity. As of June 30, 2015, interest of \$2,188,512 has accreted on the bonds.

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 412,500	\$ 21,126	\$ 433,626
2017	412,500	19,383	431,883
2018	295,000	15,300	310,300
2019	130,000	11,800	141,800
2020	125,000	9,400	134,400
2021	130,000	6,900	136,900
2022	130,000	4,300	134,300
2023	85,000	1,700	86,700
Total	\$ 1,720,000	\$ 89,909	\$ 1,809,909

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2016	\$ 304,000	\$ 2,109	\$ 5,839	\$ 311,948
2017	319,000	1,318	3,650	323,968
2018	188,000	489	1,354	189,843
Total	\$ 811,000	\$ 3,916	\$ 10,843	\$ 825,759

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 1,198,040	\$ 525,294	\$ 1,723,334
2017	1,180,910	528,103	1,709,013
2018	936,633	769,567	1,706,200
2019	642,109	1,139,891	1,782,000
2020	607,815	1,172,260	1,780,075
2021	1,274,614	473,536	1,748,150
2022	1,525,000	224,070	1,749,070
2023	1,560,000	192,490	1,752,490
2024	1,605,000	145,170	1,750,170
2025	1,665,000	81,100	1,746,100
2026	560,000	23,800	583,800
Total	\$ 12,755,121	\$ 5,275,281	\$ 18,030,402

Exhibit J-3

Henry County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Henry County School Department  
For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Highway/Public Works	Net wheel tax revenue	\$ 455,139
"	"	Litter program	5,000
"	General Debt Service	Debt payments	50,000
"	General Capital Projects	Capital outlay	<u>168,605</u>
Total Transfers Primary Government			<u>\$ 678,744</u>
<u>DISCRETELY PRESENTED HENRY COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 18,815</u>
Total Transfers Discretely Presented Henry County School Department			<u>\$ 18,815</u>

Henry County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Henry County School Department  
For the Year Ended June 30, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 78,358	\$ 100,000	RLI Insurance Company
County Road Supervisor	Section 8-24-102, <i>TCA</i>	74,628	100,000	"
Director of Schools	State Board of Education and County Board of Education	151,964 (1)	50,000	Western Surety Company
Trustee:				
David Stone (7-1-14 through 8-7-14)	Section 8-24-102, <i>TCA</i>	6,958	1,212,416	RLI Insurance Company
Randi French (8-18-14 through 6-30-15)	Section 8-24-102, <i>TCA</i>	58,884	1,178,065	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	67,843	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	67,843	100,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	67,843	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	67,843 (2)	60,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	67,843	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	74,628 (3)	100,000	"
Employee Blanket Bonds:				
Offices of County Mayor and County Road Supervisor			150,000	Tennessee Risk Management Trust
Office of Director of Schools			150,000	"

(1) Includes a chief executive officer training supplement of \$1,000.

(2) Does not include special commissioner fees of \$8,927.

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

Exhibit J-5

Henry County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2015

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,908,603	\$ 370,825	\$ 0	\$ 0	\$ 1,377,360	\$ 238,379
Trustee's Collections - Prior Year	81,024	6,670	0	0	34,672	5,999
Circuit/Clerk and Master Collections - Prior Years	76,915	9,874	0	0	36,398	6,298
Interest and Penalty	16,509	1,658	0	0	7,626	1,315
Pickup Taxes	5,652	719	0	0	2,672	462
Payments in-Lieu-of Taxes - Local Utilities	48,053	6,116	0	0	22,716	3,931
Payments in-Lieu-of Taxes - Other	93,802	11,924	0	0	44,340	7,674
<u>County Local Option Taxes</u>						
Local Option Sales Tax	776,452	0	0	0	0	0
Hotel/Motel Tax	245,433	0	0	0	0	0
Wheel Tax	459,736	0	0	0	0	0
Litigation Tax - General	94,522	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	32,268
Business Tax	85,948	10,641	0	0	40,218	6,840
Mixed Drink Tax	22,620	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	53,585	6,820	0	0	25,331	4,384
Wholesale Beer Tax	194,193	0	0	0	0	0
Interstate Telecommunications Tax	2,068	0	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 5,165,115</b>	<b>\$ 425,247</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,591,333</b>	<b>\$ 307,550</b>
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 11,398	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	163,230	0	0	0	0	0
<b>Total Licenses and Permits</b>	<b>\$ 174,628</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service
	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	\$ 6,091	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	9,019	0	0	0	0	0
Drug Control Fines	7,732	0	2,849	0	0	0
DUI Treatment Fines	272	0	0	0	0	0
Data Entry Fee - Circuit Court	1,632	0	0	0	0	0
Courtroom Security Fee	286	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	27,307	0	0	0	0	0
Fines for Littering	95	0	0	0	0	0
Officers Costs	66,112	0	0	0	0	0
Game and Fish Fines	2,361	0	0	0	0	0
Drug Control Fines	7,100	0	9,328	0	0	0
Drug Court Fees	6,988	0	0	0	0	0
Jail Fees	1,253	0	0	0	0	0
DUI Treatment Fines	6,108	0	0	0	0	0
Data Entry Fee - General Sessions Court	11,741	0	0	0	0	0
Courtroom Security Fee	74	0	0	0	0	0
Victims Assistance Assessments	25,712	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	3,365	0	0	0	0	0
Officers Costs	2,746	0	0	0	0	0
Data Entry Fee - Juvenile Court	1,166	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	1,737	0	0	0	0	0
Data Entry Fee - Chancery Court	5,318	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	\$ 0	\$ 0	\$ 2,573	\$ 0	\$ 0	\$ 0
Other Fines, Forfeitures, and Penalties	0	0	11,350	0	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 194,215</b>	<b>\$ 0</b>	<b>\$ 26,100</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Sale of Electricity	\$ 33,122	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Surcharge - Waste Tire Disposal	0	24,083	0	0	0	0
<u>Fees</u>						
Airport Fees	27,755	0	0	0	0	0
Copy Fees	38	0	0	0	0	0
Greenbelt Late Application Fee	950	0	0	0	0	0
Telephone Commissions	48,080	0	0	0	0	0
Vending Machine Collections	181	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	8,927	0	0
Data Processing Fee - Register	11,574	0	0	0	0	0
Data Processing Fee - Sheriff	6,725	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,900	0	0	0	0	0
Data Processing Fee - County Clerk	3,014	0	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 134,339</b>	<b>\$ 24,083</b>	<b>\$ 0</b>	<b>\$ 8,927</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 61,525
Lease/Rentals	61,879	0	0	0	0	77,037

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Sale of Materials and Supplies	\$ 9,939	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Commissary Sales	36,650	0	0	0	0	0
Sale of Gasoline	288,764	0	0	0	2,523	0
Sale of Recycled Materials	0	172,938	0	0	0	0
Sale of Animals/Livestock	3,065	0	0	0	0	0
Miscellaneous Refunds	39,717	2,117	389	0	540	3,671
<u>Nonrecurring Items</u>						
Damages Recovered from Individuals	222	0	0	0	0	0
Performance Bond Forfeitures	6,142	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	49,522	0	0	0	0	0
<b>Total Other Local Revenues</b>	<b>\$ 495,900</b>	<b>\$ 175,055</b>	<b>\$ 389</b>	<b>\$ 0</b>	<b>\$ 3,063</b>	<b>\$ 142,233</b>
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 395,144	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	99,929	0	0	0	0	0
General Sessions Court Clerk	180,653	0	0	0	0	0
Clerk and Master	133,137	0	0	0	0	0
Juvenile Court Clerk	80,893	0	0	0	0	0
Register	136,307	0	0	0	0	0
Sheriff	11,022	0	0	0	0	0
Trustee	469,611	0	0	0	0	0
<b>Total Fees Received from County Officials</b>	<b>\$ 1,506,696</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 13,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	30,689	0	0	0	0	0
Aging Programs	43,026	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	19,200	0	0	0	0	0
Other Public Safety Grants	50,241	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	48,418	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	303,984	0
Litter Program	0	0	0	0	39,624	0
<u>Other State Revenues</u>						
Resort District Sales Tax	983,224	0	0	0	0	0
Beer Tax	18,055	0	0	0	0	0
Vehicle Certificate of Title Fees	8,610	0	0	0	0	0
Alcoholic Beverage Tax	69,141	0	0	0	0	0
Emergency Hospital - Prisoners	15,155	0	0	0	0	0
Prisoner Transportation	2,144	0	0	0	0	0
Contracted Prisoner Boarding	951,404	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,871,492	0
Petroleum Special Tax	0	0	0	0	23,327	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	1,000	4,453	0	0	0	0
Other State Revenues	33,430	0	0	0	0	0
Total State of Tennessee	\$ 2,302,401	\$ 4,453	\$ 0	\$ 0	\$ 2,238,427	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 395,514	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	4,916	0	0	0	65,780	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	423,668	0	0	0	0	0
Total Federal Government	<u>\$ 824,098</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 65,780</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 213,290	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	167,090	0	3,111	0	0	1,498,841
Contracted Services	46,035	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 426,415</u>	<u>\$ 0</u>	<u>\$ 3,111</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,498,841</u>
Total	<u>\$ 11,223,807</u>	<u>\$ 628,838</u>	<u>\$ 29,600</u>	<u>\$ 8,927</u>	<u>\$ 3,898,603</u>	<u>\$ 1,948,624</u>

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund</u>		
	General Capital Projects		Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$	4,895,167
Trustee's Collections - Prior Year	0		128,365
Circuit/Clerk and Master Collections - Prior Years	0		129,485
Interest and Penalty	0		27,108
Pickup Taxes	0		9,505
Payments in-Lieu-of Taxes - Local Utilities	0		80,816
Payments in-Lieu-of Taxes - Other	0		157,740
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0		776,452
Hotel/Motel Tax	0		245,433
Wheel Tax	0		459,736
Litigation Tax - General	0		94,522
Litigation Tax - Jail, Workhouse, or Courthouse	0		32,268
Business Tax	0		143,647
Mixed Drink Tax	0		22,620
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0		90,120
Wholesale Beer Tax	0		194,193
Interstate Telecommunications Tax	0		2,068
Total Local Taxes	<u>\$ 0</u>	<u>\$</u>	<u>7,489,245</u>
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Animal Registration	\$ 0	\$	11,398
Cable TV Franchise	0		163,230
Total Licenses and Permits	<u>\$ 0</u>	<u>\$</u>	<u>174,628</u>

(Continued)

Exhibit J-5

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

	<u>Capital</u> <u>Projects Fund</u>	
	General Capital Projects	Total
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 6,091
Officers Costs	0	9,019
Drug Control Fines	0	10,581
DUI Treatment Fines	0	272
Data Entry Fee - Circuit Court	0	1,632
Courtroom Security Fee	0	286
<u>General Sessions Court</u>		
Fines	0	27,307
Fines for Littering	0	95
Officers Costs	0	66,112
Game and Fish Fines	0	2,361
Drug Control Fines	0	16,428
Drug Court Fees	0	6,988
Jail Fees	0	1,253
DUI Treatment Fines	0	6,108
Data Entry Fee - General Sessions Court	0	11,741
Courtroom Security Fee	0	74
Victims Assistance Assessments	0	25,712
<u>Juvenile Court</u>		
Fines	0	3,365
Officers Costs	0	2,746
Data Entry Fee - Juvenile Court	0	1,166
<u>Chancery Court</u>		
Officers Costs	0	1,737
Data Entry Fee - Chancery Court	0	5,318

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	\$ 0	\$ 2,573
Other Fines, Forfeitures, and Penalties	0	11,350
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 220,315</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Sale of Electricity	\$ 0	\$ 33,122
Surcharge - Waste Tire Disposal	0	24,083
<u>Fees</u>		
Airport Fees	0	27,755
Copy Fees	0	38
Greenbelt Late Application Fee	0	950
Telephone Commissions	0	48,080
Vending Machine Collections	0	181
Special Commissioner Fees/Special Master Fees	0	8,927
Data Processing Fee - Register	0	11,574
Data Processing Fee - Sheriff	0	6,725
Sexual Offender Registration Fee - Sheriff	0	2,900
Data Processing Fee - County Clerk	0	3,014
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 167,349</u>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 0	\$ 61,525
Lease/Rentals	0	138,916

(Continued)

Exhibit J-5

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

	<u>Capital</u> <u>Projects Fund</u>	
	General Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>		
<u>Recurring Items (Cont.)</u>		
Sale of Materials and Supplies	\$ 0	\$ 9,939
Commissary Sales	0	36,650
Sale of Gasoline	0	291,287
Sale of Recycled Materials	0	172,938
Sale of Animals/Livestock	0	3,065
Miscellaneous Refunds	0	46,434
<u>Nonrecurring Items</u>		
Damages Recovered from Individuals	0	222
Performance Bond Forfeitures	0	6,142
<u>Other Local Revenues</u>		
Other Local Revenues	0	49,522
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 816,640</u>
<u>Fees Received from County Officials</u>		
<u>Fees in-Lieu-of Salary</u>		
County Clerk	\$ 0	\$ 395,144
Circuit Court Clerk	0	99,929
General Sessions Court Clerk	0	180,653
Clerk and Master	0	133,137
Juvenile Court Clerk	0	80,893
Register	0	136,307
Sheriff	0	11,022
Trustee	0	469,611
Total Fees Received from County Officials	<u>\$ 0</u>	<u>\$ 1,506,696</u>

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund</u>		
	General Capital Projects		Total
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$ 0	\$	13,500
Airport Maintenance Program	0		30,689
Aging Programs	0		43,026
<u>Public Safety Grants</u>			
Law Enforcement Training Programs	0		19,200
Other Public Safety Grants	0		50,241
<u>Health and Welfare Grants</u>			
Other Health and Welfare Grants	0		48,418
<u>Public Works Grants</u>			
State Aid Program	0		303,984
Litter Program	0		39,624
<u>Other State Revenues</u>			
Resort District Sales Tax	0		983,224
Beer Tax	0		18,055
Vehicle Certificate of Title Fees	0		8,610
Alcoholic Beverage Tax	0		69,141
Emergency Hospital - Prisoners	0		15,155
Prisoner Transportation	0		2,144
Contracted Prisoner Boarding	0		951,404
Gasoline and Motor Fuel Tax	0		1,871,492
Petroleum Special Tax	0		23,327
Registrar's Salary Supplement	0		15,164
Other State Grants	22,750		28,203
Other State Revenues	0		33,430
Total State of Tennessee	<u>\$ 22,750</u>	<u>\$</u>	<u>4,568,031</u>

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>Federal Government</u>		
<u>Federal Through State</u>		
Community Development	\$ 0	\$ 395,514
Disaster Relief	0	70,696
<u>Direct Federal Revenue</u>		
Other Direct Federal Revenue	0	423,668
Total Federal Government	<u>\$ 0</u>	<u>\$ 889,878</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Prisoner Board	\$ 0	\$ 213,290
Contributions	0	1,669,042
Contracted Services	0	46,035
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 1,928,367</u>
Total	<u>\$ 22,750</u>	<u>\$ 17,761,149</u>

Exhibit J-6

Henry County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Henry County School Department  
For the Year Ended June 30, 2015

	<u>Special Revenue Funds</u>			Total
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 4,461,305	\$ 0	\$ 0	\$ 4,461,305
Trustee's Collections - Prior Year	89,697	0	0	89,697
Trustee's Collections - Bankruptcy	7,793	0	0	7,793
Circuit/Clerk and Master Collections - Prior Years	117,530	0	0	117,530
Interest and Penalty	24,605	0	0	24,605
Pickup Taxes	8,627	0	0	8,627
Payments in-Lieu-of Taxes - T.V.A.	3,084	0	0	3,084
Payments in-Lieu-of Taxes - Local Utilities	73,252	0	0	73,252
Payments in-Lieu-of Taxes - Other	143,142	0	0	143,142
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,882,115	0	0	2,882,115
Business Tax	129,851	0	0	129,851
Mixed Drink Tax	21,645	0	0	21,645
<u>Statutory Local Taxes</u>				
Bank Excise Tax	81,783	0	0	81,783
Interstate Telecommunications Tax	2,115	0	0	2,115
Total Local Taxes	<u>\$ 8,046,544</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,046,544</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,755	\$ 0	\$ 0	\$ 1,755
Total Licenses and Permits	<u>\$ 1,755</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,755</u>

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			Total
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 272,403	\$ 272,403
Lunch Payments - Adults	0	0	13,024	13,024
Income from Breakfast	0	0	1,089	1,089
A la carte Sales	0	0	251,104	251,104
Receipts from Individual Schools	47,561	0	0	47,561
Community Service Fees - Children	158	0	0	158
<u>Other Charges for Services</u>				
Other Charges for Services	22,249	0	0	22,249
Total Charges for Current Services	<u>\$ 69,968</u>	<u>\$ 0</u>	<u>\$ 537,620</u>	<u>\$ 607,588</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 561	\$ 561
Lease/Rentals	250	0	0	250
Sale of Materials and Supplies	629	0	0	629
Miscellaneous Refunds	83,281	0	0	83,281
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	192	0	0	192
Contributions and Gifts	70,196	0	0	70,196
<u>Other Local Revenues</u>				
Other Local Revenues	15,761	0	0	15,761
Total Other Local Revenues	<u>\$ 170,309</u>	<u>\$ 0</u>	<u>\$ 561</u>	<u>\$ 170,870</u>

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			Total
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 171,430	\$ 0	\$ 0	\$ 171,430
<u>State Education Funds</u>				
Basic Education Program	14,268,000	0	0	14,268,000
Early Childhood Education	274,908	0	0	274,908
School Food Service	0	0	17,077	17,077
Energy Efficient School Initiative	11,080	0	0	11,080
Driver Education	13,536	0	0	13,536
Other State Education Funds	392,257	0	0	392,257
Career Ladder Program	75,401	0	0	75,401
Career Ladder - Extended Contract	48,295	0	0	48,295
<u>Other State Revenues</u>				
Income Tax	78,897	0	0	78,897
State Revenue Sharing - T.V.A.	1,697,459	0	0	1,697,459
Other State Grants	49,758	0	0	49,758
Other State Revenues	5,136	0	0	5,136
Total State of Tennessee	<u>\$ 17,086,157</u>	<u>\$ 0</u>	<u>\$ 17,077</u>	<u>\$ 17,103,234</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 792,922	\$ 792,922
USDA - Commodities	0	0	101,024	101,024
Breakfast	0	0	379,460	379,460
USDA - Other	0	0	30,595	30,595
Adult Education State Grant Program	197,390	0	0	197,390

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			Total
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
Vocational Education - Basic Grants to States	\$ 0	\$ 81,552	\$ 0	\$ 81,552
Title I Grants to Local Education Agencies	0	766,810	0	766,810
Special Education - Grants to States	0	605,121	0	605,121
Special Education Preschool Grants	0	48,901	0	48,901
English Language Acquisition Grants	0	1,690	0	1,690
Safe and Drug-free Schools - State Grants	0	18,433	0	18,433
Rural Education	0	23,489	0	23,489
Eisenhower Professional Development State Grants	0	114,269	0	114,269
Race to the Top - ARRA	0	84,904	0	84,904
Other Federal through State	1,129,243	0	0	1,129,243
Total Federal Government	<u>\$ 1,326,633</u>	<u>\$ 1,745,169</u>	<u>\$ 1,304,001</u>	<u>\$ 4,375,803</u>
Total	<u>\$ 26,701,366</u>	<u>\$ 1,745,169</u>	<u>\$ 1,859,259</u>	<u>\$ 30,305,794</u>

Exhibit J-7

Henry County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	27,000	
Dues and Memberships		1,850	
Travel		21,524	
Total County Commission			\$ 50,374

Board of Equalization

Other Per Diem and Fees	\$	120	
Total Board of Equalization			120

Other Boards and Committees

Board and Committee Members Fees	\$	4,525	
Total Other Boards and Committees			4,525

County Mayor/Executive

County Official/Administrative Officer	\$	78,358	
Secretary(ies)		31,796	
Custodial Personnel		42,461	
Maintenance Personnel		44,199	
Dues and Memberships		1,850	
Operating Lease Payments		1,631	
Maintenance and Repair Services - Office Equipment		449	
Postal Charges		800	
Travel		5,200	
Office Supplies		1,957	
In Service/Staff Development		838	
Total County Mayor/Executive			209,539

County Attorney

Other Per Diem and Fees	\$	20,766	
Total County Attorney			20,766

Election Commission

County Official/Administrative Officer	\$	61,059	
Deputy(ies)		31,376	
Election Commission		3,685	
Election Workers		30,425	
Data Processing Services		35,670	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		8,677	
Postal Charges		2,823	
Printing, Stationery, and Forms		157	
Rentals		910	
Travel		3,540	
Office Supplies		1,910	
Total Election Commission			180,407

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		58,628	
Dues and Memberships		588	
Maintenance and Repair Services - Office Equipment		204	
Postal Charges		788	
Printing, Stationery, and Forms		843	
Data Processing Supplies		15,959	
Duplicating Supplies		2,168	
Office Supplies		513	
Other Charges		365	
Total Register of Deeds			\$ 147,899

Building

Maintenance Personnel	\$	29,376	
Part-time Personnel		8,797	
Communication		237	
Maintenance and Repair Services - Buildings		9,952	
Other Contracted Services		1,500	
Custodial Supplies		4,460	
Utilities		35,717	
Total Building			90,039

County Buildings

Communication	\$	72,763	
Natural Gas		27,677	
Utilities		58,945	
Total County Buildings			159,385

Other General Administration

Maintenance and Repair Services - Buildings	\$	39,433	
Custodial Supplies		4,672	
Other Supplies and Materials		265	
Building and Contents Insurance		146,461	
Total Other General Administration			190,831

Preservation of Records

Part-time Personnel	\$	7,691	
Custodial Supplies		750	
Other Supplies and Materials		1,044	
Other Charges		3,000	
Total Preservation of Records			12,485

Finance

Accounting and Budgeting

Supervisor/Director	\$	47,046	
Deputy(ies)		31,153	
Data Processing Services		9,755	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Operating Lease Payments	\$	2,000	
Maintenance and Repair Services - Office Equipment		440	
Postal Charges		1,864	
Travel		66	
Data Processing Supplies		2,849	
Office Supplies		1,381	
In Service/Staff Development		872	
Total Accounting and Budgeting			\$ 97,426

Property Assessor's Office

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		109,322	
Dues and Memberships		1,850	
Operating Lease Payments		5,051	
Maintenance and Repair Services - Office Equipment		500	
Postal Charges		1,797	
Travel		974	
Office Supplies		1,768	
Other Supplies and Materials		690	
Other Charges		239	
Total Property Assessor's Office			190,034

Reappraisal Program

Deputy(ies)	\$	51,679	
Contracts with Private Agencies		31,462	
Data Processing Services		4,886	
Operating Lease Payments		868	
Maintenance and Repair Services - Vehicles		933	
Postal Charges		8,581	
Gasoline		2,313	
Other Charges		3,602	
Total Reappraisal Program			104,324

County Trustee's Office

County Official/Administrative Officer	\$	65,842	
Deputy(ies)		75,304	
Part-time Personnel		3,075	
Data Processing Services		28,256	
Dues and Memberships		778	
Operating Lease Payments		2,411	
Legal Notices, Recording, and Court Costs		513	
Postal Charges		9,988	
Printing, Stationery, and Forms		3,344	
Travel		2,553	
Office Supplies		1,794	
In Service/Staff Development		798	
Total County Trustee's Office			194,656

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		134,615	
Communication		940	
Data Processing Services		14,896	
Dues and Memberships		738	
Operating Lease Payments		1,870	
Maintenance and Repair Services - Office Equipment		800	
Postal Charges		7,692	
Travel		1,543	
Data Processing Supplies		3,794	
Office Supplies		1,796	
Other Charges		177	
Data Processing Equipment		1,138	
Total County Clerk's Office			\$ 237,842

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		82,928	
Part-time Personnel		4,850	
Jury and Witness Expense		9,115	
Data Processing Services		13,500	
Dues and Memberships		898	
Operating Lease Payments		1,574	
Maintenance Agreements		3,150	
Maintenance and Repair Services - Office Equipment		2,227	
Postal Charges		4,904	
Travel		1,379	
Other Contracted Services		848	
Office Supplies		11,936	
In Service/Staff Development		293	
Other Charges		668	
Data Processing Equipment		13,912	
Total Circuit Court			220,025

General Sessions Court

Deputy(ies)	\$	103,560	
Total General Sessions Court			103,560

General Sessions Judge

Judge(s)	\$	149,387	
Dues and Memberships		1,320	
Travel		1,919	
Periodicals		2,367	
Other Charges		14,514	
Total General Sessions Judge			169,507

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		75,053	
Data Processing Services		3,375	
Dues and Memberships		362	
Operating Lease Payments		1,171	
Legal Notices, Recording, and Court Costs		5,960	
Postal Charges		5,968	
Travel		1,106	
Data Processing Supplies		910	
Office Supplies		5,402	
Other Charges		586	
Data Processing Equipment		557	
Total Chancery Court	\$		168,293

Juvenile Court

Deputy(ies)	\$	31,796	
Probation Officer(s)		57,656	
Youth Service Officer(s)		39,910	
Part-time Personnel		14,312	
Communication		4,042	
Contracts with Other Public Agencies		8,792	
Data Processing Services		2,432	
Dues and Memberships		265	
Maintenance and Repair Services - Office Equipment		347	
Maintenance and Repair Services - Vehicles		1,142	
Postal Charges		300	
Travel		893	
Data Processing Supplies		167	
Gasoline		963	
Office Supplies		2,232	
Other Charges		206	
Total Juvenile Court			165,455

Probate Court

Deputy(ies)	\$	31,139	
Part-time Personnel		13,088	
Data Processing Services		3,375	
Dues and Memberships		312	
Postal Charges		1,200	
Data Processing Supplies		1,470	
Office Supplies		1,651	
In Service/Staff Development		286	
Other Charges		297	
Total Probate Court			52,818

Other Administration of Justice

Legal Services	\$	3,356	
Total Other Administration of Justice			3,356

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	74,628	
Assistant(s)		48,938	
Supervisor/Director		34,939	
Deputy(ies)		350,422	
Investigator(s)		210,778	
Captain(s)		45,976	
Sergeant(s)		217,333	
Salary Supplements		19,200	
Dispatchers/Radio Operators		117,189	
Clerical Personnel		57,721	
Attendants		29,957	
Maintenance Personnel		8,017	
Temporary Personnel		16,571	
Part-time Personnel		30,836	
School Resource Officer		323,223	
Overtime Pay		21,118	
Other Salaries and Wages		36,442	
Communication		6,243	
Data Processing Services		20,003	
Dues and Memberships		2,724	
Operating Lease Payments		2,765	
Maintenance and Repair Services - Buildings		6,258	
Maintenance and Repair Services - Equipment		8,516	
Maintenance and Repair Services - Office Equipment		478	
Maintenance and Repair Services - Vehicles		43,705	
Postal Charges		2,499	
Towing Services		1,380	
Travel		8,629	
Other Contracted Services		7,200	
Custodial Supplies		2,834	
Gasoline		100,675	
Law Enforcement Supplies		13,677	
Office Supplies		15,283	
Tires and Tubes		9,994	
Uniforms		15,344	
Utilities		112,964	
Other Supplies and Materials		7,737	
In Service/Staff Development		10,489	
Other Charges		215	
Law Enforcement Equipment		10,973	
Total Sheriff's Department			\$ 2,053,873

Special Patrols

Nightwatchmen	\$	79,827	
Total Special Patrols			79,827

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Administration of the Sexual Offender Registry

Other Charges	\$ 4,854	
Total Administration of the Sexual Offender Registry		\$ 4,854

Jail

Deputy(ies)	\$ 72,012	
Captain(s)	45,973	
Lieutenant(s)	43,854	
Guards	657,281	
Cafeteria Personnel	28,279	
Maintenance Personnel	32,067	
Temporary Personnel	7,026	
Part-time Personnel	9,100	
Overtime Pay	22,448	
Other Salaries and Wages	30,312	
Data Processing Services	1,000	
Operating Lease Payments	4,434	
Maintenance and Repair Services - Buildings	17,664	
Maintenance and Repair Services - Equipment	3,914	
Maintenance and Repair Services - Office Equipment	500	
Maintenance and Repair Services - Vehicles	556	
Medical and Dental Services	78,558	
Transportation - Other than Students	5,060	
Travel	4,190	
Custodial Supplies	17,686	
Drugs and Medical Supplies	29,925	
Food Preparation Supplies	5,359	
Food Supplies	169,506	
Law Enforcement Supplies	1,220	
Prisoners Clothing	2,731	
Uniforms	11,626	
Other Supplies and Materials	4,788	
In Service/Staff Development	1,280	
Other Charges	14,996	
Total Jail		1,323,345

Fire Prevention and Control

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

Rescue Squad

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

Other Emergency Management

Supervisor/Director	\$ 18,712	
Part-time Personnel	3,010	
Social Security	1,298	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Pensions	\$	1,235	
Employer Medicare		315	
Communication		2,641	
Maintenance and Repair Services - Equipment		67	
Maintenance and Repair Services - Vehicles		1,162	
Rentals		1,200	
Travel		1,174	
Other Supplies and Materials		2,152	
Other Charges		17,269	
Total Other Emergency Management			\$ 50,235

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	22,675	
Pauper Burials		200	
Other Contracted Services		19,041	
Gasoline		210	
Total County Coroner/Medical Examiner			42,126

Public Health and Welfare

Local Health Center

Medical Personnel	\$	28,428	
Part-time Personnel		7,195	
Social Security		2,203	
Pensions		1,876	
Medical Insurance		6,681	
Unemployment Compensation		456	
Employer Medicare		515	
Communication		950	
Contracts with Government Agencies		23,000	
Dues and Memberships		283	
Maintenance and Repair Services - Buildings		9,111	
Maintenance and Repair Services - Office Equipment		631	
Postal Charges		235	
Travel		1,408	
Other Contracted Services		21,645	
Custodial Supplies		2,032	
Drugs and Medical Supplies		2,313	
Office Supplies		2,205	
Other Charges		193	
Total Local Health Center			111,360

Rabies and Animal Control

Contracts with Other Public Agencies	\$	5,804	
Other Charges		600	
Total Rabies and Animal Control			6,404

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Maternal and Child Health Services

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

Alcohol and Drug Programs

Contributions	\$ 6,540	
Drug Treatment	4,148	
Total Alcohol and Drug Programs		10,688

Crippled Children Services

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

Other Local Health Services

Contributions	\$ 14,500	
Other Supplies and Materials	1,200	
Total Other Local Health Services		15,700

Social, Cultural, and Recreational Services

Adult Activities

Supervisor/Director	\$ 26,490	
Social Workers	18,115	
Bus Drivers	10,087	
Part-time Personnel	17,292	
Other Salaries and Wages	8,666	
Social Security	4,972	
Handling Charges and Administrative Costs	830	
Pensions	2,944	
Unemployment Compensation	1,472	
Employer Medicare	1,163	
Communication	592	
Operating Lease Payments	1,094	
Maintenance and Repair Services - Vehicles	571	
Postal Charges	1,398	
Printing, Stationery, and Forms	894	
Travel	5,218	
Other Contracted Services	3,376	
Gasoline	2,510	
Office Supplies	1,699	
Other Supplies and Materials	380	
Other Charges	1,687	
Total Adult Activities		111,450

Libraries

Contributions	\$ 142,500	
Total Libraries		142,500

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards

Contributions	\$ 5,250	
Total Parks and Fair Boards		\$ 5,250

Other Social, Cultural, and Recreational

Contributions	\$ 30,750	
Total Other Social, Cultural, and Recreational		30,750

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$ 44,887	
Secretary(ies)	7,500	
Part-time Personnel	14,343	
Social Security	2,981	
Pensions	8,433	
Employer Medicare	697	
Communication	3,400	
Dues and Memberships	250	
Operating Lease Payments	2,510	
Postal Charges	300	
Rentals	10,000	
Travel	6,000	
Other Contracted Services	1,200	
Custodial Supplies	5,497	
Office Supplies	700	
Utilities	13,000	
Other Charges	557	
Data Processing Equipment	1,400	
Total Agricultural Extension Service		123,655

Soil Conservation

Secretary(ies)	\$ 28,307	
Social Security	1,755	
Pensions	1,868	
Unemployment Compensation	270	
Employer Medicare	410	
Total Soil Conservation		32,610

Flood Control

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

Other Operations

Tourism

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

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Tourism-resort District

Contributions	\$ 409,950	
Total Tourism-resort District		\$ 409,950

Industrial Development

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

Other Economic and Community Development

Other Charges	\$ 395,514	
Total Other Economic and Community Development		395,514

Airport

Supervisor/Director	\$ 37,752	
Part-time Personnel	17,026	
Other Salaries and Wages	46,835	
Social Security	6,272	
Pensions	5,586	
Employer Medicare	1,467	
Communication	2,100	
Maintenance and Repair Services - Buildings	6,332	
Maintenance and Repair Services - Equipment	7,744	
Maintenance and Repair Services - Vehicles	1,052	
Travel	674	
Remittance of Revenue Collected	14,609	
Other Contracted Services	6,300	
Diesel Fuel	1,879	
Gasoline	158,659	
Office Supplies	551	
Utilities	16,769	
Liability Insurance	2,300	
Other Charges	4,250	
Airport Improvement	33,977	
Total Airport		372,134

Veterans' Services

County Official/Administrative Officer	\$ 31,376	
Part-time Personnel	11,934	
Dues and Memberships	125	
Maintenance and Repair Services - Vehicles	202	
Postal Charges	298	
Transportation - Other than Students	360	
Travel	569	
Gasoline	1,731	
Office Supplies	933	
In Service/Staff Development	113	
Total Veterans' Services		47,641

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Advertising	\$	586	
Audit Services		9,699	
Dues and Memberships		14,804	
Pest Control		7,459	
Other Supplies and Materials		1,752	
Premiums on Corporate Surety Bonds		13,502	
Trustee's Commission		89,548	
Total Other Charges			\$ 137,350

Contributions to Other Agencies

Contributions	\$	19,285	
Matching Share		60,570	
Remittance of Revenue Collected		363,267	
Total Contributions to Other Agencies			443,122

Employee Benefits

Longevity Pay	\$	13,600	
Social Security		282,576	
Pensions		278,471	
Medical Insurance		780,785	
Unemployment Compensation		36,756	
Employer Medicare		66,581	
Workers' Compensation Insurance		116,056	
Total Employee Benefits			1,574,825

Miscellaneous

Other Contracted Services	\$	500	
Land		328	
Total Miscellaneous			828

Total General Fund \$ 10,445,025

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	33,372	
Longevity Pay		150	
Social Security		2,068	
Pensions		2,203	
Medical Insurance		6,711	
Employer Medicare		484	
Dues and Memberships		100	
Postal Charges		20	
Travel		1,672	
Total Sanitation Management			\$ 46,780

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center

Foremen	\$	30,882	
Truck Drivers		204,000	
Longevity Pay		2,100	
Overtime Pay		688	
Social Security		14,455	
Pensions		15,352	
Medical Insurance		64,887	
Unemployment Compensation		2,603	
Employer Medicare		3,381	
Communication		1,876	
Freight Expenses		14,310	
Maintenance and Repair Services - Buildings		544	
Maintenance and Repair Services - Equipment		12,598	
Maintenance and Repair Services - Vehicles		13,492	
Pest Control		160	
Custodial Supplies		393	
Drugs and Medical Supplies		85	
Food Supplies		2,563	
Gasoline		38,448	
Natural Gas		386	
Small Tools		736	
Tires and Tubes		5,244	
Utilities		9,489	
Wire		3,750	
Other Supplies and Materials		2,053	
Other Charges		8,277	
Total Recycling Center			\$ 452,752

Landfill Operation and Maintenance

Contracts with Government Agencies	\$	63,171	
Total Landfill Operation and Maintenance			63,171

Other Waste Disposal

Disposal Fees	\$	1,937	
Total Other Waste Disposal			1,937

Other Operations

Other Charges

Trustee's Commission	\$	9,841	
Total Other Charges			9,841

Total Solid Waste/Sanitation Fund \$ 574,481

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	853	
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(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Contracts with Government Agencies	\$	2,612	
Confidential Drug Enforcement Payments		6,500	
Dues and Memberships		400	
Maintenance Agreements		6,222	
Maintenance and Repair Services - Equipment		183	
Maintenance and Repair Services - Vehicles		284	
Rentals		2,500	
Towing Services		690	
Animal Food and Supplies		2,171	
Gasoline		3,983	
Natural Gas		72	
Utilities		768	
Trustee's Commission		270	
Other Charges		3,811	
Total Drug Enforcement			\$ 31,319

Total Drug Control Fund \$ 31,319

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	8,927	
Total Chancery Court			\$ 8,927

Total Constitutional Officers - Fees Fund 8,927

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	74,628	
Assistant(s)		35,040	
Guards		68,896	
Secretary(ies)		34,939	
Clerical Personnel		32,309	
Custodial Personnel		6,220	
Part-time Personnel		5,361	
Other Salaries and Wages		22,950	
Board and Committee Members Fees		8,280	
Maintenance and Repair Services - Buildings		740	
Maintenance and Repair Services - Office Equipment		790	
Postal Charges		958	
Printing, Stationery, and Forms		1,172	
Travel		253	
Permits		2,080	
Custodial Supplies		225	
Drugs and Medical Supplies		756	
Office Supplies		1,221	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

In Service/Staff Development	\$	1,147	
Other Charges		678	
Total Administration			\$ 298,643

Highway and Bridge Maintenance

Equipment Operators	\$	500,812	
Truck Drivers		93,223	
Laborers		170,669	
Overtime Pay		16,231	
Rentals		1,714	
Other Contracted Services		82,876	
Asphalt - Hot Mix		59,431	
Asphalt - Liquid		64,941	
Concrete		6,300	
Crushed Stone		168,663	
General Construction Materials		1,374	
Pipe		48,405	
Road Signs		9,999	
Small Tools		723	
Wood Products		117	
Landfill Closure/Postclosure Care Costs		230	
Other Charges		813	
Total Highway and Bridge Maintenance			1,226,521

Operation and Maintenance of Equipment

Mechanic(s)	\$	224,575	
Overtime Pay		9,838	
Maintenance and Repair Services - Equipment		13,944	
Towing Services		225	
Other Contracted Services		13,903	
Diesel Fuel		112,841	
Equipment and Machinery Parts		103,467	
Garage Supplies		1,169	
Gasoline		31,486	
Ice		317	
Lubricants		9,654	
Propane Gas		424	
Small Tools		1,479	
Tires and Tubes		32,670	
Other Supplies and Materials		13,007	
Other Charges		842	
Total Operation and Maintenance of Equipment			569,841

Litter and Trash Collection

Educational Assistants	\$	3,220	
Other Salaries and Wages		25,984	
Handling Charges and Administrative Costs		3,614	

(Continued)

## Exhibit J-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Litter and Trash Collection (Cont.)

Instructional Supplies and Materials	\$	6,600	
Library Books/Media		1,613	
Other Charges		2,469	
Total Litter and Trash Collection			\$ 43,500

Other Charges

Communication	\$	8,657	
Data Processing Services		5,346	
Dues and Memberships		3,014	
Evaluation and Testing		510	
Legal Notices, Recording, and Court Costs		787	
Maintenance Agreements		350	
Utilities		17,692	
Water and Sewer		511	
Premiums on Corporate Surety Bonds		900	
Trustee's Commission		53,895	
Vehicle and Equipment Insurance		29,998	
Workers' Compensation Insurance		151,875	
Other Charges		166	
Total Other Charges			273,701

Employee Benefits

Salary Supplements	\$	23,766	
Social Security		82,460	
Pensions		77,966	
Medical Insurance		314,983	
Unemployment Compensation		14,093	
Employer Medicare		18,892	
Total Employee Benefits			532,160

Capital Outlay

Engineering Services	\$	29,519	
Bridge Construction		9,671	
Building Improvements		1,841	
Data Processing Equipment		25,504	
Highway Construction		347,136	
Highway Equipment		128,176	
Motor Vehicles		100,800	
Office Equipment		2,128	
Plant Operation Equipment		24,254	
State Aid Projects		349,321	
Total Capital Outlay			1,018,350

Principal on DebtHighways and Streets

Principal on Other Loans	\$	290,000	
Total Highways and Streets			290,000

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Interest on Debt

Highways and Streets

Interest on Other Loans	\$ 2,243	
Total Highways and Streets		\$ 2,243

Other Debt Service

Highways and Streets

Other Debt Service	\$ 7,807	
Total Highways and Streets		7,807

Total Highway/Public Works Fund		\$ 4,262,766
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General Debt Service Fund

Other Operations

Other Charges

Trustee's Commission	\$ 6,973	
Total Other Charges		\$ 6,973

Principal on Debt

General Government

Principal on Notes	\$ 437,969	
Total General Government		437,969

Education

Principal on Bonds	\$ 898,169	
Principal on Other Loans	245,000	
Total Education		1,143,169

Interest on Debt

General Government

Interest on Notes	\$ 21,446	
Total General Government		21,446

Education

Interest on Bonds	\$ 598,661	
Interest on Other Loans	738	
Total Education		599,399

Other Debt Service

General Government

Bank Charges	\$ 652	
Total General Government		652

Education

Bank Charges	\$ 6,930	
Other Debt Issuance Charges	13,876	
Total Education		20,806

Total General Debt Service Fund		2,230,414
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(Continued)

Exhibit J-7

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

General Capital Projects Fund

Capital Projects

General Administration Projects

Airport Improvement	\$	8,636	
Building Improvements		18,227	
Data Processing Equipment		40,433	
Heating and Air Conditioning Equipment		16,437	
Law Enforcement Equipment		34,949	
Motor Vehicles		345,376	
Right-of-Way		68,605	
Transportation Equipment		60,913	
Other Equipment		3,731	
Other Construction		1,540	
Other Capital Outlay		1,600	
Total General Administration Projects			\$ 600,447

Total General Capital Projects Fund \$ 600,447

Total Governmental Funds - Primary Government \$ 18,153,379

Exhibit J-8

Henry County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Henry County School Department  
For the Year Ended June 30, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,628,114	
Career Ladder Program	40,210	
Career Ladder Extended Contracts	23,510	
Homebound Teachers	33,291	
Educational Assistants	261,484	
Bonus Payments	23,500	
Other Salaries and Wages	47,766	
Certified Substitute Teachers	21,454	
Non-certified Substitute Teachers	64,159	
Social Security	463,707	
Pensions	706,194	
Medical Insurance	1,069,792	
Employer Medicare	110,336	
Other Fringe Benefits	4,809	
Maintenance and Repair Services - Equipment	9,905	
Other Contracted Services	112,823	
Instructional Supplies and Materials	243,557	
Textbooks	191,052	
Other Supplies and Materials	22,623	
Other Charges	94,575	
Regular Instruction Equipment	158,945	
Total Regular Instruction Program		\$ 11,331,806

Alternative Instruction Program

Teachers	\$ 136,023	
Educational Assistants	14,064	
Certified Substitute Teachers	272	
Social Security	7,799	
Pensions	12,057	
Medical Insurance	18,881	
Employer Medicare	2,015	
Other Fringe Benefits	90	
Instructional Supplies and Materials	390	
Total Alternative Instruction Program		191,591

Special Education Program

Teachers	\$ 795,132
Career Ladder Program	4,500
Homebound Teachers	21,837
Educational Assistants	110,950
Speech Pathologist	122,450
Other Salaries and Wages	26,341
Certified Substitute Teachers	2,176
Non-certified Substitute Teachers	4,880
Social Security	61,145
Pensions	91,238

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Medical Insurance	\$	147,172	
Employer Medicare		14,700	
Special Education Equipment		97,958	
Total Special Education Program			\$ 1,500,479

Vocational Education Program

Teachers	\$	680,624	
Certified Substitute Teachers		2,686	
Non-certified Substitute Teachers		8,866	
Social Security		38,188	
Pensions		59,455	
Medical Insurance		85,196	
Employer Medicare		9,307	
Other Fringe Benefits		480	
Maintenance and Repair Services - Equipment		1,598	
Instructional Supplies and Materials		12,524	
Total Vocational Education Program			898,924

Adult Education Program

Supervisor/Director	\$	41,200	
Teachers		82,324	
Other Salaries and Wages		22,705	
Social Security		8,496	
Pensions		4,529	
Medical Insurance		5,243	
Employer Medicare		2,072	
Other Fringe Benefits		180	
Communication		1,585	
Travel		1,168	
Other Contracted Services		16,983	
Instructional Supplies and Materials		10,877	
Other Supplies and Materials		1,152	
In Service/Staff Development		7,688	
Other Equipment		285	
Total Adult Education Program			206,487

Support Services

Attendance

Supervisor/Director	\$	36,078	
Career Ladder Program		1,800	
Other Salaries and Wages		46,974	
Social Security		2,427	
Pensions		3,100	
Medical Insurance		14,920	
Employer Medicare		1,117	
Other Fringe Benefits		240	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Postal Charges	\$	1,145	
Travel		1,040	
Other Contracted Services		39,329	
Other Supplies and Materials		510	
Total Attendance			\$ 148,680

Health Services

Supervisor/Director	\$	41,344	
Medical Personnel		109,536	
Other Salaries and Wages		98,859	
Social Security		14,417	
Pensions		14,255	
Medical Insurance		24,384	
Employer Medicare		3,372	
Other Fringe Benefits		210	
Travel		9,525	
Other Contracted Services		4,912	
Drugs and Medical Supplies		5,357	
Other Supplies and Materials		25,330	
Total Health Services			351,501

Other Student Support

Guidance Personnel	\$	384,414	
Social Workers		43,716	
Secretary(ies)		23,138	
Social Security		25,802	
Pensions		40,230	
Medical Insurance		55,176	
Employer Medicare		6,034	
Other Fringe Benefits		1,980	
Evaluation and Testing		16,802	
Travel		1,200	
Other Charges		11,095	
Other Equipment		6,352	
Total Other Student Support			615,939

Regular Instruction Program

Supervisor/Director	\$	268,154
Career Ladder Program		5,000
Librarians		286,228
Instructional Computer Personnel		70,794
Secretary(ies)		28,196
Clerical Personnel		30,251
Other Salaries and Wages		72,656
Social Security		43,836
Pensions		65,621

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Medical Insurance	\$	78,855	
Employer Medicare		10,252	
Other Fringe Benefits		110	
Consultants		8,472	
Travel		13,555	
Other Contracted Services		600	
Library Books/Media		41,635	
In Service/Staff Development		12,417	
Total Regular Instruction Program			\$ 1,036,632

Alternative Instruction Program

Supervisor/Director	\$	63,208	
Career Ladder Program		2,000	
Social Security		3,921	
Pensions		5,895	
Medical Insurance		4,723	
Employer Medicare		917	
Other Fringe Benefits		30	
Communication		899	
Travel		2,088	
Total Alternative Instruction Program			83,681

Special Education Program

Supervisor/Director	\$	67,290	
Career Ladder Program		1,000	
Secretary(ies)		28,223	
Social Security		5,673	
Pensions		8,036	
Medical Insurance		7,460	
Employer Medicare		1,327	
Total Special Education Program			119,009

Vocational Education Program

Travel	\$	10,238	
Total Vocational Education Program			10,238

Other Programs

On-behalf Payments to OPEB	\$	171,430	
Total Other Programs			171,430

Board of Education

Secretary to Board	\$	6,700	
Board and Committee Members Fees		9,360	
Social Security		914	
Pensions		442	
Medical Insurance		944	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Unemployment Compensation	\$	29,924	
Employer Medicare		227	
Audit Services		21,000	
Dues and Memberships		9,795	
Legal Services		12,343	
Travel		2,608	
Other Contracted Services		80	
Liability Insurance		33,303	
Trustee's Commission		184,830	
Workers' Compensation Insurance		200,059	
Refund to Applicant for Criminal Investigation		2,462	
Other Charges		3,605	
Total Board of Education	\$		518,596

Director of Schools

County Official/Administrative Officer	\$	150,964	
Career Ladder Program		1,000	
Clerical Personnel		30,799	
Social Security		9,690	
Pensions		15,770	
Medical Insurance		9,474	
Employer Medicare		2,597	
Other Fringe Benefits		270	
Communication		10,029	
Dues and Memberships		963	
Postal Charges		6,782	
Travel		2,964	
Other Contracted Services		5,768	
Office Supplies		4,348	
Other Charges		6,762	
Administration Equipment		5,500	
Total Director of Schools			263,680

Office of the Principal

Principals	\$	471,918	
Career Ladder Program		7,000	
Accountants/Bookkeepers		26,324	
Assistant Principals		310,594	
Secretary(ies)		170,946	
Clerical Personnel		21,890	
Social Security		59,984	
Pensions		85,837	
Medical Insurance		92,601	
Employer Medicare		14,028	
Other Fringe Benefits		600	
Communication		16,969	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Dues and Memberships	\$	5,370	
Travel		1,865	
Office Supplies		7,572	
Other Charges		10,857	
Total Office of the Principal			\$ 1,304,355

Fiscal Services

Accountants/Bookkeepers	\$	61,100	
Secretary(ies)		49,551	
Other Salaries and Wages		25,376	
Social Security		8,185	
Pensions		8,978	
Medical Insurance		10,421	
Employer Medicare		1,914	
Other Fringe Benefits		150	
Travel		2,573	
Other Contracted Services		15,213	
Office Supplies		771	
Total Fiscal Services			184,232

Operation of Plant

Other Contracted Services	\$	531,526	
Electricity		620,278	
Natural Gas		121,442	
Water and Sewer		75,146	
Boiler Insurance		7,612	
Building and Contents Insurance		138,681	
Total Operation of Plant			1,494,685

Maintenance of Plant

Supervisor/Director	\$	64,140	
Maintenance Personnel		212,161	
Social Security		15,857	
Pensions		17,870	
Medical Insurance		40,535	
Employer Medicare		3,789	
Communication		604	
Laundry Service		5,685	
Travel		1,036	
Other Contracted Services		95,571	
Other Supplies and Materials		196,385	
Administration Equipment		5,946	
Maintenance Equipment		34,618	
Total Maintenance of Plant			694,197

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Supervisor/Director	\$	50,146	
Mechanic(s)		116,253	
Bus Drivers		539,288	
Clerical Personnel		36,855	
Other Salaries and Wages		12,326	
In-service Training		1,023	
Social Security		44,867	
Pensions		43,826	
Medical Insurance		30,428	
Employer Medicare		10,797	
Communication		4,113	
Laundry Service		4,737	
Maintenance and Repair Services - Vehicles		6,844	
Medical and Dental Services		6,790	
Diesel Fuel		220,717	
Garage Supplies		1,469	
Gasoline		9,202	
Lubricants		10,701	
Tires and Tubes		12,675	
Vehicle Parts		97,583	
Other Supplies and Materials		1,195	
Vehicle and Equipment Insurance		42,817	
Other Charges		10,484	
Transportation Equipment		607,765	
Total Transportation			\$ 1,922,901

Operation of Non-instructional Services

Community Services

Supervisor/Director	\$	48,211	
Teachers		75,446	
Educational Assistants		54,610	
Other Salaries and Wages		55,415	
Social Security		14,168	
Pensions		15,434	
Medical Insurance		5,211	
Employer Medicare		3,328	
Communication		3,467	
Travel		2,691	
Other Contracted Services		4,084	
Instructional Supplies and Materials		24,007	
Other Supplies and Materials		33	
In Service/Staff Development		6,743	
Other Charges		37,395	
Total Community Services			350,243

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Early Childhood Education

Teachers	\$	140,858	
Educational Assistants		74,819	
Bonus Payments		1,500	
Certified Substitute Teachers		494	
Non-certified Substitute Teachers		1,806	
Social Security		12,866	
Pensions		17,280	
Medical Insurance		22,751	
Employer Medicare		3,010	
Communication		358	
Travel		250	
Other Contracted Services		2,625	
Food Supplies		4,244	
Instructional Supplies and Materials		6,546	
In Service/Staff Development		1,923	
Other Equipment		2,544	
Total Early Childhood Education			\$ 293,874

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	1,444,115	
Total Regular Capital Outlay			1,444,115

Interest on Debt

Education

Contributions	\$	1,498,841	
Total Education			1,498,841

Total General Purpose School Fund \$ 26,636,116

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	463,677	
Educational Assistants		78,505	
Bonus Payments		10,000	
Other Salaries and Wages		50,050	
Certified Substitute Teachers		1,394	
Non-certified Substitute Teachers		3,122	
Social Security		34,278	
Pensions		51,664	
Medical Insurance		86,365	
Employer Medicare		8,067	
Instructional Supplies and Materials		108,916	
Regular Instruction Equipment		32,767	
Total Regular Instruction Program			\$ 928,805

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	211,287	
Educational Assistants		181,617	
Other Salaries and Wages		1,596	
Social Security		22,373	
Pensions		29,804	
Medical Insurance		57,974	
Employer Medicare		5,245	
Maintenance and Repair Services - Equipment		1,090	
Instructional Supplies and Materials		14,935	
Other Supplies and Materials		766	
Special Education Equipment		9,256	
Total Special Education Program	\$		535,943

Vocational Education Program

Instructional Supplies and Materials	\$	20,699	
Vocational Instruction Equipment		35,000	
Total Vocational Education Program			55,699

Support Services

Other Student Support

Other Salaries and Wages	\$	1,370	
Social Security		85	
Pensions		124	
Employer Medicare		20	
Travel		22,767	
Other Supplies and Materials		9,914	
In Service/Staff Development		1,052	
Other Charges		237	
Other Equipment		14,474	
Total Other Student Support			50,043

Regular Instruction Program

Employer Medicare	\$	1	
Consultants		21,844	
Travel		1,115	
Other Supplies and Materials		2	
In Service/Staff Development		18,338	
Total Regular Instruction Program			41,300

Special Education Program

Psychological Personnel	\$	53,464	
Social Security		3,197	
Pensions		4,833	
Medical Insurance		5,211	
Employer Medicare		748	
Travel		2,697	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Contracted Services	\$	17,600	
In Service/Staff Development		3,981	
Total Special Education Program			\$ 91,731

Vocational Education Program

Travel	\$	2,000	
In Service/Staff Development		1,000	
Other Charges		886	
Total Vocational Education Program			3,886

Transportation

Bus Drivers	\$	15,490	
Social Security		960	
Pensions		1,022	
Employer Medicare		225	
Total Transportation			17,697

Total School Federal Projects Fund \$ 1,725,104

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	51,038	
Accountants/Bookkeepers		27,546	
Cafeteria Personnel		491,085	
Social Security		34,083	
Pensions		25,594	
Medical Insurance		36,044	
Employer Medicare		8,014	
Communication		1,623	
Maintenance and Repair Services - Equipment		4,622	
Travel		3,415	
Other Contracted Services		34,365	
Food Preparation Supplies		1,185	
Food Supplies		1,000,629	
Uniforms		2,346	
USDA - Commodities		101,024	
Other Supplies and Materials		72,884	
In Service/Staff Development		4,381	
Other Charges		3,109	
Food Service Equipment		19,429	
Total Food Service			\$ 1,922,416

Total Central Cafeteria Fund 1,922,416

Total Governmental Funds - Henry County School Department \$ 30,283,636

Exhibit J-9

Henry County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balances - City Agency Funds  
For the Year Ended June 30, 2015

	Cities - Sales Tax Fund	Special School District Fund	Total
<u>Cash Receipts</u>			
Current Property Tax	\$ 0	\$ 2,281,819	\$ 2,281,819
Trustee's Collections - Prior Year	0	64,957	64,957
Trustee's Collections - Bankruptcy	0	0	0
Circuit/Clerk and Master Collections - Prior Years	0	60,529	60,529
Interest and Penalty	0	12,523	12,523
Pick-up Taxes	0	4,446	4,446
Payments in-Lieu-of Taxes - T.V.A.	0	1,589	1,589
Payments in-Lieu-of Taxes - Local Utilities	0	37,796	37,796
Payments in-Lieu-of Taxes - Other	0	73,770	73,770
Local Option Sales Tax	3,581,890	1,481,009	5,062,899
Business Tax	0	65,766	65,766
Mixed Drink Tax	0	14,555	14,555
Bank Excise Tax	0	42,144	42,144
Interstate Telecommunications Tax	0	1,053	1,053
City/School District Property Taxes:			
Current Property Tax	0	949,962	949,962
Prior Year's Property Tax	0	29,215	29,215
Interest and Penalty	0	5,016	5,016
Payments in-Lieu-of Taxes	0	25,191	25,191
Marriage Licenses	0	904	904
Income Tax	0	39,457	39,457
Total Cash Receipts	<u>\$ 3,581,890</u>	<u>\$ 5,191,701</u>	<u>\$ 8,773,591</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,546,071	\$ 5,067,713	\$ 8,613,784
Trustee's Commission	35,819	86,275	122,094
Total Cash Disbursements	<u>\$ 3,581,890</u>	<u>\$ 5,153,988</u>	<u>\$ 8,735,878</u>
Excess of Cash Receipts Over (Under)			
Cash Disbursements	\$ 0	\$ 37,713	\$ 37,713
Cash Balance, July 1, 2014	0	194,211	194,211
Cash Balance, June 30, 2015	<u>\$ 0</u>	<u>\$ 231,924</u>	<u>\$ 231,924</u>

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## **SINGLE AUDIT SECTION**

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

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henry County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Henry County's basic financial statements, and have issued our report thereon dated February 26, 2016. Our report includes a reference to other auditors who audited the financial statements of the Henry County Medical Center and the Henry County Emergency Communications District, as described in our report on Henry County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

*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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

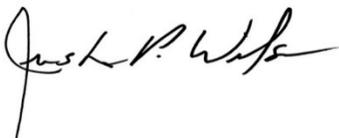
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Henry County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

February 26, 2016

JPW/sb



STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF LOCAL GOVERNMENT AUDIT  
SUITE 1500  
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NASHVILLE, TENNESSEE 37243-1402  
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**Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

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

We have audited Henry County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Henry County's major federal programs for the year ended June 30, 2015. Henry County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Henry County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Henry County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, Henry County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

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

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

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

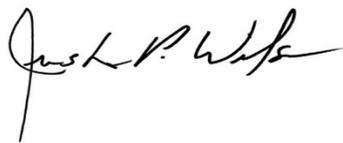
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henry County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Henry County's basic financial statements. We issued our report thereon dated February 26, 2016, 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 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 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

February 26, 2016

JPW/sb

Henry County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2015

Federal/Pass Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 379,460
National School Lunch Program	10.555	N/A	792,922 (7)
Child and Adult Care Food Program	10.558	N/A	30,595
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	101,024 (7)
Total U.S. Department of Agriculture			\$ 1,304,001
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program	12.UNKNOWN	N/A	\$ 66,250
Total U.S. Department of Defense			\$ 66,250
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG113807700	\$ 395,514
Direct Program:			
Continuum of Care Program	14.267	N/A	416,468
Total U.S. Department of Housing and Urban Development			\$ 811,982
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(2)	\$ 16,680
Total U.S. Department of Transportation			\$ 16,680
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(3)	\$ 197,390
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	766,810
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	605,121
Special Education - Preschool Grants	84.173	N/A	48,901
Career and Technical Education - Basic Grants to States	84.048	N/A	81,552
Safe and Drug-free Schools and Communities - National Programs	84.184	33109-04115	18,433
Rural Education	84.358	N/A	23,489
English Language Acquisition State Grants	84.365	N/A	1,685
Improving Teacher Quality State Grants	84.367	(4)	114,269
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	83,659
Total U.S. Department of Education			\$ 1,941,309
U.S. Department of Health and Human Services:			
Passed-through Northwest Tennessee Development District:			
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	(4)	\$ 6,288
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(4)	36,738
Total U.S. Department of Health and Human Services			\$ 43,026

(Continued)

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

Federal/Pass Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(5)	\$ 70,696
Hazard Mitigation Grant	97.039	FEMA-DR-1909-TN	967,922
Emergency Management Performance Grants	97.042	34101-07620	20,000
Homeland Security Grant Program	97.067	34101-16814	13,561
Total U.S. Department of Homeland Security			<u>\$ 1,072,179</u>
Total Federal Grants			<u>\$ 5,255,427</u>
<u>State Grants</u>		<u>Contract Number</u>	
Airport Maintenance Program - State Department of Transportation	N/A	(6)	\$ 30,689
Archives Grant - Tennessee Secretary of State	N/A	(4)	1,000
State Supplement - State Department of Children's Services	N/A	GG1029739	13,500
Preventive Health and Human Services - State Department of Health	N/A	GG1541955	48,418
Used Oil Grant - State Department of Environment and Conservation	N/A	32701-02262	4,453
Litter Grant - State Department of Transportation	N/A	(4)	39,624
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	32701-02278	22,750
Lottery for Education: Afterschool Programs - State Department of Education	N/A	(4)	166,540
21st Century Community Learning Centers - State Department of Education	N/A	(4)	68,700
Early Childhood Education - State Department of Education	N/A	(4)	274,908
ACT/EXPLORE/PLAN - State Department of Education	N/A	(4)	5,136
Coordinated School Health - State Department of Education	N/A	(4)	128,608
Safe Schools - State Department of Education	N/A	(4)	13,494
Family Resource Center - State Department of Education	N/A	(4)	14,915
Truancy Prevention Program - State Department of Children's Services	N/A	35326	47,728
Student Ticket Subsidy Grant - Tennessee Arts Commission	N/A	(4)	2,030
Energy Efficient School Initiative - State Department of Education	N/A	(4)	11,080
Hazard Mitigation Grant - State Department of Military	N/A	(4)	161,321
Total State Grants			<u>\$ 1,054,894</u>

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.  
(2) Z-15-GHS-159: \$5,000; Z-14-GHS-158: \$11,680.  
(3) LWC40F141AESD15: \$174,375; LWC40F132AESD14: \$23,015.  
(4) Information not available.  
(5) FEMA-1979-DR-TN: \$4,916; FEMA-4189-DR-TN: \$65,780.  
(6) AERO-15-149-00: \$12,657; AERO-14-109-00: \$3,500; AERO-14-110-00: \$6,500; AERO-14-111-00: \$8,032.  
(7) Total for CFDA No. 10.555 is \$893,946.

Henry County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2015

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. There were no findings in the Annual Financial Report for Henry County, Tennessee, for the year ended June 30, 2014, which have not been corrected.

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**HENRY COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2015**

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

1. Our report on the financial statements of Henry County is unmodified.
2. The audit of the financial statements of Henry County reported no significant deficiencies in internal control.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Henry County.
4. The audit reported no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), Title I Grants to Local Educational Agencies (CFDA No. 84.010), Special Education Cluster: Special Education - Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), and Hazard Mitigation Grant (CFDA No. 97.039) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Henry County did not qualify as a low-risk auditee.

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

There were no findings relating to the financial statements of Henry County, Tennessee, as a result of our examination, for the year ended June 30, 2015.

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

There were no findings and questioned costs for federal awards.

## **BEST PRACTICE**

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

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Henry County.

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

Henry County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

**HENRY COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2015**

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