

**ANNUAL FINANCIAL REPORT
OF
WAYNE COUNTY, TENNESSEE
AND
WAYNE COUNTY SCHOOL DEPARTMENT**

SINGLE AUDIT REPORT



FOR THE YEAR ENDED JUNE 30, 2005

**Comptroller of the Treasury
Department of Audit
Division of County Audit
Nashville, Tennessee**

ANNUAL FINANCIAL REPORT
WAYNE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2005

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This financial report is available at www.comptroller.state.tn.us

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Audit Highlights
Annual Financial Report
Wayne County, Tennessee
For the Year Ended June 30, 2005

Scope

We have audited the financial statements of each major fund and the aggregate remaining fund information of Wayne County as of and for the year ended June 30, 2005.

Results

Our report on Wayne County's financial statements expresses an adverse opinion because government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34.

Our audit resulted in 23 findings and recommendations, which we have reviewed with Wayne County management. Detailed findings, recommendations, and management's responses are included in the Single Audit Report.

Findings

The following are summaries of the audit findings:

WAYNE COUNTY

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.

OFFICE OF COUNTY MAYOR

- ◆ All financial activity of the Wayne County Public Library was not audited or subject to the budgetary control of the County Commission as required by state statutes.
 - ◆ Some purchase orders were issued after purchases were made while others were not issued for some required purchases. Competitive bids were not solicited for jail related construction materials, metal doors, and wiring.
 - ◆ Expenditures exceeded appropriations in one major category (\$18,112) of the General Fund, and expenditures exceeded total appropriations (\$5,336) in the Solid Waste/Sanitation Fund. Also, the actual fund balances at July 1, 2004, of the General and the Solid Waste/Sanitation Funds exceeded the estimated fund balances presented to the County Commission by \$245,845 and \$56,419, respectively.
 - ◆ The office had not implemented adequate controls to protect its information resources.
-

OFFICE OF SUPERINTENDENT OF HIGHWAYS

- ◆ A fictitious tire company was used to steal funds.
 - ◆ The bookkeeper and secretary converted checks made payable to the Highway Department for personal use.
 - ◆ The bookkeeper fraudulently withdrew funds from the Tennessee Consolidated Retirement System.
 - ◆ The Highway Department paid some employees for questionable trips, personal expenses, and some unauthorized travel expenses.
 - ◆ Highway Department funds were used for numerous questionable purchases.
 - ◆ A signature stamp was used to sign some documents.
 - ◆ Some expenditures were supported by generic invoices. Office staff often cashed warrants for employees of the department. In addition, several expenditures were coded to accounts that did not reflect the true nature of the expenditures.
 - ◆ The Highway Department did not maintain a system to account for the use of road materials on some projects.
 - ◆ Purchase orders were not issued for some required purchases, some purchase orders were issued after purchases were made, and numerous invoices were paid without documentation that goods had been received or services rendered. In addition, bid specifications were written for a particular crawler excavator.
 - ◆ The Highway Department did not reconcile gasoline usage with gasoline purchases.
 - ◆ The Highway Department had inadequate controls over its equipment inventory.
-

OFFICE OF TRUSTEE

- ◆ In several instances the office did not allocate and/or code revenues to the proper account or fund.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The circuit and general sessions courts clerk did not deposit collections within three days of receipt as required by state statute.
-

OFFICE OF SHERIFF

- ◆ Internal controls over receiving and storing evidence and seized property were not adequate.
 - ◆ The office did not deposit collections within three days of receipt as required by state statute.
 - ◆ Internal controls over cash bond receipts were not adequate.
-

OTHER FINDINGS

- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.
- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.

INTRODUCTORY SECTION

Wayne County Officials
June 30, 2005

Officials:

Willard Pope, County Mayor
Jeff Minatra, Superintendent of Highways
Janice Smith, Trustee
Billy Vencion, Assessor of Property
Stan Horton, County Clerk
Billy Crews, Circuit and General Sessions Courts Clerk
Carolyn Mathis, Clerk and Master
Ruth Butler, Register
Carl Skelton, Sheriff

Board of County Commissioners:

Willard Pope, Chairman
James Haggard, Jr.
Tom Mathis, Jr.
Ernest Choate
Melba Copeland
O. C. Berry, Jr.
Frank Quigley

Bobby Andrews
Paul Warren
Warren Miller, III
James Tinin
Joshua Stults
Barry Montgomery
Randy Whitten
Randy McClain

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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INDEPENDENT AUDITOR'S REPORT

September 9, 2005

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Wayne County, Tennessee, as of and for the year ended June 30, 2005, as shown on pages 11 through 37, which collectively comprise a portion of the county's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Wayne County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements

for the county's governmental activities and discretely presented component units are not reasonably determinable.

As described in Note I, Wayne County, Tennessee, has prepared its financial statements on a prescribed basis of accounting that demonstrates compliance with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. These standards require county governments that do not present government-wide financial statements to present fund financial statements in conformity with all the accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements. These standards also require some additional disclosures to be included in the notes to the financial statements, as described in Note I.

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Wayne County, Tennessee, as of June 30, 2005, or the changes in its financial position or its cash flows, where applicable for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Wayne County, Tennessee, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting prescribed by the Comptroller of the Treasury of the State of Tennessee.

In accordance with Government Auditing Standards, we have also issued our report dated September 9, 2005, on our consideration of Wayne County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note IV.B., Wayne County has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures which modifies the county's disclosures for custodial credit risk and adds disclosures about other types of risk.

The budgetary comparison information on pages 41 through 47 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wayne 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, miscellaneous schedules, and statistical tables 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, and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Very truly yours,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in black ink and includes a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/rd

BASIC FINANCIAL STATEMENTS

Exhibit A

Wayne County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2005

| | Major Funds | | | | Nonmajor | Total |
|--------------------------------------------------------------|---------------------|----------------------------|--------------------------|-------------------------|----------------------------------|---------------------|
| | General | Solid Waste/ Sanitation | Highway/ Public Works | General Debt Service | Funds Other Govern- mental | |
| <u>ASSETS</u> | | | | | | |
| Cash | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 25,769 | \$ 25,769 |
| Equity in Pooled Cash and Investments | 1,908,730 | 190,890 | 398,488 | 1,821,999 | 2,403,794 | 6,723,901 |
| Accounts Receivable | 1,100 | 7,345 | 0 | 0 | 1,093 | 9,538 |
| Due from Other Governments | 54,876 | 0 | 323,286 | 145,460 | 0 | 523,622 |
| Due from Other Funds | 468 | 0 | 0 | 0 | 62,192 | 62,660 |
| Property Taxes Receivable | 1,374,405 | 438,217 | 39,838 | 258,945 | 0 | 2,111,405 |
| Allowance for Uncollectible Property Taxes | (43,305) | (13,808) | (1,255) | (8,158) | 0 | (66,526) |
| Total Assets | \$ 3,296,274 | \$ 622,644 | \$ 760,357 | \$ 2,218,246 | \$ 2,492,848 | \$ 9,390,369 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | |
| <u>Liabilities</u> | | | | | | |
| Accounts Payable | \$ 27,855 | \$ 3,144 | \$ 64,814 | \$ 0 | \$ 0 | \$ 95,813 |
| Accrued Payroll | 0 | 0 | 1,281 | 0 | 0 | 1,281 |
| Payroll Deductions Payable | 0 | 0 | 570 | 0 | 0 | 570 |
| Contracts Payable | 0 | 0 | 0 | 0 | 56,123 | 56,123 |
| Retainage Payable | 0 | 0 | 0 | 0 | 13,227 | 13,227 |
| Due to Other Funds | 0 | 0 | 0 | 0 | 62,660 | 62,660 |
| Due to State of Tennessee | 0 | 0 | 2,258 | 0 | 0 | 2,258 |
| Deferred Revenue - Current Property Taxes | 1,238,973 | 395,035 | 35,912 | 233,430 | 0 | 1,903,350 |
| Deferred Revenue - Delinquent Property Taxes | 88,700 | 28,191 | 2,589 | 16,391 | 0 | 135,871 |
| Other Deferred Revenues | 11,533 | 0 | 161,643 | 72,730 | 0 | 245,906 |
| Total Liabilities | \$ 1,367,061 | \$ 426,370 | \$ 269,067 | \$ 322,551 | \$ 132,010 | \$ 2,517,059 |
| <u>Fund Balances</u> | | | | | | |
| Reserved for Encumbrances | \$ 48,084 | \$ 890 | \$ 0 | \$ 0 | \$ 208,008 | \$ 256,982 |
| Reserved for Alcohol and Drug Treatment | 42,861 | 0 | 0 | 0 | 0 | 42,861 |
| Reserved for Litigation Tax - Jail, Workhouse, or Courthouse | 161,624 | 0 | 0 | 0 | 0 | 161,624 |
| Reserved for Computer System - Register | 10,922 | 0 | 0 | 0 | 0 | 10,922 |
| Reserved for Capital Outlay | 0 | 15,647 | 0 | 0 | 1,209,124 | 1,224,771 |
| Unreserved, Reported In: | | | | | | |
| General Fund | 1,665,722 | 0 | 0 | 0 | 0 | 1,665,722 |

(Continued)

Exhibit A

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

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)

Unreserved, Reported In (Cont.):

| | Major Funds | | | | Nonmajor Funds | Total Govern- mental Funds |
|-------------------------------------|---------------------|-------------------------------|-----------------------------|----------------------------|-------------------------------------|-------------------------------------|
| | General | Solid Waste/ Sanitation | Highway/ Public Works | General Debt Service | Other Govern- mental Funds | |
| Special Revenue Funds | \$ 0 | \$ 179,737 | \$ 491,290 | \$ 0 | \$ 351,910 | \$ 1,022,937 |
| Debt Service Funds | 0 | 0 | 0 | 1,895,695 | 0 | 1,895,695 |
| Capital Projects Funds | 0 | 0 | 0 | 0 | 591,796 | 591,796 |
| Total Fund Balances | <u>\$ 1,929,213</u> | <u>\$ 196,274</u> | <u>\$ 491,290</u> | <u>\$ 1,895,695</u> | <u>\$ 2,360,838</u> | <u>\$ 6,873,310</u> |
| Total Liabilities and Fund Balances | <u>\$ 3,296,274</u> | <u>\$ 622,644</u> | <u>\$ 760,357</u> | <u>\$ 2,218,246</u> | <u>\$ 2,492,848</u> | <u>\$ 9,390,369</u> |

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

Exhibit B

Wayne County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

| | Major Funds | | | | Nonmajor | Total |
|------------------------------------------------------|--------------|----------------------------|--------------------------|-------------------------|-------------------------------------|--------------|
| | General | Solid Waste/ Sanitation | Highway/ Public Works | General Debt Service | Other Govern- mental Funds | |
| <u>Revenues</u> | | | | | | |
| Local Taxes | \$ 1,749,284 | \$ 473,145 | \$ 36,730 | \$ 1,538,099 | \$ 46,511 | \$ 3,843,769 |
| Licenses and Permits | 2,338 | 0 | 0 | 0 | 0 | 2,338 |
| Fines, Forfeitures and Penalties | 95,320 | 0 | 0 | 0 | 24,578 | 119,898 |
| Charges for Current Services | 7,718 | 0 | 0 | 0 | 102,772 | 110,490 |
| Other Local Revenues | 116,816 | 51,806 | 48,415 | 713 | 336,174 | 553,924 |
| Fees Received from County Officials | 468,742 | 0 | 0 | 0 | 0 | 468,742 |
| State of Tennessee | 397,434 | 80,895 | 2,348,773 | 0 | 80,895 | 2,907,997 |
| Federal Government | 110,962 | 0 | 290,023 | 0 | 52,901 | 453,886 |
| Other Governments and Citizens Groups | 0 | 0 | 0 | 200,000 | 43,200 | 243,200 |
| Total Revenues | \$ 2,948,614 | \$ 605,846 | \$ 2,723,941 | \$ 1,738,812 | \$ 687,031 | \$ 8,704,244 |
| <u>Expenditures</u> | | | | | | |
| Current: | | | | | | |
| General Government | \$ 618,530 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 618,530 |
| Finance | 234,555 | 0 | 0 | 0 | 99,621 | 334,176 |
| Administration of Justice | 350,303 | 0 | 0 | 0 | 0 | 350,303 |
| Public Safety | 898,682 | 0 | 0 | 0 | 10,102 | 908,784 |
| Public Health and Welfare | 132,968 | 624,266 | 0 | 0 | 392,715 | 1,149,949 |
| Social, Cultural, and Recreational Services | 146,514 | 0 | 0 | 0 | 0 | 146,514 |
| Agricultural and Natural Resources | 87,931 | 0 | 0 | 0 | 0 | 87,931 |
| Other Operations | 309,395 | 21,609 | 0 | 0 | 0 | 331,004 |
| Highways | 40,261 | 0 | 2,931,429 | 0 | 328 | 2,972,018 |
| Debt Service: | | | | | | |
| Principal | 0 | 0 | 0 | 851,514 | 0 | 851,514 |
| Interest | 0 | 0 | 0 | 646,034 | 0 | 646,034 |
| Other Debt Service | 0 | 0 | 0 | 25,085 | 0 | 25,085 |
| Capital Projects | 0 | 0 | 0 | 0 | 663,927 | 663,927 |
| Total Expenditures | \$ 2,819,139 | \$ 645,875 | \$ 2,931,429 | \$ 1,522,633 | \$ 1,166,693 | \$ 9,085,769 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 129,475 | \$ (40,029) | \$ (207,488) | \$ 216,179 | \$ (479,662) | \$ (381,525) |
| <u>Other Financing Sources (Uses)</u> | | | | | | |
| Notes Issued | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 755,000 | \$ 755,000 |
| Refunding Debt Issued | 0 | 0 | 0 | 7,440,000 | 0 | 7,440,000 |

(Continued)

Exhibit B

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

| | Major Funds | | | | Nonmajor Funds | Total Governmental Funds |
|-----------------------------------------------|--------------|-------------------------------|-----------------------------|----------------------------|-------------------------------------|--------------------------------|
| | General | Solid Waste/ Sanitation | Highway/ Public Works | General Debt Service | Other Govern- mental Funds | |
| <u>Other Financing Sources (Uses) (Cont.)</u> | | | | | | |
| Payments to Refunded Debt Escrow Agent | \$ 0 | \$ 0 | \$ 0 | \$ (7,535,795) | \$ 0 | \$ (7,535,795) |
| Total Other Financing Sources (Uses) | \$ 0 | \$ 0 | \$ 0 | \$ (95,795) | \$ 755,000 | \$ 659,205 |
| Net Change in Fund Balances | \$ 129,475 | \$ (40,029) | \$ (207,488) | \$ 120,384 | \$ 275,338 | \$ 277,680 |
| Fund Balance, July 1, 2004 | 1,799,738 | 236,303 | 698,778 | 1,775,311 | 2,085,500 | 6,595,630 |
| Fund Balance, June 30, 2005 | \$ 1,929,213 | \$ 196,274 | \$ 491,290 | \$ 1,895,695 | \$ 2,360,838 | \$ 6,873,310 |

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

Wayne County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2005

| | Internal Service Fund |
|---------------------------------------|----------------------------------|
| | Workers' Compensation Fund |
| | <hr/> |
| <u>ASSETS</u> | |
| Cash | \$ 61,751 |
| Equity in Pooled Cash and Investments | 197,290 |
| Total Assets | <hr/> \$ 259,041 <hr/> |
| <u>NET ASSETS</u> | |
| Unrestricted | <hr/> \$ 259,041 <hr/> |
| Total Net Assets | <hr/> \$ 259,041 <hr/> |

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

Wayne County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2005

| | Internal Service Fund <hr/> Workers' Compensation Fund <hr/> |
|-----------------------------------------|--------------------------------------------------------------------------------|
| <u>Operating Revenues</u> | |
| Charges for Current Services | \$ 155,562 |
| Other Local Revenues | 2,070 |
| Total Operating Revenues | <u>\$ 157,632</u> |
| <u>Operating Expenses</u> | |
| Employee Benefits | \$ 142,587 |
| Total Operating Expenses | <u>\$ 142,587</u> |
| Operating Income (Loss) | <u>\$ 15,045</u> |
| <u>Nonoperating Revenues (Expenses)</u> | |
| Investment Income | \$ 1,263 |
| Total Nonoperating Revenues (Expenses) | <u>\$ 1,263</u> |
| Change in Net Assets | \$ 16,308 |
| Net Assets, July 1, 2004 | <u>242,733</u> |
| Nets Assets, June 30, 2005 | <u><u>\$ 259,041</u></u> |

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

Wayne County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2005

| | Internal Service Fund |
|-----------------------------------------------------------------------------------------------------------------|----------------------------------|
| | Workers' Compensation Fund |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | |
| Receipts From Interfund Services Provided | \$ 157,632 |
| Payments For Employee Benefits | (161,587) |
| Net Cash Provided By (Used In) Operating Activities | <u>\$ (3,955)</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | |
| Investment Income | \$ 1,263 |
| Net Cash Provided By (Used In) Investing Activities | <u>\$ 1,263</u> |
| Net increase (decrease) in cash and cash equivalents | \$ (2,692) |
| Cash and cash equivalents, July 1, 2004 | <u>261,733</u> |
| Cash and cash equivalents, June 30, 2005 | <u><u>\$ 259,041</u></u> |
| <u>RECONCILIATION OF OPERATING INCOME (LOSS)</u> | |
| <u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u> | |
| Operating income (loss) | \$ 15,045 |
| Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities: | |
| Increase (decrease) in Claims and Judgments Payable | <u>(19,000)</u> |
| Net cash provided by (used in) operating activities | <u><u>\$ (3,955)</u></u> |

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

Exhibit D

Wayne County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

| | <u>Agency Funds</u> |
|-------------------------------------|--------------------------|
| <u>ASSETS</u> | |
| Cash | \$ 708,618 |
| Due from Other Governments | <u>71,387</u> |
| Total Assets | <u><u>\$ 780,005</u></u> |
| <u>LIABILITIES</u> | |
| Due to Other Taxing Units | \$ 71,387 |
| Due to Litigants, Heirs, and Others | <u>708,618</u> |
| Total Liabilities | <u><u>\$ 780,005</u></u> |

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

WAYNE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wayne County's financial statements are not 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.

Wayne County has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and discretely presented component units. The two government-wide financial statements, the statement of net assets and the statement of activities, should be included in the basic financial statements to conform with the provisions of GASB Statement 34 and accounting principles generally accepted in the United States of America. Wayne County has elected instead only to implement the provisions of the statement and other accounting principles generally accepted in the United States of America that relate to the fund financial statements. This departure from GAAP results in an incomplete presentation and has caused Wayne County's auditor to issue an adverse opinion on the county's financial statements.

Although Wayne County's financial statements are not presented in conformity with GAAP, the financial statements have been presented in conformity with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. The Comptroller of the Treasury has adopted financial reporting standards for local governments in Tennessee that do not implement the provisions of GASB Statement 34. These standards require fund financial statements to be presented in conformity with all the provisions of GASB Statement 34 that are applicable to fund financial statements, including the notes to the financial statements. These standards also require the fund financial statements to be presented in conformity with all other accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements.

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

A. Reporting Entity

Wayne County is a public municipal corporation governed by an elected 14-member board. As required by GAAP, these financial statements present Wayne County (the primary government).

Blended Component Units – There are no legally separate component units of Wayne County that meet the criteria for being reported as part of the primary government by the blending method.

Excluded Component Units – The following entities meet the criteria for discretely presented component units of the county. Since Wayne County is presenting fund financial statements only, the financial information of entities that meet the criteria for discretely presented component units is not included in the fund financial statements, as required by generally accepted accounting principles. These entities would have been presented as separate columns in those statements to emphasize that they are legally separate from the county.

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

The Wayne County General Hospital Board of Trustees operates the Wayne County Nursing Home and the Wayne County Assisted Living Facility. The Board of Trustees is a component unit of Wayne County. The Board provides health care to the citizens of Wayne County, and the Wayne County Commission appoints its governing body. Patient charges provide the majority of the revenues for the Board. Before the issuance of debt instruments, the Board must obtain the County Commission's approval.

The Wayne County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Wayne County, and the Wayne 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 Wayne County School Department, Wayne County Nursing Home, Wayne County Assisted Living Facility, and the Wayne County Emergency Communications District issue separate financial statements from those of the county. The School Department's financial statements are published as a separate report, but under the same cover as the county's financial statements. The Wayne County Nursing Home's, Wayne County Assisted Living Facility's, and Wayne County Emergency Communications District's financial statements are published as separate reports. Complete financial statements of the Wayne County Nursing Home, Wayne County Assisted Living Facility, and the Wayne County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Wayne County Nursing Home
Highway 64 East
Waynesboro, TN 38485

Wayne County Assisted Living Facility
210 Fairlane Drive
Waynesboro, TN 38485

Wayne County Emergency Communications District
113 Hollis Street East
P. O. Box 911
Waynesboro, TN 38485

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

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

Fund financial statements of Wayne County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Wayne County only reports one proprietary fund, an internal service fund. It has no enterprise funds to report.

Separate financial statements are provided for governmental funds, the proprietary fund, 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 internal service fund and the fiduciary funds in total are reported in single columns by fund type.

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. Wayne County considers grant and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

Proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Wayne County reports the following major governmental funds:

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

Solid Waste/Sanitation Fund – This fund accounts for transactions relating to the solid waste transfer station.

Highway/Public Works Fund – This fund accounts for transactions of the county’s Highway Department.

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, Wayne County reports the following fund types:

Internal Service Fund – The Workers’ Compensation Fund is used to account for the county’s self-insured workers’ compensation program. Premiums charged to the county’s General and Highway/Public Works Funds and the School Department’s General Purpose School Fund are placed in this fund for the payment of claims of county employees.

Capital Projects Funds – The General Capital Projects, the Community Development/Industrial Park, the Nursing Home Projects, and the Highway Capital Projects Funds are used to account for capital expenditures of the county.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Wayne County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund, an internal service fund used to account for the workers' compensation program. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the county's internal service fund are charges for services. Operating expenses for the internal service fund include administrative expenses and employee benefits.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted revenues first, then unrestricted resources as they are needed.

C. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all Wayne County and Wayne County School Department funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General, Solid Waste/Sanitation, Special Purpose, General Capital Projects, Community Development/Industrial Park, and General Purpose School Funds. Wayne County and the Wayne

County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Outstanding balances between funds are reported as due to/from other funds.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to two 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 deferred revenue as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable

that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

3. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition. Wayne County does not maintain capital assets records, as required by generally accepted accounting principles. Capital assets should be reported in the government-wide statement of net assets; however, as previously noted, Wayne County does not present government-wide statements.

4. Compensated Absences

It is the county's policy (except for the Highway Department, which closes the week of Christmas and the week of July 4th for vacation and has no sick leave policy) to permit employees to accumulate earned but unused vacation and sick leave benefits. There is no liability for unpaid accumulated vacation or sick leave since Wayne County does not have a policy to pay any amounts when employees separate from service with the government.

5. Long-term Obligations

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 are recognized to the extent that the liabilities have matured (come due for payment) each period.

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.

6. Net Assets and Fund Equity

In the proprietary funds, equity is classified as net assets and displayed in three components:

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

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2005.

| <u>Fund/Purpose</u> | <u>Amount</u> |
|------------------------------|---------------|
| General: | |
| Prisoner Board Bills | \$ 72,614 |
| Emergency Management | 28,812 |
| General Capital Projects: | |
| Solid Waste Capital Projects | 56,724 |

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Cash Shortages

The Office of Superintendent of Highways had several cash shortages resulting from thefts for the year ended June 30, 2005. We have developed findings related to these shortages that are reported in the Findings and Questioned Costs Section of this report; however, these cash shortages have not been reflected in the financial statements of this report. All of the findings have been reviewed with the district attorney general.

B. Expenditures Exceeded Appropriations

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

| <u>Fund</u> | <u>Major Category</u> | <u>Amount Overspent</u> |
|--------------------------|-------------------------|-----------------------------|
| General | County Clerk | \$ 18,112 |
| Solid Waste/Sanitation | Other Waste Disposal | 8,311 |
| General Capital Projects | General Admin. Projects | 224,102 |

In addition, expenditures exceeded total appropriations in the Solid Waste/Sanitation Fund by \$5,336.

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues in the case of the Solid Waste/Sanitation Fund and by available fund balance in the General Fund and the General Capital Projects Fund.

C. Actual Fund Balances Exceeded Estimated Fund Balances By A Material Amount

The actual fund balances in the General and Solid Waste/Sanitation Funds were \$1,775,731 and \$228,184 at July 1, 2004; however, the estimated fund balances reflected in the county's budget were \$1,529,886 and \$171,765, respectively. Therefore, the actual fund balances were \$245,845 (General Fund) and \$56,419 (Solid Waste/Sanitation Fund) more than the estimated fund balances presented to the County Commission during the budget approval process.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Wayne County and the Wayne 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, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected in the fund financial statements 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; 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 director of Local Finance 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 market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2005, Wayne County had the following investments carried at fair value or cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Wayne County and the discretely presented Wayne County School Department since both pool their deposits and investments through the county trustee.

| <u>Investment</u> | <u>Maturities</u> | <u>Fair Value or Cost</u> |
|-----------------------------------|-------------------|-------------------------------|
| State Treasurer's Investment Pool | Daily | \$ 3,054,238 |

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Wayne County has no investment policy that would further limit its investment choices. As of June 30, 2005, Wayne County's investment in the State Treasurer's Investment Pool was unrated.

B. Construction Commitments

At June 30, 2005, Wayne County had uncompleted construction contracts of approximately \$175,284 for building construction. Funding has been received for these future expenditures.

C. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2005, is as follows:

Due to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-----------------------|---------------|
| General | Nonmajor governmental | \$ 468 |
| Nonmajor governmental | " | 36,726 |
| Nonmajor governmental | " | 25,466 |

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.

D. Long-term Debt

Since Wayne County is presenting fund financial statements only, long-term debt is not reported as a liability in the financial statements of the governmental funds. Long-term debt for governmental funds is required to

be reported as a liability in government-wide financial statements, but Wayne County is not presenting government-wide financial statements.

General Obligation Bonds and Notes

The county issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. 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 and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 24 years for bonds and up to 11 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2005, will be retired from the General Debt Service and Special Purpose Funds.

General obligation bonds and capital outlay notes outstanding as of June 30, 2005, are as follows:

| Type | Interest Rate | Original Amount of Issue | Balance 6-30-05 |
|--------------------------------------|----------------|--------------------------|-----------------|
| General Obligation Bonds | 4.21 to 5.55 % | \$ 18,850,000 | \$ 730,000 |
| General Obligation Bonds - Refunding | 3.2 to 4 | 16,935,000 | 16,815,000 |
| Capital Outlay Notes | 2.5 to 4.08 | 3,397,000 | 2,395,031 |

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2005, including interest payments, are presented in the following table:

| Year Ending June 30 | Bonds | | Notes | |
|------------------------|------------|------------|------------|-----------|
| | Principal | Interest | Principal | Interest |
| 2006 | \$ 605,000 | \$ 682,197 | \$ 488,533 | \$ 76,726 |
| 2007 | 680,000 | 603,967 | 502,186 | 61,678 |
| 2008 | 705,000 | 578,112 | 223,856 | 49,197 |
| 2009 | 730,000 | 552,990 | 236,287 | 40,846 |
| 2010 | 755,000 | 527,465 | 243,790 | 32,125 |

| Year Ending June 30 | Bonds | | Notes | |
|------------------------|----------------------|---------------------|---------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2011-2015 | \$ 4,200,000 | \$ 2,227,446 | \$ 700,379 | \$ 40,236 |
| 2016-2020 | 5,045,000 | 1,396,818 | 0 | 0 |
| 2021-2024 | 4,825,000 | 371,155 | 0 | 0 |
| Total | <u>\$ 17,545,000</u> | <u>\$ 6,940,150</u> | <u>\$ 2,395,031</u> | <u>\$ 300,808</u> |

There is \$1,895,695 available in the General Debt Service Fund to service long-term debt. General bonded debt per capita amounted to \$1,042, based on the 2000 federal census. Total debt per capita, including bonds and notes, amounted to \$1,184, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2005, was as follows:

Governmental Activities:

| | Bonds | Notes |
|-----------------------------|----------------------|---------------------|
| Balance, July 1, 2004 | \$ 17,850,000 | \$ 2,041,545 |
| Additions | 7,440,000 | 755,000 |
| Deductions | (7,745,000) | (401,514) |
| Balance, June 30, 2005 | <u>\$ 17,545,000</u> | <u>\$ 2,395,031</u> |
| Balance Due Within One Year | <u>\$ 605,000</u> | <u>\$ 488,533</u> |

Advance/Current Refunding

On March 10, 2005, Wayne County currently refunded a general obligation bond issue and partially advance refunded another general obligation bond issue with a separate general obligation bond issue. The county issued \$5,085,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the refunding, total debt service payments over the next nine years will be reduced by \$207,942, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$173,295 was obtained.

On March 31, 2005, Wayne County partially advance refunded a general obligation bond issue with a separate general obligation bond issue. The county issued \$2,355,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased,

and the liability has been removed from the county's long-term debt. As a result of the partial advance refunding, total debt service payments over the next 18 years will be reduced by \$148,639 and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$97,483 was obtained.

Defeasance of Prior Debt

In prior years, Wayne County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2005, the following outstanding bonds are considered defeased:

| | <u>Amount</u> |
|-------------------|---------------|
| 1999 School Bonds | \$ 4,605,000 |
| 2000 School Bonds | 3,820,000 |

E. Short-term Debt

Wayne County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the Highway/Public Works Fund. These notes were necessary because funds were not available to meet cash flow requirements. Short-term debt activity for the year ended June 30, 2005, was as follows:

| | Balance 7-1-04 | Issued | Redeemed | Balance 6-30-05 |
|------------------------|-------------------|------------|------------|--------------------|
| Tax Anticipation Notes | \$ 0 | \$ 300,000 | \$ 300,000 | \$ 0 |

IV. OTHER INFORMATION

A. Risk Management

Wayne County joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. The county pays an annual premium to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TSB-RMT provides for it to be self-sustaining through member premiums. The TSB-RMT reinsures through commercial insurance companies for claims exceeding \$200,000 for each insured event.

In prior years, the county had chosen to establish the Workers' Compensation Fund for risks associated with workers' compensation claims. Even though the county has purchased commercial insurance coverage for workers' compensation claims, the Workers' Compensation Fund remains open to settle claims that were already in existence at July 1, 2002. The Workers' Compensation Fund is accounted for as an internal service fund in which assets are set aside for claim settlements administered by Brentwood Services Administrators, Inc.

During the fiscal year, the Wayne County General Government, Highway Department, and the discretely presented Wayne County School Department each contributed an amount equal to their respective insurance premium, as computed by the insurance carrier, to the Workers' Compensation Fund.

Liabilities of the Workers' Compensation Fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenses if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

| | Beginning of Fiscal Year Liability | Current-year Claims and Estimates | Payments | Balance at Fiscal Year-end |
|---------|------------------------------------------|-----------------------------------------|-------------|----------------------------------|
| 2003-04 | \$ 46,167 | \$ 0 | \$ (27,167) | \$ 19,000 |
| 2004-05 | 19,000 | 2,120 | (21,120) | 0 |

No further material claims that will be covered by self-insurance are expected to arise. Management intends to close the Workers' Compensation Fund prior to June 30, 2006.

B. Accounting Change

During the year, Wayne County adopted the provisions of Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. These provisions modified the county's previous custodial risk disclosures for deposits and investments and related collateral. These provisions also added disclosures about other types of risk, including credit risk, interest rate risk, foreign currency risk, and concentrations of credit risk. Governments are also required to provide brief disclosures about their deposit and investment policies that are related to any of the risks required to be disclosed.

C. Contingent Liabilities

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

To facilitate the construction of an assisted living facility, the Industrial Development Board of Wayne County, Tennessee, issued \$2,250,000 lease revenue and tax bonds dated October 1, 2001. Wayne County leased the facility site to the board pursuant to a ground lease, and the board constructed the facility thereon and leased the facility to Wayne County pursuant to a facilities sublease agreement. The facility is operated by the Wayne County General Hospital Board of Trustees. Wayne County is required to make payments under the sublease from the net revenues of the facility. If such revenues are insufficient, Wayne County is obligated to appropriate from legally available funds an amount sufficient to pay such rentals and, if necessary, levy additional ad valorem taxes on all taxable property located in the county.

D. Change in Administration

On March 23, 2005, Superintendent of Highways Phillip Berry was killed in a traffic accident. On April 18, 2005, Jeff Minatra was appointed by the County Commission to fill the remainder of his term.

E. Joint Ventures

The Joint Economic and Community Development Board is a joint venture between Wayne County and the Cities of Clifton, Collinwood, and Waynesboro. The board comprises 11 members as follows: The Wayne County Mayor; the mayor's of the cities of Waynesboro, Clifton, and Collinwood; and seven appointed members from the private sector.

The purpose of the board is to expand and diversify the economy of the cities and county. The cities and county provide the majority of funding for the board based on the percentage of their population compared to the total census of the county. Wayne County did not appropriate any funds to the Joint Economic and Community Development Board during the 2004-05 year.

The Twenty-Second Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-Second Judicial District, Wayne County, and various cities within the district. 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 that includes the district attorney general

and the sheriffs and police chiefs of participating law enforcement agencies within the judicial district. Wayne County made no contributions to the DTF for the year ended June 30, 2005.

Wayne County does not have any equity interest in any of the above-noted joint ventures. Complete financial statements for the Joint Economic and Community Development Board and the Twenty-Second Judicial District Drug Task Force can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Joint Economic and Community Development Board
Wayne County Mayor
P. O. Box 848
Waynesboro, TN 38485

District Attorney General's Office
Twenty-Second Judicial District Drug Task Force
P. O. Box 459
Lawrenceburg, TN 38464

F. Jointly Governed Organization

The South Central Tennessee Railroad Authority (SCTRA) was created by Wayne County in conjunction with Hickman, Lewis, and Perry Counties and the Cities of Centerville, Linden, Hohenwald, and Waynesboro. The SCTRA's board comprises 16 members, who are the elected county mayor or city mayor and an appointed member of the County Commission or City Council from each of the respective counties or cities. Wayne County did not appropriate any funds for this operation during the year, and the county does not have any ongoing financial interest or responsibility for the entity. Funding sources for the SCTRA are lease payments, switching fees, interest earned, and grants. Complete financial statements for the Railroad Authority can be obtained from Keeton Turner, Attorneys, P.O. Box 789, Hohenwald, TN 38462.

G. Retirement Commitments

Plan Description

Employees of Wayne County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the

age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Wayne County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Wayne County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 6.28 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Wayne County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, Wayne County's annual pension cost of \$405,871 to TCRS was equal to Wayne County's required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Wayne County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 13 years.

Trend Information

| Fiscal Year Ended | Annual Pension Cost(APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------------|--------------------------|-------------------------------|------------------------|
| 6-30-05 | \$ 405,871 | 100% | \$ 0 |
| 6-30-04 | 151,767 | 100 | 0 |
| 6-30-03 | 140,972 | 100 | 0 |

Required Supplementary Information
Schedule of Funding Progress for Wayne County

(Dollar amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b) - (a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------|----------------------------------|------------------------------------------|----------------------------------|-----------------------|------------------------|------------------------------------------------------|
| 6-30-03 | \$ 11,284 | \$ 11,284 | \$ 0 | 100% | \$ 5,959 | 0% |
| 6-30-01 | 10,181 | 10,181 | 0 | 100 | 5,027 | 0 |
| 6-30-1999 | 8,445 | 8,445 | 0 | 100 | 4,583 | 0 |

H. Purchasing Laws

Office of County Mayor

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

Office of Superintendent of Highways

Purchasing procedures for the Highway Department are governed by provisions of the Uniform Road Law, Section 54-7-113, Tennessee Code Annotated, which provides for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Wayne County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund
 For the Year Ended June 30, 2005

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2004 | Add: Encumbrances 6/30/2005 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|----------------------------------------------------|---------------------------|-----------------------------------|-----------------------------------|-------------------------------------------------------------|---------------------|---------------------|--------------------------------------------------------------|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 1,749,284 | \$ 0 | \$ 0 | \$ 1,749,284 | \$ 1,729,586 | \$ 1,729,586 | \$ 19,698 |
| Licenses and Permits | 2,338 | 0 | 0 | 2,338 | 3,550 | 3,550 | (1,212) |
| Fines, Forfeitures and Penalties | 95,320 | 0 | 0 | 95,320 | 97,424 | 97,424 | (2,104) |
| Charges for Current Services | 7,718 | 0 | 0 | 7,718 | 9,560 | 9,560 | (1,842) |
| Other Local Revenues | 116,816 | 0 | 0 | 116,816 | 95,905 | 124,837 | (8,021) |
| Fees Received from County Officials | 468,742 | 0 | 0 | 468,742 | 528,547 | 528,547 | (59,805) |
| State of Tennessee | 397,434 | 0 | 0 | 397,434 | 414,526 | 419,026 | (21,592) |
| Federal Government | 110,962 | 0 | 0 | 110,962 | 213,083 | 213,083 | (102,121) |
| Total Revenues | \$ 2,948,614 | \$ 0 | \$ 0 | \$ 2,948,614 | \$ 3,092,181 | \$ 3,125,613 | \$ (176,999) |
| <u>Expenditures</u> | | | | | | | |
| <u>General Government</u> | | | | | | | |
| County Commission | \$ 187,467 | \$ (485) | \$ 341 | \$ 187,323 | \$ 205,293 | \$ 192,320 | \$ 4,997 |
| County Mayor | 105,189 | 0 | 0 | 105,189 | 112,337 | 109,902 | 4,713 |
| Election Commission (Including Voter Registration) | 102,687 | (3,900) | 0 | 98,787 | 98,925 | 102,775 | 3,988 |
| Register of Deeds | 88,879 | (1,865) | 3,550 | 90,564 | 91,601 | 92,634 | 2,070 |
| County Buildings | 111,610 | (450) | 591 | 111,751 | 113,709 | 113,709 | 1,958 |
| Other General Administration | 22,698 | 0 | 11,753 | 34,451 | 20,061 | 35,807 | 1,356 |
| <u>Finance</u> | | | | | | | |
| Property Assessor's Office | 96,927 | 0 | 25 | 96,952 | 105,113 | 105,113 | 8,161 |
| Reappraisal Program | 16,751 | 0 | 26 | 16,777 | 21,145 | 21,145 | 4,368 |
| County Trustee's Office | 10,210 | (132) | 3,100 | 13,178 | 12,312 | 13,778 | 600 |
| County Clerk's Office | 110,667 | (16) | 979 | 111,630 | 95,468 | 93,518 | (18,112) |
| <u>Administration of Justice</u> | | | | | | | |
| Circuit Court | 128,188 | 0 | 1,052 | 129,240 | 151,455 | 151,455 | 22,215 |
| General Sessions Court | 102,128 | (32) | 48 | 102,144 | 104,033 | 104,338 | 2,194 |
| Chancery Court | 94,265 | (440) | 160 | 93,985 | 94,474 | 94,474 | 489 |

(Continued)

Exhibit E-1

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2004 | Add: Encumbrances 6/30/2005 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------------------|---------------------------|-----------------------------------|-----------------------------------|-------------------------------------------------------------|------------------|-----------|--------------------------------------------------------------|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Administration of Justice (Cont.)</u> | | | | | | | |
| Juvenile Court | \$ 25,722 | \$ 0 | \$ 0 | \$ 25,722 | \$ 29,290 | \$ 29,290 | \$ 3,568 |
| <u>Public Safety</u> | | | | | | | |
| Sheriff's Department | 375,112 | (1,850) | 6,968 | 380,230 | 484,473 | 432,889 | 52,659 |
| Jail | 318,873 | (4,134) | 3,180 | 317,919 | 386,077 | 441,077 | 123,158 |
| Rural Fire Protection | 67,740 | 0 | 4,492 | 72,232 | 0 | 101,505 | 29,273 |
| Civil Defense | 120,537 | (7,988) | 3,860 | 116,409 | 160,958 | 160,958 | 44,549 |
| Other Emergency Management | 7,890 | (155) | 1,800 | 9,535 | 74,950 | 9,826 | 291 |
| County Coroner/Medical Examiner | 6,891 | 0 | 0 | 6,891 | 6,000 | 8,200 | 1,309 |
| Other Public Safety | 1,639 | 0 | 0 | 1,639 | 2,000 | 2,000 | 361 |
| <u>Public Health and Welfare</u> | | | | | | | |
| Local Health Center | 36,284 | (60) | 3,538 | 39,762 | 40,070 | 40,345 | 583 |
| Alcohol and Drug Programs | 2,500 | 0 | 0 | 2,500 | 2,500 | 2,500 | 0 |
| Other Local Health Services | 27,859 | 0 | 2,202 | 30,061 | 41,000 | 45,500 | 15,439 |
| Regional Mental Health Center | 18,000 | 0 | 0 | 18,000 | 18,000 | 18,000 | 0 |
| Other Local Welfare Services | 3,000 | 0 | 0 | 3,000 | 3,000 | 3,000 | 0 |
| Other Waste Collection | 45,325 | 0 | 0 | 45,325 | 43,276 | 45,325 | 0 |
| <u>Social, Cultural and Recreational Services</u> | | | | | | | |
| Senior Citizens Assistance | 36,000 | 0 | 0 | 36,000 | 36,000 | 36,000 | 0 |
| Libraries | 91,384 | 0 | 105 | 91,489 | 91,490 | 91,490 | 1 |
| Other Social, Cultural and Recreational | 19,130 | 0 | 0 | 19,130 | 18,975 | 19,175 | 45 |
| <u>Agriculture & Natural Resources</u> | | | | | | | |
| Agriculture Extension Service | 50,131 | (1,170) | 0 | 48,961 | 50,039 | 50,039 | 1,078 |
| Forest Service | 2,000 | 0 | 0 | 2,000 | 2,000 | 2,000 | 0 |
| Soil Conservation | 24,500 | 0 | 0 | 24,500 | 24,500 | 24,500 | 0 |
| Other Agriculture & Natural Resources | 11,300 | 0 | 0 | 11,300 | 11,300 | 11,300 | 0 |

(Continued)

Exhibit E-1

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2004 | Add: Encumbrances 6/30/2005 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|------------------------------------------|---------------------------|-----------------------------------|-----------------------------------|-------------------------------------------------------------|------------------|--------------|--------------------------------------------------------------|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Other Operations</u> | | | | | | | |
| Tourism | \$ 350 | \$ 0 | \$ 0 | \$ 350 | \$ 350 | \$ 350 | \$ 0 |
| Other Economic and Community Development | 7,500 | 0 | 0 | 7,500 | 7,500 | 7,500 | 0 |
| Veterans' Services | 3,918 | 0 | 0 | 3,918 | 4,433 | 3,963 | 45 |
| Other Charges | 51,854 | 0 | 0 | 51,854 | 51,854 | 51,854 | 0 |
| Contributions to Other Agencies | 4,200 | 0 | 0 | 4,200 | 4,200 | 4,200 | 0 |
| Employee Benefits | 199,581 | 0 | 0 | 199,581 | 213,104 | 213,104 | 13,523 |
| Miscellaneous | 41,992 | (1,100) | 115 | 41,007 | 46,709 | 46,709 | 5,702 |
| <u>Highways</u> | | | | | | | |
| Litter and Trash Collection | 40,261 | (230) | 199 | 40,230 | 44,640 | 41,742 | 1,512 |
| Total Expenditures | \$ 2,819,139 | \$ (24,007) | \$ 48,084 | \$ 2,843,216 | \$ 3,124,614 | \$ 3,175,309 | \$ 332,093 |
| Excess (Deficiency) of Revenues | | | | | | | |
| Over Expenditures | \$ 129,475 | \$ 24,007 | \$ (48,084) | \$ 105,398 | \$ (32,433) | \$ (49,696) | \$ 155,094 |
| Net Change in Fund Balance | | | | | | | |
| Fund Balance, July 1, 2004 | \$ 1,799,738 | \$ (24,007) | \$ 0 | \$ 1,775,731 | \$ 1,529,886 | \$ 1,529,886 | \$ 245,845 |
| Fund Balance, June 30, 2005 | | | | | | | |
| | \$ 1,929,213 | \$ 0 | \$ (48,084) | \$ 1,881,129 | \$ 1,497,453 | \$ 1,480,190 | \$ 400,939 |

Exhibit E-2

Wayne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2005

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2004 | Add: Encumbrances 6/30/2005 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|------------------------------------------------------|---------------------------|-----------------------------------|-----------------------------------|-------------------------------------------------------------|------------------|-------------|--------------------------------------------------------------|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 473,145 | \$ 0 | \$ 0 | \$ 473,145 | \$ 471,195 | \$ 471,195 | \$ 1,950 |
| Charges for Current Services | 0 | 0 | 0 | 0 | 6,540 | 6,540 | (6,540) |
| Other Local Revenues | 51,806 | 0 | 0 | 51,806 | 36,730 | 36,730 | 15,076 |
| State of Tennessee | 80,895 | 0 | 0 | 80,895 | 77,000 | 77,000 | 3,895 |
| Total Revenues | \$ 605,846 | \$ 0 | \$ 0 | \$ 605,846 | \$ 591,465 | \$ 591,465 | \$ 14,381 |
| <u>Expenditures</u> | | | | | | | |
| <u>Public Health and Welfare</u> | | | | | | | |
| Landfill Operation and Maintenance | \$ 2,439 | \$ 0 | \$ 0 | \$ 2,439 | \$ 3,750 | \$ 3,750 | \$ 1,311 |
| Other Waste Disposal | 621,827 | (8,119) | 890 | 614,598 | 563,687 | 606,287 | (8,311) |
| <u>Other Operations</u> | | | | | | | |
| Employee Benefits | 21,609 | 0 | 0 | 21,609 | 23,273 | 23,273 | 1,664 |
| Total Expenditures | \$ 645,875 | \$ (8,119) | \$ 890 | \$ 638,646 | \$ 590,710 | \$ 633,310 | \$ (5,336) |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (40,029) | \$ 8,119 | \$ (890) | \$ (32,800) | \$ 755 | \$ (41,845) | \$ 9,045 |
| Net Change in Fund Balance | \$ (40,029) | \$ 8,119 | \$ (890) | \$ (32,800) | \$ 755 | \$ (41,845) | \$ 9,045 |
| Fund Balance, July 1, 2004 | 236,303 | (8,119) | 0 | 228,184 | 171,765 | 171,765 | 56,419 |
| Fund Balance, June 30, 2005 | \$ 196,274 | \$ 0 | \$ (890) | \$ 195,384 | \$ 172,520 | \$ 129,920 | \$ 65,464 |

Exhibit E-3

Wayne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2005

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|------------------------------------------------------|---------------------|---------------------|---------------------|--------------------------------------------------------------|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 36,730 | \$ 35,531 | \$ 35,531 | \$ 1,199 |
| Charges for Current Services | 0 | 450 | 450 | (450) |
| Other Local Revenues | 48,415 | 32,700 | 35,541 | 12,874 |
| State of Tennessee | 2,348,773 | 2,452,931 | 2,550,601 | (201,828) |
| Federal Government | 290,023 | 0 | 30,000 | 260,023 |
| Total Revenues | <u>\$ 2,723,941</u> | <u>\$ 2,521,612</u> | <u>\$ 2,652,123</u> | <u>\$ 71,818</u> |
| <u>Expenditures</u> | | | | |
| <u>Highways</u> | | | | |
| Administration | \$ 172,301 | \$ 113,765 | \$ 175,248 | \$ 2,947 |
| Highway and Bridge Maintenance | 1,313,687 | 1,128,500 | 1,362,911 | 49,224 |
| Operation and Maintenance of Equipment | 624,890 | 510,700 | 633,941 | 9,051 |
| Other Charges | 121,046 | 110,500 | 123,650 | 2,604 |
| Employee Benefits | 170,924 | 159,854 | 182,120 | 11,196 |
| Capital Outlay | 528,581 | 653,951 | 671,422 | 142,841 |
| Total Expenditures | <u>\$ 2,931,429</u> | <u>\$ 2,677,270</u> | <u>\$ 3,149,292</u> | <u>\$ 217,863</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (207,488)</u> | <u>\$ (155,658)</u> | <u>\$ (497,169)</u> | <u>\$ 289,681</u> |
| Net Change in Fund Balance | \$ (207,488) | \$ (155,658) | \$ (497,169) | \$ 289,681 |
| Fund Balance, July 1, 2004 | <u>698,778</u> | <u>783,988</u> | <u>783,988</u> | <u>(85,210)</u> |
| Fund Balance, June 30, 2005 | <u>\$ 491,290</u> | <u>\$ 628,330</u> | <u>\$ 286,819</u> | <u>\$ 204,471</u> |

WAYNE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2005

A. BUDGETARY INFORMATION

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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 State Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the governing body may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the County Clerk major appropriation category (the legal level of control) of the General Fund by \$18,112. Also, expenditures exceeded total appropriations in the Solid Waste/Sanitation Fund by \$5,336. These overexpenditures were funded by greater than anticipated revenues in the Solid Waste/Sanitation Fund and by available fund balance in the General Fund.

C. THE ACTUAL FUND BALANCE EXCEEDED THE ESTIMATED BEGINNING FUND BALANCE BY A MATERIAL AMOUNT

The actual fund balances in the General and Solid Waste/Sanitation Funds were \$1,775,731 and \$228,184 at July 1, 2004; however, the estimated fund balances reflected in the county's budget were \$1,529,886 and \$171,765, respectively. Therefore, the actual fund balances were \$245,845 (General Fund) and \$56,419 (Solid waste/Sanitation Fund) more than the estimated fund balances presented to the County Commission during the budget approval process.

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Special Purpose Fund – The Special Purpose Fund is used to account for transactions related to the leasing of the Wayne County Hospital, Ambulance Service, Nursing Home, Medical Office Buildings, and Home Health Care.

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

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

Capital Projects Funds

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for revenues provided for community development and industrial park projects.

Nursing Home Projects Fund – The Nursing Home Projects Fund is used to account for capital expenditures of the nursing home.

Highway Capital Projects Fund – The Highway Capital Projects Fund is used to account for capital expenditures of the Highway Department.

Wayne County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

| | Special Revenue Funds | | | |
|--------------------------------------------|-----------------------|------------------|--------------------------------|-------------------|
| | Special Purpose | Drug Control | Constitutional Officers - Fees | Total |
| <u>ASSETS</u> | | | | |
| Cash | \$ 0 | \$ 0 | \$ 25,769 | \$ 25,769 |
| Equity in Pooled Cash and Investments | 279,035 | 47,456 | 0 | 326,491 |
| Accounts Receivable | 0 | 0 | 118 | 118 |
| Due from Other Funds | 0 | 0 | 0 | 0 |
| Total Assets | \$ 279,035 | \$ 47,456 | \$ 25,887 | \$ 352,378 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| <u>Liabilities</u> | | | | |
| Contracts Payable | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Retainage Payable | 0 | 0 | 0 | 0 |
| Due to Other Funds | 0 | 0 | 468 | 468 |
| Total Liabilities | \$ 0 | \$ 0 | \$ 468 | \$ 468 |
| <u>Fund Balances</u> | | | | |
| Reserved for Encumbrances | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Reserved for Capital Outlay | 0 | 0 | 0 | 0 |
| Unreserved | 279,035 | 47,456 | 25,419 | 351,910 |
| Total Fund Balances | \$ 279,035 | \$ 47,456 | \$ 25,419 | \$ 351,910 |
| Total Liabilities and Fund Balances | \$ 279,035 | \$ 47,456 | \$ 25,887 | \$ 352,378 |

(Continued)

Exhibit F-1

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

| | Capital Projects Funds | | | | | Total Nonmajor Governmental Funds |
|--------------------------------------------|--------------------------------|-------------------------------------------------|-----------------------------|--------------------------------|---------------------|--------------------------------------------|
| | General Capital Projects | Community Development/ Industrial Park | Nursing Home Projects | Highway Capital Projects | Total | |
| <u>ASSETS</u> | | | | | | |
| Cash | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 25,769 |
| Equity in Pooled Cash and Investments | 475,338 | 343,094 | 561,309 | 697,562 | 2,077,303 | 2,403,794 |
| Accounts Receivable | 0 | 975 | 0 | 0 | 975 | 1,093 |
| Due from Other Funds | 36,726 | 25,466 | 0 | 0 | 62,192 | 62,192 |
| Total Assets | \$ 512,064 | \$ 369,535 | \$ 561,309 | \$ 697,562 | \$ 2,140,470 | \$ 2,492,848 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | |
| <u>Liabilities</u> | | | | | | |
| Contracts Payable | \$ 56,123 | \$ 0 | \$ 0 | \$ 0 | \$ 56,123 | \$ 56,123 |
| Retainage Payable | 13,227 | 0 | 0 | 0 | 13,227 | 13,227 |
| Due to Other Funds | 25,466 | 36,726 | 0 | 0 | 62,192 | 62,660 |
| Total Liabilities | \$ 94,816 | \$ 36,726 | \$ 0 | \$ 0 | \$ 131,542 | \$ 132,010 |
| <u>Fund Balances</u> | | | | | | |
| Reserved for Encumbrances | \$ 208,008 | \$ 0 | \$ 0 | \$ 0 | \$ 208,008 | \$ 208,008 |
| Reserved for Capital Outlay | 13,250 | 0 | 561,309 | 634,565 | 1,209,124 | 1,209,124 |
| Unreserved | 195,990 | 332,809 | 0 | 62,997 | 591,796 | 943,706 |
| Total Fund Balances | \$ 417,248 | \$ 332,809 | \$ 561,309 | \$ 697,562 | \$ 2,008,928 | \$ 2,360,838 |
| Total Liabilities and Fund Balances | \$ 512,064 | \$ 369,535 | \$ 561,309 | \$ 697,562 | \$ 2,140,470 | \$ 2,492,848 |

Exhibit F-2

Wayne County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

| | Special Revenue Funds | | | |
|------------------------------------------------------|-----------------------|------------------|--------------------------------------------|--------------------|
| | Special Purpose | Drug Control | Constitu - tional Officers - Fees | Total |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 12,667 | \$ 0 | \$ 0 | \$ 12,667 |
| Fines, Forfeitures, and Penalties | 0 | 24,578 | 0 | 24,578 |
| Charges for Current Services | 0 | 0 | 102,772 | 102,772 |
| Other Local Revenues | 131,427 | 0 | 0 | 131,427 |
| State of Tennessee | 80,895 | 0 | 0 | 80,895 |
| Federal Government | 0 | 0 | 0 | 0 |
| Other Governments and Citizens Groups | 30,000 | 0 | 0 | 30,000 |
| Total Revenues | <u>\$ 254,989</u> | <u>\$ 24,578</u> | <u>\$ 102,772</u> | <u>\$ 382,339</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Finance | \$ 0 | \$ 0 | \$ 99,621 | \$ 99,621 |
| Public Safety | 0 | 10,102 | 0 | 10,102 |
| Public Health and Welfare | 349,024 | 0 | 0 | 349,024 |
| Highways | 0 | 0 | 0 | 0 |
| Capital Projects | 0 | 0 | 0 | 0 |
| Total Expenditures | <u>\$ 349,024</u> | <u>\$ 10,102</u> | <u>\$ 99,621</u> | <u>\$ 458,747</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (94,035)</u> | <u>\$ 14,476</u> | <u>\$ 3,151</u> | <u>\$ (76,408)</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Notes Issued | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Total Other Financing Sources (Uses) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Net Change in Fund Balances | \$ (94,035) | \$ 14,476 | \$ 3,151 | \$ (76,408) |
| Fund Balance, July 1, 2004 | <u>373,070</u> | <u>32,980</u> | <u>22,268</u> | <u>428,318</u> |
| Fund Balance, June 30, 2005 | <u>\$ 279,035</u> | <u>\$ 47,456</u> | <u>\$ 25,419</u> | <u>\$ 351,910</u> |

(Continued)

Exhibit F-2

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

| | Capital Projects Funds | | | | | Total Nonmajor Governmental Funds |
|------------------------------------------------------|--------------------------------|-------------------------------------------------|-----------------------------|--------------------------------|-------------------|--------------------------------------------|
| | General Capital Projects | Community Development/ Industrial Park | Nursing Home Projects | Highway Capital Projects | Total | |
| <u>Revenues</u> | | | | | | |
| Local Taxes | \$ 0 | \$ 13,818 | \$ 0 | \$ 20,026 | \$ 33,844 | \$ 46,511 |
| Fines, Forfeitures and Penalties | 0 | 0 | 0 | 0 | 0 | 24,578 |
| Charges for Current Services | 0 | 0 | 0 | 0 | 0 | 102,772 |
| Other Local Revenues | 189,096 | 2,851 | 0 | 12,800 | 204,747 | 336,174 |
| State of Tennessee | 0 | 0 | 0 | 0 | 0 | 80,895 |
| Federal Government | 0 | 52,901 | 0 | 0 | 52,901 | 52,901 |
| Other Governments and Citizens Groups | 0 | 13,200 | 0 | 0 | 13,200 | 43,200 |
| Total Revenues | \$ 189,096 | \$ 82,770 | \$ 0 | \$ 32,826 | \$ 304,692 | \$ 687,031 |
| <u>Expenditures</u> | | | | | | |
| Current: | | | | | | |
| Finance | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 99,621 |
| Public Safety | 0 | 0 | 0 | 0 | 0 | 10,102 |
| Public Health and Welfare | 0 | 0 | 43,691 | 0 | 43,691 | 392,715 |
| Highways | 0 | 0 | 0 | 328 | 328 | 328 |
| Capital Projects | 497,438 | 60,273 | 0 | 106,216 | 663,927 | 663,927 |
| Total Expenditures | \$ 497,438 | \$ 60,273 | \$ 43,691 | \$ 106,544 | \$ 707,946 | \$ 1,166,693 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (308,342) | \$ 22,497 | \$ (43,691) | \$ (73,718) | \$ (403,254) | \$ (479,662) |
| <u>Other Financing Sources (Uses)</u> | | | | | | |
| Notes Issued | \$ 150,000 | \$ 0 | \$ 605,000 | \$ 0 | \$ 755,000 | \$ 755,000 |
| Total Other Financing Sources (Uses) | \$ 150,000 | \$ 0 | \$ 605,000 | \$ 0 | \$ 755,000 | \$ 755,000 |
| Net Change in Fund Balances | \$ (158,342) | \$ 22,497 | \$ 561,309 | \$ (73,718) | \$ 351,746 | \$ 275,338 |
| Fund Balance, July 1, 2004 | 575,590 | 310,312 | 0 | 771,280 | 1,657,182 | 2,085,500 |
| Fund Balance, June 30, 2005 | \$ 417,248 | \$ 332,809 | \$ 561,309 | \$ 697,562 | \$ 2,008,928 | \$ 2,360,838 |

Exhibit F-3

Wayne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Special Purpose Fund
For the Year Ended June 30, 2005

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------------------------------|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 12,667 | \$ 12,667 | \$ 12,667 | \$ 0 |
| Other Local Revenues | 131,427 | 172,500 | 172,500 | (41,073) |
| State of Tennessee | 80,895 | 75,000 | 75,000 | 5,895 |
| Other Governments and Citizens Groups | 30,000 | 30,000 | 30,000 | 0 |
| Total Revenues | <u>\$ 254,989</u> | <u>\$ 290,167</u> | <u>\$ 290,167</u> | <u>\$ (35,178)</u> |
| <u>Expenditures</u> | | | | |
| <u>Public Health and Welfare</u> | | | | |
| Other Local Health Services | \$ 349,024 | \$ 349,895 | \$ 349,895 | \$ 871 |
| Total Expenditures | <u>\$ 349,024</u> | <u>\$ 349,895</u> | <u>\$ 349,895</u> | <u>\$ 871</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (94,035)</u> | <u>\$ (59,728)</u> | <u>\$ (59,728)</u> | <u>\$ (34,307)</u> |
| Net Change in Fund Balance | \$ (94,035) | \$ (59,728) | \$ (59,728) | \$ (34,307) |
| Fund Balance, July 1, 2004 | <u>373,070</u> | <u>338,861</u> | <u>338,861</u> | <u>34,209</u> |
| Fund Balance, June 30, 2005 | <u><u>\$ 279,035</u></u> | <u><u>\$ 279,133</u></u> | <u><u>\$ 279,133</u></u> | <u><u>\$ (98)</u></u> |

Exhibit F-4

Wayne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2005

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|------------------------------------------------------|------------------|------------------|------------------|--------------------------------------------------------------|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Fines, Forfeitures and Penalties | \$ 24,578 | \$ 10,215 | \$ 10,215 | \$ 14,363 |
| Other Local Revenues | 0 | 500 | 500 | (500) |
| Total Revenues | <u>\$ 24,578</u> | <u>\$ 10,715</u> | <u>\$ 10,715</u> | <u>\$ 13,863</u> |
| <u>Expenditures</u> | | | | |
| <u>Public Safety</u> | | | | |
| Drug Enforcement | \$ 10,102 | \$ 3,715 | \$ 10,165 | \$ 63 |
| Total Expenditures | <u>\$ 10,102</u> | <u>\$ 3,715</u> | <u>\$ 10,165</u> | <u>\$ 63</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 14,476</u> | <u>\$ 7,000</u> | <u>\$ 550</u> | <u>\$ 13,926</u> |
| Net Change in Fund Balance | \$ 14,476 | \$ 7,000 | \$ 550 | \$ 13,926 |
| Fund Balance, July 1, 2004 | 32,980 | 30,540 | 30,540 | 2,440 |
| Fund Balance, June 30, 2005 | <u>\$ 47,456</u> | <u>\$ 37,540</u> | <u>\$ 31,090</u> | <u>\$ 16,366</u> |

Exhibit F-5

Wayne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Capital Projects Fund
For the Year Ended June 30, 2005

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2004 | Add: Encumbrances 6/30/2005 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|------------------------------------------------------|---------------------------|-----------------------------------|-----------------------------------|-------------------------------------------------------------|------------------|--------------|--------------------------------------------------------------|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Other Local Revenues | \$ 189,096 | \$ 0 | \$ 0 | \$ 189,096 | \$ 0 | \$ 0 | \$ 189,096 |
| Total Revenues | \$ 189,096 | \$ 0 | \$ 0 | \$ 189,096 | \$ 0 | \$ 0 | \$ 189,096 |
| <u>Expenditures</u> | | | | | | | |
| <u>Capital Projects</u> | | | | | | | |
| General Administration Projects | \$ 363,065 | \$ (4,680) | \$ 205,631 | \$ 564,016 | \$ 242,762 | \$ 339,914 | \$ (224,102) |
| Other General Government Projects | 134,373 | 0 | 2,377 | 136,750 | 0 | 150,000 | 13,250 |
| Total Expenditures | \$ 497,438 | \$ (4,680) | \$ 208,008 | \$ 700,766 | \$ 242,762 | \$ 489,914 | \$ (210,852) |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (308,342) | \$ 4,680 | \$ (208,008) | \$ (511,670) | \$ (242,762) | \$ (489,914) | \$ (21,756) |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Notes Issued | \$ 150,000 | \$ 0 | \$ 0 | \$ 150,000 | \$ 150,000 | \$ 150,000 | \$ 0 |
| Total Other Financing Sources (Uses) | \$ 150,000 | \$ 0 | \$ 0 | \$ 150,000 | \$ 150,000 | \$ 150,000 | \$ 0 |
| Net Change in Fund Balance | \$ (158,342) | \$ 4,680 | \$ (208,008) | \$ (361,670) | \$ (92,762) | \$ (339,914) | \$ (21,756) |
| Fund Balance, July 1, 2004 | 575,590 | (4,680) | 0 | 570,910 | 570,935 | 570,935 | (25) |
| Fund Balance, June 30, 2005 | \$ 417,248 | \$ 0 | \$ (208,008) | \$ 209,240 | \$ 478,173 | \$ 231,021 | \$ (21,781) |

Exhibit F-6

Wayne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Community Development/Industrial Park Fund
For the Year Ended June 30, 2005

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2004 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|------------------------------------------------------|---------------------------|-----------------------------------|-------------------------------------------------------------|-------------------|--------------------|--------------------------------------------------------------|
| | | | | Original | Final | |
| <u>Revenues</u> | | | | | | |
| Local Taxes | \$ 13,818 | \$ 0 | \$ 13,818 | \$ 7,200 | \$ 7,200 | \$ 6,618 |
| Other Local Revenues | 2,851 | 0 | 2,851 | 0 | 0 | 2,851 |
| Federal Government | 52,901 | 0 | 52,901 | 0 | 52,901 | 0 |
| Other Governments and Citizens Groups | 13,200 | 0 | 13,200 | 13,200 | 13,200 | 0 |
| Total Revenues | <u>\$ 82,770</u> | <u>\$ 0</u> | <u>\$ 82,770</u> | <u>\$ 20,400</u> | <u>\$ 73,301</u> | <u>\$ 9,469</u> |
| <u>Expenditures</u> | | | | | | |
| <u>Capital Projects</u> | | | | | | |
| Social, Cultural and Recreation Projects | \$ 60,273 | \$ (215) | \$ 60,058 | \$ 19,200 | \$ 108,827 | \$ 48,769 |
| Total Expenditures | <u>\$ 60,273</u> | <u>\$ (215)</u> | <u>\$ 60,058</u> | <u>\$ 19,200</u> | <u>\$ 108,827</u> | <u>\$ 48,769</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 22,497</u> | <u>\$ 215</u> | <u>\$ 22,712</u> | <u>\$ 1,200</u> | <u>\$ (35,526)</u> | <u>\$ 58,238</u> |
| <u>Other Financing Sources (Uses)</u> | | | | | | |
| Transfers In | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 36,725 | \$ (36,725) |
| Total Other Financing Sources (Uses) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 36,725</u> | <u>\$ (36,725)</u> |
| Net Change in Fund Balance | \$ 22,497 | \$ 215 | \$ 22,712 | \$ 1,200 | \$ 1,199 | \$ 21,513 |
| Fund Balance, July 1, 2004 | 310,312 | (215) | 310,097 | 419,701 | 419,701 | (109,604) |
| Fund Balance, June 30, 2005 | <u>\$ 332,809</u> | <u>\$ 0</u> | <u>\$ 332,809</u> | <u>\$ 420,901</u> | <u>\$ 420,900</u> | <u>\$ (88,091)</u> |

Exhibit F-7

Wayne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Nursing Home Projects Fund
For the Year Ended June 30, 2005

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------------------|-------------|------------------|--------------|--------------------------------------------------|
| | | Original | Final | |
| Total Revenues | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| <u>Expenditures</u> | | | | |
| <u>Public Health and Welfare</u> | | | | |
| Nursing Home | \$ 43,691 | \$ 605,000 | \$ 605,000 | \$ 561,309 |
| Total Expenditures | \$ 43,691 | \$ 605,000 | \$ 605,000 | \$ 561,309 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (43,691) | \$ (605,000) | \$ (605,000) | \$ 561,309 |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Notes Issued | \$ 605,000 | \$ 605,000 | \$ 605,000 | \$ 0 |
| Total Other Financing Sources (Uses) | \$ 605,000 | \$ 605,000 | \$ 605,000 | \$ 0 |
| Net Change in Fund Balance | \$ 561,309 | \$ 0 | \$ 0 | \$ 561,309 |
| Fund Balance, July 1, 2004 | 0 | 0 | 0 | 0 |
| Fund Balance, June 30, 2005 | \$ 561,309 | \$ 0 | \$ 0 | \$ 561,309 |

Exhibit F-8

Wayne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway Capital Projects Fund
For the Year Ended June 30, 2005

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------------------------------|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 20,026 | \$ 8,600 | \$ 8,600 | \$ 11,426 |
| Other Local Revenues | 12,800 | 4,500 | 4,500 | 8,300 |
| Total Revenues | <u>\$ 32,826</u> | <u>\$ 13,100</u> | <u>\$ 13,100</u> | <u>\$ 19,726</u> |
| <u>Expenditures</u> | | | | |
| <u>Highways</u> | | | | |
| Other Charges | \$ 328 | \$ 250 | \$ 250 | \$ (78) |
| <u>Capital Projects</u> | | | | |
| Highway & Street Capital Projects | 106,216 | 340,000 | 340,000 | 233,784 |
| Total Expenditures | <u>\$ 106,544</u> | <u>\$ 340,250</u> | <u>\$ 340,250</u> | <u>\$ 233,706</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (73,718)</u> | <u>\$ (327,150)</u> | <u>\$ (327,150)</u> | <u>\$ 253,432</u> |
| Net Change in Fund Balance | \$ (73,718) | \$ (327,150) | \$ (327,150) | \$ 253,432 |
| Fund Balance, July 1, 2004 | <u>771,280</u> | <u>564,765</u> | <u>564,765</u> | <u>206,515</u> |
| Fund Balance, June 30, 2005 | <u><u>\$ 697,562</u></u> | <u><u>\$ 237,615</u></u> | <u><u>\$ 237,615</u></u> | <u><u>\$ 459,947</u></u> |

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs.

Exhibit G

Wayne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2005

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------------------|---------------------|---------------------|---------------------|--------------------------------------------------|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 1,538,099 | \$ 1,470,510 | \$ 1,470,510 | \$ 67,589 |
| Other Local Revenues | 713 | 50 | 50 | 663 |
| Other Governments and Citizens Groups | 200,000 | 200,000 | 200,000 | 0 |
| Total Revenues | <u>\$ 1,738,812</u> | <u>\$ 1,670,560</u> | <u>\$ 1,670,560</u> | <u>\$ 68,252</u> |
| <u>Expenditures</u> | | | | |
| <u>Principal</u> | | | | |
| General Government | \$ 276,514 | \$ 276,553 | \$ 276,553 | \$ 39 |
| Education | 575,000 | 575,000 | 575,000 | 0 |
| <u>Interest</u> | | | | |
| General Government | 16,820 | 17,217 | 17,217 | 397 |
| Education | 629,214 | 746,240 | 800,756 | 171,542 |
| <u>Other Debt Service</u> | | | | |
| General Government | 20,085 | 30,874 | 30,874 | 10,789 |
| Highways and Streets | 5,000 | 5,650 | 5,650 | 650 |
| Total Expenditures | <u>\$ 1,522,633</u> | <u>\$ 1,651,534</u> | <u>\$ 1,706,050</u> | <u>\$ 183,417</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 216,179</u> | <u>\$ 19,026</u> | <u>\$ (35,490)</u> | <u>\$ 251,669</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Refunding Debt Issued | \$ 7,440,000 | \$ 0 | \$ 7,440,000 | \$ 0 |
| Payments to Refunded Debt Escrow Agent | (7,535,795) | 0 | (7,535,795) | 0 |
| Total Other Financing Sources (Uses) | <u>\$ (95,795)</u> | <u>\$ 0</u> | <u>\$ (95,795)</u> | <u>\$ 0</u> |
| Net Change in Fund Balance | \$ 120,384 | \$ 19,026 | \$ (131,285) | \$ 251,669 |
| Fund Balance, July 1, 2004 | <u>1,775,311</u> | <u>1,802,910</u> | <u>1,802,910</u> | <u>(27,599)</u> |
| Fund Balance, June 30, 2005 | <u>\$ 1,895,695</u> | <u>\$ 1,821,936</u> | <u>\$ 1,671,625</u> | <u>\$ 224,070</u> |

Agency Funds

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

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

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

Exhibit H-1

Wayne County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

| | <u>Agency Funds</u> | | |
|-------------------------------------|--------------------------|----------------------------------------------|-------------------|
| | Cities - Sales Tax | Constitu - tional Officers - Agency | Total |
| <u>ASSETS</u> | | | |
| Cash | \$ 0 | \$ 708,618 | \$ 708,618 |
| Due from Other Governments | 71,387 | 0 | 71,387 |
| Total Assets | <u>\$ 71,387</u> | <u>\$ 708,618</u> | <u>\$ 780,005</u> |
| <u>LIABILITIES</u> | | | |
| Due to Other Taxing Units | \$ 71,387 | \$ 0 | \$ 71,387 |
| Due to Litigants, Heirs, and Others | 0 | 708,618 | 708,618 |
| Total Liabilities | <u>\$ 71,387</u> | <u>\$ 708,618</u> | <u>\$ 780,005</u> |

Wayne County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2005

| | Beginning Balance | Additions | Deductions | Ending Balance |
|----------------------------------------------|----------------------|---------------------|---------------------|-------------------|
| <u>Cities- Sales Tax Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 0 | \$ 437,166 | \$ 437,166 | \$ 0 |
| Due From Other Governments | 71,869 | 71,387 | 71,869 | 71,387 |
| Total Assets | \$ 71,869 | \$ 508,553 | \$ 509,035 | \$ 71,387 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 71,869 | \$ 508,553 | \$ 509,035 | \$ 71,387 |
| Total Liabilities | \$ 71,869 | \$ 508,553 | \$ 509,035 | \$ 71,387 |
| <u>Constitutional Officers - Agency Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 956,630 | \$ 4,179,272 | \$ 4,427,284 | \$ 708,618 |
| Total Assets | \$ 956,630 | \$ 4,179,272 | \$ 4,427,284 | \$ 708,618 |
| <u>Liabilities</u> | | | | |
| Due to Litigants, Heirs, and Others | \$ 956,630 | \$ 4,179,272 | \$ 4,427,284 | \$ 708,618 |
| Total Liabilities | \$ 956,630 | \$ 4,179,272 | \$ 4,427,284 | \$ 708,618 |
| Total - All Agency Funds | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 0 | \$ 437,166 | \$ 437,166 | \$ 0 |
| Cash | 956,630 | 4,179,272 | 4,427,284 | 708,618 |
| Due from Other Governments | 71,869 | 71,387 | 71,869 | 71,387 |
| Total Assets | \$ 1,028,499 | \$ 4,687,825 | \$ 4,936,319 | \$ 780,005 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 71,869 | \$ 508,553 | \$ 509,035 | \$ 71,387 |
| Due to Litigants, Heirs, and Others | 956,630 | 4,179,272 | 4,427,284 | 708,618 |
| Total Liabilities | \$ 1,028,499 | \$ 4,687,825 | \$ 4,936,319 | \$ 780,005 |

MISCELLANEOUS SCHEDULES

Exhibit I-1

Wayne County, Tennessee
Schedule of Changes in Long-Term Notes and Bonds
For the Year Ended June 30, 2005

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7-1-04 | Issued During Period | Paid and/or Matured During Period | Debt Refunded | Outstanding 6-30-05 |
|--------------------------------------------------|--------------------------------|------------------|---------------------|--------------------------|-----------------------|----------------------------|--------------------------------------------|---------------------|------------------------|
| NOTES PAYABLE | | | | | | | | | |
| <u>Payable through General Debt Service Fund</u> | | | | | | | | | |
| Energy Loan | \$ 42,000 | 3 % | 9-8-97 | 10-1-04 | \$ 6,545 | \$ 0 | \$ 6,545 | \$ 0 | \$ 0 |
| Roads, Bridges and Vehicles | 900,000 | 2.5 to 3.1 | 12-1-02 | 11-1-06 | 685,000 | 0 | 220,000 | 0 | 465,000 |
| Courthouse, Vehicles, and Equipment | 150,000 | 2.75 | 8-26-04 | 3-1-07 | 0 | 150,000 | 49,969 | 0 | 100,031 |
| Nursing Home Renovations | 605,000 | 2.9 | 2-1-05 | 2-1-12 | 0 | 605,000 | 0 | 0 | 605,000 |
| Total Payable through General Debt Service Fund | | | | | <u>\$ 691,545</u> | <u>\$ 755,000</u> | <u>\$ 276,514</u> | <u>\$ 0</u> | <u>\$ 1,170,031</u> |
| <u>Payable through Special Purpose Fund</u> | | | | | | | | | |
| Hospital Improvements and Additions | 1,700,000 | 4.08 | 4-1-01 | 9-1-12 | \$ 1,350,000 | \$ 0 | \$ 125,000 | \$ 0 | \$ 1,225,000 |
| Total Notes Payable | | | | | <u>\$ 2,041,545</u> | <u>\$ 755,000</u> | <u>\$ 401,514</u> | <u>\$ 0</u> | <u>\$ 2,395,031</u> |
| GENERAL BONDED DEBT | | | | | | | | | |
| <u>Payable through General Debt Service Fund</u> | | | | | | | | | |
| School Bonds | 9,300,000 | 4.21 | 2-1-99 | 3-10-05 | \$ 3,540,000 | \$ 0 | \$ 260,000 | \$ 3,280,000 | \$ 0 |
| School Bonds | 6,700,000 | 5 to 5.55 | 6-1-00 | 6-1-24 | 2,240,000 | 0 | 180,000 | 1,680,000 | 380,000 |
| School Bonds | 2,850,000 | 5.23 | 12-1-00 | 12-1-23 | 2,635,000 | 0 | 75,000 | 2,210,000 | 350,000 |
| School Refunding Bonds | 9,495,000 | 3.72 | 6-3-03 | 12-1-23 | 9,435,000 | 0 | 60,000 | 0 | 9,375,000 |
| School Refunding Bonds | 5,085,000 | 3.2 | 3-10-05 | 6-1-14 | 0 | 5,085,000 | 0 | 0 | 5,085,000 |
| School Refunding Bonds | 2,355,000 | 4 | 3-31-05 | 12-1-23 | 0 | 2,355,000 | 0 | 0 | 2,355,000 |
| Total General Bonded Debt | | | | | <u>\$ 17,850,000</u> | <u>\$ 7,440,000</u> | <u>\$ 575,000</u> | <u>\$ 7,170,000</u> | <u>\$ 17,545,000</u> |

Exhibit I-2

Wayne County, Tennessee
Schedule of Bond and Interest Requirements by Year

| Year Ending June 30 | Bond Requirements | Interest Requirements | Total Requirements |
|---------------------------|----------------------|--------------------------|-----------------------|
| 2006 | \$ 605,000 | \$ 682,197 | \$ 1,287,197 |
| 2007 | 680,000 | 603,967 | 1,283,967 |
| 2008 | 705,000 | 578,112 | 1,283,112 |
| 2009 | 730,000 | 552,990 | 1,282,990 |
| 2010 | 755,000 | 527,465 | 1,282,465 |
| 2011 | 785,000 | 501,482 | 1,286,482 |
| 2012 | 810,000 | 474,566 | 1,284,566 |
| 2013 | 845,000 | 446,637 | 1,291,637 |
| 2014 | 875,000 | 417,602 | 1,292,602 |
| 2015 | 885,000 | 387,159 | 1,272,159 |
| 2016 | 935,000 | 353,896 | 1,288,896 |
| 2017 | 970,000 | 318,043 | 1,288,043 |
| 2018 | 1,010,000 | 280,774 | 1,290,774 |
| 2019 | 1,045,000 | 242,096 | 1,287,096 |
| 2020 | 1,085,000 | 202,009 | 1,287,009 |
| 2021 | 1,140,000 | 160,134 | 1,300,134 |
| 2022 | 1,185,000 | 116,378 | 1,301,378 |
| 2023 | 1,235,000 | 70,841 | 1,305,841 |
| 2024 | 1,265,000 | 23,802 | 1,288,802 |
| Total | <u>\$ 17,545,000</u> | <u>\$ 6,940,150</u> | <u>\$ 24,485,150</u> |

Exhibit I-3

Wayne County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
For the Year Ended June 30, 2005

| <u>Official</u> | <u>Authorization for Salary</u> | <u>Salary Paid During Period</u> | <u>Bond</u> | <u>Surety</u> |
|----------------------------------------|---------------------------------|----------------------------------|-------------|-----------------------------------------------|
| County Mayor | Section 8-24-102, <u>TCA</u> | \$ 55,403 | \$ 50,000 | State Automobile Mutual Insurance Company |
| Superintendent of Highways: | | | | |
| Phillip Berry (7-1-04 through 3-23-05) | Section 8-24-102, <u>TCA</u> | 40,589 | 100,000 | " |
| Jeff Minatra (4-18-05 through 6-30-05) | Section 8-24-102, <u>TCA</u> | 10,147 | 100,000 | " |
| Trustee | Section 8-24-102, <u>TCA</u> | 47,969 | 526,400 | " |
| Assessor of Property | Section 8-24-102, <u>TCA</u> | 47,969 | 10,000 | " |
| County Clerk | Section 8-24-102, <u>TCA</u> | 47,969 | 60,000 | " |
| Circuit Court Clerk | Section 8-24-102, <u>TCA</u> | 47,969 | 25,000 | Auto Owners Mutual Insurance Company |
| Clerk and Master | Section 8-24-102, <u>TCA</u> | 47,969 | 25,000 | " |
| Register | Section 8-24-102, <u>TCA</u> | 47,969 | 25,000 | State Automobile Mutual Insurance Company |
| Sheriff | Section 8-24-102, <u>TCA</u> | 53,283 (1) | 50,000 | Auto Owners Mutual Insurance Company |
| <u>Other Bonds</u> | | | | |
| Wayne County Employees | | | 150,000 | Tennessee School Boards Risk Management Trust |

(1) Includes law enforcement training supplement of \$518.

Exhibit I-4

Wayne County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2005

| | Special Revenue Funds | | | | | |
|---------------------------------------------------|-----------------------|----------------------------|-----------------|--------------|--------------------------------|--------------------------|
| | General | Solid Waste/ Sanitation | Special Purpose | Drug Control | Constitutional Officers - Fees | Highway/ Public Works |
| <u>Local Taxes</u> | | | | | | |
| <u>County Property Taxes</u> | | | | | | |
| Current Property Tax | \$ 1,139,608 | \$ 363,355 | \$ 0 | \$ 0 | \$ 0 | 33,026 |
| Trustee's Collections - Prior Year | 84,774 | 27,120 | 0 | 0 | 0 | 2,440 |
| Circuit/Clerk & Master Collections - Prior Years | 18,359 | 5,224 | 0 | 0 | 0 | 766 |
| Interest and Penalty | 11,609 | 4,006 | 0 | 0 | 0 | 277 |
| Payments in Lieu of Taxes - T.V.A. | 7,805 | 2,516 | 0 | 0 | 0 | 221 |
| Payments in Lieu of Taxes - Other | 0 | 0 | 12,667 | 0 | 0 | 0 |
| <u>County Local Option Taxes</u> | | | | | | |
| Local Option Sales Tax | 0 | 0 | 0 | 0 | 0 | 0 |
| Wheel Tax | 105,652 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - General | 53,657 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - Special Purpose | 31,049 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - Jail, Workhouse, or Courthouse | 38,094 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - Victim/Offender Mediation Center | 2,448 | 0 | 0 | 0 | 0 | 0 |
| Business Tax | 86,841 | 0 | 0 | 0 | 0 | 0 |
| Mineral Severance Tax | 0 | 0 | 0 | 0 | 0 | 0 |
| Other County Local Option Taxes | 216 | 0 | 0 | 0 | 0 | 0 |
| <u>Statutory Local Taxes</u> | | | | | | |
| Bank Excise Tax | 103,557 | 0 | 0 | 0 | 0 | 0 |
| Wholesale Beer Tax | 63,579 | 70,924 | 0 | 0 | 0 | 0 |
| Interstate Telecommunications Tax | 2,036 | 0 | 0 | 0 | 0 | 0 |
| <u>City Local Option Taxes</u> | | | | | | |
| Hotel/Motel Tax | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Local Taxes | \$ 1,749,284 | \$ 473,145 | \$ 12,667 | \$ 0 | \$ 0 | 36,730 |
| <u>Licenses and Permits</u> | | | | | | |
| <u>Licenses</u> | | | | | | |
| Marriage Licenses | \$ 623 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>Permits</u> | | | | | | |
| Beer Permits | 1,715 | 0 | 0 | 0 | 0 | 0 |
| Total Licenses and Permits | \$ 2,338 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |

(Continued)

Exhibit I-4

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

| | Special Revenue Funds | | | | | |
|------------------------------------------------|-----------------------|----------------------------|-----------------|--------------|--------------------------------|--------------------------|
| | General | Solid Waste/ Sanitation | Special Purpose | Drug Control | Constitutional Officers - Fees | Highway/ Public Works |
| <u>Fines, Forfeitures and Penalties</u> | | | | | | |
| <u>Circuit Court</u> | | | | | | |
| Fines | \$ 19,542 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Jail Fees | 3,059 | 0 | 0 | 0 | 0 | 0 |
| <u>General Sessions Court</u> | | | | | | |
| Fines | 24,894 | 0 | 0 | 0 | 0 | 0 |
| Officers Costs | 17,032 | 0 | 0 | 0 | 0 | 0 |
| Drug Control Fines | 0 | 0 | 0 | 3,794 | 0 | 0 |
| Jail Fees | 6,268 | 0 | 0 | 0 | 0 | 0 |
| DUI Treatment Fines | 6,624 | 0 | 0 | 0 | 0 | 0 |
| <u>Juvenile Court</u> | | | | | | |
| Fines | 100 | 0 | 0 | 0 | 0 | 0 |
| DUI Treatment Fines | 100 | 0 | 0 | 0 | 0 | 0 |
| <u>Chancery Court</u> | | | | | | |
| Officers Costs | 3,144 | 0 | 0 | 0 | 0 | 0 |
| Data Entry Fee - Chancery Court | 332 | 0 | 0 | 0 | 0 | 0 |
| <u>Other Courts - In-county</u> | | | | | | |
| Fines | 11,715 | 0 | 0 | 0 | 0 | 0 |
| <u>Judicial District Drug Program</u> | | | | | | |
| Drug Task Force Forfeitures and Seizures | 0 | 0 | 0 | 10,342 | 0 | 0 |
| <u>Other Fines, Forfeitures, and Penalties</u> | | | | | | |
| Proceeds from Confiscated Property | 2,510 | 0 | 0 | 10,442 | 0 | 0 |
| Total Fines, Forfeitures and Penalties | \$ 95,320 | \$ 0 | \$ 0 | \$ 24,578 | \$ 0 | 0 |
| <u>Charges for Current Services</u> | | | | | | |
| <u>Fees</u> | | | | | | |
| Copy Fees | \$ 78 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Vending Machine Collections | 228 | 0 | 0 | 0 | 0 | 0 |
| Constitutional Officers' Fees and Commissions | 0 | 0 | 0 | 0 | 102,772 | 0 |
| Data Processing Fee - Register | 7,172 | 0 | 0 | 0 | 0 | 0 |
| Sexual Offender Registration Fee | 240 | 0 | 0 | 0 | 0 | 0 |
| Total Charges for Current Services | \$ 7,718 | \$ 0 | \$ 0 | \$ 0 | \$ 102,772 | 0 |

(Continued)

Exhibit I-4

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

| | Special Revenue Funds | | | | | |
|--------------------------------------------|-----------------------|----------------------------|-----------------|--------------|-----------------------------------------|--------------------------|
| | General | Solid Waste/ Sanitation | Special Purpose | Drug Control | Constitu - tional Officers - Fees | Highway/ Public Works |
| <u>Other Local Revenues</u> | | | | | | |
| <u>Recurring Items</u> | | | | | | |
| Investment Income | \$ 73,223 | \$ 18,948 | \$ 18,927 | \$ 0 | \$ 0 | 0 |
| Lease/Rentals | 4,200 | 0 | 112,500 | 0 | 0 | 0 |
| Sale of Gasoline | 0 | 0 | 0 | 0 | 0 | 18,228 |
| Sale of Recycled Materials | 0 | 32,858 | 0 | 0 | 0 | 0 |
| Miscellaneous Refunds | 1,669 | 0 | 0 | 0 | 0 | 5,323 |
| <u>Nonrecurring Items</u> | | | | | | |
| Insurance Recovery | 25,128 | 0 | 0 | 0 | 0 | 0 |
| Sale of Equipment | 12,351 | 0 | 0 | 0 | 0 | 24,864 |
| Sale of Property | 0 | 0 | 0 | 0 | 0 | 0 |
| Damages Recovered from Individuals | 170 | 0 | 0 | 0 | 0 | 0 |
| <u>Other Local Revenues</u> | | | | | | |
| Other Local Revenues | 75 | 0 | 0 | 0 | 0 | 0 |
| Total Other Local Revenues | \$ 116,816 | \$ 51,806 | \$ 131,427 | \$ 0 | \$ 0 | 48,415 |
| <u>Fees Received from County Officials</u> | | | | | | |
| <u>Excess Fees</u> | | | | | | |
| Trustee | \$ 68,024 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>Fees In Lieu of Salary</u> | | | | | | |
| County Clerk | 155,619 | 0 | 0 | 0 | 0 | 0 |
| Circuit Court Clerk | 36,639 | 0 | 0 | 0 | 0 | 0 |
| General Sessions Court Clerk | 86,794 | 0 | 0 | 0 | 0 | 0 |
| Clerk and Master | 40,834 | 0 | 0 | 0 | 0 | 0 |
| Register | 74,404 | 0 | 0 | 0 | 0 | 0 |
| Sheriff | 6,428 | 0 | 0 | 0 | 0 | 0 |
| Total Fees Received from County Officials | \$ 468,742 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>State of Tennessee</u> | | | | | | |
| <u>General Government Grants</u> | | | | | | |
| Juvenile Services Program | \$ 9,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| State Reappraisal Grant | 7,599 | 0 | 0 | 0 | 0 | 0 |
| <u>Health and Welfare Grants</u> | | | | | | |
| Health Department Programs | 26,733 | 0 | 0 | 0 | 0 | 0 |

(Continued)

Exhibit I-4

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

| | Special Revenue Funds | | | | | |
|----------------------------------------------|-----------------------|----------------------------|-----------------|--------------|--------------------------------|--------------------------|
| | General | Solid Waste/ Sanitation | Special Purpose | Drug Control | Constitutional Officers - Fees | Highway/ Public Works |
| <u>State of Tennessee (Cont.)</u> | | | | | | |
| <u>Public Works Grants</u> | | | | | | |
| Bridge Program | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 413,639 |
| Litter Program | 32,107 | 0 | 0 | 0 | 0 | 0 |
| <u>Other State Revenues</u> | | | | | | |
| Income Tax | 7,150 | 0 | 0 | 0 | 0 | 0 |
| Beer Tax | 9,086 | 0 | 0 | 0 | 0 | 0 |
| Alcoholic Beverage Tax | 36,771 | 0 | 0 | 0 | 0 | 0 |
| Mixed Drink Tax | 921 | 0 | 0 | 0 | 0 | 0 |
| State Revenue Sharing - T.V.A. | 242,685 | 80,895 | 80,895 | 0 | 0 | 0 |
| Contracted Prisoner Boarding | 9,002 | 0 | 0 | 0 | 0 | 0 |
| Gasoline and Motor Fuel Tax | 0 | 0 | 0 | 0 | 0 | 1,921,586 |
| Petroleum Special Tax | 0 | 0 | 0 | 0 | 0 | 13,548 |
| Registrar's Salary Supplement | 16,380 | 0 | 0 | 0 | 0 | 0 |
| Total State of Tennessee | \$ 397,434 | \$ 80,895 | \$ 80,895 | \$ 0 | \$ 0 | 2,348,773 |
| <u>Federal Government</u> | | | | | | |
| <u>Federal Through State</u> | | | | | | |
| Community Development | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Disaster Relief | 0 | 0 | 0 | 0 | 0 | 30,000 |
| Other Federal through State | 79,912 | 0 | 0 | 0 | 0 | 10,630 |
| <u>Direct Federal Revenue</u> | | | | | | |
| Other Direct Federal Revenue | 31,050 | 0 | 0 | 0 | 0 | 249,393 |
| Total Federal Government | \$ 110,962 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 290,023 |
| <u>Other Governments and Citizens Groups</u> | | | | | | |
| <u>Other Governments</u> | | | | | | |
| Contributions | \$ 0 | \$ 0 | \$ 30,000 | \$ 0 | \$ 0 | 0 |
| Total Other Governments and Citizens Groups | \$ 0 | \$ 0 | \$ 30,000 | \$ 0 | \$ 0 | 0 |
| Total | \$ 2,948,614 | \$ 605,846 | \$ 254,989 | \$ 24,578 | \$ 102,772 | 2,723,941 |

(Continued)

Exhibit I-4

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

| | Debt Service Fund | Capital Projects Funds | | | Total |
|---------------------------------------------------|-------------------------|----------------------------|--------------------------------|-------------------------------------------------|--------------|
| | | General Debt Service | General Capital Projects | Community Development/ Industrial Park | |
| <u>Local Taxes</u> | | | | | |
| <u>County Property Taxes</u> | | | | | |
| Current Property Tax | \$ 214,713 | \$ 0 | \$ 0 | \$ 0 | \$ 1,750,702 |
| Trustee's Collections - Prior Year | 16,293 | 0 | 0 | 0 | 130,627 |
| Circuit/Clerk & Master Collections - Prior Years | 5,395 | 0 | 0 | 0 | 29,744 |
| Interest and Penalty | 2,899 | 0 | 0 | 0 | 18,791 |
| Payments in Lieu of Taxes - T.V.A. | 1,533 | 0 | 0 | 0 | 12,075 |
| Payments in Lieu of Taxes - Other | 0 | 0 | 0 | 0 | 12,667 |
| <u>County Local Option Taxes</u> | | | | | |
| Local Option Sales Tax | 859,154 | 0 | 0 | 0 | 859,154 |
| Wheel Tax | 438,112 | 0 | 0 | 0 | 543,764 |
| Litigation Tax - General | 0 | 0 | 0 | 0 | 53,657 |
| Litigation Tax - Special Purpose | 0 | 0 | 0 | 0 | 31,049 |
| Litigation Tax - Jail, Workhouse, or Courthouse | 0 | 0 | 0 | 0 | 38,094 |
| Litigation Tax - Victim/Offender Mediation Center | 0 | 0 | 0 | 0 | 2,448 |
| Business Tax | 0 | 0 | 0 | 0 | 86,841 |
| Mineral Severance Tax | 0 | 0 | 0 | 20,026 | 20,026 |
| Other County Local Option Taxes | 0 | 0 | 0 | 0 | 216 |
| <u>Statutory Local Taxes</u> | | | | | |
| Bank Excise Tax | 0 | 0 | 0 | 0 | 103,557 |
| Wholesale Beer Tax | 0 | 0 | 0 | 0 | 134,503 |
| Interstate Telecommunications Tax | 0 | 0 | 0 | 0 | 2,036 |
| <u>City Local Option Taxes</u> | | | | | |
| Hotel/Motel Tax | 0 | 0 | 13,818 | 0 | 13,818 |
| Total Local Taxes | \$ 1,538,099 | \$ 0 | \$ 13,818 | \$ 20,026 | \$ 3,843,769 |
| <u>Licenses and Permits</u> | | | | | |
| <u>Licenses</u> | | | | | |
| Marriage Licenses | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 623 |
| <u>Permits</u> | | | | | |
| Beer Permits | 0 | 0 | 0 | 0 | 1,715 |
| Total Licenses and Permits | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 2,338 |

(Continued)

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

| | Debt | Capital Projects Funds | | | Total |
|------------------------------------------------|--------------|--------------------------|---------------------------------------|--------------------------|---------|
| | Service Fund | General Capital Projects | Community Development/Industrial Park | Highway Capital Projects | |
| <u>Fines, Forfeitures and Penalties</u> | | | | | |
| <u>Circuit Court</u> | | | | | |
| Fines | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 19,542 |
| Jail Fees | 0 | 0 | 0 | 0 | 3,059 |
| <u>General Sessions Court</u> | | | | | |
| Fines | 0 | 0 | 0 | 0 | 24,894 |
| Officers Costs | 0 | 0 | 0 | 0 | 17,032 |
| Drug Control Fines | 0 | 0 | 0 | 0 | 3,794 |
| Jail Fees | 0 | 0 | 0 | 0 | 6,268 |
| DUI Treatment Fines | 0 | 0 | 0 | 0 | 6,624 |
| <u>Juvenile Court</u> | | | | | |
| Fines | 0 | 0 | 0 | 0 | 100 |
| DUI Treatment Fines | 0 | 0 | 0 | 0 | 100 |
| <u>Chancery Court</u> | | | | | |
| Officers Costs | 0 | 0 | 0 | 0 | 3,144 |
| Data Entry Fee - Chancery Court | 0 | 0 | 0 | 0 | 332 |
| <u>Other Courts - In-county</u> | | | | | |
| Fines | 0 | 0 | 0 | 0 | 11,715 |
| <u>Judicial District Drug Program</u> | | | | | |
| Drug Task Force Forfeitures and Seizures | 0 | 0 | 0 | 0 | 10,342 |
| <u>Other Fines, Forfeitures, and Penalties</u> | | | | | |
| Proceeds from Confiscated Property | 0 | 0 | 0 | 0 | 12,952 |
| Total Fines, Forfeitures and Penalties | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 119,898 |
| <u>Charges for Current Services</u> | | | | | |
| <u>Fees</u> | | | | | |
| Copy Fees | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 78 |
| Vending Machine Collections | 0 | 0 | 0 | 0 | 228 |
| Constitutional Officers' Fees and Commissions | 0 | 0 | 0 | 0 | 102,772 |
| Data Processing Fee - Register | 0 | 0 | 0 | 0 | 7,172 |
| Sexual Offender Registration Fee | 0 | 0 | 0 | 0 | 240 |
| Total Charges for Current Services | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 110,490 |

(Continued)

Exhibit I-4

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

| | Debt Service Fund | Capital Projects Funds | | | Total |
|--------------------------------------------|-------------------------|--------------------------------|-------------------------------------------------|--------------------------------|------------|
| | | General Capital Projects | Community Development/ Industrial Park | Highway Capital Projects | |
| <u>Other Local Revenues</u> | | | | | |
| <u>Recurring Items</u> | | | | | |
| Investment Income | \$ 713 | \$ 14,296 | \$ 2,331 | \$ 12,800 | \$ 141,238 |
| Lease/Rentals | 0 | 0 | 0 | 0 | 116,700 |
| Sale of Gasoline | 0 | 0 | 0 | 0 | 18,228 |
| Sale of Recycled Materials | 0 | 0 | 0 | 0 | 32,858 |
| Miscellaneous Refunds | 0 | 0 | 520 | 0 | 7,512 |
| <u>Nonrecurring Items</u> | | | | | |
| Insurance Recovery | 0 | 0 | 0 | 0 | 25,128 |
| Sale of Equipment | 0 | 0 | 0 | 0 | 37,215 |
| Sale of Property | 0 | 174,800 | 0 | 0 | 174,800 |
| Damages Recovered from Individuals | 0 | 0 | 0 | 0 | 170 |
| <u>Other Local Revenues</u> | | | | | |
| Other Local Revenues | 0 | 0 | 0 | 0 | 75 |
| Total Other Local Revenues | \$ 713 | \$ 189,096 | \$ 2,851 | \$ 12,800 | \$ 553,924 |
| <u>Fees Received from County Officials</u> | | | | | |
| <u>Excess Fees</u> | | | | | |
| Trustee | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 68,024 |
| <u>Fees In Lieu of Salary</u> | | | | | |
| County Clerk | 0 | 0 | 0 | 0 | 155,619 |
| Circuit Court Clerk | 0 | 0 | 0 | 0 | 36,639 |
| General Sessions Court Clerk | 0 | 0 | 0 | 0 | 86,794 |
| Clerk and Master | 0 | 0 | 0 | 0 | 40,834 |
| Register | 0 | 0 | 0 | 0 | 74,404 |
| Sheriff | 0 | 0 | 0 | 0 | 6,428 |
| Total Fees Received from County Officials | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 468,742 |
| <u>State of Tennessee</u> | | | | | |
| <u>General Government Grants</u> | | | | | |
| Juvenile Services Program | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 9,000 |
| State Reappraisal Grant | 0 | 0 | 0 | 0 | 7,599 |
| <u>Health and Welfare Grants</u> | | | | | |
| Health Department Programs | 0 | 0 | 0 | 0 | 26,733 |

(Continued)

Exhibit I-4

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

| | Capital Projects Funds | | | | Total |
|----------------------------------------------|------------------------|--------------------------|---------------------------------------|--------------------------|--------------|
| | Debt Service Fund | General Capital Projects | Community Development/Industrial Park | Highway Capital Projects | |
| <u>State of Tennessee (Cont.)</u> | | | | | |
| <u>Public Works Grants</u> | | | | | |
| Bridge Program | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 413,639 |
| Litter Program | 0 | 0 | 0 | 0 | 32,107 |
| <u>Other State Revenues</u> | | | | | |
| Income Tax | 0 | 0 | 0 | 0 | 7,150 |
| Beer Tax | 0 | 0 | 0 | 0 | 9,086 |
| Alcoholic Beverage Tax | 0 | 0 | 0 | 0 | 36,771 |
| Mixed Drink Tax | 0 | 0 | 0 | 0 | 921 |
| State Revenue Sharing - T.V.A. | 0 | 0 | 0 | 0 | 404,475 |
| Contracted Prisoner Boarding | 0 | 0 | 0 | 0 | 9,002 |
| Gasoline and Motor Fuel Tax | 0 | 0 | 0 | 0 | 1,921,586 |
| Petroleum Special Tax | 0 | 0 | 0 | 0 | 13,548 |
| Registrar's Salary Supplement | 0 | 0 | 0 | 0 | 16,380 |
| Total State of Tennessee | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 2,907,997 |
| <u>Federal Government</u> | | | | | |
| <u>Federal Through State</u> | | | | | |
| Community Development | \$ 0 | \$ 0 | 52,901 | \$ 0 | 52,901 |
| Disaster Relief | 0 | 0 | 0 | 0 | 30,000 |
| Other Federal through State | 0 | 0 | 0 | 0 | 90,542 |
| <u>Direct Federal Revenue</u> | | | | | |
| Other Direct Federal Revenue | 0 | 0 | 0 | 0 | 280,443 |
| Total Federal Government | \$ 0 | \$ 0 | 52,901 | \$ 0 | 453,886 |
| <u>Other Governments and Citizens Groups</u> | | | | | |
| <u>Other Governments</u> | | | | | |
| Contributions | \$ 200,000 | \$ 0 | 13,200 | \$ 0 | 243,200 |
| Total Other Governments and Citizens Groups | \$ 200,000 | \$ 0 | 13,200 | \$ 0 | 243,200 |
| Total | \$ 1,738,812 | \$ 189,096 | 82,770 | \$ 32,826 | \$ 8,704,244 |

Exhibit I-5

Wayne County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2005

General Fund

General Government

County Commission

| | | | |
|------------------------------------|----|---------|------------|
| Other Salaries & Wages | \$ | 1,200 | |
| Board and Committee Members Fees | | 13,383 | |
| Advertising | | 1,419 | |
| Audit Services | | 3,829 | |
| Communication | | 3,684 | |
| Contributions | | 1,583 | |
| Legal Services | | 18,253 | |
| Postal Charges | | 18,333 | |
| Printing, Stationery and Forms | | 1,518 | |
| Rentals | | 18 | |
| Travel | | 1,564 | |
| Other Supplies and Materials | | 450 | |
| Judgments | | 608 | |
| Liability Insurance | | 121,585 | |
| Premiums on Corporate Surety Bonds | | 22 | |
| Other Charges | | 18 | |
| Total County Commission | | | \$ 187,467 |

County Mayor

| | | | |
|-----------------------------------------|----|--------|---------|
| County Official/Administrative Officer | \$ | 55,403 | |
| Accountants/Bookkeepers | | 18,007 | |
| Purchasing Personnel | | 18,007 | |
| Other Salaries & Wages | | 1,669 | |
| In-Service Training | | 362 | |
| Communication | | 2,670 | |
| Data Processing Services | | 7,418 | |
| Maintenance & Repair Services- Vehicles | | 32 | |
| Printing, Stationery and Forms | | 46 | |
| Travel | | 1,527 | |
| Gasoline | | 48 | |
| Total County Mayor | | | 105,189 |

Election Commission (Including Voter Registration)

| | | | |
|----------------------------------------|----|--------|--|
| County Official/Administrative Officer | \$ | 38,375 | |
| Clerical Personnel | | 17,000 | |
| Part-time Personnel | | 3,135 | |
| Election Commission | | 3,285 | |
| Election Workers | | 16,980 | |
| In-Service Training | | 3,058 | |
| Advertising | | 1,111 | |

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Including Voter Registration) (Cont.)

| | | | |
|----------------------------------------------------------|----|-------|------------|
| Communication | \$ | 1,131 | |
| Data Processing Services | | 2,129 | |
| Dues and Memberships | | 25 | |
| Printing, Stationery and Forms | | 6,793 | |
| Rentals | | 360 | |
| Travel | | 747 | |
| Office Equipment | | 8,558 | |
| Total Election Commission (Including Voter Registration) | | | \$ 102,687 |

Register of Deeds

| | | | |
|----------------------------------------|----|--------|--------|
| County Official/Administrative Officer | \$ | 47,969 | |
| Clerical Personnel | | 18,007 | |
| Part-time Personnel | | 1,512 | |
| Communication | | 1,786 | |
| Data Processing Services | | 10,780 | |
| Dues and Memberships | | 482 | |
| Printing, Stationery and Forms | | 4,637 | |
| Travel | | 684 | |
| Other Contracted Services | | 3,000 | |
| Other Supplies and Materials | | 22 | |
| Total Register of Deeds | | | 88,879 |

County Buildings

| | | | |
|------------------------------------------|----|--------|---------|
| Supervisor/Director | \$ | 22,097 | |
| Custodial Personnel | | 19,378 | |
| Temporary Personnel | | 234 | |
| Contracts with Private Agencies | | 8,406 | |
| Maintenance & Repair Services- Buildings | | 3,880 | |
| Maintenance & Repair Services- Equipment | | 441 | |
| Maintenance & Repair Services- Vehicles | | 153 | |
| Custodial Supplies | | 3,735 | |
| Electricity | | 42,961 | |
| Gasoline | | 1,190 | |
| Water and Sewer | | 8,226 | |
| Other Supplies and Materials | | 501 | |
| Building Improvements | | 408 | |
| Total County Buildings | | | 111,610 |

Other General Administration

| | | | |
|----------------------|----|-------|--|
| Dues and Memberships | \$ | 6,686 | |
|----------------------|----|-------|--|

(Continued)

Exhibit I-5

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

| | | | |
|-------------------------------------------------|----|--------|--------|
| Maintenance & Repair Services- Office Equipment | \$ | 4,672 | |
| Office Supplies | | 10,791 | |
| Office Equipment | | 549 | |
| Total Other General Administration | \$ | | 22,698 |

Finance

Property Assessor's Office

| | | | |
|----------------------------------------|----|--------|--------|
| County Official/Administrative Officer | \$ | 47,969 | |
| Clerical Personnel | | 35,543 | |
| Part-time Personnel | | 1,264 | |
| Board and Committee Members Fees | | 850 | |
| Communication | | 745 | |
| Contracts with Government Agencies | | 2,715 | |
| Contracts with Private Agencies | | 5,151 | |
| Dues and Memberships | | 1,620 | |
| Printing, Stationery and Forms | | 128 | |
| Travel | | 928 | |
| Other Charges | | 14 | |
| Total Property Assessor's Office | | | 96,927 |

Reappraisal Program

| | | | |
|---------------------------------|----|--------|--------|
| Contracts with Private Agencies | \$ | 10,125 | |
| Data Processing Services | | 6,279 | |
| Travel | | 341 | |
| Other Charges | | 6 | |
| Total Reappraisal Program | | | 16,751 |

County Trustee's Office

| | | | |
|------------------------------------|----|-------|--------|
| Advertising | \$ | 552 | |
| Communication | | 1,622 | |
| Data Processing Services | | 3,462 | |
| Printing, Stationery and Forms | | 1,533 | |
| Rentals | | 30 | |
| Other Supplies and Materials | | 187 | |
| Premiums on Corporate Surety Bonds | | 2,593 | |
| Office Equipment | | 231 | |
| Total County Trustee's Office | | | 10,210 |

County Clerk's Office

| | | | |
|----------------------------------------|----|--------|--|
| County Official/Administrative Officer | \$ | 47,969 | |
|----------------------------------------|----|--------|--|

(Continued)

Exhibit I-5

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

| | | | |
|--------------------------------|----|--------|---------|
| Deputy(ies) | \$ | 36,014 | |
| Part-time Personnel | | 2,492 | |
| Communication | | 1,639 | |
| Data Processing Services | | 14 | |
| Licenses | | 1,132 | |
| Printing, Stationery and Forms | | 1,979 | |
| Rentals | | 20 | |
| Other Supplies and Materials | | 139 | |
| Other Charges | | 19,269 | |
| Total County Clerk's Office | \$ | | 110,667 |

Administration of Justice

Circuit Court

| | | | |
|----------------------------------------|----|--------|---------|
| County Official/Administrative Officer | \$ | 47,969 | |
| Deputy(ies) | | 49,142 | |
| Board and Committee Members Fees | | 100 | |
| Jury and Witness Fees | | 13,699 | |
| Communication | | 2,875 | |
| Contracts with Other Public Agencies | | 2,248 | |
| Data Processing Services | | 10,557 | |
| Printing, Stationery and Forms | | 1,399 | |
| Rentals | | 28 | |
| Office Supplies | | 11 | |
| Premiums on Corporate Surety Bonds | | 60 | |
| Other Charges | | 100 | |
| Total Circuit Court | | | 128,188 |

General Sessions Court

| | | | |
|------------------------------------|----|--------|---------|
| Judge(s) | \$ | 60,000 | |
| Secretary(s) | | 19,807 | |
| Attendants | | 16,931 | |
| Communication | | 1,542 | |
| Contracts with Private Agencies | | 2,997 | |
| Dues and Memberships | | 85 | |
| Printing, Stationery and Forms | | 320 | |
| Travel | | 334 | |
| Uniforms | | 52 | |
| Premiums on Corporate Surety Bonds | | 60 | |
| Total General Sessions Court | | | 102,128 |

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

| | | | |
|----------------------------------------|----|--------|-----------|
| County Official/Administrative Officer | \$ | 47,969 | |
| Deputy(ies) | | 36,014 | |
| Communication | | 1,202 | |
| Data Processing Services | | 6,581 | |
| Dues and Memberships | | 197 | |
| Printing, Stationery and Forms | | 1,998 | |
| Rentals | | 36 | |
| Other Supplies and Materials | | 96 | |
| Premiums on Corporate Surety Bonds | | 172 | |
| Total Chancery Court | | | \$ 94,265 |

Juvenile Court

| | | | |
|---------------------------------|----|--------|--------|
| Youth Service Officer(s) | \$ | 18,000 | |
| In-Service Training | | 353 | |
| Communication | | 641 | |
| Contracts with Private Agencies | | 6,460 | |
| Dues and Memberships | | 220 | |
| Other Charges | | 48 | |
| Total Juvenile Court | | | 25,722 |

Public Safety

Sheriff's Department

| | | | |
|------------------------------------------|----|---------|--|
| County Official/Administrative Officer | \$ | 52,765 | |
| Supervisor/Director | | 4,275 | |
| Deputy(ies) | | 166,767 | |
| Investigator(s) | | 45,182 | |
| Salary Supplements | | 4,144 | |
| In-Service Training | | 1,484 | |
| Communication | | 3,230 | |
| Dues and Memberships | | 1,400 | |
| Evaluation and Testing | | 820 | |
| Maintenance Agreements | | 5,740 | |
| Maintenance & Repair Services- Equipment | | 168 | |
| Maintenance & Repair Services- Vehicles | | 31,230 | |
| Rentals | | 470 | |
| Travel | | 2,100 | |
| Gasoline | | 45,438 | |
| Office Supplies | | 838 | |
| Uniforms | | 6,898 | |
| Other Supplies and Materials | | 74 | |

(Continued)

Exhibit I-5

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

| | | | |
|------------------------------------|----|-------|------------|
| Premiums on Corporate Surety Bonds | \$ | 1,595 | |
| Other Charges | | 464 | |
| Data Processing Equipment | | 30 | |
| Total Sheriff's Department | | | \$ 375,112 |

Jail

| | | | |
|------------------------------------------|----|--------|---------|
| Supervisor/Director | \$ | 21,228 | |
| Medical Personnel | | 2,292 | |
| Dispatchers/Radio Operators | | 89,294 | |
| Guards | | 71,364 | |
| Clerical Personnel | | 1,792 | |
| Cafeteria Personnel | | 2,263 | |
| Advertising | | 165 | |
| Communication | | 9,005 | |
| Contracts with Government Agencies | | 62,972 | |
| Maintenance & Repair Services- Buildings | | 736 | |
| Maintenance & Repair Services- Equipment | | 1,278 | |
| Printing, Stationery and Forms | | 1,752 | |
| Rentals | | 400 | |
| Transportation - Other than Students | | 2,901 | |
| Other Contracted Services | | 3,609 | |
| Custodial Supplies | | 1,090 | |
| Drugs and Medical Supplies | | 13,771 | |
| Electricity | | 9,119 | |
| Food Supplies | | 8,206 | |
| Office Supplies | | 2,395 | |
| Uniforms | | 118 | |
| Water and Sewer | | 5,362 | |
| Other Supplies and Materials | | 5,429 | |
| Premiums on Corporate Surety Bonds | | 307 | |
| Other Charges | | 819 | |
| Other Equipment | | 1,206 | |
| Total Jail | | | 318,873 |

Rural Fire Protection

| | | | |
|------------------------------------------|----|--------|--|
| Maintenance & Repair Services- Buildings | \$ | 286 | |
| Maintenance & Repair Services- Equipment | | 3,058 | |
| Maintenance & Repair Services- Vehicles | | 13,121 | |
| Fuel Oil | | 776 | |
| Gasoline | | 9,172 | |

(Continued)

Exhibit I-5

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

General Fund (Cont.)

Public Safety (Cont.)

Rural Fire Protection (Cont.)

| | | |
|-----------------------------|-----------|-----------|
| Liability Insurance | \$ 35,193 | |
| Other Equipment | 6,134 | |
| Total Rural Fire Protection | | \$ 67,740 |

Civil Defense

| | | |
|---------------------|------------|---------|
| Other Equipment | \$ 120,537 | |
| Total Civil Defense | | 120,537 |

Other Emergency Management

| | | |
|----------------------------------|-------|-------|
| Advertising | \$ 43 | |
| Communication | 2,605 | |
| Electricity | 931 | |
| Water and Sewer | 332 | |
| Other Charges | 3,979 | |
| Total Other Emergency Management | | 7,890 |

County Coroner/Medical Examiner

| | | |
|---------------------------------------|----------|-------|
| Medical and Dental Services | \$ 6,891 | |
| Total County Coroner/Medical Examiner | | 6,891 |

Other Public Safety

| | | |
|------------------------------|----------|-------|
| Communication | \$ 1,610 | |
| Other Supplies and Materials | 29 | |
| Total Other Public Safety | | 1,639 |

Public Health and Welfare

Local Health Center

| | | |
|------------------------------------|----------|--------|
| Custodial Personnel | \$ 4,200 | |
| Advertising | 231 | |
| Communication | 3,381 | |
| Contracts with Government Agencies | 18,570 | |
| Dues and Memberships | 100 | |
| Custodial Supplies | 120 | |
| Electricity | 7,328 | |
| Water and Sewer | 1,204 | |
| Other Supplies and Materials | 134 | |
| Other Charges | 694 | |
| Office Equipment | 322 | |
| Total Local Health Center | | 36,284 |

(Continued)

Exhibit I-5

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Alcohol and Drug Programs

| | | |
|---------------------------------|----------|----------|
| Contributions | \$ 2,500 | |
| Total Alcohol and Drug Programs | | \$ 2,500 |

Other Local Health Services

| | | |
|-----------------------------------|-----------|--------|
| Other Salaries & Wages | \$ 21,228 | |
| Other Fringe Benefits | 3,159 | |
| Travel | 2,174 | |
| Other Supplies and Materials | 1,298 | |
| Total Other Local Health Services | | 27,859 |

Regional Mental Health Center

| | | |
|-------------------------------------|-----------|--------|
| Contributions | \$ 18,000 | |
| Total Regional Mental Health Center | | 18,000 |

Other Local Welfare Services

| | | |
|------------------------------------|----------|-------|
| Contributions | \$ 3,000 | |
| Total Other Local Welfare Services | | 3,000 |

Other Waste Collection

| | | |
|------------------------------|-----------|--------|
| Truck Drivers | \$ 31,568 | |
| Laborers | 13,757 | |
| Total Other Waste Collection | | 45,325 |

Social, Cultural and Recreational Services

Senior Citizens Assistance

| | | |
|----------------------------------|-----------|--------|
| Contributions | \$ 36,000 | |
| Total Senior Citizens Assistance | | 36,000 |

Libraries

| | | |
|-------------------------------------------------|-----------|--|
| Supervisor/Director | \$ 23,347 | |
| Part-time Personnel | 45,629 | |
| In-Service Training | 897 | |
| Communication | 1,858 | |
| Data Processing Services | 425 | |
| Dues and Memberships | 95 | |
| Maintenance & Repair Services- Buildings | 170 | |
| Maintenance & Repair Services- Office Equipment | 664 | |
| Travel | 1,238 | |
| Data Processing Supplies | 1,975 | |
| Electricity | 3,233 | |

(Continued)

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

General Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Libraries (Cont.)

| | | | |
|------------------------------|----|-------|-----------|
| Library Books/Media | \$ | 9,267 | |
| Periodicals | | 496 | |
| Water and Sewer | | 755 | |
| Other Supplies and Materials | | 766 | |
| Office Equipment | | 569 | |
| Total Libraries | | | \$ 91,384 |

Other Social, Cultural and Recreational

| | | | |
|-----------------------------------------------|----|--------|--------|
| Communication | \$ | 730 | |
| Contributions | | 16,000 | |
| Rentals | | 2,400 | |
| Total Other Social, Cultural and Recreational | | | 19,130 |

Agriculture & Natural Resources

Agriculture Extension Service

| | | | |
|-------------------------------------|----|--------|--------|
| Custodial Personnel | \$ | 2,200 | |
| Other Salaries & Wages | | 35,492 | |
| Other Fringe Benefits | | 4,591 | |
| Communication | | 2,079 | |
| Dues and Memberships | | 305 | |
| Custodial Supplies | | 90 | |
| Electricity | | 969 | |
| Water and Sewer | | 1,117 | |
| Other Supplies and Materials | | 1,881 | |
| Other Charges | | 1,407 | |
| Total Agriculture Extension Service | | | 50,131 |

Forest Service

| | | | |
|--------------------------|----|-------|-------|
| Forest Resource Services | \$ | 2,000 | |
| Total Forest Service | | | 2,000 |

Soil Conservation

| | | | |
|-------------------------|----|--------|--------|
| Clerical Personnel | \$ | 19,600 | |
| Other Fringe Benefits | | 2,982 | |
| Contributions | | 1,918 | |
| Total Soil Conservation | | | 24,500 |

Other Agriculture & Natural Resources

| | | | |
|---------------------------------------------|----|--------|--------|
| Contracts with Private Agencies | \$ | 11,300 | |
| Total Other Agriculture & Natural Resources | | | 11,300 |

(Continued)

Exhibit I-5

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

General Fund (Cont.)

Other Operations

Tourism

| | | |
|---------------|--------|--------|
| Contributions | \$ 350 | |
| Total Tourism | | \$ 350 |

Other Economic and Community Development

| | | |
|------------------------------------------------|----------|-------|
| Contributions | \$ 7,500 | |
| Total Other Economic and Community Development | | 7,500 |

Veterans' Services

| | | |
|--------------------------|----------|-------|
| Supervisor/Director | \$ 3,383 | |
| Communication | 535 | |
| Total Veterans' Services | | 3,918 |

Other Charges

| | | |
|---------------------------------|-----------|--------|
| Workers' Compensation Insurance | \$ 51,854 | |
| Total Other Charges | | 51,854 |

Contributions to Other Agencies

| | | |
|---------------------------------------|----------|-------|
| Contributions | \$ 4,200 | |
| Total Contributions to Other Agencies | | 4,200 |

Employee Benefits

| | | |
|----------------------------------|-----------|---------|
| Social Security | \$ 89,059 | |
| State Retirement | 75,253 | |
| Employee and Dependent Insurance | 10,768 | |
| Unemployment Compensation | 3,678 | |
| Employer Medicare | 20,823 | |
| Total Employee Benefits | | 199,581 |

Miscellaneous

| | | |
|------------------------------|----------|--------|
| Other Supplies and Materials | \$ 1,141 | |
| Trustee's Commission | 39,142 | |
| Other Charges | 1,709 | |
| Total Miscellaneous | | 41,992 |

Highways

Litter and Trash Collection

| | | |
|-----------------------------------------|-----------|--|
| Foremen | \$ 17,389 | |
| Handling Charges & Administrative Costs | 1,200 | |
| Maintenance & Repair Services- Vehicles | 3,757 | |
| Gasoline | 7,423 | |

(Continued)

Exhibit I-5

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

General Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

| | | |
|--------------------------------------|----------|-----------|
| Instructional Supplies and Materials | \$ 7,934 | |
| Other Supplies and Materials | 2,558 | |
| Total Litter and Trash Collection | | \$ 40,261 |

Total General Fund \$ 2,819,139

Solid Waste/Sanitation Fund

Public Health and Welfare

Landfill Operation and Maintenance

| | | |
|------------------------------------------|--------|----------|
| Contracts with Government Agencies | \$ 470 | |
| Contracts with Private Agencies | 690 | |
| Fertilizer, Lime and Seed | 1,279 | |
| Total Landfill Operation and Maintenance | | \$ 2,439 |

Other Waste Disposal

| | | |
|------------------------------------------|-----------|---------|
| Supervisor/Director | \$ 28,001 | |
| Overtime Pay | 4,102 | |
| Other Salaries & Wages | 119,430 | |
| In-Service Training | 306 | |
| Other Per Diem & Fees | 61 | |
| Advertising | 2,810 | |
| Communication | 1,836 | |
| Contracts with Private Agencies | 376,090 | |
| Evaluation and Testing | 490 | |
| Maintenance & Repair Services- Buildings | 5,666 | |
| Maintenance & Repair Services- Equipment | 5,355 | |
| Maintenance & Repair Services- Vehicles | 10,629 | |
| Travel | 342 | |
| Permits | 1,050 | |
| Custodial Supplies | 1,893 | |
| Electricity | 8,917 | |
| Fuel Oil | 1,573 | |
| Gasoline | 8,346 | |
| Lubricants | 298 | |
| Uniforms | 3,344 | |
| Water and Sewer | 648 | |
| Other Supplies and Materials | 1,874 | |
| Trustee's Commission | 9,752 | |
| Other Charges | 1,314 | |
| Other Equipment | 27,700 | |
| Total Other Waste Disposal | | 621,827 |

(Continued)

Exhibit I-5

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations

Employee Benefits

| | | | |
|----------------------------------|----|--------|-----------|
| Social Security | \$ | 11,668 | |
| State Retirement | | 7,680 | |
| Employee and Dependent Insurance | | 1,704 | |
| Unemployment Compensation | | 557 | |
| Total Employee Benefits | | | \$ 21,609 |

Total Solid Waste/Sanitation Fund \$ 645,875

Special Purpose Fund

Public Health and Welfare

Other Local Health Services

| | | | |
|-----------------------------------|----|---------|------------|
| Operating Lease Payments | \$ | 168,365 | |
| Trustee's Commission | | 2,250 | |
| Other Charges | | 30 | |
| Principal on Notes | | 125,000 | |
| Interest on Notes | | 52,530 | |
| Other Debt Service | | 849 | |
| Total Other Local Health Services | | | \$ 349,024 |

Total Special Purpose Fund 349,024

Drug Control Fund

Public Safety

Drug Enforcement

| | | | |
|-----------------------------------------|----|-------|-----------|
| Advertising | \$ | 68 | |
| Maintenance & Repair Services- Vehicles | | 750 | |
| Tow-in Services | | 55 | |
| Other Supplies and Materials | | 1,041 | |
| Trustee's Commission | | 246 | |
| Other Charges | | 752 | |
| Data Processing Equipment | | 1,390 | |
| Motor Vehicles | | 5,800 | |
| Total Drug Enforcement | | | \$ 10,102 |

Total Drug Control Fund 10,102

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

| | | | |
|-------------------------------|----|--------|-----------|
| Other Charges | \$ | 99,621 | |
| Total County Trustee's Office | | | \$ 99,621 |

Total Constitutional Officers - Fees Fund 99,621

(Continued)

Exhibit I-5

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

Highway/Public Works Fund

Highways

Administration

| | | | |
|------------------------------------------|----|--------|------------|
| County Official/Administrative Officer | \$ | 50,736 | |
| Secretary(s) | | 67,734 | |
| Communication | | 529 | |
| Dues and Memberships | | 2,293 | |
| Legal Notices, Recording and Court Costs | | 492 | |
| Postal Charges | | 527 | |
| Printing, Stationery and Forms | | 1,244 | |
| Travel | | 10,189 | |
| Other Contracted Services | | 13,797 | |
| Office Supplies | | 4,098 | |
| Other Charges | | 20,662 | |
| Total Administration | | | \$ 172,301 |

Highway and Bridge Maintenance

| | | | |
|--------------------------------------|----|---------|-----------|
| Foremen | \$ | 115,305 | |
| Equipment Operators | | 208,321 | |
| Truck Drivers | | 112,440 | |
| Laborers | | 153,614 | |
| Other Contracted Services | | 160,246 | |
| Asphalt - Cold Mix | | 20,510 | |
| Asphalt - Liquid | | 157,528 | |
| Concrete | | 3,289 | |
| Crushed Stone | | 250,180 | |
| General Construction Materials | | 6,463 | |
| Pipe - Metal | | 82,207 | |
| Road Signs | | 6,666 | |
| Structural Steel | | 1,640 | |
| Wood Products | | 29,374 | |
| Other Charges | | 5,904 | |
| Total Highway and Bridge Maintenance | | | 1,313,687 |

Operation and Maintenance of Equipment

| | | | |
|-----------------------------------------|----|---------|--|
| Mechanic(s) | \$ | 171,880 | |
| Freight Expenses | | 1,657 | |
| Operating Lease Payments | | 6,400 | |
| Maintenance & Repair Services- Vehicles | | 30,508 | |
| Diesel Fuel | | 117,688 | |
| Equipment Parts - Light | | 17,513 | |
| Equipment and Machinery Parts | | 151,678 | |
| Garage Supplies | | 18,933 | |

(Continued)

Exhibit I-5

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

| | | | |
|----------------------------------------------|----|--------|---------|
| Gasoline | \$ | 46,110 | |
| Lubricants | | 19,112 | |
| Tires and Tubes | | 38,378 | |
| Other Supplies and Materials | | 5,033 | |
| Total Operation and Maintenance of Equipment | \$ | | 624,890 |

Other Charges

| | | | |
|---------------------------------|----|--------|---------|
| Communication | \$ | 19,543 | |
| Electricity | | 4,675 | |
| Food Supplies | | 5,790 | |
| Water and Sewer | | 1,289 | |
| Trustee's Commission | | 20,059 | |
| Vehicle and Equipment Insurance | | 65,047 | |
| Other Charges | | 4,643 | |
| Total Other Charges | | | 121,046 |

Employee Benefits

| | | | |
|---------------------------------|----|--------|---------|
| Social Security | \$ | 67,742 | |
| State Retirement | | 40,347 | |
| Unemployment Compensation | | 10,981 | |
| Workers' Compensation Insurance | | 51,854 | |
| Total Employee Benefits | | | 170,924 |

Capital Outlay

| | | | |
|-------------------------|----|---------|---------|
| Engineering Services | \$ | 48,484 | |
| Bridge Construction | | 413,639 | |
| Communication Equipment | | 287 | |
| Highway Equipment | | 66,171 | |
| Total Capital Outlay | | | 528,581 |

Total Highway/Public Works Fund \$ 2,931,429

General Debt Service Fund

Principal

General Government

| | | | |
|--------------------------|----|---------|---------|
| Principal on Notes | \$ | 276,514 | |
| Total General Government | \$ | | 276,514 |

Education

| | | | |
|--------------------|----|---------|---------|
| Principal on Bonds | \$ | 575,000 | |
| Total Education | | | 575,000 |

(Continued)

Exhibit I-5

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

General Debt Service Fund (Cont.)

Interest

General Government

| | | |
|--------------------------|-----------|-----------|
| Interest on Notes | \$ 16,820 | |
| Total General Government | | \$ 16,820 |

Education

| | | |
|-----------------------------|------------|---------|
| Interest on Bonds | \$ 565,125 | |
| Other Debt Issuance Charges | 54,516 | |
| Other Debt Service | 9,573 | |
| Total Education | | 629,214 |

Other Debt Service

General Government

| | | |
|--------------------------|-----------|--------|
| Trustee's Commission | \$ 14,612 | |
| Other Debt Service | 5,473 | |
| Total General Government | | 20,085 |

Highways and Streets

| | | |
|----------------------------|----------|-------|
| Other Debt Service | \$ 5,000 | |
| Total Highways and Streets | | 5,000 |

Total General Debt Service Fund \$ 1,522,633

General Capital Projects Fund

Capital Projects

General Administration Projects

| | | |
|------------------------------------------|----------|------------|
| Maintenance & Repair Services- Buildings | \$ 3,465 | |
| Trustee's Commission | 143 | |
| Other Charges | 383 | |
| Building Improvements | 186,904 | |
| Law Enforcement Equipment | 830 | |
| Motor Vehicles | 3,642 | |
| Office Equipment | 6,310 | |
| Other Equipment | 25,260 | |
| Other Construction | 128,028 | |
| Other Capital Outlay | 8,100 | |
| Total General Administration Projects | | \$ 363,065 |

Other General Government Projects

| | | |
|------------------------------------------|----------|---------|
| Maintenance & Repair Services- Buildings | \$ 6,000 | |
| Motor Vehicles | 83,373 | |
| Office Equipment | 45,000 | |
| Total Other General Government Projects | | 134,373 |

Total General Capital Projects Fund 497,438

(Continued)

Exhibit I-5

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

| | | |
|---------------------------------------------------|-------------|----------------------|
| <u>Community Development/Industrial Park Fund</u> | | |
| <u>Capital Projects</u> | | |
| <u>Social, Cultural and Recreation Projects</u> | | |
| Consultants | \$ 8,858 | |
| Contributions | 10,000 | |
| Engineering Services | 4,671 | |
| Trustee's Commission | 152 | |
| Other Charges | 1,092 | |
| Other Construction | 35,500 | |
| Total Social, Cultural and Recreation Projects | | <u>\$ 60,273</u> |
| Total Community Development/Industrial Park Fund | | \$ 60,273 |
| <u>Nursing Home Projects Fund</u> | | |
| <u>Public Health and Welfare</u> | | |
| <u>Nursing Home</u> | | |
| Other Debt Issuance Charges | \$ 4,632 | |
| Building Improvements | 39,059 | |
| Total Nursing Home | | <u>\$ 43,691</u> |
| Total Nursing Home Projects Fund | | 43,691 |
| <u>Highway Capital Projects Fund</u> | | |
| <u>Highways</u> | | |
| <u>Other Charges</u> | | |
| Trustee's Commission | \$ 328 | |
| Total Other Charges | | <u>\$ 328</u> |
| <u>Capital Projects</u> | | |
| <u>Highway & Street Capital Projects</u> | | |
| Bridge Construction | \$ 26,015 | |
| Highway Construction | 80,201 | |
| Total Highway & Street Capital Projects | | <u>106,216</u> |
| Total Highway Capital Projects Fund | | <u>106,544</u> |
| Total Governmental Funds - Primary Government | | <u>\$ 9,085,769</u> |

Wayne County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund Type
For the Year Ended June 30, 2005

| | Internal Service Fund |
|---------------------------------------|----------------------------------|
| | Workers' Compensation Fund |
| | <hr/> |
| <u>Operating Revenues</u> | |
| <u>Charges for Current Services</u> | |
| <u>General Service Charges</u> | |
| Self-Insurance Premiums/Contributions | \$ 155,562 |
| Total Charges for Current Services | <hr/> \$ 155,562 <hr/> |
| <u>Other Local Revenues</u> | |
| <u>Recurring Items</u> | |
| Miscellaneous Refunds | \$ 1,323 |
| <u>Nonrecurring Items</u> | |
| Insurance Recovery | 747 |
| Total Other Local Revenues | <hr/> \$ 2,070 <hr/> |
| Total Operating Revenues | <hr/> \$ 157,632 <hr/> |
| <u>Nonoperating Revenues</u> | |
| <u>Recurring Items</u> | |
| Investment Income | \$ 1,263 |
| Total Nonoperating Revenues | <hr/> \$ 1,263 <hr/> |
| Total Revenues | <hr/> \$ 158,895 <hr/> |
| <u>Operating Expenses</u> | |
| <u>Other Operations</u> | |
| <u>Employee Benefits</u> | |
| Workers' Compensation Insurance | \$ 140,467 |
| Other Self-Insured Claims | 2,120 |
| Total Expenses | <hr/> \$ 142,587 <hr/> |

Wayne County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2005

| | Cities - Sales Tax Fund |
|----------------------------------------------------------------|-------------------------------|
| <hr/> | |
| <u>Cash Receipts</u> | |
| Local Option Sales Tax | \$ 437,166 |
| Total Cash Receipts | <u>\$ 437,166</u> |
| <u>Cash Disbursements</u> | |
| Remittance of Revenues Collected | \$ 432,794 |
| Trustee's Commission | 4,372 |
| Total Cash Disbursements | <u>\$ 437,166</u> |
| Excess of Cash Receipts Over (Under) Cash Disbursements | \$ 0 |
| Cash Balance, July 1, 2004 | <u>0</u> |
| Cash Balance, June 30, 2005 | <u><u>\$ 0</u></u> |

STATISTICAL SECTION

Table 1

Wayne County, Tennessee
Uncollected Taxes Filed in Chancery Court
June 30, 2005

| Year | Amount |
|-------|--------------------------|
| 1994 | \$ 28,830 |
| 1997 | 596 |
| 2000 | 2,142 |
| 2001 | 694 |
| 2002 | 9,159 |
| 2003 | <u>64,072</u> |
| Total | <u><u>\$ 105,493</u></u> |

Table 2

Wayne County, Tennessee
Tax Rates and Assessments
Last Ten Years

| Fund | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---------------------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General | \$ 0.84 | \$ 0.79 | \$ 0.85 | \$ 0.72 | \$ 0.72 | \$ 0.72 | \$ 0.72 | \$ 0.72 | \$ 0.84 | \$ 0.69 |
| Highway/Public Works | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 |
| General Purpose School | 1.40 | 1.40 | 1.40 | 1.15 | 1.15 | 1.15 | 1.15 | 1.15 | 1.21 | 0.93 |
| General Debt Service | 0.32 | 0.37 | 0.45 | 0.39 | 0.39 | 0.39 | 0.39 | 0.39 | 0.21 | 0.13 |
| Solid Waste/Sanitation | 0.39 | 0.39 | 0.35 | 0.29 | 0.29 | 0.29 | 0.29 | 0.29 | 0.29 | 0.22 |
| Other Special Revenue | 0.00 | 0.00 | 0.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Tax Rate | \$ 2.97 | \$ 2.97 | \$ 3.32 | \$ 2.57 | \$ 1.99 |
| <u>Assessed Valuation</u> | | | | | | | | | | |
| Real and Personal | \$ 81,023,227 | \$ 81,664,889 | \$ 84,951,678 | \$ 109,829,774 | \$ 114,343,333 | \$ 117,835,805 | \$ 120,541,351 | \$ 123,664,250 | \$ 124,150,392 | \$ 162,971,424 |
| Public Utilities | 16,126,250 | 16,542,361 | 10,133,282 | 12,785,985 | 13,362,328 | 15,880,885 | 16,711,405 | 15,850,247 | 13,733,304 | 17,807,508 |
| Total Assessed Valuation | \$ 97,149,477 | \$ 98,207,250 | \$ 95,084,960 | \$ 122,615,759 | \$ 127,705,661 | \$ 133,716,690 | \$ 137,252,756 | \$ 139,514,497 | \$ 137,883,696 | \$ 180,778,932 |

ANNUAL FINANCIAL REPORT
WAYNE COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF WAYNE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2005

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
RICHARD V. NORMENT
Assistant to the Comptroller

ARTHUR L. ALEXANDER
Director

JEFF BAILEY, CPA, CGFM, CFE
Audit Manager

JERRY DURHAM, CPA, CGFM, CFE
Auditor 4

KENT WHITE, CPA, CGFM, CFE
RHONDA DAVIS, CFE
WENDY HEATH, CFE
State Auditors

This financial report is available at www.comptroller.state.tn.us

**WAYNE COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF WAYNE COUNTY, TENNESSEE
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Audit Highlights

Annual Financial Report
Wayne County School Department
For the Year Ended June 30, 2005

Scope

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Wayne County School Department as of and for the year ended June 30, 2005.

Results

Our report on Wayne County School Department's financial statements expresses an adverse opinion because government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34.

Our audit resulted in five findings and recommendations, which we have reviewed with Wayne County School Department's management. Detailed findings and recommendations are included in the Single Audit Report.

Findings

The following are summaries of the audit findings:

WAYNE COUNTY SCHOOL DEPARTMENT

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.
- ◆ Purchase orders were not issued for some required purchases, and some purchase orders were issued after purchases were made. Competitive bids were not solicited for the purchase of a bench lathe as required by state statute.
- ◆ Purchase orders were not issued for some required purchases under the Title I Grants to Local Educational Agencies, and competitive bids were not solicited for a purchase under the Early Reading First Program.
- ◆ Duties were not segregated adequately among employees at the Central Office.
- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.

State of Tennessee
Comptroller of the Treasury
Department of Audit
Division of County Audit

INTRODUCTORY SECTION

Wayne County School Officials
June 30, 2005

Official:

Jerry Pigg, Director of Schools

Board of Education:

Joe Treece, Chairman
Andy Yarbrough
Robert Bevis
Patrick Blackburn

Pat Brewer
Barry Hanback
Billy Webb

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

INDEPENDENT AUDITOR'S REPORT

September 9, 2005

Wayne County Director of Schools and
Board of Education
Wayne County, Tennessee

To the Director of Schools and the Board of Education:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Wayne County School Department, a component unit of Wayne County, Tennessee, as of and for the year ended June 30, 2005, as shown on pages 11 through 23, which collectively comprise a portion of the Wayne County School Department's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Wayne County School Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported

in government-wide financial statements for the School Department's governmental activities are not reasonably determinable.

As described in Note I, the Wayne County School Department has prepared its financial statements on a prescribed basis of accounting that demonstrates compliance with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. These standards require county school departments that do not present government-wide financial statements to present fund financial statements in conformity with all the accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements. These standards also require some additional disclosures to be included in the notes to the financial statements, as described in Note I.

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Wayne County School Department as of June 30, 2005, or the changes in its financial position for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Wayne County School Department as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting prescribed by the Comptroller of the Treasury of the State of Tennessee.

In accordance with Government Auditing Standards, we have also issued our report dated September 9, 2005, on our consideration of the Wayne County School Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note III.B., the Wayne County School Department has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures which modifies the county's disclosures for custodial credit risk and adds disclosures about other types of risk.

The budgetary comparison information on pages 27 through 31 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wayne County School Department's basic financial statements. The introductory section and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on it.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/rd

BASIC FINANCIAL STATEMENTS

Exhibit A

Wayne County, Tennessee
Balance Sheet - Governmental Funds
 Wayne County School Department
 June 30, 2005

| | Major Funds | | Total Govern- mental Funds |
|---------------------------------------------------------|------------------------------|-------------------------------|-------------------------------------|
| | General Purpose School | School Federal Projects | |
| <u>ASSETS</u> | | | |
| Equity in Pooled Cash and Investments | \$ 593,562 | \$ 33,942 | \$ 627,504 |
| Accounts Receivable | 14,726 | 0 | 14,726 |
| Due from Other Governments | 581,161 | 78,059 | 659,220 |
| Due from Other Funds | 5,536 | 0 | 5,536 |
| Property Taxes Receivable | 1,852,458 | 0 | 1,852,458 |
| Allowance for Uncollectible Property Taxes | (58,366) | 0 | (58,366) |
| Total Assets | <u>\$ 2,989,077</u> | <u>\$ 112,001</u> | <u>\$ 3,101,078</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| <u>Liabilities</u> | | | |
| Accrued Payroll | \$ 1,131 | \$ 0 | \$ 1,131 |
| Payroll Deductions Payable | 232,109 | 17,516 | 249,625 |
| Due to Other Funds | 0 | 717 | 717 |
| Due to State of Tennessee | 5,038 | 972 | 6,010 |
| Deferred Revenue - Current Property Taxes | 1,669,920 | 0 | 1,669,920 |
| Deferred Revenue - Delinquent Property Taxes | 119,235 | 0 | 119,235 |
| Other Deferred Revenues | 49,849 | 0 | 49,849 |
| Total Liabilities | <u>\$ 2,077,282</u> | <u>\$ 19,205</u> | <u>\$ 2,096,487</u> |
| <u>Fund Balances</u> | | | |
| Reserved for Encumbrances | \$ 169,451 | \$ 35,691 | \$ 205,142 |
| Reserved for Career Ladder - Extended Contract | 682 | 0 | 682 |
| Reserved for Title I Grants to Local Education Agencies | 0 | 13,825 | 13,825 |
| Reserved for Innovative Education Program Strategies | 0 | 3,712 | 3,712 |
| Reserved for Special Education - Grants to States | 0 | 39,568 | 39,568 |
| Unreserved, Reported In: | | | |
| General Fund | 741,662 | 0 | 741,662 |
| Total Fund Balances | <u>\$ 911,795</u> | <u>\$ 92,796</u> | <u>\$ 1,004,591</u> |
| Total Liabilities and Fund Balances | <u>\$ 2,989,077</u> | <u>\$ 112,001</u> | <u>\$ 3,101,078</u> |

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

Exhibit B

Wayne County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Wayne County School Department
For the Year Ended June 30, 2005

| | Major Funds | | Nonmajor Fund | Total Governmental Funds |
|------------------------------------------------------|------------------------------|-------------------------------|------------------------------------------|--------------------------------|
| | General Purpose School | School Federal Projects | Education Capital Projects Fund | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 2,357,756 | \$ 0 | \$ 0 | \$ 2,357,756 |
| Licenses and Permits | 623 | 0 | 0 | 623 |
| Charges for Current Services | 190,804 | 0 | 0 | 190,804 |
| Other Local Revenues | 57,959 | 0 | 472 | 58,431 |
| State of Tennessee | 12,130,434 | 0 | 0 | 12,130,434 |
| Federal Government | 1,392,359 | 2,974,604 | 0 | 4,366,963 |
| Total Revenues | <u>\$ 16,129,935</u> | <u>\$ 2,974,604</u> | <u>\$ 472</u> | <u>\$ 19,105,011</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Instruction | \$ 10,218,729 | \$ 2,020,791 | \$ 0 | \$ 12,239,520 |
| Support Services | 4,849,947 | 477,653 | 5 | 5,327,605 |
| Operation of Non-Instructional Services | 929,760 | 0 | 0 | 929,760 |
| Capital Outlay | 208,819 | 444,701 | 0 | 653,520 |
| Debt Service: | | | | |
| Principal | 97,929 | 0 | 0 | 97,929 |
| Interest | 1,438 | 0 | 0 | 1,438 |
| Other Debt Service | 200,500 | 0 | 0 | 200,500 |
| Capital Projects | 0 | 0 | 64,495 | 64,495 |
| Total Expenditures | <u>\$ 16,507,122</u> | <u>\$ 2,943,145</u> | <u>\$ 64,500</u> | <u>\$ 19,514,767</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (377,187)</u> | <u>\$ 31,459</u> | <u>\$ (64,028)</u> | <u>\$ (409,756)</u> |
| Net Change in Fund Balances | \$ (377,187) | \$ 31,459 | \$ (64,028) | \$ (409,756) |
| Fund Balance, July 1, 2004 | <u>1,288,982</u> | <u>61,337</u> | <u>64,028</u> | <u>1,414,347</u> |
| Fund Balance, June 30, 2005 | <u>\$ 911,795</u> | <u>\$ 92,796</u> | <u>\$ 0</u> | <u>\$ 1,004,591</u> |

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

**WAYNE COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF WAYNE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2005**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wayne County School Department's financial statements are not 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 School Department has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. The two government-wide financial statements, the statement of net assets and the statement of activities, should be included in the basic financial statements to conform with the provisions of GASB Statement 34 and accounting principles generally accepted in the United States of America. The School Department has elected instead only to implement the provisions of the statement and other accounting principles generally accepted in the United States of America that relate to the fund financial statements. This departure from GAAP results in an incomplete presentation and has caused the School Department's auditor to issue an adverse opinion on the School Department's financial statements.

Although the School Department's financial statements are not presented in conformity with GAAP, the financial statements have been presented in conformity with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. The Comptroller of the Treasury has adopted financial reporting standards for local governments in Tennessee that do not implement the provisions of GASB Statement 34. These standards require fund financial statements to be presented in conformity with all the provisions of GASB Statement 34 that are applicable to fund financial statements, including the notes to the financial statements. These standards also require the fund financial statements to be presented in conformity with all other accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements.

The following are the more significant accounting policies of the School Department:

A. Reporting Entity

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

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

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

Separate financial statements are provided for governmental 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.

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 School Department 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. The School Department considers grant and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

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 School Department receives cash.

The School Department reports the following major governmental funds:

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

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

Additionally, the School Department reports the following fund type:

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

C. **Assets, Liabilities, and Equity**

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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

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

2. Receivables and Payables

Outstanding balances between funds are reported as due to/from other funds.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to two 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 deferred revenue as of June 30.

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

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

3. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition. The School Department does not maintain capital assets records, as required by generally accepted accounting principles. Capital assets should be reported in the government-wide statement of net assets;

however, as previously noted, the School Department does not present government-wide statements.

4. Compensated Absences

The School Department does not have a policy to permit employees to accumulate earned but unused vacation. General policy of the School Department for all professional personnel (teachers) permits the unlimited accumulation (maximum of 20 days for support personnel) 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.

5. Fund Equity

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Wayne County and the Wayne 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, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments.

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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; 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 director of Local Finance 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 market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2005, Wayne County had the following investments carried at fair value or cost. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Wayne County and the discretely presented School Department since both pool their deposits and investments through the county trustee.

| Investment | Maturities | Fair Value or Cost |
|-----------------------------------|------------|-----------------------|
| State Treasurer's Investment Pool | Daily | \$ 3,054,238 |

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. The School Department has

no investment policy that would further limit its investment choices. As of June 30, 2005, Wayne County's investment in the State Treasurer's Investment Pool was unrated.

B. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2005, is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-------------------------|---------------|
| General Purpose School | School Federal Projects | \$5,536 |

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 General Purpose School Fund (\$4,819) was in transit from the School Federal Projects Fund.

C. Long-term Debt

Since the School Department is presenting fund financial statements only, long-term debt is not reported as a liability in the financial statements of the governmental funds. Long-term debt for governmental funds is required to be reported as a liability in government-wide financial statements, but the School Department is not presenting government-wide financial statements.

Notes

Capital outlay notes are issued to fund capital facilities and other capital outlay purchases, such as equipment.

Capital outlay notes are direct obligations and pledge the full faith and credit of the government. Capital outlay notes were issued for original terms of up to 12 years for the notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes have been retired as of June 30, 2005.

Changes in Long-term Liabilities

Long-term debt activity for the year ended June 30, 2005, was as follows:

Governmental Activities:

| | <u>Notes</u> |
|------------------------|-----------------|
| Balance, July 1, 2004 | \$ 97,929 |
| Additions | 0 |
| Deductions | <u>(97,929)</u> |
| Balance, June 30, 2005 | <u>\$ 0</u> |

III. OTHER INFORMATION

A. Risk Management

The School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. The School Department pays an annual premium to the TSB-RMT for its general liability, property, casualty insurance, and workers' compensation coverage. The creation of the TSB-RMT provides for it to be self-sustaining through member premiums. The TSB-RMT reinsures through commercial insurance companies for claims exceeding \$200,000 for each insured event.

In prior years, Wayne County and the School Department had chosen to establish the Workers' Compensation Fund for risks associated with workers' compensation claims. Even though Wayne County and the School Department have purchased commercial insurance coverage for workers' compensation claims, the Workers' Compensation Fund remains open to settle claims that were already in existence at July 1, 2002. The Workers' Compensation Fund is accounted for as an Internal Service Fund of the primary government in which assets are set aside for claim settlements administered by Brentwood Services Administrators, Inc.

During the year, the Wayne County General Government, Highway Department, and School Department each contributed an amount equal to their respective insurance premium, as computed by the insurance carrier, to the Workers' Compensation Fund. No further material claims that will be covered by self-insurance are expected to arise. Management intends to close the Workers' Compensation Fund sometime prior to June 30, 2006.

B. Accounting Change

During the year, the School Department adopted the provisions of Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. These provisions modified the county's previous custodial risk disclosures for deposits and investments and related collateral. These provisions also added disclosures about other types of risk, including credit risk, interest rate risk, foreign currency risk, and

concentrations of credit risk. Governments are also required to provide brief disclosures about their deposit and investment policies that are related to any of the risks required to be disclosed.

C. Contingent Liabilities

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

D. Retirement Commitments

Plan Description

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

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

Since the Wayne County School Department participates in Wayne County's plan, retirement information for the Wayne County School Department is not available separately from the retirement information provided for the county.

Complete disclosure for the county's participation in the TCRS is described in footnote IV.G. of the Annual Financial Report of Wayne County, Tennessee

SCHOOL TEACHERS

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Wayne County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2005, was 5.5 percent of annual covered payroll. The employer contribution requirement for the Wayne County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years

ended June 30, 2005, 2004, and 2003, were, \$555,051, \$302,416, and \$282,508, respectively, equal to the required contributions for each year.

E. Other Post-employment Benefits

In addition to the retirement benefits described in Note III. (D), the School Department provides post-retirement health care benefits, in accordance with contract provisions, to employees who retire with 30 years of service in the Wayne County School System, or who are age 60, until the employee is eligible for Medicare. Employees must be eligible for full retirement under TCRS rules, not retired from another school system, and enrolled in the Wayne County Board of Education sponsored medical insurance plan prior to retirement. Currently, four school retirees meet those eligibility requirements. The state pays for 45 percent of medical insurance coverage for retirees with 30 years of service. The School Department's post-retirement health care benefit plan will pay the remaining cost. Expenditures for post-retirement health care benefits are recognized as retirees report claims. Current-year expenditures of \$21,851 were recognized for post-employment health care.

F. Purchasing Law

Purchasing procedures for the School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, Tennessee Code Annotated, which provides for the 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 \$5,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit C-1

Wayne County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Wayne County School Department
 General Purpose School Fund
 For the Year Ended June 30, 2005

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2004 | Add: Encumbrances 6/30/2005 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------|---------------------------|-----------------------------------|-----------------------------------|-------------------------------------------------------------|----------------------|----------------------|--------------------------------------------------------------|
| | | | | | Original | Final | |
| Revenues | | | | | | | |
| Local Taxes | \$ 2,357,756 | \$ 0 | \$ 0 | \$ 2,357,756 | \$ 2,303,266 | \$ 2,303,266 | \$ 54,490 |
| Licenses and Permits | 623 | 0 | 0 | 623 | 550 | 550 | 73 |
| Charges for Current Services | 190,804 | 0 | 0 | 190,804 | 203,401 | 203,401 | (12,597) |
| Other Local Revenues | 57,959 | 0 | 0 | 57,959 | 33,250 | 49,290 | 8,669 |
| State of Tennessee | 12,130,434 | 0 | 0 | 12,130,434 | 12,009,501 | 12,185,271 | (54,837) |
| Federal Government | 1,392,359 | 0 | 0 | 1,392,359 | 936,526 | 1,574,613 | (182,254) |
| Total Revenues | \$ 16,129,935 | \$ 0 | \$ 0 | \$ 16,129,935 | \$ 15,486,494 | \$ 16,316,391 | \$ (186,456) |
| Expenditures | | | | | | | |
| Instruction | | | | | | | |
| Regular Instruction Program | \$ 8,311,909 | \$ (189,620) | \$ 101,186 | \$ 8,223,475 | \$ 7,777,102 | \$ 8,371,161 | \$ 147,686 |
| Alternative Instruction Program | 85,526 | 0 | 0 | 85,526 | 88,068 | 88,415 | 2,889 |
| Special Education Program | 1,087,685 | (5,006) | 179 | 1,082,858 | 1,045,570 | 1,083,041 | 183 |
| Vocational Education Program | 655,414 | (1,872) | 2,256 | 655,798 | 622,324 | 656,688 | 890 |
| Adult Education Program | 78,195 | (4,109) | 10,249 | 84,335 | 82,343 | 84,653 | 318 |
| Support Services | | | | | | | |
| Attendance | 53,791 | 0 | 0 | 53,791 | 60,478 | 57,682 | 3,891 |
| Health Services | 75,927 | 0 | 2,738 | 78,665 | 86,046 | 88,790 | 10,125 |
| Other Student Support | 327,478 | (344) | 290 | 327,424 | 330,980 | 333,733 | 6,309 |
| Regular Instruction Program | 687,448 | (50,116) | 11,614 | 648,946 | 579,385 | 683,596 | 34,650 |
| Special Education Program | 235,462 | (3,441) | 159 | 232,180 | 237,578 | 232,578 | 398 |
| Vocational Education Program | 97,404 | 0 | 292 | 97,696 | 91,606 | 97,878 | 182 |
| Adult Programs | 98,834 | (139) | 2,547 | 101,242 | 103,358 | 103,358 | 2,116 |
| Board of Education | 145,566 | 0 | 0 | 145,566 | 158,179 | 151,879 | 6,313 |
| Director of Schools | 128,016 | (257) | 286 | 128,045 | 130,405 | 130,469 | 2,424 |
| Office of the Principal | 591,169 | 0 | 0 | 591,169 | 606,393 | 600,420 | 9,251 |

(Continued)

Exhibit C-1

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2004 | Add: Encumbrances 6/30/2005 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|------------------------------------------------|---------------------------|-----------------------------------|-----------------------------------|-------------------------------------------------------------|------------------|---------------|--------------------------------------------------------------|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Support Services (Cont.)</u> | | | | | | | |
| Fiscal Services | \$ 48,229 | \$ 0 | \$ 105 | \$ 48,334 | \$ 49,238 | \$ 49,238 | \$ 904 |
| Operation of Plant | 1,146,619 | (704) | 0 | 1,145,915 | 1,150,559 | 1,155,559 | 9,644 |
| Maintenance of Plant | 255,042 | (6,372) | 20,062 | 268,732 | 257,309 | 289,309 | 20,577 |
| Transportation | 958,962 | (5,347) | 8,342 | 961,957 | 893,216 | 965,227 | 3,270 |
| <u>Operation of Non-Instructional Services</u> | | | | | | | |
| Food Service | 761,937 | (2,786) | 3,954 | 763,105 | 779,475 | 777,675 | 14,570 |
| Community Services | 167,823 | 0 | 117 | 167,940 | 162,576 | 169,076 | 1,136 |
| <u>Capital Outlay</u> | | | | | | | |
| Regular Capital Outlay | 208,819 | (22,425) | 5,075 | 191,469 | 0 | 192,495 | 1,026 |
| <u>Principal</u> | | | | | | | |
| Education | 97,929 | 0 | 0 | 97,929 | 97,930 | 98,108 | 179 |
| <u>Interest</u> | | | | | | | |
| Education | 1,438 | 0 | 0 | 1,438 | 3,626 | 1,626 | 188 |
| <u>Other Debt Service</u> | | | | | | | |
| Education | 200,500 | 0 | 0 | 200,500 | 200,750 | 200,750 | 250 |
| Total Expenditures | \$ 16,507,122 | \$ (292,538) | \$ 169,451 | \$ 16,384,035 | \$ 15,594,494 | \$ 16,663,404 | \$ 279,369 |
| Excess (Deficiency) of Revenues | | | | | | | |
| Over Expenditures | \$ (377,187) | \$ 292,538 | \$ (169,451) | \$ (254,100) | \$ (108,000) | \$ (347,013) | \$ 92,913 |
| Net Change in Fund Balance | | | | | | | |
| Fund Balance, July 1, 2004 | \$ 1,288,982 | (292,538) | 0 | 996,444 | 700,000 | 700,000 | 296,444 |
| Fund Balance, June 30, 2005 | | | | | | | |
| | \$ 911,795 | \$ 0 | \$ (169,451) | \$ 742,344 | \$ 592,000 | \$ 352,987 | \$ 389,357 |

Exhibit C-2

Wayne County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Wayne County School Department
 School Federal Projects Fund
 For the Year Ended June 30, 2005

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2004 | Add: Encumbrances 6/30/2005 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|------------------------------------------------------|---------------------------|-----------------------------------|-----------------------------------|-------------------------------------------------------------|------------------|--------------|--------------------------------------------------------------|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Federal Government | \$ 2,974,604 | \$ 0 | \$ 0 | \$ 2,974,604 | \$ 1,596,378 | \$ 3,380,804 | \$ (406,200) |
| Total Revenues | \$ 2,974,604 | \$ 0 | \$ 0 | \$ 2,974,604 | \$ 1,596,378 | \$ 3,380,804 | \$ (406,200) |
| <u>Expenditures</u> | | | | | | | |
| <u>Instruction</u> | | | | | | | |
| Regular Instruction Program | \$ 1,450,069 | \$ (203) | \$ 2,321 | \$ 1,452,187 | \$ 884,736 | \$ 1,631,599 | \$ 179,412 |
| Special Education Program | 513,613 | (11,951) | 1,930 | 503,592 | 486,117 | 562,188 | 58,596 |
| Vocational Education Program | 57,109 | (14,778) | 783 | 43,114 | 53,789 | 43,116 | 2 |
| <u>Support Services</u> | | | | | | | |
| Other Student Support | 16,483 | 0 | 0 | 16,483 | 6,000 | 16,483 | 0 |
| Regular Instruction Program | 336,855 | (3,471) | 327 | 333,711 | 122,741 | 461,063 | 127,352 |
| Special Education Program | 90,197 | (495) | 455 | 90,157 | 83,086 | 128,298 | 38,141 |
| Vocational Education Program | 2,258 | (452) | 0 | 1,806 | 1,616 | 1,806 | 0 |
| Operation of Plant | 2,247 | 0 | 0 | 2,247 | 0 | 6,000 | 3,753 |
| Transportation | 29,613 | 0 | 0 | 29,613 | 19,699 | 51,451 | 21,838 |
| <u>Capital Outlay</u> | | | | | | | |
| Regular Capital Outlay | 444,701 | 0 | 29,875 | 474,576 | 0 | 478,800 | 4,224 |
| Total Expenditures | \$ 2,943,145 | \$ (31,350) | \$ 35,691 | \$ 2,947,486 | \$ 1,657,784 | \$ 3,380,804 | \$ 433,318 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 31,459 | \$ 31,350 | \$ (35,691) | \$ 27,118 | \$ (61,406) | \$ 0 | \$ 27,118 |

(Continued)

Exhibit C-2

Wayne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Wayne County School Department
School Federal Projects Fund (Cont.)

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2004 | Add: Encumbrances 6/30/2005 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|-----------------------------|---------------------------|-----------------------------------|-----------------------------------|-------------------------------------------------------------|------------------|-----------|--------------------------------------------------------------|
| | | | | | Original | Final | |
| Net Change in Fund Balance | \$ 31,459 | \$ 31,350 | \$ (35,691) | \$ 27,118 | \$ (61,406) | \$ 0 | \$ 27,118 |
| Fund Balance, July 1, 2004 | 61,337 | (31,350) | 0 | 29,987 | 61,406 | 61,337 | (31,350) |
| Fund Balance, June 30, 2005 | \$ 92,796 | \$ 0 | \$ (35,691) | \$ 57,105 | \$ 0 | \$ 61,337 | \$ (4,232) |

**WAYNE COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF WAYNE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2005**

BUDGETARY INFORMATION

The School Department 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 Wayne 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 State 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 Purpose School Fund major categories: Instruction-Regular Instruction Program, Support Services-Attendance, Operation of Non-Instructional Services-Food Service, etc.). Management may make revisions within major categories, but only the Wayne County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

MISCELLANEOUS SCHEDULES

Exhibit D-1

Wayne County, Tennessee
Wayne County School Department
Schedule of Changes in Long-Term Notes
For the Year Ended June 30, 2005

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7-1-04 | Issued During Period | Paid and/or Matured During Period | Outstanding 6-30-05 |
|----------------------------------------------------|--------------------------------|------------------|---------------------|--------------------------|-----------------------|----------------------------|--------------------------------------------|------------------------|
| <u>NOTES PAYABLE</u> | | | | | | | | |
| <u>Payable through General Purpose School Fund</u> | | | | | | | | |
| Reroof Educational Buildings | \$ 300,000 | 3.2 to 5.75 % | 6-15-93 | 6-15-05 | \$ 25,000 | \$ 0 | \$ 25,000 | \$ 0 |
| Energy Loan | 468,000 | 3 | 3-25-98 | 5-1-05 | 72,929 | 0 | 72,929 | 0 |
| Total Notes Payable | | | | | <u>\$ 97,929</u> | <u>\$ 0</u> | <u>\$ 97,929</u> | <u>\$ 0</u> |

Wayne County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Wayne County School Department
For the Year Ended June 30, 2005

| Official | Authorization for Salary | Salary Paid During Period | Bond | Surety |
|---------------------|----------------------------------------------------------|------------------------------------|---------|-----------------------------------------------|
| Director of Schools | State Board of Education and Local Board of Education | \$ 78,651 (1) \$ | 50,000 | State Automobile Mutual Insurance Company |
| <u>Other Bonds</u> | | | | |
| Employees | | | 150,000 | Tennessee School Boards Risk Management Trust |

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

Exhibit D-3

Wayne County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Wayne County School Department
 For the Year Ended June 30, 2005

| | General Purpose School | School Federal Projects | Education Capital Projects | Total |
|--------------------------------------------------|------------------------------|-------------------------------|----------------------------------|---------------|
| <u>Local Taxes</u> | | | | |
| <u>County Property Taxes</u> | | | | |
| Current Property Tax | \$ 1,535,994 | \$ 0 | \$ 0 | \$ 1,535,994 |
| Trustee's Collections - Prior Year | 114,579 | 0 | 0 | 114,579 |
| Circuit/Clerk & Master Collections - Prior Years | 22,710 | 0 | 0 | 22,710 |
| Interest and Penalty | 16,717 | 0 | 0 | 16,717 |
| Payments in Lieu of Taxes - T.V.A. | 10,614 | 0 | 0 | 10,614 |
| <u>County Local Option Taxes</u> | | | | |
| Local Option Sales Tax | 604,088 | 0 | 0 | 604,088 |
| Other County Local Option Taxes | 50,919 | 0 | 0 | 50,919 |
| <u>Statutory Local Taxes</u> | | | | |
| Interstate Telecommunications Tax | 2,135 | 0 | 0 | 2,135 |
| Total Local Taxes | \$ 2,357,756 | \$ 0 | \$ 0 | \$ 2,357,756 |
| <u>Licenses and Permits</u> | | | | |
| <u>Licenses</u> | | | | |
| Marriage Licenses | \$ 623 | \$ 0 | \$ 0 | \$ 623 |
| Total Licenses and Permits | \$ 623 | \$ 0 | \$ 0 | \$ 623 |
| <u>Charges for Current Services</u> | | | | |
| <u>Education Charges</u> | | | | |
| Tuition - Summer School | \$ 400 | \$ 0 | \$ 0 | \$ 400 |
| Receipts from Individual Schools | 67,137 | 0 | 0 | 67,137 |
| Community Service Fees - Children | 100,568 | 0 | 0 | 100,568 |
| Community Service Fees - Adults | 17,551 | 0 | 0 | 17,551 |
| <u>Other Charges for Services</u> | | | | |
| Other Charges for Services | 5,148 | 0 | 0 | 5,148 |
| Total Charges for Current Services | \$ 190,804 | \$ 0 | \$ 0 | \$ 190,804 |
| <u>Other Local Revenues</u> | | | | |
| <u>Recurring Items</u> | | | | |
| Investment Income | \$ 2,436 | \$ 0 | \$ 472 | \$ 2,908 |
| Lease/Rentals | 2,422 | 0 | 0 | 2,422 |
| <u>Nonrecurring Items</u> | | | | |
| Insurance Recovery | 4,824 | 0 | 0 | 4,824 |
| Sale of Equipment | 6,629 | 0 | 0 | 6,629 |
| Sale of Property | 7,570 | 0 | 0 | 7,570 |
| Damages Recovered from Individuals | 320 | 0 | 0 | 320 |
| Contributions & Gifts | 33,665 | 0 | 0 | 33,665 |
| <u>Other Local Revenues</u> | | | | |
| Other Local Revenues | 93 | 0 | 0 | 93 |
| Total Other Local Revenues | \$ 57,959 | \$ 0 | \$ 472 | \$ 58,431 |
| <u>State of Tennessee</u> | | | | |
| <u>State Education Funds</u> | | | | |
| Basic Education Program | \$ 11,261,891 | \$ 0 | \$ 0 | \$ 11,261,891 |
| School Food Service | 15,394 | 0 | 0 | 15,394 |
| Driver Education | 9,540 | 0 | 0 | 9,540 |
| Other State Education Funds | 408,629 | 0 | 0 | 408,629 |
| Career Ladder Program | 231,364 | 0 | 0 | 231,364 |

(Continued)

Exhibit D-3

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

| | General Purpose School | School Federal Projects | Education Capital Projects | Total |
|--------------------------------------------------|------------------------------|-------------------------------|----------------------------------|---------------|
| <u>State of Tennessee (Cont.)</u> | | | | |
| <u>State Education Funds (Cont.)</u> | | | | |
| Career Ladder - Extended Contract | \$ 121,752 | \$ 0 | \$ 0 | \$ 121,752 |
| <u>Other State Revenues</u> | | | | |
| Mixed Drink Tax | 969 | 0 | 0 | 969 |
| State Revenue Sharing - T.V.A. | 80,895 | 0 | 0 | 80,895 |
| Total State of Tennessee | \$ 12,130,434 | \$ 0 | \$ 0 | \$ 12,130,434 |
| <u>Federal Government</u> | | | | |
| <u>Federal Through State</u> | | | | |
| USDA School Lunch Program | \$ 447,025 | \$ 0 | \$ 0 | \$ 447,025 |
| Breakfast | 172,892 | 0 | 0 | 172,892 |
| USDA - Other | 72,790 | 0 | 0 | 72,790 |
| Adult Education State Grant Program | 97,125 | 0 | 0 | 97,125 |
| Vocational Education - Basic Grants to States | 0 | 61,403 | 0 | 61,403 |
| Other Vocational | 20,000 | 0 | 0 | 20,000 |
| Title I Grants to Local Education Agencies | 0 | 601,535 | 0 | 601,535 |
| Innovative Education Program Strategies | 0 | 74,369 | 0 | 74,369 |
| Special Education - Grants to States | 36,329 | 644,150 | 0 | 680,479 |
| Special Education Preschool Grants | 0 | 19,963 | 0 | 19,963 |
| Eisenhower Professional Development State Grants | 0 | 175,076 | 0 | 175,076 |
| Other Federal through State | 546,198 | 1,398,108 | 0 | 1,944,306 |
| Total Federal Government | \$ 1,392,359 | \$ 2,974,604 | \$ 0 | \$ 4,366,963 |
| Total | \$ 16,129,935 | \$ 2,974,604 | \$ 472 | \$ 19,105,011 |

Wayne County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Wayne County School Department
For the Year Ended June 30, 2005

General Purpose School Fund

Instruction

Regular Instruction Program

| | | | |
|------------------------------------------|----|-----------|--------------|
| Teachers | \$ | 5,693,902 | |
| Career Ladder Program | | 142,518 | |
| Career Ladder Extended Contracts | | 71,000 | |
| Homebound Teachers | | 306 | |
| Educational Assistants | | 256,908 | |
| Other Salaries & Wages | | 99,264 | |
| Certified Substitute Teachers | | 110,409 | |
| Social Security | | 366,884 | |
| State Retirement | | 375,070 | |
| Medical Insurance | | 425,418 | |
| Unemployment Compensation | | 13,859 | |
| Employer Medicare | | 86,013 | |
| Maintenance & Repair Services- Equipment | | 2,292 | |
| Tuition | | 950 | |
| Other Contracted Services | | 817 | |
| Instructional Supplies and Materials | | 382,398 | |
| Textbooks | | 114,734 | |
| Other Supplies and Materials | | 29,978 | |
| Other Charges | | 7,730 | |
| Regular Instruction Equipment | | 131,459 | |
| Total Regular Instruction Program | | | \$ 8,311,909 |

Alternative Instruction Program

| | | | |
|---------------------------------------|----|--------|--------|
| Teachers | \$ | 65,497 | |
| Career Ladder Program | | 2,000 | |
| Career Ladder Extended Contracts | | 2,000 | |
| Certified Substitute Teachers | | 24 | |
| Social Security | | 3,834 | |
| State Retirement | | 3,822 | |
| Medical Insurance | | 6,948 | |
| Unemployment Compensation | | 104 | |
| Employer Medicare | | 897 | |
| Other Charges | | 400 | |
| Total Alternative Instruction Program | | | 85,526 |

Special Education Program

| | | | |
|-----------------------|----|---------|--|
| Teachers | \$ | 859,224 | |
| Career Ladder Program | | 10,870 | |
| Homebound Teachers | | 10,935 | |

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

| | | | |
|---------------------------------|----|--------|--------------|
| Educational Assistants | \$ | 22,851 | |
| Certified Substitute Teachers | | 10,047 | |
| Social Security | | 53,660 | |
| State Retirement | | 49,745 | |
| Medical Insurance | | 47,328 | |
| Unemployment Compensation | | 2,008 | |
| Employer Medicare | | 12,550 | |
| Other Supplies and Materials | | 1,807 | |
| Special Education Equipment | | 6,660 | |
| Total Special Education Program | | | \$ 1,087,685 |

Vocational Education Program

| | | | |
|------------------------------------------|----|---------|---------|
| Teachers | \$ | 472,395 | |
| Career Ladder Program | | 10,000 | |
| Career Ladder Extended Contracts | | 2,000 | |
| Certified Substitute Teachers | | 9,212 | |
| Social Security | | 28,206 | |
| State Retirement | | 26,642 | |
| Medical Insurance | | 40,236 | |
| Unemployment Compensation | | 904 | |
| Employer Medicare | | 6,596 | |
| Maintenance & Repair Services- Equipment | | 1,879 | |
| Other Contracted Services | | 976 | |
| Instructional Supplies and Materials | | 20,954 | |
| Textbooks | | 4,993 | |
| Other Supplies and Materials | | 15,160 | |
| Vocational Instruction Equipment | | 15,261 | |
| Total Vocational Education Program | | | 655,414 |

Adult Education Program

| | | | |
|--------------------------------------|----|--------|--------|
| Teachers | \$ | 49,673 | |
| Certified Substitute Teachers | | 207 | |
| Social Security | | 3,016 | |
| State Retirement | | 2,325 | |
| Medical Insurance | | 1,297 | |
| Unemployment Compensation | | 203 | |
| Employer Medicare | | 705 | |
| Instructional Supplies and Materials | | 17,814 | |
| Other Equipment | | 2,955 | |
| Total Adult Education Program | | | 78,195 |

(Continued)

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

General Purpose School Fund (Cont.)

Support Services

Attendance

| | | | |
|---------------------------|----|--------|-----------|
| Supervisor/Director | \$ | 42,835 | |
| Social Security | | 2,343 | |
| State Retirement | | 2,356 | |
| Medical Insurance | | 5,286 | |
| Unemployment Compensation | | 70 | |
| Employer Medicare | | 548 | |
| Travel | | 353 | |
| Total Attendance | | | \$ 53,791 |

Health Services

| | | | |
|------------------------------|----|--------|--------|
| Medical Personnel | \$ | 14,466 | |
| Other Salaries & Wages | | 41,019 | |
| Social Security | | 3,033 | |
| State Retirement | | 2,830 | |
| Medical Insurance | | 3,855 | |
| Unemployment Compensation | | 325 | |
| Employer Medicare | | 709 | |
| Travel | | 1,454 | |
| Drugs and Medical Supplies | | 3,551 | |
| Other Supplies and Materials | | 4,685 | |
| Total Health Services | | | 75,927 |

Other Student Support

| | | | |
|------------------------------------|----|---------|---------|
| Career Ladder Program | \$ | 6,000 | |
| Guidance Personnel | | 232,549 | |
| Career Ladder Extended Contracts | | 6,000 | |
| Social Workers | | 16,578 | |
| Social Security | | 14,861 | |
| State Retirement | | 14,362 | |
| Medical Insurance | | 21,748 | |
| Unemployment Compensation | | 455 | |
| Employer Medicare | | 3,476 | |
| Contracts with Government Agencies | | 2,033 | |
| Evaluation and Testing | | 3,217 | |
| Other Supplies and Materials | | 1,496 | |
| Other Charges | | 4,703 | |
| Total Other Student Support | | | 327,478 |

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

| | | | |
|--------------------------------------|----|---------|------------|
| Supervisor/Director | \$ | 74,094 | |
| Career Ladder Program | | 15,000 | |
| Career Ladder Extended Contracts | | 16,000 | |
| Librarians | | 264,399 | |
| Instructional Computer Personnel | | 53,850 | |
| Clerical Personnel | | 17,631 | |
| Certified Substitute Teachers | | 196 | |
| Social Security | | 25,218 | |
| State Retirement | | 24,261 | |
| Medical Insurance | | 32,541 | |
| Unemployment Compensation | | 645 | |
| Employer Medicare | | 5,898 | |
| Consultants | | 41,400 | |
| Travel | | 29,133 | |
| Other Contracted Services | | 898 | |
| Instructional Supplies and Materials | | 4,565 | |
| Library Books/Media | | 32,618 | |
| Other Supplies and Materials | | 5,603 | |
| In Service/Staff Development | | 22,397 | |
| Other Equipment | | 21,101 | |
| Total Regular Instruction Program | | | \$ 687,448 |

Special Education Program

| | | | |
|---------------------------------|----|--------|---------|
| Supervisor/Director | \$ | 54,718 | |
| Career Ladder Program | | 2,555 | |
| Psychological Personnel | | 46,190 | |
| Assessment Personnel | | 84,170 | |
| Social Security | | 10,766 | |
| State Retirement | | 10,289 | |
| Medical Insurance | | 13,569 | |
| Unemployment Compensation | | 280 | |
| Employer Medicare | | 2,518 | |
| Travel | | 1,570 | |
| Other Supplies and Materials | | 8,824 | |
| Other Charges | | 13 | |
| Total Special Education Program | | | 235,462 |

Vocational Education Program

| | | | |
|---------------------|----|--------|--|
| Supervisor/Director | \$ | 52,476 | |
|---------------------|----|--------|--|

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

| | | | |
|------------------------------------|----|--------|-----------|
| Secretary(s) | \$ | 12,617 | |
| Other Salaries & Wages | | 12,581 | |
| Social Security | | 4,690 | |
| State Retirement | | 4,469 | |
| Medical Insurance | | 2,791 | |
| Unemployment Compensation | | 156 | |
| Employer Medicare | | 1,097 | |
| Travel | | 3,009 | |
| Other Charges | | 3,518 | |
| Total Vocational Education Program | | | \$ 97,404 |

Adult Programs

| | | | |
|--------------------------------------|----|--------|--------|
| Supervisor/Director | \$ | 51,174 | |
| Career Ladder Program | | 1,000 | |
| Other Salaries & Wages | | 15,046 | |
| Social Security | | 3,951 | |
| State Retirement | | 3,814 | |
| Medical Insurance | | 4,952 | |
| Unemployment Compensation | | 137 | |
| Employer Medicare | | 924 | |
| Travel | | 281 | |
| Other Contracted Services | | 3,288 | |
| Instructional Supplies and Materials | | 115 | |
| In Service/Staff Development | | 5,287 | |
| Other Charges | | 8,865 | |
| Total Adult Programs | | | 98,834 |

Board of Education

| | | | |
|----------------------------------|----|--------|--|
| Board and Committee Members Fees | \$ | 4,142 | |
| Social Security | | 257 | |
| Unemployment Compensation | | 41 | |
| Employer Medicare | | 60 | |
| Audit Services | | 8,500 | |
| Dues and Memberships | | 7,359 | |
| Legal Services | | 192 | |
| Travel | | 263 | |
| Trustee's Commission | | 70,094 | |
| Workers' Compensation Insurance | | 51,854 | |
| In Service/Staff Development | | 700 | |

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

| | | | |
|--------------------------------------------|----|-------|------------|
| Criminal Investigation of Applicants - TBI | \$ | 1,200 | |
| Other Charges | | 904 | |
| Total Board of Education | | | \$ 145,566 |

Director of Schools

| | | | |
|------------------------------------------|----|--------|---------|
| County Official/Administrative Officer | \$ | 78,651 | |
| Secretary(s) | | 15,257 | |
| Social Security | | 5,410 | |
| State Retirement | | 5,303 | |
| Medical Insurance | | 5,769 | |
| Unemployment Compensation | | 127 | |
| Employer Medicare | | 1,265 | |
| Other Fringe Benefits | | 1,355 | |
| Communication | | 6,648 | |
| Dues and Memberships | | 1,103 | |
| Maintenance & Repair Services- Equipment | | 1,400 | |
| Postal Charges | | 2,305 | |
| Travel | | 350 | |
| Office Supplies | | 3,073 | |
| Total Director of Schools | | | 128,016 |

Office of the Principal

| | | | |
|----------------------------------|----|---------|---------|
| Principals | \$ | 378,779 | |
| Career Ladder Program | | 14,000 | |
| Career Ladder Extended Contracts | | 10,000 | |
| Secretary(s) | | 87,059 | |
| Other Salaries & Wages | | 538 | |
| Social Security | | 28,783 | |
| State Retirement | | 27,654 | |
| Medical Insurance | | 23,434 | |
| Unemployment Compensation | | 977 | |
| Employer Medicare | | 6,732 | |
| Communication | | 8,400 | |
| Dues and Memberships | | 3,100 | |
| Travel | | 454 | |
| Office Supplies | | 884 | |
| Other Supplies and Materials | | 375 | |
| Total Office of the Principal | | | 591,169 |

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

| | | | |
|------------------------------------------|----|--------|-----------|
| Accountants/Bookkeepers | \$ | 24,065 | |
| Social Security | | 1,476 | |
| State Retirement | | 1,511 | |
| Medical Insurance | | 11,335 | |
| Unemployment Compensation | | 70 | |
| Employer Medicare | | 345 | |
| Data Processing Services | | 5,556 | |
| Maintenance & Repair Services- Equipment | | 80 | |
| Data Processing Supplies | | 2,025 | |
| Office Supplies | | 890 | |
| Administration Equipment | | 876 | |
| Total Fiscal Services | | | \$ 48,229 |

Operation of Plant

| | | | |
|---------------------------------|----|---------|-----------|
| Custodial Personnel | \$ | 247,383 | |
| Other Salaries & Wages | | 1,809 | |
| Social Security | | 15,181 | |
| State Retirement | | 11,749 | |
| Medical Insurance | | 6,004 | |
| Unemployment Compensation | | 1,737 | |
| Employer Medicare | | 3,550 | |
| Other Contracted Services | | 80,403 | |
| Custodial Supplies | | 39,740 | |
| Electricity | | 452,248 | |
| Natural Gas | | 141,076 | |
| Water and Sewer | | 36,657 | |
| Other Supplies and Materials | | 145 | |
| Building and Contents Insurance | | 108,937 | |
| Total Operation of Plant | | | 1,146,619 |

Maintenance of Plant

| | | | |
|------------------------------------------|----|---------|--|
| Maintenance Personnel | \$ | 117,621 | |
| Social Security | | 6,773 | |
| State Retirement | | 7,310 | |
| Medical Insurance | | 1,715 | |
| Unemployment Compensation | | 330 | |
| Employer Medicare | | 1,584 | |
| Communication | | 287 | |
| Maintenance & Repair Services- Buildings | | 51,448 | |

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

| | | | |
|------------------------------------------|----|--------|------------|
| Maintenance & Repair Services- Equipment | \$ | 36,213 | |
| Maintenance & Repair Services- Vehicles | | 60 | |
| Other Contracted Services | | 21,530 | |
| Gasoline | | 17 | |
| Other Supplies and Materials | | 1,682 | |
| Other Charges | | 929 | |
| Maintenance Equipment | | 7,543 | |
| Total Maintenance of Plant | | | \$ 255,042 |

Transportation

| | | | |
|------------------------------|----|---------|---------|
| Mechanic(s) | \$ | 82,516 | |
| Bus Drivers | | 377,479 | |
| Other Salaries & Wages | | 34,880 | |
| Social Security | | 29,491 | |
| State Retirement | | 29,024 | |
| Medical Insurance | | 13,723 | |
| Unemployment Compensation | | 2,918 | |
| Employer Medicare | | 6,897 | |
| Communication | | 1,504 | |
| Laundry Service | | 10 | |
| Medical and Dental Services | | 2,600 | |
| Other Contracted Services | | 10,704 | |
| Diesel Fuel | | 104,464 | |
| Garage Supplies | | 1,723 | |
| Gasoline | | 46,070 | |
| Lubricants | | 3,477 | |
| Tires and Tubes | | 16,876 | |
| Vehicle Parts | | 32,076 | |
| In Service/Staff Development | | 707 | |
| Other Charges | | 1,302 | |
| Transportation Equipment | | 160,521 | |
| Total Transportation | | | 958,962 |

Operation of Non-Instructional Services

Food Service

| | | | |
|-------------------------|----|--------|--|
| Supervisor/Director | \$ | 34,778 | |
| Accountants/Bookkeepers | | 1,404 | |
| Cafeteria Personnel | | 15,442 | |
| Other Salaries & Wages | | 8,337 | |

(Continued)

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

| | | | |
|------------------------------------------|----|---------|------------|
| Social Security | \$ | 3,717 | |
| State Retirement | | 3,424 | |
| Medical Insurance | | 550 | |
| Unemployment Compensation | | 167 | |
| Employer Medicare | | 869 | |
| Maintenance & Repair Services- Equipment | | 3,432 | |
| Payments to Schools - Breakfast | | 172,892 | |
| Payments to Schools - Lunch | | 447,025 | |
| Payments to Schools - Other | | 10,892 | |
| Transportation - Other than Students | | 6,755 | |
| Travel | | 2,404 | |
| Food Supplies | | 34,845 | |
| Office Supplies | | 1,335 | |
| Utilities | | 7,994 | |
| Other Charges | | 675 | |
| Food Service Equipment | | 5,000 | |
| Total Food Service | | | \$ 761,937 |

Community Services

| | | | |
|------------------------------|----|---------|---------|
| Other Salaries & Wages | \$ | 141,886 | |
| Social Security | | 8,680 | |
| State Retirement | | 7,884 | |
| Medical Insurance | | 3,972 | |
| Unemployment Compensation | | 778 | |
| Employer Medicare | | 2,030 | |
| Travel | | 1,138 | |
| Other Supplies and Materials | | 1,166 | |
| Other Charges | | 289 | |
| Total Community Services | | | 167,823 |

Capital Outlay

Regular Capital Outlay

| | | | |
|------------------------------|----|---------|---------|
| Architects | \$ | 13,829 | |
| Building Improvements | | 113,059 | |
| Site Development | | 81,191 | |
| Other Capital Outlay | | 740 | |
| Total Regular Capital Outlay | | | 208,819 |

(Continued)

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

General Purpose School Fund (Cont.)

Principal

Education

| | | |
|--------------------|-----------|-----------|
| Principal on Notes | \$ 97,929 | |
| Total Education | | \$ 97,929 |

Interest

Education

| | | |
|-------------------|----------|-------|
| Interest on Notes | \$ 1,438 | |
| Total Education | | 1,438 |

Other Debt Service

Education

| | | |
|-------------------------------------------------|------------|----------------|
| Debt Service Contribution to Primary Government | \$ 200,000 | |
| Other Debt Service | 500 | |
| Total Education | | <u>200,500</u> |

Total General Purpose School Fund \$ 16,507,122

School Federal Projects Fund

Instruction

Regular Instruction Program

| | | |
|------------------------------------------|------------|--------------|
| Teachers | \$ 945,636 | |
| Educational Assistants | 124,376 | |
| Other Salaries & Wages | 3,957 | |
| Certified Substitute Teachers | 19,287 | |
| Social Security | 63,992 | |
| State Retirement | 61,985 | |
| Medical Insurance | 68,420 | |
| Unemployment Compensation | 3,701 | |
| Employer Medicare | 15,550 | |
| Maintenance & Repair Services- Equipment | 69 | |
| Other Contracted Services | 3,380 | |
| Instructional Supplies and Materials | 131,847 | |
| Other Supplies and Materials | 7,869 | |
| Total Regular Instruction Program | | \$ 1,450,069 |

Special Education Program

| | | |
|-------------------------------|-----------|--|
| Teachers | \$ 37,015 | |
| Educational Assistants | 228,793 | |
| Other Salaries & Wages | 39,023 | |
| Certified Substitute Teachers | 30,828 | |

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

| | | | |
|------------------------------------------|----|--------|------------|
| Social Security | \$ | 20,778 | |
| State Retirement | | 17,943 | |
| Medical Insurance | | 17,595 | |
| Unemployment Compensation | | 1,861 | |
| Employer Medicare | | 4,860 | |
| Contracts with Private Agencies | | 3,483 | |
| Maintenance & Repair Services- Equipment | | 2,056 | |
| Other Contracted Services | | 24,101 | |
| Instructional Supplies and Materials | | 37,231 | |
| Textbooks | | 19,514 | |
| Other Supplies and Materials | | 23,815 | |
| Other Charges | | 4,717 | |
| Total Special Education Program | | | \$ 513,613 |

Vocational Education Program

| | | | |
|--------------------------------------|----|--------|--------|
| Travel | \$ | 2,642 | |
| Other Contracted Services | | 32 | |
| Instructional Supplies and Materials | | 16,419 | |
| Vocational Instruction Equipment | | 38,016 | |
| Total Vocational Education Program | | | 57,109 |

Support Services

Other Student Support

| | | | |
|------------------------------|----|-------|--------|
| Social Security | \$ | 470 | |
| State Retirement | | 357 | |
| Employer Medicare | | 110 | |
| Travel | | 4,971 | |
| Other Contracted Services | | 9,696 | |
| In Service/Staff Development | | 879 | |
| Total Other Student Support | | | 16,483 |

Regular Instruction Program

| | | | |
|---------------------------|----|---------|--|
| Supervisor/Director | \$ | 52,697 | |
| Secretary(s) | | 12,000 | |
| Social Security | | 4,088 | |
| State Retirement | | 3,960 | |
| Unemployment Compensation | | 160 | |
| Employer Medicare | | 956 | |
| Consultants | | 148,855 | |

(Continued)

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

| | | | |
|-----------------------------------|----|--------|------------|
| Travel | \$ | 14,173 | |
| Other Contracted Services | | 4,288 | |
| In Service/Staff Development | | 95,678 | |
| Total Regular Instruction Program | | | \$ 336,855 |

Special Education Program

| | | | |
|---------------------------------|----|--------|--------|
| Supervisor/Director | \$ | 4,834 | |
| Secretary(s) | | 20,604 | |
| Clerical Personnel | | 2,185 | |
| Social Security | | 1,751 | |
| State Retirement | | 1,666 | |
| Unemployment Compensation | | 91 | |
| Employer Medicare | | 409 | |
| Consultants | | 2,747 | |
| Travel | | 10,062 | |
| Other Supplies and Materials | | 18,287 | |
| In Service/Staff Development | | 8,961 | |
| Other Charges | | 1,496 | |
| Other Equipment | | 17,104 | |
| Total Special Education Program | | | 90,197 |

Vocational Education Program

| | | | |
|------------------------------------|----|-----|-------|
| Other Salaries & Wages | \$ | 559 | |
| Social Security | | 131 | |
| State Retirement | | 90 | |
| Unemployment Compensation | | 6 | |
| Employer Medicare | | 31 | |
| In Service/Staff Development | | 452 | |
| Other Charges | | 989 | |
| Total Vocational Education Program | | | 2,258 |

Operation of Plant

| | | | |
|--------------------------|----|-------|-------|
| Electricity | \$ | 2,247 | |
| Total Operation of Plant | | | 2,247 |

Transportation

| | | | |
|------------------|----|--------|--|
| Bus Drivers | \$ | 26,463 | |
| Social Security | | 1,364 | |
| State Retirement | | 1,371 | |

(Continued)

Exhibit D-4

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

| | | | |
|---------------------------|----|------------|--------|
| Unemployment Compensation | \$ | 96 | |
| Employer Medicare | | <u>319</u> | |
| Total Transportation | \$ | | 29,613 |

Capital Outlay

Regular Capital Outlay

| | | | |
|------------------------------|----|----------------|----------------|
| Other Capital Outlay | \$ | <u>444,701</u> | |
| Total Regular Capital Outlay | | | <u>444,701</u> |

Total School Federal Projects Fund \$ 2,943,145

Education Capital Projects Fund

Support Services

Board of Education

| | | | |
|--------------------------|----|----------|---|
| Trustee's Commission | \$ | <u>5</u> | |
| Total Board of Education | \$ | | 5 |

Capital Projects

Education Capital Projects

| | | | |
|----------------------------------|----|---------------|---------------|
| Building Improvements | \$ | <u>64,495</u> | |
| Total Education Capital Projects | | | <u>64,495</u> |

Total Education Capital Projects Fund 64,500

Total Governmental Funds - Wayne County School Department \$ 19,514,767

SINGLE AUDIT REPORT
WAYNE COUNTY, TENNESSEE
AND
WAYNE COUNTY SCHOOL DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2005

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
RICHARD V. NORMENT
Assistant to the Comptroller

ARTHUR L. ALEXANDER
Director

JEFF BAILEY, CPA, CGFM, CFE
Audit Manager

JERRY DURHAM, CPA, CGFM, CFE
Auditor 4

KENT WHITE, CPA, CGFM, CFE
RHONDA DAVIS, CFE
WENDY HEATH, CFE
State Auditors

This report is available at www.comptroller.state.tn.us

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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

September 9, 2005

Wayne County Mayor, Board of County Commissioners,
Director of Schools, and Board of Education
Wayne County, Tennessee

To the County Mayor, Board of County Commissioners, Director of Schools, and
Board of Education:

We have audited the financial statements of each major fund and the aggregate remaining fund information of Wayne County, Tennessee, and the Wayne County School Department as of and for the year ended June 30, 2005, which collectively comprise a portion of Wayne County's and the Wayne County School Department's basic financial statements and have issued our reports thereon dated September 9, 2005. Our reports on the financial statements of Wayne County, Tennessee, and the Wayne County School Department express adverse opinions because government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wayne County's and the Wayne County School Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or

operation of the internal control over financial reporting that, in our judgment, could adversely affect Wayne County's and the Wayne County School Department's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05.03(A,B), 05.04(C,D), 05.05, 05.10, 05.11, 05.12, 05.13, 05.14(A,B,C), 05.15, 05.16, 05.17(A,B), 05.18(A), 05.19, 05.21, 05.23, 05.24, and 05.25.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 05.04(C,D) and 05.11 to be material weaknesses.

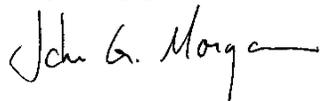
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wayne County's and the Wayne County School Department's statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as items 05.01, 05.02, 05.03(C), 05.04(A,B), 05.06, 05.07, 05.08, 05.09, 05.14(D), 05.17(C), 05.18(B), 05.20, and 05.22.

We also noted certain matters that we reported to the management of Wayne County and the Wayne County School Department in separate communications.

This report is intended solely for the information and use of the Board of County Commissioners, Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/rd



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

September 9, 2005

Wayne County Mayor, Board of County Commissioners,
Director of Schools, and Board of Education
Wayne County, Tennessee

To the County Mayor, Board of County County Commissioners, Director of Schools, and
Board of Education:

Compliance

We have audited the compliance of Wayne County and the Wayne County School Department with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Wayne County's and the Wayne County School Department's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each major federal program is the responsibility of Wayne County's and the Wayne County School Department's management. Our responsibility is to express an opinion on Wayne County's and the Wayne County School Department's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing 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 Wayne County's and the Wayne County School Department's

compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Wayne County's and the Wayne County School Department's compliance with those requirements.

As described in item 05.18(B) and 05.27 in the accompanying Schedule of Findings and Questioned Costs, the Wayne County School Department did not comply with requirements regarding competitive bidding that are applicable to its Title I Grants to Local Educational Agencies. Compliance with such requirements is necessary, in our opinion, for the Wayne County School Department to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Wayne County and the Wayne County School Department complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

Wayne County's and the Wayne County School Department's management are responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Wayne County's and the Wayne County School Department's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Wayne County School Department's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. This reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 05.18(A) and 05.26.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Schedule of Federal Awards

We have audited the financial statements of each major fund and the aggregate remaining fund information of Wayne County, Tennessee, and the Wayne County School Department as of and for the year ended June 30, 2005, and have issued our reports thereon dated September 9, 2005. Our reports on the financial statements of Wayne County and the Wayne County School Department express adverse opinions because government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan" with a long horizontal flourish extending to the right.

John G. Morgan
Comptroller of the Treasury

JGM/rd

Wayne County, Tennessee, and the Wayne County School Department
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2005

| Federal/Pass-through Agency/State Grantor Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Expenditures |
|--------------------------------------------------------------------------------------|---------------------------|----------------------------------------------|---------------------|
| U.S. Department of Agriculture: | | | |
| Direct Program: | | | |
| Watershed Protection and Flood Prevention | 10.904 | N/A | \$ 82,834 |
| Watershed Protection and Flood Prevention | 10.904 | N/A | 166,559 |
| Total Direct Program | | | <u>\$ 249,393</u> |
| Passed-through State Department of Agriculture: | | | |
| Food Distribution (Noncash Assistance) | 10.550 | (2) | \$ 66,618 |
| Total Passed-through State Department of Agriculture | | | <u>\$ 66,618</u> |
| Passed-through State Department of Education: | | | |
| Child Nutrition Cluster: | | | |
| School Breakfast Program | 10.553 | (2) | \$ 172,892 |
| National School Lunch Program | 10.555 | (2) | 457,917 |
| Summer Food Service Program for Children | 10.559 | (2) | 61,898 |
| Total Passed-through State Department of Education | | | <u>\$ 692,707</u> |
| Total U.S. Department of Agriculture | | | <u>\$ 1,008,718</u> |
| U.S. Department of Housing and Urban Development: | | | |
| Passed-through State Department of Economic and Community Development: | | | |
| Community Development Block Grants State's Program | 14.228 | Z0100321600 | \$ 52,901 |
| Total U.S. Department of Housing and Urban Development | | | <u>\$ 52,901</u> |
| U.S. Department of Labor: | | | |
| Passed-through State Department of Labor and Workforce Development: | | | |
| WIA Incentive Grants - Section 503 Grants to States | 17.267 | Z0401948300 | \$ 2,310 |
| WIA Incentive Grants - Section 503 Grants to States | 17.267 | Z0502378800 | 8,600 |
| Total U.S. Department of Labor | | | <u>\$ 10,910</u> |
| U.S. Department of Homeland Security: | | | |
| Direct Program: | | | |
| Assistance to Firefighters Grant | 97.044 | N/A | \$ 31,050 |
| Passed-through State Department of Military: | | | |
| Public Assistance Grants | 97.036 | Z0301799500 | \$ 30,000 |
| State Domestic Preparedness Equipment Support Program | 97.004 | Z0301781201 | 7,788 (3) |
| State Domestic Preparedness Equipment Support Program | 97.004 | Z0402250500 | 21,598 (3) |
| State Domestic Preparedness Equipment Support Program | 97.004 | Z0402015701 | 50,526 (3) |
| Total Passed-through State Department of Military | | | <u>\$ 109,912</u> |
| Total U.S. Department of Homeland Security | | | <u>\$ 140,962</u> |
| U.S. Department of Health and Human Services: | | | |
| Passed-through State Department of Labor and Workforce Development: | | | |
| Temporary Assistance for Needy Families | 93.558 | Z0502236500 | \$ 15,791 |
| Passed-through State Department of Health: | | | |
| Centers for Disease Control and Prevention - Investigations and Technical Assistance | 93.283 | GG051147000 | \$ 15,138 |
| Total U.S. Department of Health and Human Services | | | <u>\$ 30,929</u> |

(Continued)

Wayne County, Tennessee, and the Wayne County School Department
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 Transportation: | | | |
| Passed-through State Department Transportation: | | | |
| Highway Planning and Construction | 20.205 | STPH128(18) | \$ 10,630 |
| Total U.S. Department of Transportation | | | <u>\$ 10,630</u> |
| U.S. Department of Education: | | | |
| Direct Program: | | | |
| Early Reading First | 84.359B | N/A | \$ 1,232,496 |
| Passed-through State Department of Education: | | | |
| Adult Education - State Grant Program | 84.002 | Z0401672500 | \$ 9,577 (4) |
| Adult Education - State Grant Program | 84.002 | Z0502227900 | 77,776 (4) |
| Adult Education - State Grant Program | 84.002 | (2) | 9,772 (4) |
| Title 1 Grants to Local Educational Agencies | 84.010 | N/A | 579,347 |
| Special Education Cluster: | | | |
| Special Education - Grants to States | 84.027 | N/A | 633,568 |
| Special Education - Preschool Grants | 84.173 | N/A | 16,785 |
| Vocational Education - Basic Grants to States | 84.048 | N/A | 95,850 |
| Safe and Drug Free Schools and Communities - State Grant | 84.186 | (2) | 15,774 |
| Even Start State Educational Agencies | 84.213C | Z0502048000 | 152,578 |
| Title IV, Part B: 21st Century Community Learning Centers Program | 84.287C | (2) | 166,856 |
| Advanced Placement Program | 84.330 | N/A | 5,892 |
| Innovative Education Program Strategies | 84.298 | N/A | 18,395 |
| Reading Excellence | 84.338A | N/A | 100,000 |
| Reading First State Grants | 84.357 | GG041104200 | 231,611 |
| Educational Technology State Grants | 84.318 | (2) | 8,360 |
| Rural Education | 84.358 | N/A | 84,104 |
| Improving Teacher Quality State Grants | 84.367 | N/A | 162,217 |
| Total U.S. Department of Education | | | <u>\$ 3,600,958</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 4,856,008</u> |
| <u>State Grants</u> | | | |
| State Reappraisal Program - Comptroller of the Treasury | N/A | (2) | \$ 7,599 |
| Rural Local Health Services - State Department of Health | N/A | Z0405136100 | 26,733 |
| Litter Program - State Department of Transportation | N/A | (2) | 32,107 |
| Early Childhood Education - State Department of Education | N/A | (2) | 195,000 |
| Adult Basic Education - State Department of Education | N/A | Z0401672500 | 2,546 |
| Adult Basic Education - State Department of Education | N/A | Z0502227900 | 20,675 |
| Family Resource Center - State Department of Education | N/A | (2) | 33,300 |
| Families First - State Department of Education | N/A | Z0502236500 | 7,431 |
| Touching Lives of Children Grant - State Department of Education | N/A | (2) | 6,990 |
| Safe Schools Act of 2001 - State Department of Education | N/A | (2) | 16,909 |
| Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth | N/A | (2) | 9,000 |
| Total State Grants | | | <u>\$ 358,290</u> |

CFDA - Catalog of Federal Domestic Assistance

N/A - Not Applicable

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

(2) - Information not available.

(3) - Total State Domestic Preparedness Equipment Support Program (CFDA # 97.004) from the U.S. Department of Homeland Security \$79,912.

(4) - Total Adult Education State Grant Program (CFDA # 84.002) from the U.S. Department of Education \$97,125.

Wayne County, Tennessee and the Wayne County School Department
Schedule of Audit Findings Not Corrected
June 30, 2005

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Wayne County, Tennessee, and the Wayne County School Department for the year ended June 30, 2004, which have not been corrected.

OFFICE OF COUNTY MAYOR

| Finding Number | Page Number | Subject |
|----------------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 04.01 | 12 | Government-wide financial statements were not presented in accordance with generally accepted accounting principles |
| 04.02 | 13 | Purchase orders were not issued for some purchases |
| 04.03 | 13 | The office had not implemented adequate controls to protect its information resources against unauthorized access, modification, destruction, or disclosure |

OFFICE OF SUPERINTENDENT OF HIGHWAYS

| Finding Number | Page Number | Subject |
|----------------|-------------|-------------------------------------------------------------------------------------------|
| 04.06 | 15 | The highway department did not maintain a system to account for the use of road materials |

OFFICE OF DIRECTOR OF SCHOOLS

| Finding Number | Page Number | Subject |
|----------------|-------------|------------------------------------------------------|
| 04.08(A,B) | 17 | The office had deficiencies in purchasing procedures |
| 04.09(A) | 17 | The office had accounting deficiencies |

OFFICE OF SHERIFF

| Finding Number | Page Number | Subject |
|----------------|-------------|---------------------------------------------------------------------------------------------|
| 04.12 | 20 | Internal controls over receiving and storing evidence and seized property were not adequate |

OTHER FINDINGS AND RECOMMENDATIONS

| Finding Number | Page Number | Subject |
|---------------------------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 04.13 | 21 | Duties were not segregated adequately in the Offices of Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff |
| 04.14 | 21 | A central system of accounting, budgeting, and purchasing had not been adopted |

**WAYNE COUNTY, TENNESSEE, AND THE
WAYNE COUNTY SCHOOL DEPARTMENT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2005

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Adverse opinions were issued on the financial statements of Wayne County and the Wayne County School Department.
2. The audit of the financial statements of Wayne County and the Wayne County School Department disclosed reportable conditions in internal control. Two of these conditions were considered to be material weaknesses in Wayne County.
3. The audit disclosed five instances of noncompliance that are material to the financial statements of Wayne County, and one instance of noncompliance that is material to the financial statements of the Wayne County School Department.
4. The audit disclosed one reportable condition in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Title I Grants to Local Educational Agencies (CFDA No. 84.010); Early Reading First (CFDA No. 84.359B); and the Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, 10.559) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Wayne County and the Wayne County School Department did not qualify as low-risk auditees.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We have reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the current superintendent of highways and the director of schools are quoted in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

WAYNE COUNTY AND WAYNE COUNTY SCHOOL DEPARTMENT

FINDING 05.01 **GOVERNMENT-WIDE FINANCIAL STATEMENTS
WERE NOT PRESENTED IN ACCORDANCE WITH
GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**
(Material Noncompliance Under Government Auditing
Standards)

Wayne County and the Wayne County School Department did not identify and determine the historical value of their capital assets and the related depreciation amounts of these assets. Therefore, Wayne County and the Wayne County School Department were unable to provide the information necessary to prepare government-wide financial statements for all of their activities, as required by Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. GASB is the standard-setting body for accounting principles that state and local governments are required to follow. As a result of this omission, Wayne County’s and the Wayne County School Department’s financial statements are not presented in accordance with generally accepted accounting principles; thus, we have issued adverse opinions on their financial statements.

The Office of the Comptroller of the Treasury, State of Tennessee, requires governments that do not implement GASB Statement 34 to issue a financial report in compliance with Financial Reporting Standards for County Governments, Component Units of County Governments, and Special School Districts That Do Not Implement Governmental Accounting Standards Board Statement 34, established by the Comptroller of the Treasury. Wayne County’s and the Wayne County School Department’s financial statements are presented in compliance with these requirements.

RECOMMENDATION

Wayne County and the Wayne County School Department should present government-wide financial statements in conformity with generally accepted accounting principles, and should compile and maintain records that properly account for their capital assets. These records should document the historical costs of the governments’ capital assets, and the related depreciation amounts of these assets. This information is necessary to present the financial statements in accordance with generally accepted accounting principles.

MANAGEMENT'S RESPONSE – CURRENT SUPERINTENDENT OF HIGHWAYS – JEFF MINATRA (DIRECT QUOTE)

“Wayne County Highway Department has approximately 85% to 90% of the GASB 34 financial statement prepared. One hundred percent of the statement will be ready for implementation by June 30, 2006.”

OFFICE OF COUNTY MAYOR

FINDING 05.02

FINANCIAL ACTIVITY OF THE WAYNE COUNTY PUBLIC LIBRARY WAS NOT AUDITED, AND THE LIBRARY WAS NOT SUBJECT TO BUDGETARY CONTROL OF THE COUNTY COMMISSION
(Noncompliance Under Government Auditing Standards)

The Wayne County Public Library operates as a department within the county's General Fund. A significant portion of the library's expenditures for the year was paid through the county's General Fund (\$91,384), which is included in the financial statements of this report. However, the Library Board maintained a checking account and a petty cash fund outside of the county's control to deposit fines, fees, and interest revenues (\$5,175), grant revenues (\$5,131), and to pay certain operating expenses (\$1,090). The balance of the checking account was \$7,197 and the balance in the petty cash fund was \$382 on June 30, 2005. The funds channeled through the checking account and petty cash fund did not flow through the county's budgetary process, have not been audited, and are not included in the financial statements of this report. We do not consider the exclusion of these amounts to be material to the financial statements of this report.

Section 5-9-401, Tennessee Code Annotated (TCA), states that “all funds ... including, but not limited to ... taxes, county aid funds, federal funds, and fines, which are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” Also, Section 10-3-106, TCA, states that “All library accounts of every character shall be audited annually by or under the county legislative body and/or city governing body.”

RECOMMENDATION

The Wayne County Public Library should remit all collections to the county's General Fund or contract for an audit of their accounts. All revenues and expenditures related to the library's operation should be audited and subject to the budgetary control of the County Commission as required by state statutes.

FINDING 05.03

THE OFFICE HAD DEFICIENCIES IN ITS PURCHASING PROCEDURES

(A. and B. Internal Control – Reportable Condition Under Government Auditing Standards; C. Noncompliance Under Government Auditing Standards)

Our review of purchasing procedures revealed the following deficiencies:

- A. Purchase orders were not issued for some required purchases. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments.
- B. Several purchase orders were issued after purchases were made. This practice defeats the purpose of issuing a purchase order and makes the purchase order an approval for payment, rather than an approval of the purchase.
- C. Competitive bids were not solicited for jail construction materials (\$20,493), metal doors for the jail (\$6,793), and contracted wiring in the jail (\$14,562). Section 5-14-204, Tennessee Code Annotated, requires competitive bids for purchases exceeding \$5,000 to be made after public advertisement and solicitation of competitive bids

RECOMMENDATION

To strengthen internal controls over the purchasing process and to document purchasing commitments, the office should issue purchase orders for all required purchases and ensure that purchase orders are approved before purchases are made. Competitive bids should be solicited through newspaper advertisements for all purchases exceeding \$5,000 as required by state statute.

FINDING 05.04

THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

(A. and B. Noncompliance Under Government Auditing Standards); C. and D. Internal Control – Material Weakness Under Government Auditing Standards)

Our audit disclosed the following deficiencies in budget operations:

- A. Expenditures exceeded appropriations in the County Clerk major appropriation category (the legal level of control) of the General Fund by \$18,112.
- B. Expenditures exceeded total appropriations by \$5,336 in the Solid Waste/Sanitation Fund.

Section 5-9-401, Tennessee Code Annotated, states that “all funds ... including, but not limited to ... taxes, county aid funds, federal funds, and fines, which are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

- C. The General Fund’s actual fund balance at July 1, 2004, was \$1,775,731; however, the estimated fund balance reflected in the county’s budget at July 1, 2004, was \$1,529,886. Therefore, the actual fund balance exceeded the estimated fund balance presented to the County Commission by \$245,845.
- D. The Solid Waste/Sanitation Fund’s actual fund balance at July 1, 2004, was \$228,184; however, the estimated fund balance reflected in the county’s budget at July 1, 2004, was \$171,765. Therefore, the actual fund balance exceeded the estimated fund balance presented to the County Commission by \$56,419.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission as required by state statute. The estimate of beginning fund balance should be made on a more realistic basis to provide county officials with accurate information on which to base funding decisions.

FINDING 05.05

THE OFFICE HAD NOT IMPLEMENTED ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES AGAINST UNAUTHORIZED ACCESS, MODIFICATION, DESTRUCTION, OR DISCLOSURE
(Internal Control – Reportable Condition Under Government Auditing Standards)

The Office of County Mayor had not implemented adequate controls to protect its information resources against unauthorized access. The failure to provide such controls increases the risk that individuals could inappropriately access and manipulate the county’s sensitive information.

This finding does not identify specific vulnerabilities that could allow someone to exploit the office’s information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated. We provided the official with detailed information regarding the specific vulnerabilities we identified, as well as our recommendation for improvement.

RECOMMENDATION

The Office of County Mayor should ensure that adequate controls over information systems and the resources associated with those systems are implemented. The office should take steps to establish or improve any compensating controls until these conditions are remedied.

OFFICE OF SUPERINTENDENT OF HIGHWAYS

On March 23, 2005, Superintendent of Highways Phillip Berry was killed in an accident. On April 28, 2005, Jeff Minatra was appointed superintendent of highways. For findings 05.06 through 05.12, the title superintendent of highways applies to Phillip Berry. These findings have been reviewed with the district attorney general.

FINDING 05.06

A FICTITIOUS TIRE COMPANY WAS USED TO STEAL FUNDS

(Material Noncompliance Under Government Auditing Standards)

Generic invoices stamped with the name and address of River City Tire Company located at 2556 Billy Nance Highway, Clifton, Tennessee, were on file to support eight disbursements purportedly for tires and related tire materials. Warrants issued to remit payments (\$4,865.50) for these invoices were addressed to River City Tire Company located at 6495 Billy Nance Highway, Waynesboro, Tennessee. River City Tire Company did not exist at either location. Auditors determined that an electrical company existed at the Clifton address, and that the Waynesboro address noted did not exist at all. The generic invoices were written by the bookkeeper, and the warrants were cashed and/or deposited by the bookkeeper into personal bank accounts. The bookkeeper and her husband did, at one time, own the named property in Clifton but did not operate a tire company there. On June 28, 2005, the bookkeeper stated that she and the superintendent of highways falsified these transactions as a means of obtaining the funds for their personal use.

RECOMMENDATION

Wayne County officials should take immediate steps to collect the \$4,865.50.

MANAGEMENT'S RESPONSE – CURRENT SUPERINTENDENT OF HIGHWAYS - JEFF MINATRA (DIRECT QUOTE)

“The two employees involved in this matter no longer work for Wayne County Highway Department and actions are being taken to collect restitution.”

FINDING 05.07

THE BOOKKEEPER AND SECRETARY CONVERTED CHECKS MADE PAYABLE TO THE HIGHWAY DEPARTMENT FOR PERSONAL USE

(Material Noncompliance Under Government Auditing Standards)

On June 28, 2005, the bookkeeper advised that prior to the superintendent of highway's death (March 23, 2005), she converted all funds received from the sale of culverts to cash and gave the funds to the superintendent of highways for his personal use. The bookkeeper and secretary advised that after the superintendent of highway's death they cashed checks made payable to the Wayne County Highway Department and divided the proceeds. As of the date of this report, two of the above noted checks stolen by the bookkeeper and secretary totaling \$2,224.71 have been identified.

RECOMMENDATION

The Highway Department should not sell culverts to the public. Officials should continue their efforts in determining the exact number and amount of the checks stolen. Wayne County officials should take immediate steps to collect the stolen funds from the bookkeeper and secretary.

MANAGEMENT'S RESPONSE – CURRENT SUPERINTENDENT OF HIGHWAYS - JEFF MINATRA (DIRECT QUOTE)

“The three employees accused in this situation are no longer employed by the Wayne County Highway Department, and as of 6/28/05, the practice of selling culverts to the public was ended. Actions are being taken to collect restitution.”

FINDING 05.08

THE BOOKKEEPER FRAUDENTLY WITHDREW FUNDS FROM THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

(Material Noncompliance Under Government Auditing Standards)

Wayne County participates in the state sponsored Tennessee Consolidated Retirement System (TCRS) for retirement benefits for its employees. All persons employed full-time after 90 days are required to participate in the program. In order to qualify for a refund of accumulated contributions, the member must no longer be employed by any employer covered by TCRS. On April 12, 2005, the bookkeeper filed an official reimbursement request with the TCRS certifying that she had terminated employment with the Highway Department effective March 31, 2005; however, the bookkeeper never terminated employment. On April 18, 2005, TCRS refunded the bookkeeper \$8,019.76 of accumulated contributions. In addition to the false claim filed by the bookkeeper, the Highway Department's secretary certified and notarized the reimbursement request as being true and accurate, when in fact the secretary knew the information submitted was false. Section 39-14-114, Tennessee Code Annotated, defines forgery as “A person commits an offense who forges a writing with intent to defraud or harm another.”

RECOMMENDATION

County officials should report this false claim to the Tennessee Consolidated Retirement System.

MANAGEMENT'S RESPONSE – CURRENT SUPERINTENDENT OF HIGHWAYS - JEFF MINATRA (DIRECT QUOTE)

“TCRS has been notified of this false claim by the county officials and the employees involved have resigned.”

FINDING 05.09

THE HIGHWAY DEPARTMENT HAD DEFICIENCIES IN ACCOUNTING FOR EMPLOYEES' TRAVEL
(Material Noncompliance Under Government Auditing Standards)

In a prior period, Wayne County had adopted the State of Tennessee's Comprehensive Travel Regulations to govern travel by county employees. The superintendent of highways and certain Highway Department employees violated several provisions of the travel policy. Also, several of the trips at county expense appeared to be of questionable benefit to the county, or an abuse of employees position to travel for personal benefit. The Comptroller General of the United States defines abuse in the Government Auditing Standards as “When abuse occurs, no law, regulation, or provision of a contract or grant agreement is violated. Rather abuse involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances.” The following facts were noted regarding travel:

- A. A construction equipment and materials industry convention was held in Las Vegas, Nevada, on March 15 – 19, 2005. The superintendent of highways, assistant superintendent, secretary, bookkeeper, an employee, and the employee's wife traveled to Las Vegas on March 13th and returned to Wayne County on March 16th, thus attending the convention at most, one and one-half days. Two additional airplane tickets and registrations were purchased for other persons invited to go on the trip; however, these were not used and the county obtained an airline credit for the unused tickets. The following is a summary of all travel expenses paid by the Highway Department for these attendees:

| | |
|---------------------------------|-------------------------------|
| Eight convention registrations | \$ 320.00 |
| Two hotel rooms | 1,678.00 |
| Eight plane tickets | 2,055.20 |
| Parking | 64.00 |
| Food | 632.62 |
| Van rental | 996.46 |
| Fuel | 20.00 |
| Credit for future plane tickets | <u>(388.90)</u> |
| Total | <u><u>\$ 5,377.38</u></u> |

Documentation was on file to support convention registrations (\$240) for the superintendent, assistant superintendent, secretary, bookkeeper, and two other department employees. One of the two department employees who had been registered to attend the convention was hurt in an accident, and his position on the trip was replaced by the other participating employee's wife. In an attempt to disguise who actually attended the convention, documentation on file to support the airfare had been altered by marking out the employee's wife's name and writing in the injured employee's name. On March 30, 2005, the bookkeeper was reimbursed for two additional plane fares and two additional registrations without any supporting documentation. The bookkeeper advised that another employee and his wife were to attend the convention but cancelled. The department was issued a credit totaling \$388.90 for future plane travel.

It is also questionable that a prudent person would consider the specific days spent in Las Vegas (March 13-16) compared to the actual convention dates (March 15-19) and the persons who attended the convention (specifically the secretary, bookkeeper, and wife of an employee) compared to the cost, actually benefited the Highway Department. On June 28, 2005, the bookkeeper and secretary stated that the women who went on this trip did not attend the convention at all. Expenses related to the employee's wife attending the convention were personal expenses and should not have been paid by the Highway Department.

- B. The superintendent of highways, assistant superintendent, secretary, and bookkeeper attended the Tennessee County Services Association convention in Memphis, Tennessee, from October 13 – 14, 2004. The following expenses were paid by the Highway Department for these attendees:

| | |
|--------------------------------|--------------------|
| Hotel accommodations | \$ 758.61 |
| Food | 278.09 |
| Alcoholic beverages | 190.20 |
| Phone charges | 3.81 |
| Hair salon charges | 100.00 |
| Gifts | 131.10 |
| Two massages and two pedicures | <u>150.00</u> |
| Total | <u>\$ 1,611.81</u> |

Alcoholic beverages, hair salon charges, gifts, massages, and pedicures are personal expenses and are not authorized expenses for travel to be paid by the Highway Department.

- C. On December 15 - 16, 2004, the superintendent of highways, secretary, and bookkeeper traveled to the Opryland Hotel purportedly for a meeting with Tennessee Emergency Management Agency (TEMA) representatives. Auditors contacted the TEMA representatives named by the bookkeeper as being present at the meeting, and all of these representatives stated that they did not attend any meeting in December at the Opryland Hotel. On June 28, 2005, the bookkeeper and secretary admitted that this trip was totally for the personal benefit of the three attendees. The following expenses were paid by the Highway Department for these attendees:

| | |
|----------------------|------------------|
| Hotel accommodations | \$ 488.32 |
| Food | 90.37 |
| Alcoholic beverages | 38.25 |
| Fuel | <u>41.27</u> |
| Total | <u>\$ 658.21</u> |

- D. On November 19, 2004, a warrant was written to O'Charley's restaurant for two lunches (\$32.19) purportedly for a meeting with a TEMA representative in Florence, Alabama. The people participating in the lunch were not identified. Included in the bill was \$9.98 for alcoholic beverages. The department's travel policy provides that reimbursement for meals be made only when overnight travel is required or when excessive hours of work are required outside the county of the employee's official station. If this lunch was indeed for county business, the employees were not on travel status and therefore were not entitled to claim lunch. Alcoholic beverages are not authorized county expenses.

- E. The bookkeeper was reimbursed \$110.99 for three dinners at Red Lobster restaurant on February 18, 2005, for herself, the secretary, and the part-time office helper. Included in the bill was \$15.98 for alcoholic beverages. If this dinner was indeed for county business, the employees were not on travel status and therefore were not entitled to claim lunch. Again, alcoholic beverages are not authorized county expenses.

- F. A warrant was written to Casa Mexicana restaurant for \$16.49 purportedly for a business lunch on January 15, 2005, by an unidentified employee. The employee was not on travel status and therefore was not entitled to claim lunch.

- G. The following mileage claims were paid to the superintendent of highways and employees purportedly for use of their private vehicles while on county business. The county's mileage reimbursement rate (state rate) should have been \$.35 per mile from July 1, 2004, through December 31, 2004, and \$.38 thereafter. The quantity of miles charged over the time period noted, the varying mileage reimbursement rates, and the employees' access to county owned vehicles in lieu of using their personal vehicles raise questions as to the propriety of these claims. The employee who filed the travel claim for February 18, 2005, was also reimbursed \$15 for the purchase of gasoline in addition to the mileage allowance claimed. The superintendent's December 30th and the employee's February 2nd checks each claimed 1,000 miles for a round trip from the Collinwood Highway Department shop to Alamo, Tennessee, when the actual round trip mileage is approximately 220 miles. It should be noted that the bookkeeper's niece (part-time office help) cashed the superintendent's December 2nd check, the bookkeeper cashed the superintendent's December 30th check, and the secretary cashed the superintendent's January 28th check.

Payee:

Superintendent of Highways:

| | | | | | |
|----------|----|----------|----------------------|----|--------|
| 7-1-04 | to | 7-30-04 | 1200 miles at \$.35 | \$ | 420.00 |
| 10-1-04 | to | 10-11-04 | 1500 miles at \$.32 | | 480.00 |
| 11-29-04 | to | 12-2-04 | 1100 miles at \$.32 | | 352.00 |
| 12-17-05 | to | 12-30-05 | 1635 miles at \$.32 | | 523.20 |
| 1-26-05 | to | 1-28-05 | 1040 miles at \$.375 | | 390.00 |

Various Employees:

| | | | | | |
|---------|----|---------|----------------------|--|--------|
| 1-21-05 | to | 1-26-05 | 220 miles at \$.375 | | 82.50 |
| 1-28-05 | to | 2-2-05 | 1500 miles at \$.375 | | 562.50 |
| 2-18-05 | to | 2-18-05 | 214 miles at \$.405 | | 86.66 |

RECOMMENDATION

All travel on behalf of the Highway Department should be clearly for county business and directly for the benefit of the Highway Department. Employees should comply with

provisions of the county's travel policy. Travel claims should be reviewed for accuracy, and detailed documentation should be on file to support all reimbursements. Unauthorized travel, personal expenses, and/or altered invoices should not be reimbursed by the Highway Department.

MANAGEMENT'S RESPONSE – CURRENT SUPERINTENDENT OF HIGHWAYS - JEFF MINATRA (DIRECT QUOTE)

“As of 6/28/05, any and all travel expenses will be only to benefit the highway department. Travel will be kept to a minimum and only necessary employees will attend. As for travel reimbursement, nothing will be reimbursed that does not comply to the county's travel policy and will have to be reviewed and approved by the Highway Commissioner.”

FINDING 05.10

HIGHWAY DEPARTMENT FUNDS WERE USED IN A QUESTIONABLE MANNER

(Internal Control – Reportable Condition Under Government Auditing Standards)

The following expenditures by the Highway Department were of a questionable nature:

- A. Expenditures from discount stores included an over-the-counter weight loss drug (\$35.78), perfume (\$123.45), a compact disc (\$14.88), and Christmas candy/decorations/paper (\$55.90).
- B. The department purchased advertisements from the Collinwood Beautification Board (\$25) and Collinwood High School (\$60).
- C. The department hosted a luncheon (\$1,200) at Christmas for Highway Department employees and various non-department/non-county attendees.
- D. The department purchased country hams (\$1,008.50) at Christmas for Highway Department employees.
- E. An employee was paid \$345 on a vendor check with no supporting documentation.
- F. Other employees were reimbursed for using personal funds to make purchases for the Highway Department.
- G. Three individuals who were not county employees were paid a total of \$605 to wash and clean nine dump trucks. One check (\$40) was written to the secretary's brother, one check (\$65) was written to the secretary's daughter, and two checks (\$500) were written to the wife of the employee who went on the Las Vegas trip noted in Finding 05.04(A) using the wife's maiden name. The bookkeeper stated that she was instructed by the superintendent of highways to write the two checks totaling \$500 to reimburse the employee for the personal use of his cell phone. The bookkeeper said she wrote the two

checks, forged the payee's endorsement, cashed the checks, and gave the money to the superintendent of highways. It appears that these funds were obtained for personal use; however, auditors cannot determine who received the personal benefit.

- H. The Highway Department's bookkeeper advised that the superintendent of highways authorized payroll checks issued to the bookkeeper's brother-in-law and the bookkeeper's niece for work that they did not perform. Time sheets were on file in an attempt to provide documentation to support this work; however, it is questionable who filled out these time sheets. The bookkeeper advised that the brother-in-law was to be the "eyes and ears" of the superintendent in the northern end of the county, bushhog in the summer months, and receive payments for 40 hour work weeks regardless of the actual hours he worked. The niece purportedly worked as full-time office help; however, she was a full-time college student during some of the time period for which she was paid.
- I. The Highway Department paid another employee for time not worked for a period of six-to-eight weeks. During this time, the employee was home helping to care for his sick wife. The secretary advised auditors that she was instructed by the superintendent of highways to punch the employee's timecard to make it appear that he was working full-time.

RECOMMENDATION

The Highway Department should adopt written policies and procedures governing dinners and Christmas gifts for employees. Expenditures should not be made for personal items or non-employees. Adequate documentation should be on file to support all disbursements. Employees should not use personal funds to purchase items for the Highway Department. Officials should determine the propriety of the disbursements for washing and cleaning trucks. Employees should only be paid for actual time worked.

MANAGEMENT'S RESPONSE – CURRENT SUPERINTENDENT OF HIGHWAYS - JEFF MINATRA (DIRECT QUOTE)

"The present administration intends to monitor the expenditures of the Highway Department funds in a manner which will eliminate the questionable use of funds."

FINDING 05.11

A SIGNATURE STAMP WAS USED TO SIGN DOCUMENTS

(Internal Control – Material Weakness Under Government Auditing Standards)

Our examination disclosed that a signature stamp was used to affix the signature of the superintendent of highways to purchase orders, payroll warrants, vendor warrants, and to endorse the backs of certain warrants. Tennessee Code Annotated does not provide authority for the use of a signature stamp.

RECOMMENDATION

Management should discontinue the use of any signature stamps.

MANAGEMENT’S RESPONSE – CURRENT SUPERINTENDENT OF HIGHWAYS - JEFF MINATRA (DIRECT QUOTE)

“The present administration has discontinued the use of any and all signature stamps on 3/23/05. There are not now, nor will there ever be, any signature stamps used under this administration. Purchase Orders are signed by authorized personnel only. Payroll warrants and vendor warrants can only be signed by the highway commissioner.”

FINDING 05.12

THE OFFICE HAD OTHER INTERNAL CONTROL WEAKNESSES

(Internal Control – Reportable Condition Under Government Auditing Standards)

Other weaknesses in internal control noted were as follows:

- A. Several instances were noted where expenditures were supported by generic invoices. Auditors observed pads of three different styles of blank generic invoices in the bookkeeper’s desk.
- B. It appeared to be a common practice for the bookkeeper and/or secretary to cash warrants for certain employees. This was evidenced by their third-party endorsement on the back of these warrants.
- C. Several expenditures were coded to expenditure accounts that did not reflect the true nature of the expenditure. For example, several travel related expenditures were coded to other charges, food supplies, and gasoline. Audit adjustments have been provided to the county to properly classify these expenditures in the financial statements of this report.

RECOMMENDATION

Invoices should not be prepared by the Highway Department for vendors or individuals performing work for the department. Department personnel should not cash checks for employees. Expenditures should be coded to the account that most appropriately reflects the true nature of the transaction.

MANAGEMENT’S RESPONSE – CURRENT SUPERINTENDENT OF HIGHWAYS - JEFF MINATRA (DIRECT QUOTE)

- “A. The highway department has discontinued the use of generic invoices. All invoices are computer generated with the Wayne County Highway Department letterhead.

- B. This practice has been discontinued. Employees' receive their payroll checks in sealed envelopes and have to sign and cash the checks themselves.
- C. All expenditures will be coded to the correct expenditure account.”

REBUTTAL

The Highway Department should not generate invoices either manually or electronically. Invoices should be generated by vendors or individuals who provide goods and/or services for the department.

FINDING 05.13

THE HIGHWAY DEPARTMENT DID NOT MAINTAIN A SYSTEM TO ACCOUNT FOR THE USE OF ROAD MATERIALS

(Internal Control – Reportable Condition Under Government Auditing Standards)

The Highway Department had a system to determine the use of materials, such as bridge lumber, culvert tiles, and rock for state-aid road projects. However, the department did not have a system to account for materials used on other types of road projects. The failure to maintain a system to document the use of road materials results in a loss of control over the assets and increases the risk of inventory loss.

RECOMMENDATION

The Highway Department should develop and implement a system to account for materials used on all types of road projects.

MANAGEMENT'S RESPONSE – CURRENT SUPERINTENDENT OF HIGHWAYS - JEFF MINATRA (DIRECT QUOTE)

“The highway department has implemented a daily activity report that is kept in a log book. This log reveals the materials that were used and at what location they were used and the labor performed by which employee. This log will be compared with receipts from vendors who provide materials and will account for materials used on all projects.”

FINDING 05.14

THE OFFICE HAD DEFICIENCIES IN ITS PURCHASING PROCEDURES

(A., B. and C. Internal Control – Reportable Condition Under Government Auditing Standards; D. Noncompliance Under Government Auditing Standards)

Our audit disclosed the following deficiencies in purchasing procedures:

- A. Purchase orders were not issued for some required purchases. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments.
- B. In several instances, purchase orders were issued after purchases were made. This practice defeats the purpose of issuing a purchase order and makes the purchase order an approval for payment, rather than an approval of the purchase.
- C. In numerous instances, invoices were paid without documentation that goods had been received or services rendered. However, our audit indicated that these goods had been received and services had been rendered.
- D. The Highway Department solicited bids for a used crawler excavator using bid specifications that were written specifically to purchase a particular excavator, thereby circumventing the competitive bid process. At the time the bid was solicited, the Highway Department had an operating lease for a Daewoo crawler excavator and had paid lease payments of \$62,100 over the previous 18 months. Specifications advertised for the excavator were very detailed and exactly matched the specifications listed in a brochure for the Daewoo crawler excavator already leased by the Highway Department. The vendor from whom the Daewoo crawler excavator had been leased submitted the only bid at \$29,997. On August 23, 2004, the Highway Department issued a check for \$29,997 to purchase the used Daewoo crawler excavator they had been leasing.

RECOMMENDATION

To strengthen internal controls over the purchasing process and to document purchasing commitments, the office should issue purchase orders for all applicable purchases and ensure that purchase orders are approved before purchases are made. Documentation should be obtained indicating that goods have been received or services have been rendered before invoices are paid. Bid specifications should not be written specifically for one manufacturer or vendor.

MANAGEMENT'S RESPONSE – CURRENT SUPERINTENDENT OF HIGHWAYS - JEFF MINATRA (DIRECT QUOTE)

- “A. As of 3-23-05 all purchases have been made with a purchase order and this practice will continue.
- B. All purchase orders are now issued prior to all purchases.
- C. All purchase orders are accompanied by invoices prior to the issuing of payment.
- D. The bidding for the Daewoo excavator was completed under the previous administration. The current administration will use the proper procedures for bidding processes in purchasing.”

FINDING 05.15

THE DEPARTMENT DID NOT RECONCILE GASOLINE USAGE WITH GASOLINE PURCHASES

(Internal Control – Reportable Condition Under Government Auditing Standards)

The Highway Department dispensed gasoline from pumps located at both the Waynesboro and Collinwood shops. Management attempted to reconcile fuel usage for the Waynesboro pump using a fuelman system. The reconciliation reflected a typical variance of about 300 gallons per month which indicates the fuel dispensing system and accounting process were not functioning as designed. Additionally, the department did not reconcile amounts used with amounts purchased and on hand for pumps at the Collinwood shop. Failure to perform such reconciliations exposes the highway department to unauthorized use of fuel.

RECOMMENDATION

The Highway Department should reconcile gasoline purchased with gasoline on hand and gallons pumped. Significant variances should be investigated.

MANAGEMENT'S RESPONSE – CURRENT SUPERINTENDENT OF HIGHWAYS - JEFF MINATRA (DIRECT QUOTE)

“Fuel usage is now being reconciled on a monthly basis. Fuel pumps at the Collinwood shop have received additional locks, and fuel is dispensed only by authorized personnel.”

FINDING 05.16

THE HIGHWAY DEPARTMENT HAD INADEQUATE CONTROLS OVER EQUIPMENT INVENTORY

(Internal Control – Reportable Condition Under Government Auditing Standards)

Highway Department officials prepared an inventory of county-owned equipment. However, a number of errors and/or omissions were noted on the inventory listing. Several assets were not tagged or clearly marked as Highway Department property while other assets were not identified by number or had a number that did not agree with the number assigned on the inventory listing. Some of the assets on the inventory listing had been sold but had not been removed from the listing. One asset described as a pile driver could not be located and its disposition could not be documented. Additionally, personnel independent of maintaining inventory records did not periodically verify the listing. Generally accepted accounting principles require accountability for all county-owned assets.

RECOMMENDATION

To improve controls over inventory, Highway Department officials should tag all assets and ensure that the inventory listing includes property tag numbers, implement procedures for adding assets to and deleting assets from inventory records, and ensure that personnel independent of the record-keeping process periodically verifies inventory records.

MANAGEMENT'S RESPONSE – CURRENT SUPERINTENDENT OF HIGHWAYS - JEFF MINATRA (DIRECT QUOTE)

“All inventory has been tagged and numbered. The inventory list is now updated and accurate.”

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 05.17

THE OFFICE HAD DEFICIENCIES IN ITS PURCHASING PROCEDURES

(A. and B. Internal Control – Reportable Condition Under Government Auditing Standards; C. Noncompliance Under Government Auditing Standards)

Our audit disclosed the following deficiencies in purchasing procedures:

- A. Purchase orders were not issued for some required purchases. Purchase orders are necessary to control who has purchasing authority for the department and to document purchasing commitments.
- B. In some instances, purchase orders were issued after purchases were made. This practice defeats the purpose of issuing a purchase order and makes the purchase order an approval for payment, rather than an approval of the purchase.
- C. Competitive bids were not solicited for the purchase of a bench lathe and cabinet (\$5,900). Section 49-2-203, Tennessee Code Annotated, requires competitive bids for purchases exceeding \$5,000 to be made after public advertisement and solicitation of competitive bids.

RECOMMENDATION

To strengthen internal controls over the purchasing process and to document purchasing commitments, the office should issue purchase orders for all applicable purchases and ensure that purchase orders are approved before purchases are made. Competitive bids should be solicited through newspaper advertisements for all purchases exceeding \$5,000 as required by state statute.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS (DIRECT QUOTE)

“The office will increase efforts to issue purchase orders prior to making purchases and will ensure that all purchases over \$5,000 are preceded by competitive bids solicited through the local newspaper.”

FINDING 05.18

THE OFFICE HAD DEFICIENCIES IN THE ADMINISTRATION OF FEDERAL GRANTS

(A. Internal Control – Reportable Condition Under Government Auditing Standards and Under Circular A-133; B. Noncompliance Under Government Auditing Standards and Under Circular A-133)

Our audit disclosed the following deficiencies related to the administration of federal grants:

- A. Purchase orders were not issued for some required purchases under the Title I Grants to Local Educational Agencies (CFDA No. 84.010). Purchase orders are necessary to control who has purchasing authority for the department and to document purchasing commitments. Other documentation was on file to support the purchasing process, and the purchases in question were allowable under the program.
- B. Competitive bids were not solicited for the purchase of furniture (\$29,470) under the Early Reading First Program (CFDA No. 84.359B). Other documentation was on file to support the purchase, and the cost was allowable under the program.

The United States Office of Management and Budget establishes compliance requirements for federal grants. Those procedures require School Departments to comply with state and local procurement practices. The Wayne County School Department utilizes a purchase order system to authorize purchases. Furthermore, Section 49-2-203, Tennessee Code Annotated, requires competitive bids for purchases exceeding \$5,000 to be made after public advertisement and solicitation of competitive bids.

RECOMMENDATION

To strengthen internal controls over the purchasing process and to document purchasing commitments, the office should issue purchase orders for all applicable purchases. Competitive bids should be solicited through newspaper advertisement for all purchases exceeding \$5,000 as required by state statute.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS (DIRECT QUOTE)

“The office will increase efforts to issue purchase orders for all purchases. Competitive bids will be solicited through the local newspaper for all purchases of \$5,000 or more.”

OFFICE OF TRUSTEE

FINDING 05.19

REVENUES WERE NOT PLACED IN THE PROPER ACCOUNTS

(Internal Control – Reportable Condition Under Government Auditing Standards)

Our examination disclosed several instances where revenues were not allocated and/or coded to the proper revenue accounts:

- A. Grant revenues were miscoded in several instances and had been placed in the wrong fund. Grant revenues typically relate to a single fund and to a specific revenue category and account code within that fund.
- B. The trustee used the 2003 tax levy to allocate delinquent tax collections. The 2004 tax levy should have been used according to the county’s appropriating resolution.
- C. The trustee allocated state beer tax revenues equally between the General Fund and the Solid Waste/ Sanitation Fund. The county’s tax levy resolution required that state beer tax revenues be allocated to the General Fund.
- D. The county’s line item budget reflected that all state income tax revenues should be allocated to the General Fund. The trustee allocated state income tax revenues to five funds.

Management has corrected the above-noted errors for financial statement presentation in this report.

RECOMMENDATION

The trustee should utilize the State Uniform Chart of Accounts to determine the proper category and account code for revenues. The trustee should refer to the budget resolutions and the detailed breakdown of revenues within the county’s budget document to determine the proper method of allocation, proper fund, and the proper revenue account code for county revenues. If the trustee cannot readily determine where to code revenues from these sources, the trustee should contact the county department that generated the revenue to determine the type of funds and the proper classification.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 05.20

THE OFFICE DID NOT DEPOSIT FUNDS WITHIN THREE DAYS OF COLLECTION

(Noncompliance Under Government Auditing Standards)

The circuit and general sessions courts clerk did not deposit funds within three days of collection. Section 5-8-207, Tennessee Code Annotated, requires county officials to deposit public funds to the office bank account within three days after receipt of the funds.

RECOMMENDATION

The circuit and general sessions court clerk should ensure that all funds are deposited to the office bank account within three days of collection as required by state statute.

OFFICE OF SHERIFF

FINDING 05.21

INTERNAL CONTROLS OVER RECEIVING AND STORING EVIDENCE AND SEIZED PROPERTY WERE NOT ADEQUATE

(Internal Control – Reportable Condition Under Government Auditing Standards)

We noted the following deficiencies in internal controls over receiving and storing evidence and seized property:

- A. The office did not maintain a perpetual log for evidence and seized property.
- B. Evidence and seized property was stored in more than one location, and several people had access to those areas.
- C. The office did not maintain records of confiscated property reported to and awarded by the State Department of Safety.

RECOMMENDATION

- A. A perpetual log should be maintained for all evidence and seized property. At a minimum, the log should include the following: date received, defendant, case number, description, location, signature areas for signing in and out, and disposition.
- B. If possible, evidence and seized property should be stored at a single secure location under the control of one person. This person should maintain the log, control access to the evidence and seized property, and ensure that evidence and seized property are identified properly and filed in an organized manner.

- C. State Department of Safety confiscated property reports and awards should be maintained on all confiscated property.

FINDING 05.22

THE OFFICE DID NOT DEPOSIT FUNDS WITHIN THREE DAYS OF COLLECTION

(Noncompliance Under Government Auditing Standards)

The Sheriff's Department did not deposit funds within three days of collection. Section 5-8-207, Tennessee Code Annotated, requires county officials to deposit public funds to the office bank account within three days after receipt of the funds.

RECOMMENDATION

The sheriff should ensure that all funds are deposited to the office bank account within three days of collection as required by state statute.

FINDING 05.23

INTERNAL CONTROLS OVER CASH BOND RECEIPTS WERE NOT ADEQUATE

(Internal Control – Reportable Condition Under Government Auditing Standards)

Jailers regularly collect cash bonds and issue cash bond receipts during normal business hours and deposit the funds with the department's bookkeeper. However, at night and on weekends when the department's business office is closed and because all employees have access to the safe, each jailer personally keeps the cash they collect until the cash can be presented to the bookkeeper (i.e. either the next day or on Monday). In one documented case, a jailer wrote a receipt, collected cash, placed the cash in his car, and forgot it was there. Approximately one month later, when the circuit court clerk was attempting to determine what happened to the cash bond, the jailer remembered he had left it in his car. The money was then retrieved and deposited directly with the court clerk.

RECOMMENDATION

Jailers should not maintain cash on their persons or remove cash from the jail premises. Access should be restricted to the jail safe or, as an alternative; a lock-box system could be established for the deposit and safekeeping of cash bond collections. Under the lock-box system, jailers would deposit their collections into the lock-box, and the bookkeeper would be the only person with access to the lock-box. The bookkeeper would reconcile receipts with cash in the lock-box after each night or weekend shift. Cash bond collections should be deposited to the office bank account within three days of collection as required by Section 5-8-207, Tennessee Code Annotated (See finding 05.03 above).

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 05.24

DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF DIRECTOR OF SCHOOLS, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF

(Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff. Employees responsible for maintaining the accounting records in these offices were also involved in receipting, depositing, and/or disbursing funds.

RECOMMENDATION

To strengthen internal controls, officials of these offices should segregate duties adequately among employees.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS (DIRECT QUOTE)

Procedures have been implemented to adequately segregate duties in receipting, depositing, and disbursing funds.”

FINDING 05.25

A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED

(Internal Control – Reportable Condition Under Government Auditing Standards)

Wayne County officials had not adopted a central system of accounting, budgeting, and purchasing. Establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes.

RECOMMENDATION

Wayne County officials should consider adopting either the County Financial Management System of 1981 or a private act that would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

MANAGEMENT'S RESPONSE – CURRENT SUPERINTENDENT OF HIGHWAYS – JEFF MINATRA (DIRECT QUOTE)

“The Wayne County Highway Department is ready to comply with a central financial system when it is implemented by County Government.”

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

| <u>Federal/Pass-through Agency</u> | <u>Finding Number</u> | <u>Federal CFDA Numbers</u> | <u>Criteria</u> | <u>Explanation</u> | <u>Amount Questioned</u> |
|--------------------------------------------------------------------------------------|---------------------------|-------------------------------------|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| U.S. Department of Education: Passed-through Tennessee Department of Education | 05.26 | 84.01 | Circular A-133, Section 500(a) | Reportable condition in internal control see Finding No. 05.18A: Purchase orders were not issued in some required instances | \$ 0 |
| U.S. Department of Education: Passed-through Tennessee Department of Education | 05.27 | 84.359B | Circular A-133, Section 500(a) | Noncompliance with state law see Finding No. 05.18B: Competitive bids were not taken on furniture as required by state law | 0 |

**WAYNE COUNTY, TENNESSEE, AND WAYNE COUNTY SCHOOL DEPARTMENT
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2005**

There were no audit findings relative to federal awards presented in the prior audit's Schedule of Findings and Questioned Costs. There is one audit finding relative to federal awards in the current audit's Schedule of Findings and Questioned Costs.

Office of Director of Schools – Corrective Action Plan for Current Year Findings

FINDINGS 05.18, 05.26, and 05.27

In the future, purchase orders will be issued in all required instances and competitive bids will be solicited for all purchases exceeding \$5,000.