

**ANNUAL FINANCIAL REPORT  
WHITE COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2007**



**ANNUAL FINANCIAL REPORT  
WHITE COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2007**

*DEPARTMENT OF AUDIT  
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Comptroller of the Treasury*

*DIVISION OF COUNTY AUDIT  
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Assistant to the Comptroller*

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KELLEY J. McNEAL, CPA, CGFM  
State Auditors*

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

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# ***Audit Highlights***

Annual Financial Report  
White County, Tennessee  
For the Year Ended June 30, 2007

## ***Scope***

We have audited the basic financial statements of White County as of and for the year ended June 30, 2007.

## ***Results***

Our report on White County's financial statements is unqualified.

Our audit resulted in four findings and recommendations, which we have reviewed with White County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

## ***Findings***

The following are summaries of the audit findings:

### **OFFICE OF FINANCE DIRECTOR**

- ◆ Purchase orders were not issued in some required instances, and some purchase orders were issued after purchases were made. In several instances, invoices were paid without documentation that goods had been received or services had been rendered. Travel reimbursements were made in excess of the amounts allowed by the county's travel policy. Also, bids were not solicited for some applicable purchases.
- ◆ Landfill closure and postclosure care costs of \$298,753 were not determined and recorded on the financial statements of the Solid Waste Disposal Fund.

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### **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.
- ◆ The finance director also serves on the Board of Education which appears to be a conflict of interest.

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# INTRODUCTORY SECTION

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White County Officials  
June 30, 2007

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**Officials**

Herd Sullivan, County Mayor  
Robert Weaver, Road Superintendent  
Donny Haley, Director of Schools  
Brenda Officer, Trustee  
Paytina Miller, Assessor of Property  
Connie Jolley, County Clerk  
Beverly Templeton, Circuit and General Sessions Courts Clerk  
Lynda McCoy, Clerk and Master  
Gary Brodgen, Register  
Oddie Shoup, Sheriff  
Mark Farley, Finance Director

**Board of County Commissioners**

Jerry Denton, Chairman	Hank Clark
Andy Alley	Joe England
Terry Alley	Dewayne Howard
Jerry Austin	Richard Lane
Wallace Austin	B.K. Luna
Betty Bohannon	Bruce Null
Marion Bumbalough	Denny Wayne Robinson

**Financial Management Committee**

Wallace Austin, Chairman	
Jerry Denton	B.K. Luna
Joe England	Herd Sullivan
Donny Haley	Robert Weaver

**Board of Education**

Barbara Jared, Chairperson	
Pam Allison	Donna Jones
Kimberly Danson	Kenneth Robinson
Mark Farley	Rebecca Tubb

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## FINANCIAL SECTION

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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**

**INDEPENDENT AUDITOR'S REPORT**

February 21, 2008

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of White County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise White County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of White County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented White County Emergency Communications District, which represent 1.1 percent and 1.8 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. These financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the White County Emergency Communications District is based on the report of other auditors.

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. 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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of White County, Tennessee, as of June 30, 2007, and the respective changes in financial position or cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 21, 2008, on our consideration of White 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.

The management of White County did not prepare the management's discussion and analysis. The management's discussion and analysis section 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.

The budgetary comparison and pension information on pages 67 through 75 are not required parts of the basic financial statements but they do provide 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 White County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the White County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the White County School Department (a discretely presented component unit), and the miscellaneous

schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, 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 by us in the audit of the basic financial statements, and accordingly, we express no opinion on it.

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/yu

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

White County, Tennessee  
Statement of Net Assets  
June 30, 2007

	Primary Government			Component Units	
	Governmental	Business-type	Total	White	White
	Activities	Activities		School	County
				Department	Emergency
					Communications
					District
<u>ASSETS</u>					
Cash	\$ 27,150	\$ 1,154	\$ 28,304	\$ 0	\$ 235,021
Equity in Pooled Cash and Investments	5,079,642	240,666	5,320,308	16,013,580	0
Accounts Receivable	582,117	118,196	700,313	0	20,572
Allowance for Uncollectibles	(198,436)	0	(198,436)	0	0
Due from Other Governments	749,236	8,134	757,370	670,580	8,987
Property Taxes Receivable	4,016,211	0	4,016,211	3,004,404	0
Allowance for Uncollectible Property Taxes	(142,715)	0	(142,715)	(108,962)	0
Notes Receivable	267,496	0	267,496	0	0
Prepaid Items	0	0	0	0	16,586
Other Assets	0	0	0	0	350
Capital Assets:					
Assets Not Depreciated:					
Land	106,178	580,078	686,256	693,842	16,577
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	8,586,384	1,002,977	9,589,361	16,112,678	72,206
Other Capital Assets	783,775	669,189	1,452,964	724,269	327,713
Infrastructure	2,099,111	0	2,099,111	0	0
Total Assets	\$ 21,956,149	\$ 2,620,394	\$ 24,576,543	\$ 37,110,391	\$ 698,012
<u>LIABILITIES</u>					
Accounts Payable	\$ 241,083	\$ 21,000	\$ 262,083	\$ 11,548	\$ 44,068
Payroll Deductions Payable	1,396	0	1,396	312,028	0
Due to Litigants, Heirs, and Others	9,700	0	9,700	0	0
Accrued Interest Payable	66,987	0	66,987	0	0
Deferred Revenue - Current Property Taxes	3,734,662	0	3,734,662	2,786,978	0
Noncurrent Liabilities:					
Due Within One Year	1,246,666	166,367	1,413,033	6,950	0
Due in More Than One Year	14,796,667	3,334,433	18,131,100	132,032	0
Total Liabilities	\$ 20,097,161	\$ 3,521,800	\$ 23,618,961	\$ 3,249,536	\$ 44,068

(Continued)

Exhibit A

White County, Tennessee  
Statement of Net Assets (Cont.)

	Primary Government			Component Units	
	Governmental	Business-type	Total	White	White
	Activities	Activities		County	County
				School	Emergency
				Department	Communications
					District
<u>NET ASSETS</u>					
Invested in Capital Assets, Net of Related Debt	\$ 3,561,415	1,012,345	4,573,760	\$ 0	\$ 376,254
Invested in Capital Assets	0	0	0	17,530,789	0
Restricted for:					
Central Cafeteria	0	0	0	398,507	0
Debt Service	2,698,814	0	2,698,814	0	0
Industrial/Economic Development	530,434	0	530,434	0	0
Local Purpose Tax	803,588	0	803,588	0	0
Drug Control	60,496	0	60,496	0	0
Highway/Public Works	959,034	0	959,034	0	0
School Federal Projects	0	0	0	239,264	0
Other Purposes	65,843	0	65,843	6,470,869	0
Unrestricted	(6,820,636)	(1,913,751)	(8,734,387)	9,221,426	277,690
Total Net Assets	\$ 1,858,988	\$ (901,406)	\$ 957,582	\$ 33,860,855	\$ 653,944

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

Exhibit B

White County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2007

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues				Primary Government			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Business-type Activities	Total	White County School Department	White County Emergency Communications District	
Primary Government:										
Governmental Activities:										
General Government	\$ 451,473	\$ 216,147	\$ 16,380	\$ 0	\$ (218,946)	\$ 0	\$ (218,946)	\$ 0	\$ 0	
Finance	758,638	489,209	9,950	0	(259,479)	0	(259,479)	0	0	
Administration of Justice	641,918	494,023	0	0	(147,895)	0	(147,895)	0	0	
Public Safety	3,188,615	436,860	0	0	(2,751,755)	0	(2,751,755)	0	0	
Public Health and Welfare	1,214,704	787,650	0	0	(427,054)	0	(427,054)	0	0	
Social, Cultural, and Recreational Services	818,658	0	592,726	0	(225,932)	0	(225,932)	0	0	
Agriculture and Natural Resources	88,206	0	0	0	(88,206)	0	(88,206)	0	0	
Other Operations	700,419	70,000	0	0	(630,419)	0	(630,419)	0	0	
Highways/Public Works	2,073,831	15,879	1,655,964	172,422	(229,566)	0	(229,566)	0	0	
Interest on Long-term Debt	821,853	0	0	0	(821,853)	0	(821,853)	0	0	
Other Debt Service	21,830	0	0	0	(21,830)	0	(21,830)	0	0	
<b>Total Governmental Activities</b>	<b>\$ 10,780,145</b>	<b>\$ 2,509,768</b>	<b>\$ 2,275,020</b>	<b>\$ 172,422</b>	<b>\$ (5,822,935)</b>	<b>\$ 0</b>	<b>\$ (5,822,935)</b>	<b>\$ 0</b>	<b>\$ 0</b>	
Business-type Activities:										
Solid Waste Disposal	\$ 1,152,171	\$ 1,192,754	\$ 133,482	\$ 0	\$ 0	\$ 174,065	\$ 174,065	\$ 0	\$ 0	
<b>Total Primary Government</b>	<b>\$ 11,932,316</b>	<b>\$ 3,702,522</b>	<b>\$ 2,408,502</b>	<b>\$ 172,422</b>	<b>\$ (5,822,935)</b>	<b>\$ 174,065</b>	<b>\$ (5,648,870)</b>	<b>\$ 0</b>	<b>\$ 0</b>	
Component Units:										
White County School Department	\$ 22,767,931	\$ 743,392	\$ 3,869,778	\$ 0	\$ 0	\$ 0	\$ 0	\$ (18,154,761)	\$ 0	
Emergency Communications District	528,244	393,941	154,891	0	0	0	0	0	20,588	
<b>Total Component Units</b>	<b>\$ 23,296,175</b>	<b>\$ 1,137,333</b>	<b>\$ 4,024,669</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (18,154,761)</b>	<b>\$ 20,588</b>	

(Continued)

Exhibit B

White County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets								
	Expenses	Program Revenues			Primary Government			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Business-type Activities	Total	White County School Department	White County Emergency Communications District
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					\$ 3,579,447	\$ 0	\$ 3,579,447	\$ 3,025,247	\$ 0
Property Taxes Levied for Debt Service					298,851	0	298,851	0	0
Local Option Sales Taxes					1,137,628	0	1,137,628	1,355,562	0
Other Local Taxes					530,672	0	530,672	20,109	0
Grants and Contributions Not Restricted to Specific Programs					432,197	0	432,197	17,595,489	0
Unrestricted Investment Earnings					1,071,865	0	1,071,865	6,624	6,912
Sale of Property					356,305	0	356,305	5,271	0
Miscellaneous					0	0	0	9,434	0
Special Items					0	0	0	159	0
Total General Revenues					\$ 7,406,965	\$ 0	\$ 7,406,965	\$ 22,017,895	\$ 6,912
Change in Net Assets					\$ 1,584,030	\$ 174,065	\$ 1,758,095	\$ 3,863,134	\$ 27,500
Prior Period Adjustment					0	298,753	298,753	0	0
Net Assets, July 1, 2006					274,958	(1,374,224)	(1,099,266)	29,997,721	626,444
Net Assets, June 30, 2007					\$ 1,858,988	\$ (901,406)	\$ 957,582	\$ 33,860,855	\$ 653,944

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

## Exhibit C-1

White County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2007

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 10,540	\$ 0	\$ 0	\$ 16,610	\$ 27,150
Equity in Pooled Cash and Investments	772,439	663,593	2,556,126	1,087,484	5,079,642
Accounts Receivable	580,995	0	0	1,122	582,117
Allowance for Uncollectibles	(198,436)	0	0	0	(198,436)
Due from Other Governments	174,136	317,482	208,380	49,238	749,236
Due from Other Funds	17,732	0	0	0	17,732
Property Taxes Receivable	3,733,345	0	282,866	0	4,016,211
Allowance for Uncollectible Property Taxes	(132,130)	0	(10,585)	0	(142,715)
Notes Receivable - Long-term	0	0	0	267,496	267,496
Total Assets	\$ 4,958,621	\$ 981,075	\$ 3,036,787	\$ 1,421,950	\$ 10,398,433
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 219,043	\$ 22,040	\$ 0	\$ 0	\$ 241,083
Payroll Deductions Payable	1,395	1	0	0	1,396
Due to Other Funds	0	0	0	17,732	17,732
Due to Litigants, Heirs, and Others	0	0	0	9,700	9,700
Deferred Revenue - Current Property Taxes	3,473,227	0	261,435	0	3,734,662
Deferred Revenue - Delinquent Property Taxes	112,705	0	9,551	0	122,256
Other Deferred Revenues	322,808	153,179	85,608	30,102	591,697
Total Liabilities	\$ 4,129,178	\$ 175,220	\$ 356,594	\$ 57,534	\$ 4,718,526
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 19,873	\$ 77,588	\$ 0	\$ 0	\$ 97,461
Reserved for Purchase of Electronic Fingerprint Imaging	0	0	0	1,615	1,615
Reserved for Alcohol and Drug Treatment	5,592	0	0	0	5,592
Reserved for Drug Court	11,678	0	0	0	11,678
Reserved for Computer System - Register	23,615	0	0	0	23,615
Reserved for Automation Purposes - Circuit Court	923	0	0	0	923
Reserved for Automation Purposes - General Sessions Court	21,192	0	0	0	21,192
Reserved for Automation Purposes - Sheriff	2,843	0	0	0	2,843
Reserved for Loan Program	0	0	0	530,434	530,434
Reserved for Capital Outlay	0	184,255	0	0	184,255
Unreserved, Reported In:					
General Fund	743,727	0	0	0	743,727
Special Revenue Funds	0	544,012	0	832,367	1,376,379
Debt Service Funds	0	0	2,680,193	0	2,680,193
Total Fund Balances	\$ 829,443	\$ 805,855	\$ 2,680,193	\$ 1,364,416	\$ 5,679,907
Total Liabilities and Fund Balances	\$ 4,958,621	\$ 981,075	\$ 3,036,787	\$ 1,421,950	\$ 10,398,433

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

Exhibit C-2

White County, Tennessee  
Reconciliation of the Balance Sheet of Governmental  
Funds to the Statement of Net Assets  
June 30, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	5,679,907
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	106,178	
Add: infrastructure net of accumulated depreciation		2,099,111	
Add: buildings and improvements net of accumulated depreciation		8,586,384	
Add: other capital assets net of accumulated depreciation		<u>783,775</u>	11,575,448
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(960,000)	
Less: notes payable		(1,033,333)	
Less: other loans payable		(14,050,000)	
Less: accrued interest on bonds, notes, other loans, and capital leases		<u>(66,987)</u>	(16,110,320)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>713,953</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>1,858,988</u></u>

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

## Exhibit D-1

White County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2007

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 4,205,755	\$ 86,403	\$ 1,140,560	\$ 198,325	\$ 5,631,043
Licenses and Permits	52,586	0	0	0	52,586
Fines, Forfeitures, and Penalties	146,985	0	0	54,671	201,656
Charges for Current Services	933,487	0	0	988	934,475
Other Local Revenues	190,062	9,834	1,060,065	22,521	1,282,482
Fees Received from County Officials	940,522	0	0	0	940,522
State of Tennessee	806,694	1,821,984	18,170	19,357	2,666,205
Federal Government	45,542	0	0	0	45,542
Other Governments and Citizens Groups	455,964	0	300,000	0	755,964
Total Revenues	\$ 7,777,597	\$ 1,918,221	\$ 2,518,795	\$ 295,862	\$ 12,510,475
<u>Expenditures</u>					
Current:					
General Government	\$ 1,033,403	\$ 0	\$ 0	\$ 988	\$ 1,034,391
Finance	719,253	0	0	0	719,253
Administration of Justice	633,697	0	0	0	633,697
Public Safety	3,210,425	0	0	50,604	3,261,029
Public Health and Welfare	1,045,623	0	0	0	1,045,623
Social, Cultural, and Recreational Services	793,112	0	0	0	793,112
Agriculture and Natural Resources	88,206	0	0	0	88,206
Other Operations	741,580	0	0	3,145	744,725
Highways	0	2,255,082	0	0	2,255,082
Debt Service:					
Principal on Debt	0	0	978,333	0	978,333
Interest on Debt	0	0	829,650	0	829,650
Other Debt Service	0	0	25,580	0	25,580
Total Expenditures	\$ 8,265,299	\$ 2,255,082	\$ 1,833,563	\$ 54,737	\$ 12,408,681
Excess (Deficiency) of Revenues Over Expenditures					
	\$ (487,702)	\$ (336,861)	\$ 685,232	\$ 241,125	\$ 101,794
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 300,000	\$ 100,000	\$ 0	\$ 400,000
Transfers In	128,776	7,200	0	0	135,976
Transfers Out	0	(10,400)	(100,000)	(127,376)	(237,776)
Total Other Financing Sources (Uses)	\$ 128,776	\$ 296,800	\$ 0	\$ (127,376)	\$ 298,200
Net Change in Fund Balances					
Fund Balance, July 1, 2006	\$ 1,188,369	\$ 845,916	\$ 1,994,961	\$ 1,250,667	\$ 5,279,913
Fund Balance, June 30, 2007	\$ 829,443	\$ 805,855	\$ 2,680,193	\$ 1,364,416	\$ 5,679,907

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

Exhibit D-2

White County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2007

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

Net change in fund balances - total governmental funds (Exhibit D-1)		\$ 399,994
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 2,264,055	
Less: current year depreciation expense	<u>(428,627)</u>	1,835,428
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$ 713,953	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(860,253)</u>	(146,300)
<p>(3) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.</p>		
Less: construction in progress reclassified to buildings and improvements		(1,094,972)
<p>(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
Less: note proceeds	\$ (400,000)	
Add: principal payments on notes	233,333	
Add: principal payments on bonds	40,000	
Add: principal payments on other loans	<u>708,750</u>	582,083
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Change in accrued interest on bonds	\$ 147	
Change in accrued interest on notes	926	
Change in accrued interest on other loans	<u>6,724</u>	<u>7,797</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,584,030</u>

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

Exhibit E-1

White County, Tennessee  
Statement of Net Assets  
Proprietary Fund  
June 30, 2007

	<u>Major Fund</u> <u>Business-type</u> <u>Activities -</u> <u>Enterprise</u> <u>Fund</u> <u>Solid Waste</u> <u>Disposal Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash in Bank	\$ 1,154
Equity in Pooled Cash and Investments	240,666
Accounts Receivable	118,196
Due from Other Governments	8,134
Total Current Assets	<u>\$ 368,150</u>
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation):	
Land	\$ 580,078
Buildings and Improvements	1,002,977
Other Capital Assets	669,189
Total Noncurrent Assets	<u>\$ 2,252,244</u>
Total Assets	<u>\$ 2,620,394</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 21,000
Total Current Liabilities	<u>\$ 21,000</u>
Noncurrent Liabilities:	
Due Within One Year	\$ 141,967
Due in More Than One Year	3,358,833
Total Noncurrent Liabilities	<u>\$ 3,500,800</u>
Total Liabilities	<u>\$ 3,521,800</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 1,012,345
Unrestricted	<u>(1,913,751)</u>
Total Net Assets	<u>\$ (901,406)</u>

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

Exhibit E-2

White County, Tennessee  
Statement of Revenues, Expenses, and  
Changes in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2007

	<u>Major Fund</u> Business-type Activities - Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/>
<u>Operating Revenues</u>	
Charges for Current Services	\$ 1,116,288
Other Local Revenues	76,466
Total Operating Revenues	<u>\$ 1,192,754</u>
<u>Operating Expenses</u>	
Public Health and Welfare	\$ 960,674
Depreciation	120,685
Miscellaneous	11,211
Total Operating Expenses	<u>\$ 1,092,570</u>
Operating Income (Loss)	<u>\$ 100,184</u>
<u>Nonoperating Revenues (Expenses)</u>	
Grants	\$ 31,682
Transfers In	101,800
Interest on Notes	(59,601)
Total Nonoperating Revenues (Expenses)	<u>\$ 73,881</u>
Net Income	\$ 174,065
Net Assets, July 1, 2006	(1,374,224)
Prior-Period Adjustment	<u>298,753</u>
Net Assets, June 30, 2007	<u><u>\$ (901,406)</u></u>

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

Exhibit E-3

White County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2007

	<u>Major Fund</u> <u>Business-type</u> <u>Activities -</u> <u>Enterprise</u> <u>Fund</u> <u>Solid Waste</u> <u>Disposal Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 1,227,092
Payments to Suppliers	(613,092)
Payments to Employees	(407,440)
Other Payments	(11,211)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 195,349</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Grants Received	\$ 31,682
Transfers In	1,800
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 33,482</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	\$ (208,809)
Interest Paid on Capital Outlay Notes	(61,934)
Principal Paid on Capital Outlay Notes	(141,967)
Transfers in for Capital Outlay	100,000
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (312,710)</u>
Net Increase (Decrease) in Cash	\$ (83,879)
Cash, July 1, 2006	<u>325,699</u>
Cash, June 30, 2007	<u>\$ 241,820</u>
<u>Reconciliation of Net Operating Income (Loss) to Net Cash</u> <u>Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 100,184
Adjustment to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	120,685
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	42,472
(Increase) Decrease in Due from Other Governments	(8,134)
Increase (Decrease) in Payroll Deductions Payable	(1,464)
Increase (Decrease) in Contracts Payable	<u>(58,394)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 195,349</u>

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

Exhibit F

White County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 442,260
Investments	1,106,494
Due from Other Governments	<u>255,477</u>
Total Assets	<u>\$ 1,804,231</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 255,477
Due to Litigants, Heirs, and Others	<u>1,548,754</u>
Total Liabilities	<u>\$ 1,804,231</u>

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

**WHITE COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

White County is a public municipal corporation governed by an elected 14-member board. As required by GAAP, these financial statements present White County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

The White County School Department operates the public school system in the county, and the voters of White 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 White County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of White County, and the White 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 White County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the White County School Department are included in this report as listed in

the table of contents. Complete financial statements of the White County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

White County Emergency Communications District  
2677 Crossville Highway  
P.O. Box 911  
Sparta, TN 38583

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The White County School Department component unit only reports governmental activities in the government-wide financial statements.

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

White County issues all debt for the discretely presented White County School Department.

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

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

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

Fund financial statements of White 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 and proprietary categories. White County reports one proprietary fund, a major enterprise fund.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. White County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period.

Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

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

White County reports the following major governmental funds:

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

**Highway/Public Works Fund** – This 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.

White County reports the following major proprietary fund:

**Solid Waste Disposal Fund** – This fund accounts for solid waste disposal operations of the White County landfill.

Additionally, White County reports the following fund type:

**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 White County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to the same limitations. White County has elected not to follow subsequent private-sector guidance.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund, a major enterprise fund, used to account for the operations of the county's landfill. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the county's enterprise fund is charges for services.

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.

**D. Assets, Liabilities, and Net Assets or 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 funds and the discretely presented White County School Department. 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 Debt Service Fund. White County and the

White 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.

**2. Receivables and Payables**

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

All ambulance service and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.87 percent of total taxes levied.

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 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.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$20,000 or more and an estimated useful life exceeding five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20-40
Other Capital Assets	5-15
Infrastructure:	
Roads	40

#### 4. Compensated Absences

It is the county's policy not to allow for the accumulation of unused vacation days beyond year-end.

County employees may accumulate up to 60 days of sick leave. The granting of sick leave generally has no guaranteed payment attached and is not required to be accrued or recorded. However, county policy allows employees who retire with 30 years of continuous service to receive payment for 100 percent of their accumulated sick days based on their ending daily wage. The county did not determine and record the dollar value of these guaranteed payments for sick leave. Dollar values for compensated absences should be reported in the government-wide statements; however, due to the limited terms under which payment will be required for this leave, the amount would be immaterial to the financial statements of White County.

The general policy of the discretely presented School Department does not allow for the accumulation of vacation days beyond year-end for non-professional personnel. Professional personnel (teachers) receive two vacation days per year which they are allowed to accumulate beyond year-end. Vacation pay is accrued when incurred in the government-wide financial statements for the discretely presented School Department. A liability for vacation pay is reported in governmental funds only if the amounts have matured, for example, as a result of employee resignations and retirements.

The School Department's policy allows employees to accumulate sick days at varying rates depending upon their position. All professional personnel (teachers) of the School Department are allowed to accumulate unlimited sick leave days. The granting of sick leave for professional personnel has no guaranteed payment attached and therefore is not required to be accrued or recorded. Nonteaching personnel may accumulate up to 60 days sick leave. Based on their daily wage, nonteaching personnel resigning or retiring with ten or more years of service are paid for 50 percent of their accumulated sick leave, while those resigning or retiring with 30 or more years of service receive 100 percent of their accumulated sick leave. All sick days for nonteaching personnel are accrued when incurred in the government-wide statements for the School Department.

A liability for vacation leave is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

Vested or accumulated vacation leave is accrued when incurred in proprietary funds using the accrual basis of accounting. White

County's proprietary fund did not have a policy for accruing vested or accumulated vacation leave when it was incurred. However, these amounts would be immaterial to the financial statements of White County.

**5. Long-term Obligations**

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

**6. Net Assets and Fund Equity**

In the government-wide financial statements and the proprietary fund in the fund financial statements, 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.

As of June 30, 2007, White County has \$8,029,300 in outstanding debt for capital purposes for the discretely presented White County School Department. This debt is a liability of White County; however, the capital assets acquired are reported in the financial statements of the School Department. Therefore, White County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, 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.

**7. Prior-period Adjustment**

The beginning fund balance of the Solid Waste Disposal Fund was restated and decreased by \$298,753. This adjustment was necessary to correct the beginning balance of estimated closure and postclosure care costs based on the engineer's revised estimate of the remaining capacity of the landfill.

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

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

**Primary Government**

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

**Discretely Presented White County School Department**

Exhibit K-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

### **Primary Government**

Exhibit D-2 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide statement of activities.

### **Discretely Presented White County School Department**

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

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

### **A. Budgetary Information**

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

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

The budgetary level of control is at the major category level established by the 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/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

### **B. Net Assets Deficit**

The Solid Waste Disposal Fund (enterprise fund) had an unrestricted net assets deficit of \$1,913,751 and a total net assets deficit of \$901,406 at

June 30, 2007. This deficit primarily resulted from the recognition of a liability (\$2,260,901) in the financial statements of the Solid Waste Disposal Fund for costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements.

**C. Expenditures and Encumbrances Exceeded Appropriations**

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the General Fund and the General Debt Service Fund:

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General:	
County Buildings	\$ 7,780
Local Health Center	3,136
General Debt Service:	
Highways and Streets	6,411

Such overexpenditures are a violation of state statutes. The overexpenditures were funded by available fund balances.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

White County and the White 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 and investments reflected on the balance sheets or statements of net assets represent 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, 2007, White County had the following investments carried at fair value or cost. The agency fund investments were made on behalf of litigants at the direction of a court order and are held in the Circuit Court Clerk’s Office.

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value or Cost</u>
Fiduciary Fund:		
Wachovia Bank Deposit Account	On Demand	\$ 14,945
Wachovia Fixed Income Securities	On Demand	850,768
Wachovia Open End Mutual Funds	On Demand	<u>240,781</u>
 Total		 <u><u>\$ 1,106,494</u></u>

**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. White 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. White County has no investment policy that would further limit its investment choices. As of June 30, 2007, White County's investments in Wachovia Bank Deposits, Wachovia Fixed Income Securities, and Wachovia Open End Mutual Funds were unrated.

**Custodial Credit Risk.** Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. White County does not have a formal policy that limits custodial credit risk for investments. Of the \$1,106,494 in mutual funds and money market accounts, the underlying securities for the investments were uninsured and held by the investment's counterparty, not in the name of the county. However, it should be noted that these amounts are invested on behalf of litigants at the order of the court and the county has no custodial credit risk for these investments.

**B. Notes Receivable**

Notes receivable of \$267,496 in the Industrial/Economic Development Fund represent the outstanding balances of loans due White County from local industries at June 30, 2007.

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2007, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets				
Not Depreciated:				
Land	\$ 106,178	\$ 0	\$ 0	\$ 106,178
Construction in Progress	1,094,972	0	(1,094,972)	0
Total Capital Assets				
Not Depreciated	\$ 1,201,150	\$ 0	\$ (1,094,972)	\$ 106,178

**Governmental Activities (Cont.):**

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 9,102,490	\$ 1,713,214	\$ 0	\$ 10,815,704
Infrastructure	2,030,510	191,890	0	2,222,400
Other Capital Assets	1,878,360	358,951	0	2,237,311
Total Capital Assets				
Depreciated	<u>\$ 13,011,360</u>	<u>\$ 2,264,055</u>	<u>\$ 0</u>	<u>\$ 15,275,415</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 1,979,862	\$ 249,458	\$ 0	\$ 2,229,320
Infrastructure	70,421	52,868	0	123,289
Other Capital Assets	1,327,235	126,301	0	1,453,536
Total Accumulated				
Depreciation	<u>\$ 3,377,518</u>	<u>\$ 428,627</u>	<u>\$ 0</u>	<u>\$ 3,806,145</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 9,633,842</u>	<u>\$ 1,835,428</u>	<u>\$ 0</u>	<u>\$ 11,469,270</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 10,834,992</u>	<u>\$ 1,835,428</u>	<u>\$ (1,094,972)</u>	<u>\$ 11,575,448</u>

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

**Governmental Activities:**

General Government	\$ 248,454
Public Safety	18,162
Public Health and Welfare	49,142
Other Operations	1,004
Highways/Public Works	<u>111,865</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 428,627</u>

**Business-type Activities:**

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets				
Not Depreciated:				
Land	\$ 550,078	\$ 30,000	\$ 0	\$ 580,078
Construction in Progress	998,964	0	(998,964)	0
<b>Total Capital Assets</b>				
Not Depreciated	<u>\$ 1,549,042</u>	<u>\$ 30,000</u>	<u>\$ (998,964)</u>	<u>\$ 580,078</u>
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 776,889	\$ 998,964	\$ 0	\$ 1,775,853
Other Capital Assets	1,247,893	178,809	0	1,426,702
<b>Total Capital Assets</b>				
Depreciated	<u>\$ 2,024,782</u>	<u>\$ 1,177,773</u>	<u>\$ 0</u>	<u>\$ 3,202,555</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 747,130	\$ 25,746	\$ 0	\$ 772,876
Other Capital Assets	662,574	94,939	0	757,513
<b>Total Accumulated</b>				
Depreciation	<u>\$ 1,409,704</u>	<u>\$ 120,685</u>	<u>\$ 0</u>	<u>\$ 1,530,389</u>
<b>Total Capital Assets</b>				
Depreciated, Net	<u>\$ 615,078</u>	<u>\$ 1,057,088</u>	<u>\$ 0</u>	<u>\$ 1,672,166</u>
Business-type Activities				
Capital Assets, Net	<u>\$ 2,164,120</u>	<u>\$ 1,087,088</u>	<u>\$ (998,964)</u>	<u>\$ 2,252,244</u>

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

## Business-type Activities:

Public Health and Welfare	<u>\$ 120,685</u>
<b>Total Depreciation Expense - Business-type Activities</b>	<u><u>\$ 120,685</u></u>

**Discretely Presented White County School Department**

**Governmental Activities:**

	Balance 7-1-06	Increases	Balance 6-30-07
Capital Assets Not Depreciated:			
Land	\$ 683,842	\$ 10,000	\$ 693,842
Total Capital Assets Not Depreciated	<u>\$ 683,842</u>	<u>\$ 10,000</u>	<u>\$ 693,842</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 19,754,612	\$ 3,021,959	\$ 22,776,571
Other Capital Assets	1,571,279	37,900	1,609,179
Total Capital Assets Depreciated	<u>\$ 21,325,891</u>	<u>\$ 3,059,859</u>	<u>\$ 24,385,750</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 6,121,106	\$ 542,787	\$ 6,663,893
Other Capital Assets	754,038	130,872	884,910
Total Accumulated Depreciation	<u>\$ 6,875,144</u>	<u>\$ 673,659</u>	<u>\$ 7,548,803</u>
Total Capital Assets Depreciated, Net	<u>\$ 14,450,747</u>	<u>\$ 2,386,200</u>	<u>\$ 16,836,947</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,134,589</u>	<u>\$ 2,396,200</u>	<u>\$ 17,530,789</u>

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

Governmental Activities:

Instruction	\$ 542,787
Support Services	<u>130,872</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 673,659</u>

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

The composition of interfund balances as of June 30, 2007, is as follows:

**Due to/from other funds:**

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 17,732

This balance resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2007, consisted of the following amounts:

Transfers Out	Transfers In		
	General Fund	Highway/ Public Works Fund	Solid Waste/ Disposal Fund
Nonmajor governmental funds	\$ 118,376	\$ 7,200	\$ 1,800
Highway/Public Works Fund	10,400	0	0
General Debt Service	0	0	100,000
<b>Total</b>	<b>\$ 128,776</b>	<b>\$ 7,200</b>	<b>\$ 101,800</b>

**Discretely Presented White County School Department**

Transfers Out	Transfers In General Purpose School Fund
Nonmajor governmental fund	\$ 7,985

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

**E. Long-term Debt**

**Primary Government**

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

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. Capital outlay notes are issued to fund capital facilities and other capital outlay purchases, such as equipment.

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

General obligation bonds, capital outlay notes, and other loans, outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds	4 to 4.4 %	\$ 1,000,000	\$ 960,000
Capital Outlay Notes	3.49 to 4.31	1,400,000	1,033,333
Other Loans - Synthetic			
Fixed by Swap	5.72	9,000,000	8,595,000
Other Loans	variable	8,275,000	5,455,000

White County has entered into various loan agreements with the Sevier County Public Building Authority and the Blount County Public Building Authority (PBAs) to finance various capital projects for the county and the White County School Department. Under the loan agreements, the PBAs issued revenue bonds and loaned the proceeds to White County. In addition to repaying the loans, the county pays various other fees (trustee, debt remarketing, etc.). The following table summarizes loan agreements between the county and the PBAs outstanding at June 30, 2007:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-07	Interest Type	Interest Rates as of 6-30-07	Approximate Fee Rates as of 6-30-07	
Sevier County PBA:						
Series G	\$ 7,000,000	\$ 4,180,000	Variable	3.81 %	0.5	%
Series IV-A-3	9,000,000	8,595,000	Synthetic Fixed by Swap	5.72	0.5	
Blount County PBA:						
Series A-9-C	1,275,000	1,275,000	Variable	3.81	0.45	
		<u>\$ 14,050,000</u>				

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2007, including interest payments and other fees, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2008	\$ 40,000	\$ 39,945	\$ 366,666	\$ 34,834
2009	40,000	38,345	266,666	20,253
2010	40,000	36,745	266,667	9,853
2011	45,000	35,145	133,334	2,327
2012	45,000	33,345	0	0
2013-2017	245,000	139,125	0	0
2018-2022	295,000	84,713	0	0
2023-2025	210,000	18,855	0	0
Total	<u>\$ 960,000</u>	<u>\$ 426,218</u>	<u>\$ 1,033,333</u>	<u>\$ 67,267</u>

Year Ending June 30	Other Loan (\$7,000,000)			
	Principal	Interest	Other Fees	Total
2008	\$ 370,000	\$ 159,258	\$ 20,900	\$ 550,158
2009	390,000	145,161	19,050	554,211
2010	410,000	128,592	17,100	555,692
2011	435,000	114,681	15,050	564,731
2012	460,000	98,108	12,875	570,983
2013-2016	2,115,000	207,073	27,175	2,349,248
Total	<u>\$ 4,180,000</u>	<u>\$ 852,873</u>	<u>\$ 112,150</u>	<u>\$ 5,145,023</u>

Year Ending June 30	Other Loan (\$9,000,000)			
	Principal	Interest	Other Fees	Total
2008	\$ 470,000	\$ 491,635	\$ 42,975	\$ 1,004,610
2009	495,000	464,750	40,625	1,000,375
2010	520,000	436,436	38,150	994,586
2011	550,000	406,692	35,550	992,242
2012	580,000	375,232	32,800	988,032
2013-2017	3,415,000	1,341,054	117,225	4,873,279
2018-2020	2,565,000	299,156	26,150	2,890,306
Total	<u>\$ 8,595,000</u>	<u>\$ 3,814,955</u>	<u>\$ 333,475</u>	<u>\$ 12,743,430</u>

Year Ending June 30	Other Loan (\$1,275,000)			
	Principal	Interest	Other Fees	Total
2008	\$ 0	\$ 48,578	\$ 5,738	\$ 54,316
2009	0	48,578	5,738	54,316
2010	0	48,578	5,738	54,316
2011	0	48,578	5,738	54,316
2012	0	48,578	5,738	54,316
2013-2017	275,000	242,888	28,688	546,576
2018-2020	1,000,000	77,150	9,109	1,086,259
Total	<u>\$ 1,275,000</u>	<u>\$ 562,928</u>	<u>\$ 66,487</u>	<u>\$ 1,904,415</u>

There is \$2,680,193 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$41, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans totaled \$694, based on the 2000 federal census.

### **Swap Agreement**

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series IV-A-3.

**Objective of the interest rate swap.** To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the authority, on behalf of the county, entered into an interest rate swap in connection with its \$9 million Series IV-A-3 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

**Terms.** Under the swap, the authority pays the counterparty a fixed payment of 5.72 percent and receives a variable payment computed as 100 percent of the rate paid on the outstanding variable rate bond associated to the swap. The swap has a notional amount of \$9 million and the associated variable-rate bond has a \$9 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series IV-A-3 Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds, and the related swap agreement, mature on June 1, 2020. As of June 30, 2007, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	5.72 %
Variable payment from counterparty		<u>-3.81</u>
Net interest rate swap payments		1.91 %
Variable-rate bond coupon payment		<u>3.81</u>
Synthetic interest rate on bonds		<u><u>5.72 %</u></u>

**Fair value.** As of June 30, 2007, the swap had a negative fair value of \$709,814. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the coupons on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

**Credit risk.** As of June 30, 2007, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk of the derivative's fair value. The swap counterparty was unrated at the time of the swap. To mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, that was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2007. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

**Basis risk.** The variable interest payment the county receives from the counterparty is the same as the variable rate interest paid on the outstanding bonds associated to the swap. Therefore, there is no basis risk.

**Termination risk.** The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master

Agreement includes an “additional termination provision.” The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap’s fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap’s fair value.

**Swap payments and associated debt.** As of June 30, 2007, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2008	\$ 470,000	\$ 327,470	\$ 164,165	\$	961,635
2009	495,000	309,563	155,188		959,751
2010	520,000	290,703	145,733		956,436
2011	550,000	270,891	135,801		956,692
2012	580,000	249,936	125,296		955,232
2013-2017	3,415,000	893,255	447,800		4,756,055
2018-2020	2,565,000	199,262	99,893		2,864,155
Total	\$ 8,595,000	\$ 2,541,080	\$ 1,273,876	\$	12,409,956

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

Governmental Activities:	Other		
	Bonds	Notes	Loans
Balance, July 1, 2006	\$ 1,000,000	\$ 866,666	\$ 14,755,000
Additions	0	400,000	0
Deductions	(40,000)	(233,333)	(705,000)
Balance, June 30, 2007	\$ 960,000	\$ 1,033,333	\$ 14,050,000
Balance Due Within One Year	\$ 40,000	\$ 366,666	\$ 840,000

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 16,043,333
Less: Balance Due Within One Year	<u>(1,246,666)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 14,796,667</u>

**White County Solid Waste Disposal Fund (Enterprise Fund)**

The annual requirements to amortize all notes outstanding as of June 30, 2007, including interest payments, are presented in the following table:

Year Ending June 30	Notes	
	Principal	Interest
2008	\$ 141,967	\$ 53,275
2009	141,967	46,907
2010	141,967	40,539
2011	141,967	34,172
2012	141,967	27,804
2013-2016	<u>530,064</u>	<u>47,539</u>
Total	<u>\$ 1,239,899</u>	<u>\$ 250,236</u>

Changes in Long-term Liabilities

Long-term liability activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2007, was as follows:

Business-type Activities:	Closure/ Postclosure Care Costs	
	Notes	
Balance, July 1, 2006	\$ 1,381,866	\$ 2,559,654
Deductions	(141,967)	0
Prior-period Adjustment	0	(298,753)
Balance, June 30, 2007	<u>\$ 1,239,899</u>	<u>\$ 2,260,901</u>
Balance Due Within One Year	<u>\$ 141,967</u>	<u>\$ 24,400</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 3,500,800
Less: Balance Due Within One Year	<u>(166,367)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,334,433</u>

Debt per capita of the enterprise fund for the notes totaled \$152, based on the 2000 federal census.

**Discretely Presented White County School Department**

**Changes in Long-term Liabilities**

Long-term liability activity for the discretely presented White County School Department for the year ended June 30, 2007, was as follows:

Governmental Activities:	<u>Compensated Absences</u>
Balance, July 1, 2006	\$ 29,644
Additions	149,359
Deductions	<u>(40,021)</u>
Balance, June 30, 2007	<u>\$ 138,982</u>
Balance Due Within One Year	<u>\$ 6,950</u>

Compensated absences will be paid from the employing funds, primarily the General Purpose School Fund and the School Federal Projects Fund.

**F. Short-term Debt**

White County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary to provide temporary operating funds before current tax collections. Short-term debt activity for the year ended June 30, 2007, was as follows:

	Balance			Balance
	7-1-06	Issued	Redeemed	6-30-07
Tax Anticipation Notes	\$ 0	\$ 2,000,000	\$ (2,000,000)	\$ 0

V. **OTHER INFORMATION**

A. **Risk Management**

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

During the year, White County began offering its general government employees a select benefits limited health plan purchased through a commercial carrier. This is a fully insured fixed rate limited plan in which all employees are eligible to participate.

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

B. **Subsequent Event**

In August 2007, the county issued capital outlay notes totaling \$700,000 to purchase patrol cars, an ambulance, a sewer project, and highway infrastructure.

C. **Contingent Liabilities**

The county is involved in several pending lawsuits. Attorneys representing the county estimate that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the financial statements of the county.

D. **Changes in Administration**

On August 31, 2006, Henry Foster left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Beverly Templeton, and James O'Conner left the Office of Sheriff and was succeeded by Oddie Shoupe.

**E. Landfill Closure and Postclosure Care Costs**

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. These closure and postclosure care costs generally are paid near or after the date that the landfill stops accepting waste. The \$2,260,901 reported as landfill closure and postclosure care liability at June 30, 2007, represents the net amount reported to date based on the use of approximately 100 percent of the estimated capacity of the old landfill cell (\$1,631,296), approximately 50 percent of the Class III/IV cell (\$366,000), and approximately 15 percent of the estimated capacity of the current landfill cell (\$263,605). The landfill will recognize the remaining closure/postclosure care cost liability of \$1,859,765 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2007. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. Joint Venture**

The Upper Cumberland Regional Airport was established as a joint venture between White County, Putnam County, the City of Cookeville, and the City of Sparta. The Upper Cumberland Regional Airport operates the regional airport for the two-county area. The five-member board of the airport is comprised of one member appointed by each of the four participating governments with the fifth member of the board being the chief executive of one of the participating governments. This fifth board position serves a one-year term and rotates among the four participating governments in a prescribed order. Each participant retains a 25 percent ownership in the airport; however, the participant does not retain an equity interest in the airport. During the year ended June 30, 2007, the county contributed \$68,000 to the operations of the airport. Complete financial statements for the Upper Cumberland Regional Airport can be obtained from the Upper Cumberland Regional Airport's administrative office at 750 Airport Road, Sparta, Tennessee 38583-8077, or from the County Clerk's Office at the White County Courthouse.

**G. Jointly Governed Organization**

The Tri-County Railroad Authority was jointly created by White, Coffee, and Warren counties. The Tri-County Railroad Authority's board comprises the county executive/mayor of each county and one member selected by the governing body of each county; however, the counties do not have any ongoing financial interest or responsibility for the entity.

## H. Retirement Commitments

### Employees

#### **Plan Description**

Employees of White 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 White County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

#### **Funding Policy**

White 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, 2007, was 4.83 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for White County is established and may be amended by the TCRS Board of Trustees.

#### **Annual Pension Cost**

For the year ending June 30, 2007, White County's annual pension cost of \$351,259 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the

July 1, 2005, 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), and (c) projected 3.5 percent annual increase in the Social Security wage base. 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. White 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, 2005, was ten years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

### **Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$351,259	100%	\$0
6-30-06	253,160	100	0
6-30-05	239,045	100	0

### **School Teachers**

#### **Plan Description**

The 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 <http://www.treasury.state.tn.us>.

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2007, was 6.13 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2007, 2006, and 2005, were \$778,022, \$672,614, and \$652,797, respectively, equal to the required contributions for each year.

#### **I. Other Post-employment Benefits**

In addition to the retirement commitments described above, the White County School Department provides post-retirement benefits, in accordance with contract provisions, to certified employees who retire from the School Department. The School Department pays each retiree \$1,500 per year until the retiree is eligible for Medicare or Medicaid. This benefit is available to employees who retire after July 1, 1998, with a minimum of 30 years service. During the year examined, 27 retirees met those eligibility requirements. During the year, expenditures totaling \$37,600 were recognized for post-employment health care.

#### **J. Office of Central Accounting and Budgeting**

##### **Office of Director of Finance**

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

**K. Purchasing Law**

Purchasing procedures for all offices are governed by provisions of the County Financial Management System of 1981, Section 5-21-119, Tennessee Code Annotated. Pursuant to provisions of this statute, the Financial Management Committee, together with the finance director, established purchasing procedures for White County. These procedures require a purchase order system and competitive bids for all purchases exceeding \$5,000 (\$10,000 for the Highway Department).

**VI. OTHER NOTES – DISCRETELY PRESENTED WHITE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**A. Summary of Significant Accounting Policies**

The White County Emergency Communications District was established on January 21, 1991, by a resolution of the Board of Commissioners of White County, Tennessee, in accordance with the Emergency Communications District Law (9-1-1 Law), Tennessee Code Annotated, Section 7-86-101. The resolution was passed after the voters of White County approved the establishment of such a district on November 6, 1990. The jurisdiction of the district includes all of White County, Tennessee. The White County Emergency Communications District has adopted the following accounting policies:

**1. Reporting Entity**

The White County Emergency Communications District is a component unit of White County, Tennessee. The Board of Directors of the district is appointed by White County's Board of Commissioners and the mayor of the City of Sparta in the same proportion as each entity contributor to the funding of the district. Any shortfall between the district's budgeted revenues and operating expenses are subsidized by White County and the City of Sparta, Tennessee, 75 percent and 25 percent, respectively. Also, the district must obtain the approval of the White County Board of Commissioners before the issuance of most debt instruments.

**2. Basis of Accounting**

The district uses the accrual method of accounting to prepare its financial statements.

The district has elected under Governmental Accounting Standards Board (GASB) Statement No. 20 to adopt all FASB pronouncements applicable to local governments and GASB pronouncements issued through November 30, 1989, and only GASB pronouncements issued after November 30, 1989.

The activities of the district are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The accounting and financial reporting treatment applied to the district is determined by its measurement focus. The transactions of the district are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the balance sheet. Net assets (i.e. total assets net of total liabilities) are segregated into invested in capital assets, net of related debt; restricted for capital activity and debt service; and unrestricted components.

**3. Capital Assets**

Property and equipment in service are carried at cost and are depreciated over the estimated useful life of the asset using the straight-line method of depreciation. Cost consists of all direct costs related to construction or acquisition of capital assets. In addition, the district capitalizes interest costs related to qualified expenditures for projects under development.

Maintenance and repairs that do not significantly extend the value or life of the property or equipment are expensed as incurred.

Capital policy for the district is items purchased or betterment, not repairs, in excess of \$1,000 and having a useful life of one year or more will be capitalized.

Assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	3-10
Buildings	10-40
Vehicles	5-10
Furniture and Fixtures	10

4. **Provision for Uncollectible Accounts**

Management has not made an allowance for uncollectible accounts receivable as losses; however, if any are recognized they are reported on the direct charge-off method.

5. **Cash Equivalents**

For purposes of the statement of cash flows, all highly liquid investments with a maturity date of three months or less when purchased are considered to be cash equivalents.

6. **Compensated Absences**

The district does not have a policy for accruing vested or accumulated vacation leave when it is incurred. However, these amounts would be immaterial to the financial statements of the district.

7. **Restricted Assets**

Restricted assets represent cash and investments maintained in accordance with bond resolutions, loan agreements, grant awards, and other resolutions and formal actions of the district or by agreement for the purpose of funding certain debt service payments, depreciation and contingency activities, and improvements and extensions to the system. Restricted assets are generally not available for current operating expenses. The district had no restricted assets at June 30, 2007.

8. **Receivables and Revenues**

Revenues from Ben Lomand Rural Telephone Cooperative, Inc., and Citizens Telecom Company of Tennessee (CTC) are received monthly. Revenues not received by June 30 are accrued.

Operating revenue consists of monies received from Ben Lomand and CTC, shared wireless charge from the State Emergency Communications Board, and other miscellaneous income.

Nonoperating revenue consists of interest income earned on cash investments.

9. **Expenses**

Operating expenses consist of salaries, wages, and the related employee benefits; the fees charged by the telephone companies; materials and supplies and other general and administrative expenses.

**10. Contributions**

Contributions are recognized in the Statement of Revenues, Expenses, and Changes in Net Assets when earned. Contributions include capacity and support by other districts and federal, state, and local grants in support of district operations.

**11. Net Assets**

Net assets contain the various net earnings from operating and nonoperating revenues, expenses, and contributions of capital. Net assets are classified as invested in capital assets, net of related debt; restricted for capital activity and debt service; and unrestricted net assets. Invested in capital assets, net of related debt, is all capital assets, net of accumulated depreciation and outstanding debt attributable to the acquisition, construction, or improvement of the assets; debt related to unspent proceeds or other restricted cash and investments is not included in this determination. Restricted for capital activity and debt service includes net assets restricted by external parties such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates. Unrestricted are the net assets that do not meet the definition of capital assets, net of related debt or restricted for capital activity and debt service.

**12. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts and certain claims and judgment liabilities, among other accounts. Actual results may vary from those estimates.

**13. Budgets**

Prior to July 1, the budget is approved by the commissioners and submitted to the state Comptroller's Office as required by state statute. The budget is prepared on the basis where current available funds must be sufficient to meet current expenditures.

The district's budgetary basis of accounting is consistent with generally accepted accounting principles.

**B. Bank Deposits**

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 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 district.

**C. Capital Assets**

Capital assets activity during the year was as follows:

	Balance			Balance
	7-1-06	Increases	Decreases	6-30-07
Capital Assets				
Not Depreciated:				
Land	\$ 16,576	\$ 0	\$ 0	\$ 16,576
Total Capital Assets				
Not Depreciated	\$ 16,576	\$ 0	\$ 0	\$ 16,576
Capital Assets Depreciated:				
Buildings	\$ 96,568	\$ 3,170	\$ 0	\$ 99,738
Equipment	556,782	191,920	(119,624)	629,078
Vehicles	20,690	0		20,690
Furniture and Fixtures	7,927	0	0	7,927
Total Capital Assets				
Depreciated	\$ 681,967	\$ 195,090	\$ (119,624)	\$ 757,433

(Continued)	Balance			Balance
	7-1-06	Increases	Decreases	
Less Accumulated Depreciation For:				
Buildings	\$ 24,940	\$ 2,592	\$ 0	\$ 27,532
Equipment	314,145	45,767	(56,116)	303,796
Vehicles	20,026	146		20,172
Furniture and Fixtures	5,562	452	0	6,014
Total Accumulated Depreciation	\$ 364,673	\$ 48,957	\$ (56,116)	\$ 357,514
Total Capital Assets Depreciated, Net	\$ 317,294	\$ 146,133	\$ (63,508)	\$ 399,919
Business-type Activities Capital Assets, Net	\$ 333,870	\$ 146,133	\$ (63,508)	\$ 416,495

**D. Risk Financing Activities**

The White County Emergency Communications District's risks of loss related to general liability, errors and omissions, and workers' compensation are covered by participation in the Tennessee Municipal League's Risk Management Pool, which is a public entity risk pool. The district pays annual premiums to the pool for its coverage. The creation of the pool provides for it to be self-sustaining through member premiums. The Risk Management Pool reinsures through commercial insurance companies for claims in excess of \$500,000 for general liability claims and \$250,000 for workers' compensation claims.

The district carries commercial insurance to cover the district's vehicles and commercial property. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**E. Retirement Plan**

**Plan Description**

Employees of the White County Emergency Communications District 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 the Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the White County Emergency Communications District 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, Tennessee 37243-0230 or can be accessed at <http://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**

The White County Emergency Communications District requires employees to contribute five percent of earnable compensation. The White County Emergency Communications District is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007, was 6.04 percent of annual covered payroll. The contribution requirements by plan members are set by state statute. The contribution requirement for the White County Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2007, the White County Emergency Communications District's annual pension cost of \$8,101 to TCRS was equal to the district'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), and (c) projected 3.5 percent annual increase in the Social Security wage base. 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. The White County Emergency Communications District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was ten years. An actuarial valuation

was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

**Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-07	\$ 8,101	100 %	\$ 0
6-30-06	4,855	100	0
6-30-05	7,009	100	0

**F. Litigation**

There were no lawsuits pending in which the district is involved that could result in any liability to the district.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit G-1

White County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,205,755	\$ 0	\$ 0	\$ 4,205,755	\$ 4,125,013	\$ 4,125,013	\$ 80,742
Licenses and Permits	52,586	0	0	52,586	26,000	26,000	26,586
Fines, Forfeitures, and Penalties	146,985	0	0	146,985	152,350	152,350	(5,365)
Charges for Current Services	933,487	0	0	933,487	755,000	755,000	178,487
Other Local Revenues	190,062	0	0	190,062	205,000	235,000	(44,938)
Fees Received from County Officials	940,522	0	0	940,522	747,000	747,000	193,522
State of Tennessee	806,694	0	0	806,694	1,117,185	1,186,560	(379,866)
Federal Government	45,542	0	0	45,542	0	0	45,542
Other Governments and Citizens Groups	455,964	0	0	455,964	229,500	589,400	(133,436)
<b>Total Revenues</b>	<b>\$ 7,777,597</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 7,777,597</b>	<b>\$ 7,357,048</b>	<b>\$ 7,816,323</b>	<b>\$ (38,726)</b>
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 58,831	\$ 0	\$ 0	\$ 58,831	\$ 63,178	\$ 63,178	\$ 4,347
County Mayor/Executive	126,042	0	0	126,042	129,533	129,533	3,491
County Attorney	19,480	0	0	19,480	25,000	25,000	5,520
Election Commission	129,483	(327)	239	129,395	318,901	133,501	4,106
Register of Deeds	179,469	0	4,052	183,521	185,512	185,512	1,991
Development	10,500	0	0	10,500	10,500	10,500	0
County Buildings	437,335	(78)	300	437,557	379,377	429,777	(7,780)
Other General Administration	52,245	0	40	52,285	55,000	55,000	2,715
Preservation of Records	20,018	0	0	20,018	21,839	21,839	1,821
<u>Finance</u>							
Accounting and Budgeting	202,593	(500)	1,172	203,265	211,270	220,470	17,205
Property Assessor's Office	159,123	0	0	159,123	190,561	190,561	31,438
Reappraisal Program	31,259	0	0	31,259	36,162	36,162	4,903
County Trustee's Office	140,414	0	390	140,804	138,556	143,029	2,225

(Continued)

Exhibit G-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Clerk's Office	\$ 185,864	\$ 0	\$ 0	\$ 185,864	\$ 181,962	\$ 186,062	\$ 198
<u>Administration of Justice</u>							
Circuit Court	283,101	0	0	283,101	251,852	283,820	719
General Sessions Court	174,678	0	0	174,678	166,923	177,454	2,776
Drug Court	10,312	0	0	10,312	0	30,000	19,688
Chancery Court	114,619	0	685	115,304	116,222	116,222	918
Judicial Commissioners	43,223	(900)	100	42,423	42,087	43,087	664
Other Administration of Justice	7,764	0	0	7,764	22,600	22,600	14,836
<u>Public Safety</u>							
Sheriff's Department	1,262,505	(711)	295	1,262,089	1,131,340	1,277,606	15,517
Special Patrols	49,589	0	0	49,589	50,067	50,667	1,078
Jail	1,441,897	(470)	1,288	1,442,715	1,408,624	1,451,097	8,382
Juvenile Services	45,805	0	0	45,805	46,067	46,067	262
Fire Prevention and Control	260,726	0	0	260,726	261,200	269,200	8,474
Civil Defense	26,327	(1,162)	0	25,165	35,975	35,975	10,810
Rescue Squad	9,000	0	0	9,000	9,000	9,000	0
County Coroner/Medical Examiner	6,892	0	0	6,892	10,000	10,000	3,108
Other Public Safety	107,684	0	0	107,684	111,950	112,950	5,266
<u>Public Health and Welfare</u>							
Local Health Center	76,581	0	22	76,603	72,390	73,467	(3,136)
Rabies and Animal Control	454	0	0	454	45,570	45,570	45,116
Ambulance/Emergency Medical Services	930,024	0	557	930,581	877,701	930,601	20
Crippled Children Services	3,567	0	0	3,567	4,720	4,720	1,153
Other Local Health Services	0	0	0	0	1,250	1,250	1,250
General Welfare Assistance	3,600	0	0	3,600	4,800	4,800	1,200
Other Local Welfare Services	1,250	0	0	1,250	1,250	1,250	0

(Continued)

Exhibit G-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Sanitation Education/Information	\$ 30,147	\$ 0	\$ 0	\$ 30,147	\$ 36,274	\$ 36,274	\$ 6,127
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	105,849	0	0	105,849	155,362	155,362	49,513
Libraries	628,678	(186,241)	0	442,437	199,506	546,606	104,169
Parks and Fair Boards	45,585	0	4,460	50,045	56,000	56,000	5,955
Other Social, Cultural, and Recreational	13,000	0	0	13,000	13,000	13,000	0
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	69,420	0	0	69,420	83,483	83,483	14,063
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	16,786	0	0	16,786	20,185	20,185	3,399
<u>Other Operations</u>							
Tourism	4,418	0	0	4,418	6,000	6,000	1,582
Industrial Development	158,081	0	0	158,081	335,570	335,570	177,489
Housing and Urban Development	30,297	0	0	30,297	0	30,298	1
Airport	68,000	0	0	68,000	58,000	68,000	0
Veterans' Services	31,612	0	0	31,612	34,545	34,545	2,933
Other Charges	276,474	0	6,273	282,747	300,413	302,213	19,466
Contributions to Other Agencies	37,938	0	0	37,938	40,860	42,860	4,922
Employee Benefits	40,000	0	0	40,000	10,000	40,000	0
Miscellaneous	94,760	0	0	94,760	80,000	100,000	5,240
Total Expenditures	\$ 8,265,299	\$ (190,389)	\$ 19,873	\$ 8,094,783	\$ 8,050,137	\$ 8,699,923	\$ 605,140
Excess (Deficiency) of Revenues Over Expenditures	\$ (487,702)	\$ 190,389	\$ (19,873)	\$ (317,186)	\$ (693,089)	\$ (883,600)	\$ 566,414

(Continued)

Exhibit G-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 300,000	\$ 300,000	\$ (300,000)
Transfers In	128,776	0	0	128,776	123,400	128,776	0
Total Other Financing Sources (Uses)	\$ 128,776	\$ 0	\$ 0	\$ 128,776	\$ 423,400	\$ 428,776	\$ (300,000)
Net Change in Fund Balance	\$ (358,926)	\$ 190,389	\$ (19,873)	\$ (188,410)	\$ (269,689)	\$ (454,824)	\$ 266,414
Fund Balance, July 1, 2006	1,188,369	(190,389)	0	997,980	861,281	861,281	136,699
Fund Balance, June 30, 2007	\$ 829,443	\$ 0	\$ (19,873)	\$ 809,570	\$ 591,592	\$ 406,457	\$ 403,113

Exhibit G-2

White County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 86,403	\$ 0	\$ 0	\$ 86,403	\$ 90,000	\$ 90,000	\$ (3,597)
Other Local Revenues	9,834	0	0	9,834	70,000	70,000	(60,166)
State of Tennessee	1,821,984	0	0	1,821,984	3,618,021	3,618,021	(1,796,037)
<b>Total Revenues</b>	<b>\$ 1,918,221</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,918,221</b>	<b>\$ 3,778,021</b>	<b>\$ 3,778,021</b>	<b>\$ (1,859,800)</b>
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 128,911	\$ 0	\$ 0	\$ 128,911	\$ 131,596	\$ 131,596	\$ 2,685
Highway and Bridge Maintenance	1,227,747	0	1,345	1,229,092	1,306,132	1,312,132	83,040
Operation and Maintenance of Equipment	169,657	0	0	169,657	206,000	206,000	36,343
Quarry Operations	180,741	0	195	180,936	237,018	238,218	57,282
Other Charges	98,792	0	0	98,792	101,300	101,300	2,508
Employee Benefits	1,234	0	0	1,234	4,000	4,000	2,766
Capital Outlay	448,000	(40,820)	76,048	483,228	2,481,595	2,481,595	1,998,367
<b>Total Expenditures</b>	<b>\$ 2,255,082</b>	<b>\$ (40,820)</b>	<b>\$ 77,588</b>	<b>\$ 2,291,850</b>	<b>\$ 4,467,641</b>	<b>\$ 4,474,841</b>	<b>\$ 2,182,991</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (336,861)	\$ 40,820	\$ (77,588)	\$ (373,629)	\$ (689,620)	\$ (696,820)	\$ 323,191
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 300,000	\$ 0	\$ 0	\$ 300,000	\$ 300,000	\$ 300,000	\$ 0
Transfers In	7,200	0	0	7,200	0	7,200	0
Transfers Out	(10,400)	0	0	(10,400)	(10,400)	(10,400)	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 296,800</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 296,800</b>	<b>\$ 289,600</b>	<b>\$ 296,800</b>	<b>\$ 0</b>
Net Change in Fund Balance	\$ (40,061)	\$ 40,820	\$ (77,588)	\$ (76,829)	\$ (400,020)	\$ (400,020)	\$ 323,191
Fund Balance, July 1, 2006	845,916	(40,820)	0	805,096	796,629	796,629	8,467
<b>Fund Balance, June 30, 2007</b>	<b>\$ 805,855</b>	<b>\$ 0</b>	<b>\$ (77,588)</b>	<b>\$ 728,267</b>	<b>\$ 396,609</b>	<b>\$ 396,609</b>	<b>\$ 331,658</b>

Exhibit G-3

White County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented White County School Department  
June 30, 2007

(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)
6-30-05	\$ 9,962	\$ 10,216	254	97.51 %	\$ 6,856	3.70 %
6-30-03	8,954	9,240	286	96.90	6,461	4.43
6-30-01	8,019	8,506	487	94.27	5,546	8.78

Exhibit G-4

White County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Discretely Presented White County Emergency Communications District  
June 30, 2007

(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
6-30-05	\$ 170	\$ 179	9	94.97 %	\$ 155	5.81 %
6-30-03	127	137	10	92.70	187	5.35
6-30-01	80	115	35	69.57	177	19.77

**WHITE COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2007**

**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 White 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/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the White County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with 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 schedule.

**B. EXPENDITURES AND ENCUMBRANCES EXCEEDED APPROPRIATIONS**

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the County Buildings (\$7,780) and the Local Health Center (\$3,136) major appropriation categories (the legal level of control) of the General Fund. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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Industrial/Economic Development Fund – The Industrial/Economic Development Fund is used to account for transactions involving notes receivable from corporations.

Local Purpose Tax Fund – The Local Purpose Tax Fund accounts for local sales tax collections. These funds are eventually disbursed to other county funds for their operations.

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

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

Exhibit H-1

White County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2007

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Industrial / Economic Development	Local Purpose Tax	Drug Control	Constitu - tional Officers - Fees	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 16,610	\$ 16,610
Equity in Pooled Cash and Investments	262,938	754,350	70,196	0	1,087,484
Accounts Receivable	0	0	0	1,122	1,122
Due from Other Governments	0	49,238	0	0	49,238
Notes Receivable - Long-term	267,496	0	0	0	267,496
<b>Total Assets</b>	<b>\$ 530,434</b>	<b>\$ 803,588</b>	<b>\$ 70,196</b>	<b>\$ 17,732</b>	<b>\$ 1,421,950</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 17,732	\$ 17,732
Due to Litigants, Heirs, and Others	0	0	9,700	0	9,700
Other Deferred Revenues	0	30,102	0	0	30,102
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 30,102</b>	<b>\$ 9,700</b>	<b>\$ 17,732</b>	<b>\$ 57,534</b>
<u>Fund Balances</u>					
Reserved for Purchase of Electronic Fingerprint Imaging System	\$ 0	\$ 0	\$ 1,615	\$ 0	\$ 1,615
Reserved for Loan Program	530,434	0	0	0	530,434
Unreserved	0	773,486	58,881	0	832,367
<b>Total Fund Balances</b>	<b>\$ 530,434</b>	<b>\$ 773,486</b>	<b>\$ 60,496</b>	<b>\$ 0</b>	<b>\$ 1,364,416</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 530,434</b>	<b>\$ 803,588</b>	<b>\$ 70,196</b>	<b>\$ 17,732</b>	<b>\$ 1,421,950</b>

Exhibit H-2

White County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2007

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Industrial / Economic Development	Local Purpose Tax	Drug Control	Constitu - tional Officers - Fees	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 198,325	\$ 0	\$ 0	\$ 198,325
Fines, Forfeitures, and Penalties	0	0	54,671	0	54,671
Charges for Current Services	0	0	0	988	988
Other Local Revenues	12,050	0	10,471	0	22,521
State of Tennessee	0	0	19,357	0	19,357
Total Revenues	<u>\$ 12,050</u>	<u>\$ 198,325</u>	<u>\$ 84,499</u>	<u>\$ 988</u>	<u>\$ 295,862</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 0	\$ 988	\$ 988
Public Safety	0	0	50,604	0	50,604
Other Operations	0	2,691	454	0	3,145
Total Expenditures	<u>\$ 0</u>	<u>\$ 2,691</u>	<u>\$ 51,058</u>	<u>\$ 988</u>	<u>\$ 54,737</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 12,050</u>	<u>\$ 195,634</u>	<u>\$ 33,441</u>	<u>\$ 0</u>	<u>\$ 241,125</u>
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ 0	\$(127,376)	\$ 0	\$ 0	\$(127,376)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$(127,376)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$(127,376)</u>
Net Change in Fund Balances	\$ 12,050	\$ 68,258	\$ 33,441	\$ 0	\$ 113,749
Fund Balance, July 1, 2006	518,384	705,228	27,055	0	1,250,667
Fund Balance, June 30, 2007	<u>\$ 530,434</u>	<u>\$ 773,486</u>	<u>\$ 60,496</u>	<u>\$ 0</u>	<u>\$ 1,364,416</u>

Exhibit H-3

White County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Industrial/Economic Development Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 12,050	\$ 8,650	\$ 8,650	\$ 3,400
Total Revenues	\$ 12,050	\$ 8,650	\$ 8,650	\$ 3,400
Total Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,050	\$ 8,650	\$ 8,650	\$ 3,400
Net Change in Fund Balance	\$ 12,050	\$ 8,650	\$ 8,650	\$ 3,400
Fund Balance, July 1, 2006	518,384	523,598	523,598	(5,214)
Fund Balance, June 30, 2007	\$ 530,434	\$ 532,248	\$ 532,248	\$ (1,814)

Exhibit H-4

White County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Local Purpose Tax Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 198,325	\$ 180,000	\$ 180,000	\$ 18,325
Total Revenues	\$ 198,325	\$ 180,000	\$ 180,000	\$ 18,325
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 2,691	\$ 1,800	\$ 2,800	\$ 109
Total Expenditures	\$ 2,691	\$ 1,800	\$ 2,800	\$ 109
Excess (Deficiency) of Revenues Over Expenditures	\$ 195,634	\$ 178,200	\$ 177,200	\$ 18,434
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (127,376)	\$ (100,000)	\$ (127,376)	\$ 0
Total Other Financing Sources (Uses)	\$ (127,376)	\$ (100,000)	\$ (127,376)	\$ 0
Net Change in Fund Balance	\$ 68,258	\$ 78,200	\$ 49,824	\$ 18,434
Fund Balance, July 1, 2006	705,228	703,288	703,288	1,940
Fund Balance, June 30, 2007	\$ 773,486	\$ 781,488	\$ 753,112	\$ 20,374

Exhibit H-5

White County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 54,671	\$ 35,000	\$ 35,000	\$ 19,671
Other Local Revenues	10,471	0	0	10,471
State of Tennessee	19,357	0	0	19,357
Total Revenues	<u>\$ 84,499</u>	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 49,499</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 50,604	\$ 62,505	\$ 62,505	\$ 11,901
<u>Other Operations</u>				
Miscellaneous	454	400	1,400	946
Total Expenditures	<u>\$ 51,058</u>	<u>\$ 62,905</u>	<u>\$ 63,905</u>	<u>\$ 12,847</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 33,441</u>	<u>\$ (27,905)</u>	<u>\$ (28,905)</u>	<u>\$ 62,346</u>
Net Change in Fund Balance	\$ 33,441	\$ (27,905)	\$ (28,905)	\$ 62,346
Fund Balance, July 1, 2006	<u>27,055</u>	<u>45,922</u>	<u>45,922</u>	<u>(18,867)</u>
Fund Balance, June 30, 2007	<u>\$ 60,496</u>	<u>\$ 18,017</u>	<u>\$ 17,017</u>	<u>\$ 43,479</u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit I

White County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,140,560	\$ 1,066,690	\$ 1,066,690	\$ 73,870
Other Local Revenues	1,060,065	500,000	500,000	560,065
State of Tennessee	18,170	9,000	9,000	9,170
Other Governments and Citizens Groups	300,000	50,000	300,000	0
Total Revenues	<u>\$ 2,518,795</u>	<u>\$ 1,625,690</u>	<u>\$ 1,875,690</u>	<u>\$ 643,105</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 369,716	\$ 387,716	\$ 369,716	\$ 0
Highways and Streets	150,667	150,667	150,667	0
Education	457,950	457,950	457,950	0
<u>Interest on Debt</u>				
General Government	402,468	407,443	407,443	4,975
Highways and Streets	22,729	16,318	16,318	(6,411)
Education	404,453	449,635	449,635	45,182
<u>Other Debt Service</u>				
General Government	25,580	2,000	35,000	9,420
Total Expenditures	<u>\$ 1,833,563</u>	<u>\$ 1,871,729</u>	<u>\$ 1,886,729</u>	<u>\$ 53,166</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 685,232</u>	<u>\$ (246,039)</u>	<u>\$ (11,039)</u>	<u>\$ 696,271</u>
<u>Other Financing Sources (Uses)</u>				
Note Proceeds	\$ 100,000	\$ 0	\$ 100,000	\$ 0
Transfers In	0	250,000	0	0
Transfers Out	(100,000)	0	(100,000)	0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 250,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 685,232	\$ 3,961	\$ (11,039)	\$ 696,271
Fund Balance, July 1, 2006	1,994,961	1,925,863	1,925,863	69,098
Fund Balance, June 30, 2007	<u>\$ 2,680,193</u>	<u>\$ 1,929,824</u>	<u>\$ 1,914,824</u>	<u>\$ 765,369</u>

# Fiduciary Funds

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

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

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

Exhibit J-1

White County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2007

	<u>Agency Funds</u>		
	<u>Cities- Sales Tax</u>	<u>Constitu- tional Officers - Agency</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash	\$ 0	\$ 442,260	\$ 442,260
Investments	0	1,106,494	1,106,494
Due from Other Governments	255,477	0	255,477
Total Assets	<u>\$ 255,477</u>	<u>\$ 1,548,754</u>	<u>\$ 1,804,231</u>
<b><u>LIABILITIES</u></b>			
Due to Other Taxing Units	\$ 255,477	\$ 0	\$ 255,477
Due to Litigants, Heirs, and Others	0	1,548,754	1,548,754
Total Liabilities	<u>\$ 255,477</u>	<u>\$ 1,548,754</u>	<u>\$ 1,804,231</u>

Exhibit J-2

White County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,581,243	\$ 1,581,243	\$ 0
Due from Other Governments	263,298	255,477	263,298	255,477
Total Assets	\$ 263,298	\$ 1,836,720	\$ 1,844,541	\$ 255,477
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 263,298	\$ 1,836,720	\$ 1,844,541	\$ 255,477
Total Liabilities	\$ 263,298	\$ 1,836,720	\$ 1,844,541	\$ 255,477
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 415,784	\$ 4,444,082	\$ 4,417,606	\$ 442,260
Investments	1,053,312	53,182	0	1,106,494
Accounts Receivable	1,976	0	1,976	0
Cash Shortage	1,108	0	1,108	0
Total Assets	\$ 1,472,180	\$ 4,497,264	\$ 4,420,690	\$ 1,548,754
<u>Liabilities</u>				
Due to Other Funds	\$ 592	\$ 0	\$ 592	\$ 0
Due to Litigants, Heirs, and Others	1,471,588	4,497,264	4,420,098	1,548,754
Total Liabilities	\$ 1,472,180	\$ 4,497,264	\$ 4,420,690	\$ 1,548,754
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,581,243	\$ 1,581,243	\$ 0
Cash	415,784	4,444,082	4,417,606	442,260
Investments	1,053,312	53,182	0	1,106,494
Accounts Receivable	1,976	0	1,976	0
Due from Other Governments	263,298	255,477	263,298	255,477
Cash Shortage	1,108	0	1,108	0
Total Assets	\$ 1,735,478	\$ 6,333,984	\$ 6,265,231	\$ 1,804,231
<u>Liabilities</u>				
Due to Other Funds	\$ 592	\$ 0	\$ 592	\$ 0
Due to Other Taxing Units	263,298	1,836,720	1,844,541	255,477
Due to Litigants, Heirs, and Others	1,471,588	4,497,264	4,420,098	1,548,754
Total Liabilities	\$ 1,735,478	\$ 6,333,984	\$ 6,265,231	\$ 1,804,231

# White County School Department

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

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

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

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

Exhibit K-1

White County, Tennessee  
Statement of Activities  
Discretely Presented White County School Department  
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets Total Governmental Activities
Component Unit:				
Governmental Activities:				
Instruction	\$ 13,073,950	\$ 400	\$ 2,834,634	\$ (10,238,916)
Support Services	6,928,566	68,379	0	(6,860,187)
Operation of Non-Instructional Services	2,515,415	674,613	1,035,144	(805,658)
Capital Outlay	250,000	0	0	(250,000)
Total Governmental Activities	\$ 22,767,931	\$ 743,392	\$ 3,869,778	\$ (18,154,761)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 3,025,247
Local Option Sales Taxes				1,355,562
Other Local Taxes				20,109
Grants and Contributions Not Restricted to Specific Programs				17,595,489
Unrestricted Investment Earnings				6,624
Miscellaneous				5,271
Sale of Land and Equipment				9,434
Special Items				159
Total General Revenues				\$ 22,017,895
Change in Net Assets				\$ 3,863,134
Net Assets, July 1, 2006				29,997,721
Net Assets, June 30, 2007				\$ 33,860,855

Exhibit K-2

White County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented White County School Department  
June 30, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<b><u>ASSETS</u></b>			
Equity in Pooled Cash and Investments	\$ 15,529,334	\$ 484,246	\$ 16,013,580
Due from Other Governments	517,055	153,525	670,580
Property Taxes Receivable	3,004,404	0	3,004,404
Allowance for Uncollectible Property Taxes	(108,962)	0	(108,962)
<b>Total Assets</b>	<b>\$ 18,941,831</b>	<b>\$ 637,771</b>	<b>\$ 19,579,602</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 11,548	\$ 0	\$ 11,548
Payroll Deductions Payable	312,028	0	312,028
Deferred Revenue - Current Property Taxes	2,786,978	0	2,786,978
Deferred Revenue - Delinquent Property Taxes	95,512	0	95,512
Other Deferred Revenues	150,069	0	150,069
<b>Total Liabilities</b>	<b>\$ 3,356,135</b>	<b>\$ 0</b>	<b>\$ 3,356,135</b>
<b><u>Fund Balances</u></b>			
Reserved for Encumbrances	\$ 3,246,107	\$ 0	\$ 3,246,107
Reserved for Vocational Projects	250,000	0	250,000
Reserved for Driver Education	18,863	0	18,863
Reserved for Career Ladder - Extended Contract	58,179	0	58,179
Reserved for Career Ladder Program	2,160	0	2,160
Reserved for Basic Education Program	6,141,667	0	6,141,667
Reserved for Title I Grants to Local Education Agencies	0	82,537	82,537
Reserved for Special Education - Grants to States	0	156,727	156,727
Unreserved, Reported In:			
General Fund	5,868,720	0	5,868,720
Special Revenue Funds	0	398,507	398,507
<b>Total Fund Balances</b>	<b>\$ 15,585,696</b>	<b>\$ 637,771</b>	<b>\$ 16,223,467</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 18,941,831</b>	<b>\$ 637,771</b>	<b>\$ 19,579,602</b>

Exhibit K-3

White County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented White County School Department  
June 30, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit K-2)		\$ 16,223,467
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 693,842	
Add: buildings and improvements net of accumulated depreciation	16,112,678	
Add: other capital assets net of accumulated depreciation	<u>724,269</u>	17,530,789
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: Compensated Absences		(138,982)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>245,581</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 33,860,855</u></u>

Exhibit K-4

White County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented White County School Department  
For the Year Ended June 30, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 4,485,973	\$ 0	\$ 4,485,973
Licenses and Permits	2,927	0	2,927
Charges for Current Services	111,136	613,792	724,928
Other Local Revenues	31,886	9,566	41,452
State of Tennessee	17,674,574	23,416	17,697,990
Federal Government	277,909	3,318,946	3,596,855
<b>Total Revenues</b>	<b>\$ 22,584,405</b>	<b>\$ 3,965,720</b>	<b>\$ 26,550,125</b>
<u>Expenditures</u>			
Current:			
Instruction	\$ 13,662,141	\$ 1,752,132	\$ 15,414,273
Support Services	6,195,711	697,119	6,892,830
Operation of Non-Instructional Services	386,049	1,589,455	1,975,504
Capital Outlay	459,958	0	459,958
Debt Service:			
Other Debt Service	250,000	0	250,000
<b>Total Expenditures</b>	<b>\$ 20,953,859</b>	<b>\$ 4,038,706</b>	<b>\$ 24,992,565</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 1,630,546</b>	<b>\$ (72,986)</b>	<b>\$ 1,557,560</b>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 7,985	\$ 0	\$ 7,985
Transfers Out	0	(7,985)	(7,985)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 7,985</b>	<b>\$ (7,985)</b>	<b>\$ 0</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,638,531</b>	<b>\$ (80,971)</b>	<b>\$ 1,557,560</b>
Fund Balance, July 1, 2006	13,947,165	718,742	14,665,907
<b>Fund Balance, June 30, 2007</b>	<b>\$ 15,585,696</b>	<b>\$ 637,771</b>	<b>\$ 16,223,467</b>

Exhibit K-5

White County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented White County School Department  
For the Year Ended June 30, 2007

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

Net change in fund balances - total governmental funds (Exhibit K-4)		\$ 1,557,560
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 3,069,859	
Less: current year depreciation expense	<u>(673,659)</u>	2,396,200
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2006	\$ (226,869)	
Add: deferred delinquent property taxes and other deferred June 30, 2007	<u>245,581</u>	18,712
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences		<u>(109,338)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 3,863,134</u>

Exhibit K-6

White County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented White County School Department  
June 30, 2007

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 85,739	\$ 398,507	\$ 484,246
Due from Other Governments	153,525	0	153,525
Total Assets	<u>\$ 239,264</u>	<u>\$ 398,507</u>	<u>\$ 637,771</u>
<u>FUND BALANCES</u>			
Reserved for Title I Grants to Local Education Agencies	\$ 82,537	\$ 0	\$ 82,537
Reserved for Special Education - Grants to States	156,727	0	156,727
Unreserved	0	398,507	398,507
Total Fund Balances	<u>\$ 239,264</u>	<u>\$ 398,507</u>	<u>\$ 637,771</u>

Exhibit K-7

White County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented White County School Department  
For the Year Ended June 30, 2007

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 613,792	\$ 613,792
Other Local Revenues	0	9,566	9,566
State of Tennessee	0	23,416	23,416
Federal Government	2,369,446	949,500	3,318,946
Total Revenues	<u>\$ 2,369,446</u>	<u>\$ 1,596,274</u>	<u>\$ 3,965,720</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,752,132	\$ 0	\$ 1,752,132
Support Services	697,119	0	697,119
Operation of Non-Instructional Services	0	1,589,455	1,589,455
Total Expenditures	<u>\$ 2,449,251</u>	<u>\$ 1,589,455</u>	<u>\$ 4,038,706</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (79,805)</u>	<u>\$ 6,819</u>	<u>\$ (72,986)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (7,985)	\$ 0	\$ (7,985)
Total Other Financing Sources (Uses)	<u>\$ (7,985)</u>	<u>\$ 0</u>	<u>\$ (7,985)</u>
Net Change in Fund Balances	\$ (87,790)	\$ 6,819	\$ (80,971)
Fund Balance, July 1, 2006	<u>327,054</u>	<u>391,688</u>	<u>718,742</u>
Fund Balance, June 30, 2007	<u>\$ 239,264</u>	<u>\$ 398,507</u>	<u>\$ 637,771</u>

Exhibit K-8

White County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented White County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,485,973	\$ 0	\$ 0	\$ 4,485,973	\$ 4,442,100	\$ 4,442,100	\$ 43,873
Licenses and Permits	2,927	0	0	2,927	3,500	3,500	(573)
Charges for Current Services	111,136	0	0	111,136	125,920	125,920	(14,784)
Other Local Revenues	31,886	0	0	31,886	30,100	30,100	1,786
State of Tennessee	17,674,574	0	0	17,674,574	17,178,500	17,245,568	429,006
Federal Government	277,909	0	0	277,909	349,600	349,600	(71,691)
<b>Total Revenues</b>	<b>\$ 22,584,405</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 22,584,405</b>	<b>\$ 22,129,720</b>	<b>\$ 22,196,788</b>	<b>\$ 387,617</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 11,689,968	\$ (147,295)	\$ 40,750	\$ 11,583,423	\$ 12,104,375	\$ 12,089,325	\$ 505,902
Special Education Program	1,252,443	0	0	1,252,443	1,344,500	1,344,395	91,952
Vocational Education Program	626,651	0	0	626,651	679,450	679,450	52,799
Adult Education Program	93,079	(175)	56	92,960	149,850	149,750	56,790
<u>Support Services</u>							
Attendance	76,121	0	0	76,121	77,500	77,500	1,379
Health Services	126,760	0	0	126,760	99,925	159,925	33,165
Other Student Support	551,132	0	0	551,132	594,500	594,500	43,368
Regular Instruction Program	672,491	(168)	174	672,497	708,760	708,760	36,263
Special Education Program	79,846	0	0	79,846	79,755	79,860	14
Vocational Education Program	57,463	0	0	57,463	78,045	78,045	20,582
Adult Programs	140,275	0	0	140,275	145,250	145,350	5,075
Board of Education	351,890	0	0	351,890	367,455	367,455	15,565
Director of Schools	122,474	0	0	122,474	128,400	128,400	5,926
Office of the Principal	1,046,659	0	0	1,046,659	1,116,600	1,116,600	69,941
Fiscal Services	91,075	(3,811)	2,397	89,661	95,080	96,930	7,269

(Continued)

Exhibit K-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Operation of Plant	\$ 1,626,191	\$ (125)	\$ 0	\$ 1,626,066	\$ 1,868,700	\$ 1,875,900	\$ 249,834
Maintenance of Plant	360,946	(61,370)	6,700	306,276	360,000	361,200	54,924
Transportation	892,388	0	136,530	1,028,918	1,148,425	1,153,225	124,307
<u>Operation of Non-Instructional Services</u>							
Community Services	110,621	(550)	0	110,071	159,850	159,850	49,779
Early Childhood Education	275,428	(53,368)	0	222,060	266,800	274,368	52,308
<u>Capital Outlay</u>							
Regular Capital Outlay	459,958	(147,498)	3,059,500	3,371,960	310,000	3,510,000	138,040
<u>Principal on Debt</u>							
Education	0	0	0	0	250,000	0	0
<u>Other Debt Service</u>							
Education	250,000	0	0	250,000	0	250,000	0
Total Expenditures	\$ 20,953,859	\$ (414,360)	\$ 3,246,107	\$ 23,785,606	\$ 22,133,220	\$ 25,400,788	\$ 1,615,182
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 1,630,546	\$ 414,360	\$ (3,246,107)	\$ (1,201,201)	\$ (3,500)	\$ (3,204,000)	\$ 2,002,799
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 7,985	\$ 0	\$ 0	\$ 7,985	\$ 4,000	\$ 4,000	\$ 3,985
Total Other Financing Sources (Uses)	\$ 7,985	\$ 0	\$ 0	\$ 7,985	\$ 4,000	\$ 4,000	\$ 3,985
Net Change in Fund Balance							
Fund Balance, July 1, 2006	\$ 1,638,531	\$ 414,360	\$ (3,246,107)	\$ (1,193,216)	\$ 500	\$ (3,200,000)	\$ 2,006,784
	13,947,165	(414,360)	0	13,532,805	13,389,343	13,389,343	143,462
Fund Balance, June 30, 2007							
	\$ 15,585,696	\$ 0	\$ (3,246,107)	\$ 12,339,589	\$ 13,389,843	\$ 10,189,343	\$ 2,150,246

Exhibit K-9

White County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented White County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,369,446	\$ 3,036,095	\$ 3,036,095	\$ (666,649)
Total Revenues	\$ 2,369,446	\$ 3,036,095	\$ 3,036,095	\$ (666,649)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,064,994	\$ 1,350,119	\$ 1,324,703	\$ 259,709
Special Education Program	612,006	970,415	994,376	382,370
Vocational Education Program	75,132	75,036	75,132	0
<u>Support Services</u>				
Other Student Support	18,024	20,032	19,264	1,240
Regular Instruction Program	458,459	919,119	920,392	461,933
Special Education Program	185,459	236,949	237,249	51,790
Vocational Education Program	2,204	2,300	2,204	0
Transportation	32,973	40,297	40,947	7,974
Total Expenditures	\$ 2,449,251	\$ 3,614,267	\$ 3,614,267	\$ 1,165,016
Excess (Deficiency) of Revenues Over Expenditures	\$ (79,805)	\$ (578,172)	\$ (578,172)	\$ 498,367
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (7,985)	\$ (13,548)	\$ (13,548)	\$ 5,563
Total Other Financing Sources (Uses)	\$ (7,985)	\$ (13,548)	\$ (13,548)	\$ 5,563
Net Change in Fund Balance	\$ (87,790)	\$ (591,720)	\$ (591,720)	\$ 503,930
Fund Balance, July 1, 2006	327,054	591,720	591,720	(264,666)
Fund Balance, June 30, 2007	\$ 239,264	\$ 0	\$ 0	\$ 239,264

Exhibit K-10

White County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented White County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 613,792	\$ 618,000	\$ 618,000	\$ (4,208)
Other Local Revenues	9,566	2,000	2,000	7,566
State of Tennessee	23,416	25,000	25,000	(1,584)
Federal Government	949,500	921,000	921,000	28,500
Total Revenues	<u>\$ 1,596,274</u>	<u>\$ 1,566,000</u>	<u>\$ 1,566,000</u>	<u>\$ 30,274</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,589,455	\$ 1,706,555	\$ 1,712,555	\$ 123,100
Total Expenditures	<u>\$ 1,589,455</u>	<u>\$ 1,706,555</u>	<u>\$ 1,712,555</u>	<u>\$ 123,100</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 6,819</u>	<u>\$ (140,555)</u>	<u>\$ (146,555)</u>	<u>\$ 153,374</u>
Net Change in Fund Balance	\$ 6,819	\$ (140,555)	\$ (146,555)	\$ 153,374
Fund Balance, July 1, 2006	<u>391,688</u>	<u>380,690</u>	<u>380,690</u>	<u>10,998</u>
Fund Balance, June 30, 2007	<u>\$ 398,507</u>	<u>\$ 240,135</u>	<u>\$ 234,135</u>	<u>\$ 164,372</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit L-1

White County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, and Bonds  
 For the Year Ended June 30, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
<b>NOTES PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Vehicles/Ambulances/Computers/Roads	\$ 800,000	3.49 %	11-29-04	11-29-10	\$ 666,666	\$ 0	\$ 133,333	\$ 533,333
Road Improvements	200,000	4.18	11-23-05	11-23-07	200,000	0	100,000	100,000
Road Improvements/Landfill Truck	400,000	4.31	9-21-06	9-21-09	0	400,000	0	400,000
Total Notes Payable					<u>\$ 866,666</u>	<u>\$ 400,000</u>	<u>\$ 233,333</u>	<u>\$ 1,033,333</u>
<b>OTHER LOANS PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Public Building Authority Loan Agreement - Sevier County:								
School Building Project	7,000,000	Variable	8-1-1996	6-1-16	\$ 4,480,000 (1)	\$ 0	\$ 300,000	\$ 4,180,000
School/Judicial Complex Building Project Series IV-A-3	9,000,000 (2)	5.72	12-9-1999	6-1-20	9,000,000	0	405,000	8,595,000
Public Building Authority Loan Agreement - Blount County:								
School/Judicial Complex Building Project Series A-9-C	1,275,000	Variable	6-29-04	6-30-20	1,275,000	0	0	1,275,000
Total Other Loans Payable					<u>\$ 14,755,000</u>	<u>\$ 0</u>	<u>\$ 705,000</u>	<u>\$ 14,050,000</u>
<b>BONDS PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Library	1,000,000	4 to 4.4	6-15-05	6-15-25	\$ 1,000,000	\$ 0	\$ 40,000	\$ 960,000

- (1) The beginning balance of this loan was reduced by \$3,750 to correct an error in the prior audit report.  
 (2) This loan was converted from a variable interest rate to a synthetic fixed interest rate by a swap agreement entered into during the year ended June 30, 2002.

Exhibit L-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2008	\$ 40,000	\$ 39,945	\$ 79,945
2009	40,000	38,345	78,345
2010	40,000	36,745	76,745
2011	45,000	35,145	80,145
2012	45,000	33,345	78,345
2013	45,000	31,545	76,545
2014	45,000	29,745	74,745
2015	50,000	27,945	77,945
2016	50,000	25,945	75,945
2017	55,000	23,945	78,945
2018	55,000	21,745	76,745
2019	55,000	19,408	74,408
2020	60,000	17,070	77,070
2021	60,000	14,520	74,520
2022	65,000	11,970	76,970
2023	65,000	9,175	74,175
2024	70,000	6,380	76,380
2025	75,000	3,300	78,300
<b>Total</b>	<b>\$ 960,000</b>	<b>\$ 426,218</b>	<b>\$ 1,386,218</b>

Exhibit L-3

White County, Tennessee  
Schedule of Notes Receivable  
For the Year Ended June 30, 2007

Description	Debtor	Original Amount of Note	Interest Rate	Date of Issue	Date of Maturity	Balance 6-30-07
<u>Industrial/Economic Development Fund</u>						
Industrial Development	Norcom, Inc.	\$ 50,000	5 %	5-1997 (1)	5-04	\$ 4,427
Industrial Development	Roaring and Cumberland	150,000	5	6-01	6-08	21,870
Industrial Development	Norcom, Inc., II	30,000	5	2-03	2-10	13,048
Industrial Development	Casual Apparel	80,288	2	10-03	9-10	44,405
Industrial Development	TLT, Inc.	37,500	2	11-03	11-10	34,237
Industrial Development	Bell Fashions	82,397	2	1-04	11-09	18,511
Industrial Development	K & V Automotive	80,000	2	5-04	5-11	48,020
Industrial Development	Dunn & Bybee	90,000	3	11-04	11-12	60,001
Industrial Development	Casual Apparel	25,000	5	10-06	10-13	22,977
Total						<u>\$ 267,496</u>

(1) Norcom, Inc., is in bankruptcy at June 30, 2007. The county continues to receive payments; however, the payments are only those authorized by the court.

Exhibit L-4

White County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented White County School Department  
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Primary Government</u>			
Local Purpose Tax	General	Operations	\$ 100,000
Local Purpose Tax	General	Funding health insurance	18,376
Local Purpose Tax	Highway/Public Works	Funding health insurance	7,200
Local Purpose Tax	Solid Waste/Disposal	Funding health insurance	1,800
Highway/Public Works	General	Finance Department services	10,400
General Debt Service	Solid Waste/Disposal	Note proceeds for capital outlay	<u>100,000</u>
Total Transfers Primary Government			<u>\$ 237,776</u>
<u>Discretely Presented White County</u> <u>School Department</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 7,985</u>
Total Transfers Discretely Presented White County School Department			<u>\$ 7,985</u>

Exhibit L-5

White County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented White County School Department  
For the Year Ended June 30, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 64,759	\$ 50,000	Auto Owners Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	61,676	100,000	RLI Insurance Company
Director of Schools	State Board of Education and White County Board of Education	89,160 (1)	50,000	Auto Owners Insurance Company
Trustee	Section 8-24-102, <u>TCA</u>	56,069	832,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	56,069	10,000	"
Finance Director	County Commission	56,069	50,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	56,069	50,000	RLI Insurance Company
Circuit Court Clerk				
Henry Foster (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	9,345	50,000	AMCO Insurance Company
Beverly Templeton (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	46,724	50,000	RLI Insurance Company
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	60,579 (2)	75,000	Auto Owners Insurance Company
Register	Section 8-24-102, <u>TCA</u>	56,069	25,000	RLI Insurance Company
Sheriff:				
James O'Conner (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	10,279	50,000	Nationwide Mutual Insurance Company
Oddie Shoupe (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	51,397	50,000	RLI Insurance Company
Employee Dishonesty Bond Coverage:				
General County and Highway Employees			150,000	Tennessee Risk Management Trust
School Department Employees			150,000	"

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

(2) Includes special commissioner fees of \$4,510.

Exhibit L-6

White County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2007

	Special Revenue Funds						Debt Service Fund	Total
	General	Industrial / Economic Development	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 3,342,278	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 284,535	\$ 3,626,813
Trustee's Collections - Prior Year	146,249	0	0	0	0	0	11,099	157,348
Circuit/Clerk & Master Collections - Prior Years	62,905	0	0	0	0	0	1,605	64,510
Interest and Penalty	23,862	0	0	0	0	0	2,020	25,882
Payments in-Lieu-of Taxes - Other	9,194	0	0	0	0	0	779	9,973
<u>County Local Option Taxes</u>								
Local Option Sales Tax	98,910	0	198,325	0	0	0	825,886	1,123,121
Hotel/Motel Tax	7,393	0	0	0	0	0	7,392	14,785
Litigation Tax - General	55,250	0	0	0	0	0	0	55,250
Litigation Tax - Special Purpose	67,560	0	0	0	0	0	0	67,560
Litigation Tax - Jail, Workhouse, or Courthouse	35,001	0	0	0	0	0	0	35,001
Business Tax	135,327	0	0	0	0	0	0	135,327
Mineral Severance Tax	0	0	0	0	0	86,403	0	86,403
<u>Statutory Local Taxes</u>								
Bank Excise Tax	85,480	0	0	0	0	0	7,244	92,724
Wholesale Beer Tax	136,346	0	0	0	0	0	0	136,346
<b>Total Local Taxes</b>	<b>\$ 4,205,755</b>	<b>\$ 0</b>	<b>\$ 198,325</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 86,403</b>	<b>\$ 1,140,560</b>	<b>\$ 5,631,043</b>
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Cable TV Franchise	\$ 48,216	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 48,216
<u>Permits</u>								
Beer Permits	4,370	0	0	0	0	0	0	4,370
<b>Total Licenses and Permits</b>	<b>\$ 52,586</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 52,586</b>
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 9,232	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,232
Officers Costs	6,252	0	0	0	0	0	0	6,252
Drug Control Fines	144	0	0	0	0	0	0	144
Drug Court Fees	1,182	0	0	0	0	0	0	1,182
DUI Treatment Fines	3,011	0	0	0	0	0	0	3,011

(Continued)

Exhibit L-6

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Industrial / Economic Development	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Circuit Court (Cont.)</u>								
Data Entry Fee - Circuit Court	\$ 434	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	434
Courtroom Security Fee	231	0	0	0	0	0	0	231
<u>General Sessions Court</u>								
Fines	25,030	0	0	0	0	0	0	25,030
Officers Costs	43,906	0	0	0	0	0	0	43,906
Game and Fish Fines	1,141	0	0	0	0	0	0	1,141
Drug Control Fines	431	0	0	0	0	0	0	431
Drug Court Fees	2,534	0	0	0	0	0	0	2,534
DUI Treatment Fines	2,192	0	0	0	0	0	0	2,192
Data Entry Fee - General Sessions Court	7,722	0	0	0	0	0	0	7,722
Courtroom Security Fee	35	0	0	0	0	0	0	35
<u>Chancery Court</u>								
Officers Costs	27,616	0	0	0	0	0	0	27,616
<u>Other Courts - In-county</u>								
Drug Control Fines	0	0	0	23,070	0	0	0	23,070
Jail Fees	15,157	0	0	0	0	0	0	15,157
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	735	0	0	31,601	0	0	0	32,336
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 146,985</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 54,671</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>201,656</b>
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Past Due Collections - Ambulance	\$ 917,725	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	917,725
<u>Fees</u>								
Constitutional Officers' Fees and Commissions	0	0	0	0	988	0	0	988
Data Processing Fee - Register	11,842	0	0	0	0	0	0	11,842
Data Processing Fee - Sheriff	1,493	0	0	0	0	0	0	1,493
Sexual Offender Registration Fees - Sheriff	2,427	0	0	0	0	0	0	2,427
<b>Total Charges for Current Services</b>	<b>\$ 933,487</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 988</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>934,475</b>

(Continued)

Exhibit L-6

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Industrial / Economic Development	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 0	\$ 11,800	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,060,065	\$ 1,071,865
Lease/Rentals	4,800	0	0	0	0	0	0	4,800
Commissary Sales	36,634	0	0	0	0	0	0	36,634
Sale of Maps	70,000	0	0	0	0	0	0	70,000
Sale of Recycled Materials	0	0	0	0	0	379	0	379
Miscellaneous Refunds	52,064	250	0	3,991	0	0	0	56,305
<u>Nonrecurring Items</u>								
Sale of Equipment	17,730	0	0	6,480	0	773	0	24,983
Sale of Property	6,737	0	0	0	0	8,682	0	15,419
Damages Recovered from Individuals	1,097	0	0	0	0	0	0	1,097
Contributions and Gifts	1,000	0	0	0	0	0	0	1,000
Total Other Local Revenues	\$ 190,062	\$ 12,050	\$ 0	\$ 10,471	\$ 0	\$ 9,834	\$ 1,060,065	\$ 1,282,482
<u>Fees Received from County Officials</u>								
<u>Fees-In-Lieu of Salary</u>								
County Clerk	\$ 203,578	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 203,578
Circuit Court Clerk	101,820	0	0	0	0	0	0	101,820
General Sessions Court Clerk	128,525	0	0	0	0	0	0	128,525
Clerk and Master	70,347	0	0	0	0	0	0	70,347
Register	146,308	0	0	0	0	0	0	146,308
Sheriff	4,903	0	0	0	0	0	0	4,903
Trustee	285,041	0	0	0	0	0	0	285,041
Total Fees Received from County Officials	\$ 940,522	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 940,522
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
<u>Public Safety Grants</u>								
Drug Control Grants	14,845	0	0	0	0	0	0	14,845
<u>Health and Welfare Grants</u>								
Health Department Programs	2,820	0	0	0	0	0	0	2,820

(Continued)

Exhibit L-6

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Industrial / Economic Development	Local Purpose Tax	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>State of Tennessee (Cont.)</u>								
<u>Public Works Grants</u>								
State Aid Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 172,422	\$ 0	\$ 172,422
Litter Program	28,186	0	0	0	0	0	0	28,186
<u>Other State Revenues</u>								
Income Tax	48,787	0	0	0	0	0	0	48,787
Beer Tax	18,753	0	0	0	0	0	0	18,753
Alcoholic Beverage Tax	38,348	0	0	0	0	0	0	38,348
State Revenue Sharing - T.V.A.	214,419	0	0	0	0	0	18,170	232,589
Contracted Prisoner Boarding	263,235	0	0	0	0	0	0	263,235
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,627,379	0	1,627,379
Petroleum Special Tax	0	0	0	0	0	20,968	0	20,968
Reappraisal Program Reimbursement	9,950	0	0	0	0	0	0	9,950
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	16,380
Other State Grants	136,762	0	0	0	0	0	0	136,762
Other State Revenues	5,209	0	0	19,357	0	1,215	0	25,781
Total State of Tennessee	\$ 806,694	\$ 0	\$ 0	\$ 19,357	\$ 0	\$ 1,821,984	\$ 18,170	\$ 2,666,205
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	\$ 30,297	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,297
Homeland Security Grants	15,245	0	0	0	0	0	0	15,245
Total Federal Government	\$ 45,542	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 45,542
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contributions	\$ 373,332	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 300,000	\$ 673,332
<u>Citizens Groups</u>								
Donations	4,785	0	0	0	0	0	0	4,785
<u>Other</u>								
Other	77,847	0	0	0	0	0	0	77,847
Total Other Governments and Citizens Groups	\$ 455,964	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 300,000	\$ 755,964
Total	\$ 7,777,597	\$ 12,050	\$ 198,325	\$ 84,499	\$ 988	\$ 1,918,221	\$ 2,518,795	\$ 12,510,475

Exhibit L-7

White County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented White County School Department  
For the Year Ended June 30, 2007

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,845,393	\$ 0	\$ 0	\$ 2,845,393
Trustee's Collections - Prior Year	110,988	0	0	110,988
Circuit/Clerk & Master Collections - Prior Years	53,511	0	0	53,511
Interest and Penalty	20,221	0	0	20,221
Payments in-Lieu-of Taxes - Other	7,791	0	0	7,791
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,355,562	0	0	1,355,562
<u>Statutory Local Taxes</u>				
Bank Excise Tax	72,441	0	0	72,441
Interstate Telecommunications Tax	20,066	0	0	20,066
Total Local Taxes	\$ 4,485,973	\$ 0	\$ 0	\$ 4,485,973
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,214	\$ 0	\$ 0	\$ 2,214
<u>Permits</u>				
Other Permits	713	0	0	713
Total Licenses and Permits	\$ 2,927	\$ 0	\$ 0	\$ 2,927
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Summer School	\$ 400	\$ 0	\$ 0	\$ 400
Lunch Payments - Children	0	0	322,367	322,367
Lunch Payments - Adults	0	0	45,225	45,225
Income from Breakfast	0	0	45,018	45,018
A la carte Sales	0	0	201,182	201,182
Receipts from Individual Schools	49,012	0	0	49,012
Community Service Fees - Children	25	0	0	25
Community Service Fees - Adults	520	0	0	520
TBI Criminal Background Fees	5,712	0	0	5,712
<u>Other Charges for Services</u>				
Other Charges for Services	55,467	0	0	55,467
Total Charges for Current Services	\$ 111,136	\$ 0	\$ 613,792	\$ 724,928
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 6,624	\$ 6,624
Lease/Rentals	7,200	0	0	7,200
Miscellaneous Refunds	2,329	0	2,942	5,271
<u>Nonrecurring Items</u>				
Sale of Equipment	9,434	0	0	9,434
Damages Recovered from Individuals	159	0	0	159
Contributions and Gifts	1,500	0	0	1,500
<u>Other Local Revenues</u>				
Other Local Revenues	11,264	0	0	11,264
Total Other Local Revenues	\$ 31,886	\$ 0	\$ 9,566	\$ 41,452

(Continued)

Exhibit L-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 16,308,547	\$ 0	\$ 0	\$ 16,308,547
Early Childhood Education	231,985	0	0	231,985
School Food Service	0	0	23,416	23,416
Driver Education	1,416	0	0	1,416
Other State Education Funds	88,602	0	0	88,602
Career Ladder Program	252,985	0	0	252,985
Career Ladder - Extended Contract	156,945	0	0	156,945
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	181,711	0	0	181,711
Other State Grants	144,648	0	0	144,648
Other State Revenues	307,735	0	0	307,735
Total State of Tennessee	\$ 17,674,574	\$ 0	\$ 23,416	\$ 17,697,990
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 760,569	\$ 760,569
Breakfast	0	0	167,077	167,077
USDA - Other	0	0	21,854	21,854
Adult Education State Grant Program	98,930	0	0	98,930
Vocational Education - Basic Grants to States	0	78,836	0	78,836
Title I Grants to Local Education Agencies	0	782,369	0	782,369
Innovative Education Program Strategies	0	6,218	0	6,218
Special Education - Grants to States	7,379	736,820	0	744,199
Special Education Preschool Grants	0	15,660	0	15,660
Eisenhower Professional Development State Grants	0	219,061	0	219,061
Job Training Partnership Act	17,000	0	0	17,000
Other Federal through State	96,005	530,482	0	626,487
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	58,595	0	0	58,595
Total Federal Government	\$ 277,909	\$ 2,369,446	\$ 949,500	\$ 3,596,855
Total	\$ 22,584,405	\$ 2,369,446	\$ 1,596,274	\$ 26,550,125

## Exhibit L-8

White County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2007

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	38,575	
Other Per Diem and Fees		1,300	
Social Security		2,472	
State Retirement		70	
Employer Medicare		578	
Advertising		2,370	
Audit Services		8,446	
Dues and Memberships		1,400	
Travel		1,023	
Other Supplies and Materials		2,597	
Total County Commission			\$ 58,831

County Mayor/Executive

County Official/Administrative Officer	\$	64,759	
Assistant(s)		28,599	
Part-time Personnel		560	
Social Security		5,735	
State Retirement		4,502	
Employer Medicare		1,341	
Communication		2,118	
Dues and Memberships		2,643	
Maintenance Agreements		632	
Postal Charges		1,735	
Travel		4,245	
Office Supplies		3,668	
Office Equipment		5,505	
Total County Mayor/Executive			126,042

County Attorney

County Official/Administrative Officer	\$	18,233	
Social Security		620	
State Retirement		482	
Employer Medicare		145	
Total County Attorney			19,480

Election Commission

County Official/Administrative Officer	\$	50,462	
Deputy(ies)		19,996	
Overtime Pay		835	
Election Commission		3,300	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Election Workers	\$	21,621	
Social Security		4,608	
State Retirement		3,480	
Medical Insurance		600	
Employer Medicare		1,078	
Communication		1,126	
Legal Notices, Recording, and Court Costs		4,239	
Maintenance and Repair Services - Office Equipment		1,225	
Postal Charges		1,426	
Rentals		160	
Travel		2,610	
Office Supplies		2,197	
Other Supplies and Materials		4,808	
Data Processing Equipment		5,712	
Total Election Commission			\$ 129,483

Register of Deeds

County Official/Administrative Officer	\$	56,069	
Deputy(ies)		26,347	
Clerical Personnel		22,148	
Part-time Personnel		5,941	
Social Security		6,851	
State Retirement		5,043	
Employer Medicare		1,602	
Communication		1,063	
Dues and Memberships		484	
Maintenance and Repair Services - Office Equipment		20,865	
Postal Charges		1,126	
Travel		1,931	
Other Contracted Services		20,143	
Office Supplies		6,261	
Data Processing Equipment		3,595	
Total Register of Deeds			179,469

Development

Other Contracted Services	\$	10,500	
Total Development			10,500

County Buildings

Other Salaries and Wages	\$	49,113	
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(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Social Security	\$	3,048	
State Retirement		2,283	
Medical Insurance		11,176	
Employer Medicare		713	
Janitorial Services		616	
Maintenance and Repair Services - Buildings		83,496	
Maintenance and Repair Services - Equipment		5,358	
Rentals		7,800	
Utilities		72,988	
Other Supplies and Materials		9,136	
Building and Contents Insurance		136,806	
Workers' Compensation Insurance		54,802	
Total County Buildings			\$ 437,335

Other General Administration

Building Improvements	\$	52,245	
Total Other General Administration			52,245

Preservation of Records

Other Salaries and Wages	\$	16,391	
Social Security		1,016	
State Retirement		791	
Employer Medicare		238	
Communication		1,164	
Other Supplies and Materials		418	
Total Preservation of Records			20,018

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	56,069	
Assistant(s)		82,237	
Social Security		8,575	
State Retirement		6,486	
Employer Medicare		2,005	
Accounting Services		6,398	
Advertising		3,122	
Communication		3,250	
Postal Charges		9,468	
Travel		1,195	
Other Contracted Services		758	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Office Supplies	\$	9,856	
Data Processing Equipment		9,872	
Office Equipment		3,302	
Total Accounting and Budgeting			\$ 202,593

Property Assessor's Office

County Official/Administrative Officer	\$	56,069	
Deputy(ies)		16,383	
Secretary(ies)		50,339	
Temporary Personnel		3,816	
Board and Committee Members Fees		1,979	
Social Security		7,910	
State Retirement		4,962	
Employer Medicare		1,850	
Communication		1,991	
Data Processing Services		753	
Dues and Memberships		1,071	
Postal Charges		816	
Travel		2,580	
Other Contracted Services		6,086	
Office Supplies		1,993	
Premiums on Corporate Surety Bonds		125	
Office Equipment		400	
Total Property Assessor's Office			159,123

Reappraisal Program

Secretary(ies)	\$	20,596	
Social Security		1,277	
State Retirement		991	
Employer Medicare		299	
Data Processing Services		2,770	
Postal Charges		3,983	
Other Contracted Services		878	
Office Supplies		465	
Total Reappraisal Program			31,259

County Trustee's Office

County Official/Administrative Officer	\$	56,069
Deputy(ies)		27,118
Clerical Personnel		22,781

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Overtime Pay	\$	1,356	
Social Security		6,621	
State Retirement		5,146	
Employer Medicare		1,549	
Communication		1,131	
Dues and Memberships		504	
Postal Charges		4,986	
Travel		366	
Office Supplies		2,241	
Premiums on Corporate Surety Bonds		4,473	
Data Processing Equipment		6,046	
Office Equipment		27	
Total County Trustee's Office			\$ 140,414

County Clerk's Office

County Official/Administrative Officer	\$	56,069	
Deputy(ies)		27,120	
Clerical Personnel		67,745	
Social Security		9,256	
State Retirement		7,112	
Medical Insurance		600	
Employer Medicare		2,165	
Communication		2,452	
Dues and Memberships		369	
Postal Charges		950	
Office Supplies		3,514	
Premiums on Corporate Surety Bonds		305	
Data Processing Equipment		7,024	
Office Equipment		1,183	
Total County Clerk's Office			185,864

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	56,069	
Deputy(ies)		147,765	
Social Security		12,481	
State Retirement		9,469	
Medical Insurance		1,300	
Employer Medicare		2,919	
Accounting Services		7,025	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Communication	\$	3,579	
Dues and Memberships		794	
Maintenance and Repair Services - Office Equipment		75	
Postal Charges		3,790	
Travel		899	
Office Supplies		17,124	
Premiums on Corporate Surety Bonds		305	
In Service/Staff Development		1,853	
Data Processing Equipment		15,388	
Office Equipment		2,266	
Total Circuit Court			\$ 283,101

General Sessions Court

Judge(s)	\$	122,896	
Secretary(ies)		29,445	
Social Security		8,109	
State Retirement		7,347	
Employer Medicare		2,209	
Communication		1,928	
Travel		1,601	
Office Supplies		1,143	
Total General Sessions Court			174,678

Drug Court

Other Contracted Services	\$	10,312	
Total Drug Court			10,312

Chancery Court

County Official/Administrative Officer	\$	56,069	
Deputy(ies)		27,120	
Part-time Personnel		7,835	
Social Security		5,617	
State Retirement		4,109	
Employer Medicare		1,314	
Communication		805	
Dues and Memberships		479	
Postal Charges		4,177	
Office Supplies		2,598	
Premiums on Corporate Surety Bonds		208	
Data Processing Equipment		3,468	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Office Equipment	\$ 820	
Total Chancery Court		\$ 114,619

Judicial Commissioners

County Official/Administrative Officer	\$ 38,537	
Social Security	2,389	
Employer Medicare	559	
Other Supplies and Materials	1,738	
Total Judicial Commissioners		43,223

Other Administration of Justice

Jury and Witness Fees	\$ 7,764	
Total Other Administration of Justice		7,764

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 61,676	
Deputy(ies)	665,866	
Secretary(ies)	27,382	
Other Salaries and Wages	26,848	
Social Security	50,293	
State Retirement	35,300	
Medical Insurance	706	
Employer Medicare	11,762	
Communication	21,175	
Dues and Memberships	300	
Maintenance and Repair Services - Vehicles	1,220	
Travel	1,126	
Gasoline	73,889	
Uniforms	30,709	
Other Supplies and Materials	17,529	
Premiums on Corporate Surety Bonds	532	
In Service/Staff Development	3,916	
Data Processing Equipment	13,555	
Law Enforcement Equipment	9,552	
Motor Vehicles	209,169	
Total Sheriff's Department		1,262,505

Special Patrols

Other Salaries and Wages	\$ 39,020	
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(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Special Patrols (Cont.)

Social Security	\$	2,367	
State Retirement		1,474	
Medical Insurance		600	
Employer Medicare		554	
Communication		354	
Office Supplies		193	
Other Supplies and Materials		463	
Other Charges		<u>4,564</u>	
Total Special Patrols	\$		49,589

Jail

Guards	\$	750,202	
Clerical Personnel		12,018	
Cafeteria Personnel		43,601	
Other Salaries and Wages		71,971	
Social Security		54,446	
State Retirement		23,125	
Employer Medicare		12,733	
Contracts with Other Public Agencies		2,429	
Maintenance Agreements		2,721	
Medical and Dental Services		172,222	
Food Supplies		124,772	
Uniforms		13,414	
Utilities		127,495	
Other Supplies and Materials		27,368	
In Service/Staff Development		1,775	
Law Enforcement Equipment		<u>1,605</u>	
Total Jail			1,441,897

Juvenile Services

Other Salaries and Wages	\$	38,023	
Social Security		2,357	
State Retirement		1,834	
Employer Medicare		551	
Communication		402	
Travel		2,200	
Office Supplies		<u>438</u>	
Total Juvenile Services			45,805

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

Contracts with Government Agencies	\$	15,000	
Contributions		107,769	
Other Supplies and Materials		7,957	
Other Equipment		130,000	
Total Fire Prevention and Control			\$ 260,726

Civil Defense

Sand	\$	177	
Other Supplies and Materials		8,123	
Workers' Compensation Insurance		956	
In Service/Staff Development		96	
Other Equipment		3,501	
Other Capital Outlay		13,474	
Total Civil Defense			26,327

Rescue Squad

Contributions	\$	9,000	
Total Rescue Squad			9,000

County Coroner/Medical Examiner

Medical Personnel	\$	6,892	
Total County Coroner/Medical Examiner			6,892

Other Public Safety

Social Security	\$	19	
Employer Medicare		4	
Contracts with Other Public Agencies		100,000	
Road Signs		7,482	
Other Supplies and Materials		179	
Total Other Public Safety			107,684

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$	3,521	
Social Security		218	
Employer Medicare		51	
Communication		2,527	
Contracts with Government Agencies		39,080	
Maintenance and Repair Services - Buildings		15,534	
Postal Charges		777	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Travel	\$	244	
Utilities		7,677	
Other Supplies and Materials		1,535	
Other Charges		4,702	
Building Improvements		715	
Total Local Health Center			\$ 76,581

Rabies and Animal Control

Other Contracted Services	\$	172	
Other Supplies and Materials		282	
Total Rabies and Animal Control			454

Ambulance/Emergency Medical Services

County Official/Administrative Officer	\$	46,000	
Paraprofessionals		444,600	
Part-time Personnel		46,083	
Other Salaries and Wages		111,803	
Social Security		39,925	
State Retirement		29,889	
Medical Insurance		1,200	
Employer Medicare		9,337	
Communication		4,168	
Dues and Memberships		350	
Laundry Service		3,848	
Maintenance and Repair Services - Buildings		3,826	
Maintenance and Repair Services - Vehicles		9,801	
Postal Charges		6	
Other Contracted Services		8,059	
Diesel Fuel		31,007	
Drugs and Medical Supplies		47,982	
Office Supplies		4,264	
Uniforms		5,904	
Utilities		8,604	
In-Service/Staff Development		10,469	
Motor Vehicles		50,925	
Other Equipment		11,974	
Total Ambulance/Emergency Medical Services			930,024

Crippled Children Services

Contracts with Government Agencies	\$	3,567	
Total Crippled Children Services			3,567

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

General Welfare Assistance

Pauper Burials	\$ 3,600	
Total General Welfare Assistance		\$ 3,600

Other Local Welfare Services

Other Charges	\$ 1,250	
Total Other Local Welfare Services		1,250

Sanitation Education/Information

Other Salaries and Wages	\$ 20,480	
Social Security	1,255	
Employer Medicare	294	
Kindergarten Textbooks	8,118	
Total Sanitation Education/Information		30,147

Social, Cultural, and Recreational Services

Senior Citizens Assistance

County Official/Administrative Officer	\$ 33,660	
Part-time Personnel	155	
Other Salaries and Wages	35,677	
Social Security	4,308	
State Retirement	2,866	
Employer Medicare	1,008	
Communication	2,436	
Contributions	2,500	
Maintenance and Repair Services - Buildings	915	
Postal Charges	439	
Other Contracted Services	6,072	
Utilities	14,884	
Building and Contents Insurance	929	
Total Senior Citizens Assistance		105,849

Libraries

Librarians	\$ 26,421	
Other Salaries and Wages	42,501	
Social Security	4,203	
State Retirement	2,050	
Medical Insurance	1,200	
Employer Medicare	983	
Contributions	23,250	
Other Construction	528,070	
Total Libraries		628,678

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards

Part-time Personnel	\$	940	
Social Security		58	
State Retirement		45	
Employer Medicare		14	
Other Contracted Services		19,771	
Other Supplies and Materials		1,805	
Other Construction		22,952	
Total Parks and Fair Boards			\$ 45,585

Other Social, Cultural, and Recreational

Contributions	\$	13,000	
Total Other Social, Cultural, and Recreational			13,000

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	47,446	
Other Fringe Benefits		7,369	
Communication		2,318	
Contributions		2,500	
Utilities		6,217	
Data Processing Equipment		3,570	
Total Agriculture Extension Service			69,420

Forest Service

Other Contracted Services	\$	2,000	
Total Forest Service			2,000

Soil Conservation

Secretary(ies)	\$	14,480	
Social Security		898	
State Retirement		698	
Employer Medicare		210	
Contributions		500	
Total Soil Conservation			16,786

Other Operations

Tourism

Other Charges	\$	4,418	
Total Tourism			4,418

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

Contributions	\$	26,000	
Other Supplies and Materials		2,021	
Other Charges		52,869	
Other Construction		77,191	
Total Industrial Development			\$ 158,081

Housing and Urban Development

Other Construction	\$	30,297	
Total Housing and Urban Development			30,297

Airport

Maintenance Agreements	\$	68,000	
Total Airport			68,000

Veterans' Services

Supervisor/Director	\$	22,944	
Other Salaries and Wages		3,724	
Social Security		1,653	
State Retirement		1,106	
Employer Medicare		387	
Communication		890	
Postal Charges		240	
Travel		326	
Office Supplies		342	
Total Veterans' Services			31,612

Other Charges

Supervisor/Director	\$	31,604	
Clerical Personnel		19,792	
Other Salaries and Wages		76,596	
Social Security		7,790	
State Retirement		6,171	
Medical Insurance		1,800	
Employer Medicare		1,822	
Communication		1,919	
Other Contracted Services		5,456	
Equipment Parts - Heavy		80,456	
Garage Supplies		2,785	
Lubricants		6,833	
Office Supplies		468	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Small Tools	\$	1,320	
Tires and Tubes		18,917	
Utilities		10,834	
Other Equipment		1,911	
Total Other Charges			\$ 276,474

Contributions to Other Agencies

Social Security	\$	40	
Employer Medicare		9	
Contracts with Parents		2,877	
Contracts with Public Carriers		8,465	
Contracts with Vehicle Owners		1,000	
Contributions		18,671	
Other Contracted Services		6,876	
Total Contributions to Other Agencies			37,938

Employee Benefits

Unemployment Compensation	\$	40,000	
Total Employee Benefits			40,000

Miscellaneous

Trustee's Commission	\$	94,760	
Total Miscellaneous			94,760

Total General Fund \$ 8,265,299

Local Purpose Tax Fund

Other Operations

Miscellaneous

Trustee's Commission	\$	2,691	
Total Miscellaneous			\$ 2,691

Total Local Purpose Tax Fund 2,691

Drug Control Fund

Public Safety

Drug Enforcement

Deputy(ies)	\$	21,216	
Other Salaries and Wages		459	
Social Security		1,344	

(Continued)

Exhibit L-8

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

State Retirement	\$	1,046	
Employer Medicare		314	
Confidential Drug Enforcement Payments		278	
Other Supplies and Materials		25,947	
Total Drug Enforcement			\$ 50,604

Other Operations

Miscellaneous

Trustee's Commission	\$	454	
Total Miscellaneous			454

Total Drug Control Fund \$ 51,058

Constitutional Officers - Fees Fund

General Government

Other General Administration

Constitutional Officers' Operating Expenses	\$	988	
Total Other General Administration			\$ 988

Total Constitutional Officers - Fees Fund 988

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	61,676	
Accountants/Bookkeepers		25,385	
Secretary(ies)		21,840	
Other Salaries and Wages		1,680	
Social Security		6,826	
State Retirement		5,304	
Employer Medicare		1,596	
Dues and Memberships		2,595	
Postal Charges		63	
Office Supplies		921	
Other Charges		1,025	
Total Administration			\$ 128,911

Highway and Bridge Maintenance

Foremen	\$	75,259
Equipment Operators - Heavy		111,777

(Continued)

Exhibit L-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Equipment Operators - Light	\$	119,441	
Truck Drivers		112,415	
Laborers		27,133	
Other Salaries and Wages		3,394	
Social Security		27,385	
State Retirement		20,231	
Medical Insurance		6,000	
Employer Medicare		6,404	
Asphalt - Hot Mix		631,861	
Asphalt - Liquid		62,503	
General Construction Materials		1,065	
Pipe - Metal		4,987	
Road Signs		6,053	
Salt		5,282	
Gravel and Chert		6,557	
Total Highway and Bridge Maintenance			\$ 1,227,747

Operation and Maintenance of Equipment

Maintenance and Repair Services - Equipment	\$	53,378	
Maintenance and Repair Services - Vehicles		27,024	
Diesel Fuel		49,230	
Gasoline		40,025	
Total Operation and Maintenance of Equipment			169,657

Quarry Operations

Equipment Operators - Heavy	\$	99,416	
Laborers		11,661	
Other Salaries and Wages		970	
Social Security		6,735	
State Retirement		4,856	
Medical Insurance		1,200	
Employer Medicare		1,575	
Explosive and Drilling Services		13,327	
Maintenance and Repair Services - Equipment		12,804	
Other Contracted Services		8,709	
Electricity		12,032	
Equipment and Machinery Parts		6,616	
Water and Sewer		840	
Total Quarry Operations			180,741

(Continued)

Exhibit L-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Communication	\$	3,420	
Electricity		3,231	
Water and Sewer		27	
Trustee's Commission		17,148	
Vehicle and Equipment Insurance		40,187	
Workers' Compensation Insurance		34,779	
Total Other Charges			\$ 98,792

Employee Benefits

Unemployment Compensation	\$	1,234	
Total Employee Benefits			1,234

Capital Outlay

Bridge Construction	\$	64,960	
Highway Equipment		152,373	
State Aid Projects		230,667	
Total Capital Outlay			448,000

Total Highway/Public Works Fund \$ 2,255,082

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	40,000	
Principal on Notes		82,666	
Principal on Other Loans		247,050	
Total General Government			\$ 369,716

Highways and Streets

Principal on Notes	\$	150,667	
Total Highways and Streets			150,667

Education

Principal on Other Loans	\$	457,950	
Total Education			457,950

Interest on Debt

General Government

Interest on Bonds	\$	41,545	
Interest on Notes		15,120	

(Continued)

Exhibit L-8

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Interest on Debt (Cont.)</u>		
<u>General Government (Cont.)</u>		
Interest on Other Loans	<u>\$ 345,803</u>	
Total General Government		\$ 402,468
 <u>Highways and Streets</u>		
Interest on Notes	<u>\$ 22,729</u>	
Total Highways and Streets		22,729
 <u>Education</u>		
Interest on Other Loans	<u>\$ 404,453</u>	
Total Education		404,453
 <u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 25,047	
Other Debt Service	<u>533</u>	
Total General Government		<u>25,580</u>
 Total General Debt Service Fund		 <u>\$ 1,833,563</u>
 Total Governmental Funds - Primary Government		 <u>\$ 12,408,681</u>

Exhibit L-9

White County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented White County School Department  
For the Year Ended June 30, 2007

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	7,986,381	
Career Ladder Program		140,000	
Career Ladder Extended Contracts		102,250	
Homebound Teachers		6,102	
Educational Assistants		387,287	
Certified Substitute Teachers		51,846	
Non-certified Substitute Teachers		88,603	
Social Security		513,472	
State Retirement		519,474	
Medical Insurance		926,400	
Unemployment Compensation		12,302	
Employer Medicare		120,086	
Maintenance and Repair Services - Equipment		7,595	
Instructional Supplies and Materials		275,287	
Textbooks		258,746	
Other Supplies and Materials		1,044	
Fee Waivers		5,611	
Other Charges		51,362	
Regular Instruction Equipment		236,120	
Total Regular Instruction Program			\$ 11,689,968

Special Education Program

Teachers	\$	907,501	
Career Ladder Program		27,000	
Homebound Teachers		30,000	
Educational Assistants		23,841	
Other Salaries and Wages		28,577	
Certified Substitute Teachers		660	
Non-certified Substitute Teachers		970	
Social Security		60,640	
State Retirement		60,737	
Medical Insurance		93,626	
Employer Medicare		14,182	
Instructional Supplies and Materials		4,709	
Total Special Education Program			1,252,443

Vocational Education Program

Teachers	\$	474,796	
Career Ladder Program		9,000	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Non-certified Substitute Teachers	\$	335	
Social Security		28,593	
State Retirement		29,657	
Medical Insurance		51,497	
Employer Medicare		6,687	
Maintenance and Repair Services - Equipment		3,000	
Travel		529	
Instructional Supplies and Materials		15,000	
Other Supplies and Materials		7,557	
Total Vocational Education Program			\$ 626,651

Adult Education Program

Teachers	\$	41,805	
Other Salaries and Wages		18,511	
Social Security		3,740	
State Retirement		1,385	
Employer Medicare		875	
Instructional Supplies and Materials		20,686	
Other Supplies and Materials		2,089	
Other Charges		1,287	
Other Equipment		2,701	
Total Adult Education Program			93,079

Support Services

Attendance

Supervisor/Director	\$	56,315	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		4,000	
Social Security		3,878	
State Retirement		3,881	
Medical Insurance		3,875	
Employer Medicare		907	
Travel		265	
Total Attendance			76,121

Health Services

Medical Personnel	\$	49,170	
Other Salaries and Wages		36,091	
Social Security		4,972	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

State Retirement	\$	4,756	
Medical Insurance		9,424	
Employer Medicare		1,163	
Travel		867	
Drugs and Medical Supplies		1,504	
Other Supplies and Materials		16,313	
Other Charges		2,500	
Total Health Services			\$ 126,760

Other Student Support

Career Ladder Program	\$	7,000	
Guidance Personnel		386,515	
Social Security		23,003	
State Retirement		24,123	
Medical Insurance		42,722	
Employer Medicare		5,380	
Evaluation and Testing		16,061	
Other Contracted Services		45,678	
Other Supplies and Materials		650	
Total Other Student Support			551,132

Regular Instruction Program

Supervisor/Director	\$	123,700	
Career Ladder Program		13,500	
Career Ladder Extended Contracts		12,000	
Librarians		285,115	
Instructional Computer Personnel		55,355	
Educational Assistants		11,567	
Other Salaries and Wages		5,234	
Social Security		31,044	
State Retirement		30,949	
Medical Insurance		30,156	
Employer Medicare		7,260	
Travel		5,623	
Library Books/Media		50,400	
In Service/Staff Development		7,796	
Other Charges		2,792	
Total Regular Instruction Program			672,491

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program

Supervisor/Director	\$	58,700	
Career Ladder Program		1,000	
Clerical Personnel		9,277	
Social Security		4,275	
State Retirement		4,100	
Employer Medicare		1,000	
Travel		1,494	
Total Special Education Program			\$ 79,846

Vocational Education Program

Supervisor/Director	\$	23,335	
Secretary(ies)		14,735	
Social Security		2,511	
State Retirement		2,314	
Medical Insurance		1,936	
Employer Medicare		587	
Travel		1,898	
Other Supplies and Materials		2,000	
In Service/Staff Development		8,147	
Total Vocational Education Program			57,463

Adult Programs

Supervisor/Director	\$	93,380	
Career Ladder Program		2,000	
Clerical Personnel		3,000	
Social Security		5,697	
State Retirement		5,992	
Medical Insurance		11,591	
Employer Medicare		1,332	
Travel		1,986	
Other Contracted Services		10,950	
In Service/Staff Development		4,347	
Total Adult Programs			140,275

Board of Education

Board and Committee Members Fees	\$	11,255	
In-Service Training		7,351	
Social Security		698	
State Retirement		72	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Medical Insurance	\$	37,600	
Employer Medicare		163	
Audit Services		5,500	
Contributions		13,000	
Dues and Memberships		8,224	
Legal Services		21,497	
Liability Insurance		30,555	
Premiums on Corporate Surety Bonds		1,701	
Trustee's Commission		117,917	
Workers' Compensation Insurance		90,453	
Criminal Investigation of Applicants - TBI		5,904	
Total Board of Education			\$ 351,890

Director of Schools

County Official/Administrative Officer	\$	88,160	
Career Ladder Program		1,000	
Social Security		5,528	
State Retirement		5,466	
Medical Insurance		11,586	
Employer Medicare		1,293	
Communication		4,854	
Dues and Memberships		1,970	
Postal Charges		2,050	
Travel		567	
Total Director of Schools			122,474

Office of the Principal

Principals	\$	434,135	
Career Ladder Program		16,500	
Accountants/Bookkeepers		40,601	
Career Ladder Extended Contracts		11,500	
Assistant Principals		230,710	
Secretary(ies)		117,832	
Other Salaries and Wages		13,700	
Social Security		51,918	
State Retirement		49,512	
Medical Insurance		54,904	
Employer Medicare		12,142	
Communication		11,518	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Dues and Memberships	\$	1,200	
Travel		487	
Total Office of the Principal			\$ 1,046,659

Fiscal Services

Supervisor/Director	\$	34,275	
Secretary(ies)		20,241	
Clerical Personnel		20,241	
Social Security		4,387	
State Retirement		3,605	
Medical Insurance		1,600	
Employer Medicare		1,026	
Maintenance and Repair Services - Equipment		1,594	
Travel		108	
Office Supplies		3,247	
In Service/Staff Development		498	
Administration Equipment		253	
Total Fiscal Services			91,075

Operation of Plant

Custodial Personnel	\$	593,560	
Other Salaries and Wages		3,061	
Social Security		36,362	
State Retirement		26,201	
Medical Insurance		6,575	
Employer Medicare		8,504	
Other Contracted Services		5,252	
Electricity		541,365	
Natural Gas		196,999	
Water and Sewer		45,007	
Other Supplies and Materials		66,851	
Boiler Insurance		5,015	
Building and Contents Insurance		91,439	
Total Operation of Plant			1,626,191

Maintenance of Plant

Supervisor/Director	\$	33,751	
Maintenance Personnel		77,512	
Social Security		6,753	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

State Retirement	\$	5,366	
Medical Insurance		1,100	
Employer Medicare		1,579	
Other Contracted Services		12,563	
Other Supplies and Materials		125,685	
Other Charges		175	
Maintenance Equipment		96,462	
Total Maintenance of Plant			\$ 360,946

Transportation

Supervisor/Director	\$	34,961	
Mechanic(s)		68,056	
Bus Drivers		393,366	
Other Salaries and Wages		22,208	
Social Security		31,660	
State Retirement		24,128	
Medical Insurance		4,777	
Employer Medicare		7,404	
Communication		2,812	
Medical and Dental Services		2,160	
Other Contracted Services		215	
Diesel Fuel		120,347	
Garage Supplies		3,211	
Gasoline		28,546	
Lubricants		4,262	
Tires and Tubes		16,172	
Vehicle Parts		27,109	
Vehicle and Equipment Insurance		28,205	
In Service/Staff Development		689	
Transportation Equipment		72,100	
Total Transportation			892,388

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	33,690	
Educational Assistants		45,440	
Social Security		4,583	
State Retirement		2,108	
Medical Insurance		7,559	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Employer Medicare	\$	1,072	
Travel		731	
Other Supplies and Materials		7,819	
Other Charges		7,619	
Total Community Services			\$ 110,621

Early Childhood Education

Teachers	\$	130,653	
Educational Assistants		42,792	
Social Security		10,245	
State Retirement		10,024	
Medical Insurance		19,752	
Employer Medicare		2,396	
Instructional Supplies and Materials		17,583	
Other Supplies and Materials		2,861	
Other Equipment		39,122	
Total Early Childhood Education			275,428

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	7,523	
Building Construction		184,053	
Building Improvements		268,382	
Total Regular Capital Outlay			459,958

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	250,000	
Total Education			250,000

Total General Purpose School Fund \$ 20,953,859

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	622,329	
Educational Assistants		117,748	
Other Salaries and Wages		7,500	
Social Security		44,412	

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

State Retirement	\$	43,998	
Medical Insurance		73,504	
Employer Medicare		10,386	
Instructional Supplies and Materials		98,467	
Other Supplies and Materials		1,310	
Regular Instruction Equipment		45,340	
Total Regular Instruction Program			\$ 1,064,994

Special Education Program

Teachers	\$	71,730	
Educational Assistants		325,092	
Speech Pathologist		42,735	
Other Salaries and Wages		4,544	
Social Security		26,526	
State Retirement		22,466	
Medical Insurance		16,131	
Employer Medicare		6,204	
Other Contracted Services		77,762	
Instructional Supplies and Materials		18,816	
Total Special Education Program			612,006

Vocational Education Program

Educational Assistants	\$	11,567	
Social Security		717	
State Retirement		558	
Employer Medicare		168	
Travel		1,500	
Instructional Supplies and Materials		17,532	
Other Supplies and Materials		18,000	
Vocational Instruction Equipment		25,090	
Total Vocational Education Program			75,132

Support Services

Other Student Support

Travel	\$	1,500	
Other Contracted Services		6,996	
Other Charges		9,528	
Total Other Student Support			18,024

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	38,827	
Clerical Personnel		9,277	
Other Salaries and Wages		46,746	
Social Security		7,312	
State Retirement		6,603	
Medical Insurance		3,924	
Employer Medicare		1,779	
Travel		35,562	
Other Contracted Services		140,133	
Library Books/Media		5,700	
Other Supplies and Materials		34,830	
In Service/Staff Development		121,469	
Other Equipment		6,297	
Total Regular Instruction Program			\$ 458,459

Special Education Program

Psychological Personnel	\$	125,145	
Assessment Personnel		11,920	
Social Security		7,703	
State Retirement		8,247	
Medical Insurance		23,051	
Employer Medicare		1,802	
Maintenance and Repair Services - Equipment		2,778	
Travel		2,872	
Other Contracted Services		830	
In Service/Staff Development		948	
Other Charges		163	
Total Special Education Program			185,459

Vocational Education Program

Travel	\$	204	
In Service/Staff Development		2,000	
Total Vocational Education Program			2,204

Transportation

Bus Drivers	\$	22,685	
Social Security		1,368	
State Retirement		965	
Medical Insurance		579	

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Employer Medicare	\$ 320	
Contracts with Parents	7,056	
Total Transportation	<u>7,376</u>	\$ 32,973

Total School Federal Projects Fund \$ 2,449,251

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 35,892	
Clerical Personnel	15,089	
Cafeteria Personnel	540,059	
Other Salaries and Wages	16,344	
Social Security	37,290	
State Retirement	25,313	
Medical Insurance	6,500	
Unemployment Compensation	1,198	
Employer Medicare	8,721	
Maintenance and Repair Services - Equipment	22,595	
Travel	700	
Food Preparation Supplies	81,999	
Food Supplies	682,732	
Other Supplies and Materials	93,764	
In Service/Staff Development	2,501	
Other Charges	10,368	
Food Service Equipment	8,390	
Total Food Service	<u>1,589,455</u>	\$ 1,589,455

Total Central Cafeteria Fund 1,589,455

Total Governmental Funds - White County School Department \$ 24,992,565

Exhibit L-10

White County, Tennessee  
Schedule of Detailed Revenues and Expenses  
Proprietary Fund  
For the Year Ended June 30, 2007

	Business-type Activities - <u>Enterprise Fund</u> Solid Waste Disposal Fund
<u>Revenues</u>	
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Solid Waste Disposal Fees	\$ 1,116,288
<u>Other Local Revenues</u>	
Sale of Recycled Materials	74,470
Miscellaneous Refunds	996
Sale of Property	1,000
Total Operating Revenues	<u>\$ 1,192,754</u>
<u>Expenses</u>	
<u>Operating Expenses</u>	
<u>Public Health and Welfare</u>	
<u>Landfill Operation and Maintenance</u>	
Supervisor/Director	\$ 41,906
Other Salaries and Wages	323,241
Social Security	22,307
State Retirement	10,104
Medical Insurance	1,800
Employer Medicare	5,217
Other Fringe Benefits	1,401
Communciation	7,116
Maintenance and Repair Service - Equipment	67,151
Travel	1,577
Permits	21,098
Other Contracted Services	29,794
Diesel Fuel	118,359
Gasoline	12,736
Lubricants	10,355
Office Supplies	1,013
Utilities	17,331
Other Supplies and Materials	32,345
Building and Contents Insurance	20,093
Trustee's Commission	11,211
Workers' Compensation Insurance	15,809
Depreciation	120,685
Other Charges	492
Data Processing Equipment	2,791
Site Development	188,972
Other Equipment	7,666
Total Operating Expenses	<u>\$ 1,092,570</u>

Exhibit L-11

White County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2007

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,581,243
	<hr/>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,565,431
Trustee's Commission	15,812
Total Cash Disbursements	<hr/> \$ 1,581,243 <hr/>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2006	<hr/> 0
Cash Balance, June 30, 2007	<hr/> <hr/> \$ 0

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## **SINGLE AUDIT SECTION**

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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

February 21, 2008

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of White County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise White County's basic financial statements and have issued our report thereon dated February 21, 2008. Our report was modified to include a reference to other auditors. 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. Other auditors audited the financial statements of the White County Emergency Communications District as described in our report on White County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered White County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of White County's internal control over financial reporting.

Accordingly, we do not express an opinion on the effectiveness of White County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 07.01(A,B,C), 07.02, and 07.03.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by White County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 07.02 to be a material weakness.

#### Compliance and Other Matters

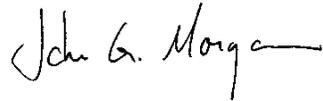
As part of obtaining reasonable assurance about whether White County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 07.01(D) and 07.04.

We also noted certain matters that we reported to management of White County in separate communications.

White County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit White County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county mayor, road superintendent, director of schools, finance director, County Commission, Board of Education, Financial Management Committee, others within White County, 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.

Yours very truly,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in black ink and is positioned above the printed name and title.

John G. Morgan  
Comptroller of the Treasury

JGM/yu



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

February 21, 2008

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of White County 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, 2007. White County'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 of its major federal programs is the responsibility of White County's management. Our responsibility is to express an opinion on White County'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 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 White County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our

audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of White County's compliance with those requirements.

In our opinion, White County 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, 2007.

#### Internal Control Over Compliance

The management of White County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered White County's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of White County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of White County as of and for the year ended June 30, 2007, and have issued our report thereon dated February 21, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise White County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial

statements. Such information 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.

White County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit White County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county mayor, road superintendent, director of schools, finance director, County Commission, Board of Education, Financial Management Committee, others within White County, 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.

Yours very truly,

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/yu

White County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2007

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture: Food Donation (Noncash Assistance)	10.550	N/A	\$ 62,228
Passed-through State Department of Education: Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	167,077
National School Lunch Program	10.555	N/A	782,423
Total U.S. Department of Agriculture			<u>\$ 1,011,728</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development: HOME Investment Partnership Programs	14.239	HM-04-59	\$ 30,297
U.S. Department of Labor:			
Passed-through Upper Cumberland Human Resource Agency: WIA Youth Activities	17.259	(2)	\$ 17,000
Passed-through State Department of Education: WIA Incentive Grants - Section 503 Grants to States	17.267	(2)	14,258
Total U.S. Department of Labor			<u>\$ 31,258</u>
U.S. Department of Education:			
Direct Program:			
Fund for the Improvement of Education	84.215	U-215-X040327	\$ 305,693
Passed-through State Department of Labor and Workforce Development: Adult Education - State Grant Program	84.002	Z-07-033753-00	97,672
Passed-through State Department of Education: Title I Grants to Local Educational Agencies	84.010	N/A	789,371
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	822,453
Special Education - Preschool Grants	84.173	N/A	17,994
Vocational Education - Basic Grants to States	84.048	N/A	78,836
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	17,490
Even Start - State Educational Agencies	84.213	(2)	74,877
Twenty-First Century Community Learning Centers	84.287	(2)	207,499
State Grants for Innovative Programs	84.298	N/A	6,218
Education Technology State Grants	84.318	(2)	8,406
Improving Teacher Quality State Grants	84.367	N/A	210,655
Total U.S. Department of Education			<u>\$ 2,637,164</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	Z-07-034273-00	\$ 8,128
U.S. Department of Homeland Security:			
Passed-through State Department of Military: State Domestic Preparedness Equipment Support Program	97.004	Z-04-022507-02	\$ 8,293
Hazard Mitigation Assistance	97.039	GG-04-10667-01	6,952
Total U.S. Department of Homeland Security			<u>\$ 15,245</u>
Total Expenditures of Federal Awards			<u>\$ 3,733,820</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Adult Education - State Department of Labor and Workforce Development	N/A	Z-07-033753-00	\$ 31,299
Families First - State Department of Labor and Workforce Development	N/A	Z-07-034273-00	15,094
Family Resource - State Department of Education	N/A	(2)	33,300
High Schools that Work - State Department of Education	N/A	(2)	4,955
Juvenile Services - State Children's Services Commission	N/A	(2)	9,000
Library and Archives Grant - State Department of Housing and Urban Development	N/A	(2)	100,000
Coordinated School Health Improvement Act of 2000 - State Department of Education	N/A		60,000
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	9,950
Tennessee Industrial Infrastructure Program - State Department of Economic and Community Development	N/A	(2)	36,763
Drug Grant Programs - State Department of Finance & Administration	N/A	Z-07-031529-00	10,312
Used Oil Grant - State Department of Environment & Conservation	N/A	(2)	14,430
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	<u>17,252</u>
Total State Grants			<u>\$ 342,355</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.

White County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2007

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 White County, Tennessee, for the year ended June 30, 2006, which have not been corrected.

**FINANCE DEPARTMENT**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.01	168	The office had deficiencies in purchasing procedures
06.02	169	Landfill closure and postclosure care costs were not determined and recorded on accounting records of the Solid Waste Disposal Fund

**OTHER FINDINGS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.10	173	Duties were not segregated adequately in the Offices of Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff
06.11	173	The finance director also serves on the Board of Education which appears to be a conflict of interest

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**WHITE COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2007**

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

1. Our report on the financial statements of White County is unqualified.
2. The audit of the financial statements of White County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of White County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Title I Grants to Local Educational Agencies (CFDA No. 84.010), the Special Education Cluster: the Special Education – Grants to States and the Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), and the Fund for Improvement of Education (CFDA No. 84.215) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. White County did not qualify as a low-risk auditee.

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

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

### **OFFICE OF FINANCE DEPARTMENT**

**FINDING 07.01      THE FINANCE DEPARTMENT HAD DEFICIENCIES IN PURCHASING PROCEDURES**  
(A., B., and C. – Internal Control – Significant Deficiencies Under Government Auditing Standards; D. – Noncompliance Under Government Auditing Standards)

Our examination of purchasing procedures revealed the following deficiencies:

- A. Purchase orders were not issued in some required instances. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. Also, in several instances, the Finance Department issued purchase orders 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 for the purchase.
- B. In several instances, invoices were paid without documentation that goods had been received or services had been rendered. This practice weakens controls over the purchasing process. We extended our audit procedures and determined that these goods were received and services were rendered.
- C. In several instances, travel reimbursements were made for lodging, meals, and mileage that were in excess of the maximum allowable amounts provided by the county's travel policy. Also, several of these reimbursements were not documented with original invoices as required by the county's travel policy.
- D. Competitive bids were not solicited for the purchase of books for the White County Bicentennial (\$7,792), a passenger van for the School Department (\$12,990), and equipment at the landfill (\$8,500). Purchasing procedures for White County are governed by the County Financial Management System of 1981, Sections 5-21-101 through 5-21-129, Tennessee Code Annotated. This act provides for a central system of purchasing for all county departments. All purchases exceeding \$5,000 (\$10,000 in the Highway Department) are to be competitively bid.

### **RECOMMENDATION**

The Finance Department should improve purchasing procedures by issuing purchase orders for all applicable purchases before purchases are made and by obtaining documentation that goods have been received or services have been rendered before invoices are paid. The

county should follow its travel policy when reimbursing county employees for their business-related mileage, lodging, and meal expenses. Also, competitive bids should be solicited for all purchases exceeding bid limits.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

The Finance Department will continue to improve its purchasing procedures by informing all offices and departments on proper procedures and documentation.

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FINDING 07.02      **LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS WERE NOT DETERMINED AND RECORDED ON ACCOUNTING RECORDS OF THE SOLID WASTE DISPOSAL FUND**  
(Internal Control – Material Weakness Under Governmental Auditing Standards)

County officials did not determine and record landfill closure and postclosure care costs of \$298,753 on the accounting records of the Solid Waste Disposal Fund. Auditors established this amount from information obtained from records on file and discussions with county officials and the county's landfill engineer. State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after the date that the landfill stops accepting waste. Generally accepted accounting principles require county officials to accrue and report a portion of these closure and postclosure care costs as a liability and as an operating expense in each year of operation based on the estimated landfill capacity used. The total estimated liability for landfill closure and postclosure care costs reflected in the financial statements of the Solid Waste Disposal Fund at June 30, 2007, was \$2,260,901. A retained earnings deficit of \$901,406 resulted from recording this estimated liability on the accounting records.

RECOMMENDATION

County officials should determine and record landfill closure and postclosure care costs on the accounting records of the Solid Waste Disposal Fund in accordance with generally accepted accounting principles. Furthermore, steps should be taken to liquidate the retained earnings deficit in the fund.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

The landfill engineer has agreed to calculate a new closure/postclosure care cost estimate to present to the state. We will include that figure in our financial records.

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## **OTHER FINDINGS AND RECOMMENDATIONS**

**FINDING 07.03**      **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF**  
(Internal Control – Significant Deficiencies Under Government Auditing Standards)

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. The officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

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**FINDING 07.04**      **THE FINANCE DIRECTOR ALSO SERVES ON THE BOARD OF EDUCATION WHICH APPEARS TO BE A CONFLICT OF INTEREST**  
(Material Noncompliance Under Government Auditing Standards)

White County operates under the provisions of the County Financial Management System of 1981, which provides for the creation of a Finance Department to administer the finances of the county for all funds of the various departments, agencies, and boards which are handled by the county trustee and operated under the direction of a finance director. The finance director is appointed by the Financial Management Committee consisting of the county mayor, highway superintendent, director of schools, and four members elected by the County Commission. The Finance Department is responsible for purchasing, accounting, budgeting, payroll, cash management, and other financial matters for the general county government and the School Department. Mark Farley, a member of the White County Board of Education, was appointed finance director in December 2004. As a member of the Board of Education, Mr. Farley sits on the board that appoints the director of schools, sets the director of school's salary, and approves contracts and budgets for the School Department. The director of schools sits on the Financial Management Committee that appoints the director of finance and recommends the finance director's salary to the County Commission. As finance director, Mr. Farley supervises the daily administration of these same School Department contracts and budgets. The above-noted duties appear to be a conflict of interest.

### **RECOMMENDATION**

County officials should review the situation and resolve the conflict of interest.

## MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

At the time the finance director was hired, this issue was discussed by all parties involved. The state Attorney General's Office was also consulted. According to Opinion No. 05-146, the Tennessee Constitution Article VII narrowly defines county officials to the elected offices thus allowing the dual positions. The director of finance will leave the Board of Education in August 2008, thus resolving any perceived conflict of interest.

## REBUTTAL

Opinion No. 05-146 does provide that statutes do not prevent someone from being an employee of a governmental entity and a member of the Board of Education at the same time. However, in a county operating under the County Financial Management System of 1981 where a member of the Board of Education appoints the director of schools, and then the director of schools is a member of the Financial Management Committee that appoints the finance director and recommends his salary, it raises concerns about a conflict of interest.

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

There were no findings and questioned costs for federal awards.

**WHITE COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2007**

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

**Finance Director – Summary Schedule of Prior Year's Findings**

**FINDINGS 06.10 and 06.12**

Although the Finance Department as a whole lacks sufficient segregation of duties, additional controls are in place over the expenditures of federal funds and reporting to federal agencies that we feel mitigate the lack of segregation of duties as it pertains to federal awards.