

**ANNUAL FINANCIAL REPORT**  
**WARREN COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2008**



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**ANNUAL FINANCIAL REPORT**  
**WARREN COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2008**

*DEPARTMENT OF AUDIT*  
*JOHN G. MORGAN*  
*Comptroller of the Treasury*

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

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*State Auditors*

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

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# WARREN COUNTY, TENNESSEE

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***Audit Highlights***  
Annual Financial Report  
Warren County, Tennessee  
For the Year Ended June 30, 2008

***Scope***

We have audited the basic financial statements of Warren County as of and for the year ended June 30, 2008.

***Results***

Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund and the aggregate remaining fund information is unqualified.

Our audit resulted in five findings and recommendations, which we have reviewed with Warren 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 COUNTY EXECUTIVE**

- ◆ The write-off policy for uncollectible accounts of the Ambulance Service gives sole authority to one individual without oversight by management.

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**OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ Several budget amendments were posted to the School Federal Projects Fund without the approval of the Board of Education or the County Commission.

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**OFFICE OF TRUSTEE**

- ◆ The trustee did not monitor the activity of the invested funds managed by her agent to determine if the investment earnings and bank fees were reasonable, if the investments were of the type permitted by state statute, and if the investments were properly secured.
-

## **OTHER FINDINGS**

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately in the Offices of County Executive; Superintendent of Roads; Director of Schools; Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff.

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## INTRODUCTORY SECTION

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Warren County Officials  
June 30, 2008

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**Officials**

John Pelham, County Executive  
Harold Glenn, Superintendent of Roads  
Dr. Jerry Hale, Director of Schools  
Darlene Bryant, Trustee  
Carolyn Miller, Assessor of Property  
Lesa Scott, County Clerk  
Bernadette Morris, Circuit, General Sessions, and Juvenile Courts Clerk  
Myra Mara, Clerk and Master  
Terry Smith, Register  
Jackie Matheny, Sheriff  
Linda Hillis, Director of Accounts

**Board of County Commissioners**

John Pelham, Chairman	
Terry Bell	Ken Martin
Morris Bond	Michael Martin
Carl Bouldin	Gary Prater
M. A. Bouldin	George Smartt
Teddy Boyd	Bessie Smithson
Sally Brock	Diane Starkey
Bryan Denton	Danice Taylor
David Grissom	Les Trotman
Clinton Hill	Bobby Turner
Carl Hulett	Herschel Wells
Harold Hyatt	Bill Yancy
Earl Jones	William Zechman

**Purchasing Commission**

Linda Hillis, Chairman	Carl Hulett
John Pelham	Herschel Wells

**Board of Education**

John Turner, Chairman	Larry Judkins
Edd Cantrell	Gordan McGee, Jr.
Mike Holland	Bob Young

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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

November 3, 2008

Warren County Executive and  
Board of County Commissioners  
Warren County, Tennessee

To the County Executive and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Warren County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Warren County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 provides a reasonable basis for our opinions.

The financial statements of the Warren County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented

component units' financial statements referred to above do not include amounts for the Warren County Emergency Communications District, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Warren County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Warren County, Tennessee, as of June 30, 2008, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Warren County, Tennessee, as of June 30, 2008, and the respective changes in financial position and 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 November 3, 2008, on our consideration of Warren County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., at the beginning of the year, the discretely presented Warren County School Department implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. For the first time, the government-wide financial statements include the discretely presented School Department component unit. Also, during the year, Warren County implemented the provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures.

The management's discussion and analysis on pages 21 through 28 and the budgetary comparison, pension, and other postemployment benefits information on pages 79 through 85 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 Warren 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 Warren 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 Warren County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

John G. Morgan  
Comptroller of the Treasury

JGM/yu

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**Warren County, Tennessee  
Management's Discussion and Analysis  
For the Year Ended June 30, 2008**

As management of Warren County, we offer readers of the Warren County financial statements this narrative overview and analysis of the financial activities of the county for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the county's financial performance as a whole.

**Financial Highlights**

**Primary Government**

- The assets of Warren County Primary Governmental Activities exceeded its liabilities at the close of the most recent fiscal year by \$44,406,975 (net assets).
- The Primary Government's total net assets decreased by \$2,492,310.
- As of the close of the current fiscal year, Warren County's governmental funds reported combined ending fund balances of \$15,713,706. Of this total, approximately 84 percent (\$13,216,512), is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$2,260,704, or 24 percent of total General Fund expenditures.
- Warren County's total long-term debt decreased by \$4,315,638 during the current fiscal year.

**Discretely Presented Component Unit – Warren County School Department**

- The assets of the Warren County School Department exceeded its liabilities at the close of the recent fiscal year by \$43,877,499 (net assets).
- As of the close of the current fiscal year, the School Department's combined ending fund balances were \$8,814,633. Of this total, approximately 37 percent (\$3,229,900), in unreserved fund balance may be used to meet ongoing obligations to citizens and creditors. The Education Department of the State of Tennessee places restrictions as to how fund balances may be used, generally limiting the use of unreserved fund balance to capital purchases and other non-recurring expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Warren County's basic financial statements. The county's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and

3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of Warren County's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of Warren County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the county is improving or deteriorating.

The **statement of activities** presents information showing the change in the government's net assets during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the county and those of its component units. The governmental activities of Warren County are principally supported by taxes and intergovernmental revenues and include general government; finance; administration of justice; public safety; public health and welfare; social, cultural, and recreational services; agriculture and natural resources; other operations; highways and streets; sanitation; ambulance service; drug control; education; and debt service. Warren County has no business-type activities.

The government-wide financial statements include not only Warren County (known as the primary government), but also the legally separate Warren County School Department (a discretely presented component unit) for which Warren County is financially accountable. The Warren County Emergency Communications District also meets the criteria for a discretely presented component unit; however, their financial statements were not available from other auditors for inclusion in the government-wide statements.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Warren County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Warren County can be divided into three categories: governmental, proprietary, and fiduciary.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Warren County and the Warren County School Department maintain a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Ambulance Service Fund, Highway/Public Works Fund, and the General Debt Service Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Warren County adopts an annual appropriated budget for its General Fund, Ambulance Service Fund, and Highway/Public Works Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budgets.

**Proprietary funds.** Warren County maintains one proprietary fund, an internal service fund, used to account for the county's self-insurance program. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of Warren County's internal service fund are self-insurance premiums/contributions. Operating expenses for the internal service fund include purchase of commercial insurance and various claims.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the county's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found elsewhere in this report.

**Notes to the financial statements.** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the financial statements in this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The information included in this section is stipulated by the Governmental Accounting Standards Board (GASB) Statement No. 34.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Warren County, the Primary Government's assets exceeded liabilities by \$44,406,975 and the discretely presented Warren County School Department's assets exceeded liabilities by \$43,877,499 at the close of the most recent fiscal year.

The Constitution for the State of Tennessee only allows the local legislative body authorization to issue debt. Therefore, whenever the Warren County Board of Education requires additional money to fund school construction and equipment, the related debt must be issued by the Warren County Government.

As of June 30, 2008, Warren County had outstanding debt totaling \$11,164,680 for capital purposes for the Warren County Board of Education, with the capital assets being reported in the financial statements of the Warren County Board of Education. However, Warren County has incurred the related liability, significantly decreasing its unrestricted net assets without a corresponding increase in the county's capital assets.

A large portion of Warren County's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. Warren County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Warren County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following schedules provide a summary of Warren County's Net Assets and Statement of Activities for the fiscal year ending June 30, 2008:

Table 1

WARREN COUNTY, TENNESSEE			
NET ASSETS			
	<u>Warren County Primary Government</u>		Component Unit
	<u>June 30, 2007</u>	<u>June 30, 2008</u>	Warren County <u>School Department</u>
			<u>June 30, 2008</u>
Current and Other Assets	\$ 31,546,795	\$ 31,557,161	\$ 13,617,977
Capital Assets	<u>49,003,409</u>	<u>41,894,767</u>	<u>36,728,007</u>
Total Assets	<u>\$ 80,550,204</u>	<u>\$ 73,451,928</u>	<u>\$ 50,345,984</u>

Table 1 (Cont.)

WARREN COUNTY, TENNESSEE  
NET ASSETS

	<u>Warren County Primary Government</u>		<u>Component Unit</u>
	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>Warren County School Department</u>
			<u>June 30, 2008</u>
Long-term Liabilities O/S	\$ 23,267,983	\$ 16,281,999	\$ 2,257,324
Other Liabilities	10,382,936	12,762,954	4,211,161
Total Liabilities	<u>\$ 33,650,919</u>	<u>\$ 29,044,953</u>	<u>\$ 6,468,485</u>
Net Assets:			
Invested in Capital Assets,			
Net of Related Debt	\$ 26,012,938	\$ 23,166,893	\$ 36,728,007
Restricted	18,033,929	18,741,212	6,143,199
Unrestricted	2,852,418	2,498,870	1,006,293
Total Net Assets	<u>\$ 46,899,285</u>	<u>\$ 44,406,975</u>	<u>\$ 43,877,499</u>

Table 2

WARREN COUNTY, TENNESSEE  
STATEMENT OF ACTIVITIES

	<u>Warren County</u>		<u>Component Unit</u>
	<u>Primary Government</u>		<u>Warren County</u>
	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>School Department</u>
			<u>June 30, 2008</u>
Revenues:			
Program Revenues:			
Charges for Services	\$ 4,674,665	\$ 5,132,434	\$ 1,264,924
Operating Grants and Contributions	2,893,585	2,777,207	5,473,715
Capital Grants and Contributions	1,066,995	175,796	0
General Revenues:			
Property Taxes	8,871,298	9,029,318	3,787,921
Other Taxes	2,135,644	2,049,094	7,482,637
Grants and Contributions Not			
Restricted for Specific Purposes	1,168,844	1,117,071	28,987,051
Miscellaneous	50,303	41,292	202,864
Unrestricted Investment Earnings	911,565	1,095,007	33,410
Total Revenues	<u>\$ 21,772,899</u>	<u>\$ 21,417,219</u>	<u>\$ 47,232,522</u>

Table 2 (Cont.)

WARREN COUNTY, TENNESSEE  
STATEMENT OF ACTIVITIES

	Warren County		<u>Component Unit</u>
	Primary Government		Warren County
	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>School Department</u>
			<u>June 30, 2008</u>
<b>Expenses:</b>			
General Government	\$ 1,263,858	\$ 1,128,381	\$ 0
Finance	968,125	1,085,616	0
Administration of Justice	1,262,243	1,234,463	0
Public Safety	4,547,757	4,720,015	0
Public Health and Welfare	3,185,534	3,490,430	0
Social, Cultural, and Recreational	135,750	141,000	0
Agriculture and Natural Resources	167,299	182,314	0
Other Operations	942,950	1,268,783	0
Highways/Public Works	2,567,069	3,419,558	0
Education (Self-Insurance)	456,890	513,145	0
Education (Contributions to Component Units)	6,257,016	0	0
Education	0	0	47,561,859
Interest on Long-term Debt	1,043,178	943,685	0
Other Debt Service	115,638	207,635	0
Total Expenses	<u>\$ 22,913,307</u>	<u>\$ 18,335,025</u>	<u>\$ 47,561,859</u>
Increase (Decrease) in Net Assets	\$ (1,140,408)	\$ 3,082,194	\$ (329,337)
Net Assets, July 1	48,039,693	46,899,285	44,206,836
Prior-period Adjustment	<u>0</u>	<u>(5,574,504)</u>	<u>0</u>
Net Assets, June 30	<u>\$ 46,899,285</u>	<u>\$ 44,406,975</u>	<u>\$ 43,877,499</u>

A portion of Warren County's and the discretely presented Warren County School Department's net assets (\$18,741,212 and \$6,143,199, respectfully) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

### Financial Analysis of the Government's Funds

As noted earlier, Warren County uses fund accounting to ensure and demonstrate compliance with finance-relegated legal requirements.

**Governmental funds.** The focus of Warren County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such

information is useful in assessing Warren County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Warren County's governmental funds reported combined ending fund balances of \$15,713,706. Of this total, approximately 84 percent (\$13,216,512) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders, 2) to pay debt service, or 3) for a variety of other restricted purposes.

The General Fund is the chief operating fund of Warren County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$2,260,704, while total fund balance was \$2,464,307. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 24 percent of total General Fund expenditures, while total fund balance represents 26 percent of that same amount.

The fund balance of Warren County's General Fund decreased by \$227,252 during the current fiscal year.

The General Debt Service Fund has a total fund balance of \$10,845,251, all of which is reserved for the payment of debt service.

### **General Fund Budgetary Highlights**

The difference between the original budget expenditures and the final amended budget expenditures in the General Fund was a \$386,637 increase in appropriations and can be briefly summarized as follows:

- \$85,007 in increases allocated to General Administration
- \$12,100 in decreases allocated to Finance
- \$25,805 in increases allocated to Administration of Justice
- \$161,800 in increases allocated to Public Safety
- \$91,075 in increases allocated to Public Health and Welfare
- \$35,050 in increases allocated to Other Operations

This increase of \$386,637 was to be funded from miscellaneous increases in various revenue accounts including but not limited to charges for services, grant proceeds, accrued interest, and miscellaneous decreases in various expenditure accounts. During the year, revenues and expenditures were less than budgetary estimates; therefore the ending fund balance at June 30, 2008, exceeded the budgeted estimated fund balance.

### **Capital Assets and Debt Administration**

**Capital assets.** The investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads, highways, and bridges. Warren County's

investment in capital assets for its governmental activities as of June 30, 2008, amounts to \$41,894,767 (net of accumulated depreciation and related debt). The Warren County School Department's investment in capital assets as of June 30, 2008, was \$36,728,007. The related debt for schools is carried in governmental activities.

For more detailed information on capital assets activity, please see the relevant disclosures in the notes to the financial statements.

At the end of the current fiscal year, Warren County had total long-term debt outstanding of \$18,994,629. This amount comprises debt backed by the full faith and credit of the government. In addition to the debt, county long-term obligations include compensated absences and other postemployment benefits liability.

Warren County's total debt decreased by \$4,273,354 during the current fiscal year.

For more detailed information on long-term debt activity, please see the relevant disclosures in the notes to the financial statements.

Warren County maintains an A3 rating from Moody's for general obligation debt.

A schedule of all outstanding debt as of June 30, 2008, for Warren County follows:

Table 3

WARREN COUNTY, TENNESSEE  
OUTSTANDING DEBT

Primary Government	June 30, 2007	June 30, 2008
2008 Series School Refunding Bonds	\$ 0	\$ 3,790,000
2003 Series Public Works Refunding Bonds	1,030,000	875,000
2001 Series School Refunding Bonds	8,880,000	7,245,000
2008 Capital Outlay Notes	0	98,488
2007 Capital Outlay Notes	332,693	166,346
2006 Capital Outlay Notes	97,779	0
Other Loans Payable:		
2005 Public Improvements - School Project	6,150,000	0
2002 Public Improvements - Jail Project	6,500,000	6,500,000
Total Outstanding Debt	<u>\$ 22,990,472</u>	<u>\$ 18,674,834</u>

**Request for Information**

This financial report is designed to provide a general overview of the county's finances for all those with an interest in the government's finances. For questions concerning any of the information provided in this report, please contact the Director of Accounts Office at 201 Locust Street, Suite 2, McMinnville, Tennessee 37110.

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# BASIC FINANCIAL STATEMENTS

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Warren County, Tennessee  
Statement of Net Assets  
June 30, 2008

	Primary Governmental Activities	Component Unit Warren County School Department
<u>ASSETS</u>		
Cash	\$ 240,448	\$ 1,869
Equity in Pooled Cash and Investments	18,698,404	7,834,538
Accounts Receivable	531,415	1,539
Allowance for Uncollectibles	(155,665)	0
Due from Other Governments	753,401	2,120,974
Due from Component Units	47,924	0
Property Taxes Receivable	9,409,980	3,763,992
Allowance for Uncollectible Property Taxes	(262,337)	(104,935)
Notes Receivable - Current	323,550	0
Notes Receivable - Long-term	1,970,041	0
Assets Not Depreciated:		
Land	1,604,000	1,078,320
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	8,340,564	33,581,823
Infrastructure	28,589,534	0
Other Capital Assets	3,360,669	2,067,864
Total Assets	<u>\$ 73,451,928</u>	<u>\$ 50,345,984</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 304,816	\$ 50,103
Accrued Payroll	30,217	0
Payroll Deductions Payable	25,377	451,878
Claims and Judgments Payable	711,287	0
Due to Primary Government	0	47,924
Accrued Interest Payable	80,870	0
Deferred Revenue - Current Property Taxes	8,897,757	3,559,103
Noncurrent Liabilities:		
Due Within One Year	2,712,630	102,153
Due in More Than One Year (net of deferred amount on refunding and unamortized premiums on debt)	16,281,999	2,257,324
Total Liabilities	<u>\$ 29,044,953</u>	<u>\$ 6,468,485</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 23,166,893	\$ 36,728,007
Restricted for:		
Solid Waste/Sanitation	471,709	0
Ambulance Service	871,950	0
Drug Control	124,761	0
District Attorney General	8,334	0
Highway/Public Works	1,030,814	0
Basic Education Program	0	4,272,598
School Federal Projects	0	80,895
Central Cafeteria	0	1,519,190
Debt Service	10,764,381	0
General Capital Projects	30,863	0
Self-Insurance	5,234,797	0
Other Purposes	203,603	270,516
Unrestricted	2,498,870	1,006,293
Total Net Assets	<u>\$ 44,406,975</u>	<u>\$ 43,877,499</u>

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

Exhibit B

Warren County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2008

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Component Unit Warren County School Department
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Total Governmental Activities	Warren County School Department	
Primary Government:							
Governmental Activities:							
General Government	\$ 1,128,381	\$ 370,227	\$ 16,380	\$ 1,773	\$ (740,001)	\$ 0	0
Finance	1,085,616	984,018	13,592	0	(88,006)	0	0
Administration of Justice	1,234,463	1,110,697	9,000	27,167	(87,599)	0	0
Public Safety	4,720,015	547,875	285,541	553	(3,886,046)	0	0
Public Health and Welfare	3,490,430	1,273,947	520,955	14,902	(1,680,626)	0	0
Social, Cultural, and Recreational Services	141,000	0	0	0	(141,000)	0	0
Agriculture and Natural Resources	182,314	0	0	0	(182,314)	0	0
Other Operations	1,268,783	389,127	76,214	0	(803,442)	0	0
Highways/Public Works	3,419,558	0	1,855,525	131,401	(1,432,632)	0	0
Education (Self-Insurance)	513,145	456,543	0	0	(56,602)	0	0
Interest on Long-term Debt	943,685	0	0	0	(943,685)	0	0
Other Debt Service	207,635	0	0	0	(207,635)	0	0
Total Primary Government	\$ 18,335,025	\$ 5,132,434	\$ 2,777,207	\$ 175,796	\$ (10,249,588)	\$ 0	0
Component Unit:							
Warren County School Department	\$ 47,561,859	\$ 1,264,924	\$ 5,473,715	\$ 0	\$ 0	\$ (40,823,220)	0

(Continued)

Exhibit B

Warren County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Unit	
				Primary Government Total Governmental Activities	Warren County School Department
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 6,318,757	\$ 3,787,921
Property Taxes Levied for Debt Service				2,710,561	0
Local Option Sales Taxes				224,667	7,482,637
Wheel Tax				1,040,981	0
Litigation Taxes				201,413	0
Business Tax				280,912	0
Wholesale Beer Tax				197,336	0
Other Local Taxes				103,785	0
Grants and Contributions Not Restricted to Specific Programs				1,117,071	28,987,051
Unrestricted Investment Earnings				1,095,007	33,410
Miscellaneous				41,292	202,864
Total General Revenues				\$ 13,331,782	\$ 40,493,883
Change in Net Assets				\$ 3,082,194	\$ (329,337)
Net Assets, July 1, 2007				46,899,285	44,206,836
Prior-period Adjustments				(5,574,504)	0
Net Assets, June 30, 2008				\$ 44,406,975	\$ 43,877,499

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

Exhibit C-1

Warren County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2008

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds		
<b>ASSETS</b>							
Cash	\$ 325	\$ 0	\$ 0	\$ 0	\$ 218,062	\$ 218,387	
Equity in Pooled Cash and Investments	2,171,977	580,829	910,430	8,474,268	635,436	12,772,940	
Accounts Receivable	42,109	454,593	0	32,942	1,771	531,415	
Allowance for Uncollectibles	0	(155,665)	0	0	0	(155,665)	
Due from Other Governments	343,385	0	358,603	44,114	7,299	753,401	
Due from Other Funds	29	0	0	0	0	29	
Due from Component Units	47,924	0	0	0	0	47,924	
Property Taxes Receivable	5,664,204	691,212	541,787	2,166,030	346,747	9,409,980	
Allowance for Uncollectible Property Taxes	(145,924)	(21,385)	(15,104)	(68,847)	(11,077)	(262,337)	
Notes Receivable - Current	0	0	0	323,550	0	323,550	
Notes Receivable - Long-term	0	0	0	1,970,041	0	1,970,041	
<b>Total Assets</b>	<b>\$ 8,124,029</b>	<b>\$ 1,549,584</b>	<b>\$ 1,795,716</b>	<b>\$ 12,942,098</b>	<b>\$ 1,198,238</b>	<b>\$ 25,609,665</b>	

LIABILITIES AND FUND BALANCES

<b>Liabilities</b>							
Accounts Payable	\$ 44,303	\$ 6,900	\$ 242,713	\$ 0	\$ 9,459	\$ 303,375	
Accrued Payroll	23,966	4,874	0	0	1,377	30,217	
Payroll Deductions Payable	20,633	3,128	0	0	1,616	25,377	
Due to Other Funds	0	0	0	0	29	29	
Deferred Revenue - Current Property Taxes	5,392,580	647,110	512,295	2,022,217	323,555	8,897,757	
Deferred Revenue - Delinquent Property Taxes	86,440	15,622	9,894	51,552	8,332	171,840	
Other Deferred Revenues	91,800	198,119	154,367	23,078	0	467,364	
<b>Total Liabilities</b>	<b>\$ 5,659,722</b>	<b>\$ 875,753</b>	<b>\$ 919,269</b>	<b>\$ 2,096,847</b>	<b>\$ 344,368</b>	<b>\$ 9,895,959</b>	
<b>Fund Balances</b>							
Reserved for Alcohol and Drug Treatment	\$ 148,057	\$ 0	\$ 0	\$ 0	\$ 0	\$ 148,057	
Reserved for Litter Enforcement Awards	7,989	0	0	0	0	7,989	
Reserved for Drug Court	37,436	0	0	0	0	37,436	
Reserved for Sexual Offender Registration	6,770	0	0	0	0	6,770	
Reserved for Victims Assistance Programs	3,351	0	0	0	0	3,351	
Reserved for Long-term Notes Receivable	0	0	0	2,293,591	0	2,293,591	

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds	
\$ 2,260,704	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,260,704
0	673,831	876,447	0	823,007	0	2,373,285
0	0	0	8,551,660	0	0	8,551,660
0	0	0	0	30,863	0	30,863
<u>\$ 2,464,307</u>	<u>\$ 673,831</u>	<u>\$ 876,447</u>	<u>\$ 10,845,251</u>	<u>\$ 853,870</u>	<u>\$ 0</u>	<u>\$ 15,713,706</u>
\$ 8,124,029	\$ 1,549,584	\$ 1,795,716	\$ 12,942,098	\$ 1,198,238	\$ 0	\$ 25,609,665

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)  
Unreserved, Reported In:  
General Fund  
Special Revenue Funds  
Debt Service Funds  
Capital Projects Funds  
Total Fund Balances

Total Liabilities and Fund Balances

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

Warren County, Tennessee  
Reconciliation of the Balance Sheet of Governmental  
Funds to the Statement of Net Assets  
June 30, 2008

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)		\$ 15,713,706	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 1,604,000		
Add: buildings and improvements net of accumulated depreciation	8,340,564		
Add: infrastructure net of accumulated depreciation	28,589,534		
Add: other capital assets net of accumulated depreciation	<u>3,360,669</u>	41,894,767	
(2) The internal service fund is used by management to charge the cost of liability and workers' compensation insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.			5,234,797
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$ (264,834)		
Less: bonds payable	(11,910,000)		
Less: other loans payable	(6,500,000)		
Less: compensated absences payable	(249,290)		
Less: other postemployment benefits liability	(17,465)		
Less: accrued interest on bonds	(53,787)		
Less: accrued interest on other loans	(27,084)		
Less: other deferred revenue - premium on debt	(66,251)		
Add: deferred amount on refunding	<u>13,212</u>	(19,075,499)	
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>639,204</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 44,406,975</u>

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

Exhibit C-3

Warren County, Tennessee  
Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2008

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Revenues</u>							
Local Taxes	\$ 5,411,787	\$ 866,830	\$ 605,180	\$ 4,209,219	\$ 589,592	\$ 11,682,608	
Licenses and Permits	165,411	5,000	0	0	0	170,411	
Fines, Forfeitures, and Penalties	305,807	0	0	0	53,512	359,319	
Charges for Current Services	57,501	1,202,138	0	0	902,445	2,162,084	
Other Local Revenues	474,010	0	20,315	833,205	60,470	1,388,000	
Fees Received from County Officials	1,017,527	0	0	0	0	1,017,527	
State of Tennessee	1,303,032	0	1,875,656	0	418,964	3,597,652	
Federal Government	91,105	3,788	129,861	0	32,349	257,103	
Other Governments and Citizens Groups	148,709	2,500	0	0	18,617	169,826	
Total Revenues	\$ 8,974,889	\$ 2,080,256	\$ 2,631,012	\$ 5,042,424	\$ 2,075,949	\$ 20,804,530	
<u>Expenditures</u>							
Current:							
General Government	\$ 1,059,333	\$ 0	\$ 0	\$ 0	\$ 148,894	\$ 1,208,227	
Finance	441,355	0	0	0	450,615	891,970	
Administration of Justice	702,048	0	0	0	348,097	1,050,145	
Public Safety	4,352,431	80,509	0	0	134,002	4,566,942	
Public Health and Welfare	694,996	1,832,094	0	0	958,013	3,485,103	
Social, Cultural, and Recreational Services	141,000	0	0	0	0	141,000	
Agriculture and Natural Resources	181,716	0	0	0	0	181,716	
Other Operations	1,739,262	0	0	0	0	1,739,262	
Highways	0	0	2,623,773	0	0	2,623,773	
Debt Service:							
Principal on Debt	0	0	0	4,478,369	0	4,478,369	
Interest on Debt	0	0	0	948,841	0	948,841	
Other Debt Service	0	0	0	207,635	0	207,635	
Capital Projects	0	0	0	0	8,419	8,419	
Total Expenditures	\$ 9,312,141	\$ 1,912,603	\$ 2,623,773	\$ 5,634,845	\$ 2,048,040	\$ 21,531,402	
Excess (Deficiency) of Revenues Over Expenditures	\$ (337,252)	\$ 167,653	\$ 7,239	\$ (592,421)	\$ 27,909	\$ (726,872)	
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 110,000	\$ 0	\$ 37,732	\$ 0	\$ 0	\$ 147,732	
Refunding Debt Issued	0	0	0	3,790,000	0	3,790,000	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other	Governmental Funds	
Other Financing Sources (Uses) (Cont.)							
Premiums on Debt Issued	\$ 0	\$ 0	\$ 0	\$ 66,251	\$ 0	\$ 0	\$ 66,251
Proceeds from Sale of Capital Assets	0	0	8,900	0	0	0	8,900
Payments to Refunded Debt Escrow Agent	0	0	0	(3,788,212)	0	0	(3,788,212)
Total Other Financing Sources (Uses)	\$ 110,000	\$ 0	\$ 46,632	\$ 68,039	\$ 0	\$ 0	\$ 224,671
Net Change in Fund Balances	\$ (227,252)	\$ 167,653	\$ 53,871	\$ (524,382)	\$ 27,909	\$ (502,201)	
Fund Balance, July 1, 2007	2,691,559	506,178	822,576	11,369,633	825,961	16,215,907	
Fund Balance, June 30, 2008	\$ 2,464,307	\$ 673,831	\$ 876,447	\$ 10,845,251	\$ 853,870	\$ 15,713,706	

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

Exhibit C-4

Warren 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, 2008

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (502,201)
(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	\$ 360,231	
Less: current year depreciation expense	<u>(1,380,813)</u>	(1,020,582)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Add: gain on disposal of capital assets	\$ 5,874	
Less: proceeds from the sale of capital assets	<u>(8,900)</u>	(3,026)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes/other deferred June 30, 2008	\$ 639,204	
Less: deferred delinquent property taxes/other deferred June 30, 2007	<u>(750,734)</u>	(111,530)
(4) The issuance of long-term debt (e.g., bonds, other loans) 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:		
Less: note proceeds	\$ (147,732)	
Less: refunding bond proceeds	(3,790,000)	
Less: change in premium on debt issuances	(66,251)	
Add: principal payments on notes	313,369	
Add: principal payments on bonds	1,790,000	
Add: principal payments on other loans	2,375,000	
Add: payment to refunding agent	3,775,000	
Add: change in deferred amount on refunding debt	<u>13,212</u>	4,262,598
(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.		
Change in accrued interest payable	\$ 5,156	
Change in compensated absences payable	28,222	
Change in other postemployment benefits liability	<u>(17,465)</u>	15,913
(6) The internal service fund is used by management to charge the cost of liability and workers' compensation insurance to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>441,022</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 3,082,194</u>

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

Exhibit D-1

Warren County, Tennessee  
Statement of Net Assets  
Proprietary Fund  
June 30, 2008

	Governmental Activities - Internal Service Fund
	<u>Self-Insurance Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 22,061
Equity in Pooled Cash and Investments	5,925,464
Total Assets	<u>\$ 5,947,525</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 1,441
Claims and Judgments Payable	711,287
Total Liabilities	<u>\$ 712,728</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 5,234,797</u>
Total Net Assets	<u>\$ 5,234,797</u>

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

Exhibit D-2

Warren County, Tennessee  
Statement of Revenues, Expenses, and  
Changes in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2008

	Governmental Activities - Internal Service Fund <u>Self- Insurance Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 916,268
Total Operating Revenues	<u>\$ 916,268</u>
<u>Operating Expenses</u>	
Other Contracted Services	\$ 54,550
Boiler Insurance	7,528
Building and Contents Insurance	131,520
Liability Insurance	116,112
Workers' Compensation Insurance	86,274
Other Self-Insured Claims	335,539
Other Charges	4,725
Total Operating Expenses	<u>\$ 736,248</u>
Operating Income (Loss)	<u>\$ 180,020</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 276,255
Bank Charges on Investing Activities	(15,253)
Total Nonoperating Revenue	<u>\$ 261,002</u>
Change in Net Assets	\$ 441,022
Net Assets, July 1, 2007	4,283,244
Prior-period Adjustment	<u>510,531</u>
Net Assets, June 30, 2008	<u>\$ 5,234,797</u>

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

Exhibit D-3

Warren County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2008

	Governmental Activities - Internal Service Fund <u>Self- Insurance Fund</u>
<u>Cash Flows from Operating Activities</u>	
Self-Insurance Premiums/Contributions	\$ 916,268
Other Contracted Services	(53,109)
Insurance Premiums	(256,252)
Other Self-Insured Claims	(846,071)
Other Charges	(4,725)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (243,889)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 276,255
Bank Charges on Investing Activities	(15,253)
Net Cash Provided By (Used In) Investing Activities	<u>\$ 261,002</u>
Net Increase (Decrease) in Cash	\$ 17,113
Cash, July 1, 2007	5,419,881
Prior-period Adjustment	<u>510,531</u>
Cash, June 30, 2008	<u><u>\$ 5,947,525</u></u>
<u>Reconciliation of Net Operating Income to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 180,020
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Change in Assets and Liabilities:	
(Increase) Decrease in Prepaid Expenses	85,182
Increase (Decrease) in Accounts Payable	1,441
Increase (Decrease) in Claims and Judgments Payable	<u>(510,532)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (243,889)</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 22,061
Equity in Pooled Cash and Investments per Net Assets	<u>5,925,464</u>
Cash, June 30, 2008	<u><u>\$ 5,947,525</u></u>

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

Exhibit E

Warren County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2008

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 732,862
Equity in Pooled Cash and Investments	18,243
Due from Other Governments	<u>326,637</u>
Total Assets	<u>\$ 1,077,742</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 326,542
Due to Litigants, Heirs, and Others	732,862
Due to State of Tennessee	522
Due to Joint Ventures	<u>17,816</u>
Total Liabilities	<u>\$ 1,077,742</u>

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

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**WARREN COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2008**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Warren 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 Warren County:

**A. Reporting Entity**

Warren County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Warren 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 Warren 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 Warren County School Department operates the public school system in the county, and the voters of Warren 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 Warren County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Warren County, and the Warren County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Warren County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Warren County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Warren County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Warren County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Warren County Emergency Communications District  
902 Bridge Builder Road  
McMinnville, TN 37110

**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. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Warren County does not have any business-type activities to report. Likewise, the primary government is to be reported separately from certain legally separate component units for which the primary government is financially accountable. The Warren 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.

Warren County issues all debt for the discretely presented Warren County School Department. No debt issues were contributed by the county to the School Department during the year ended June 30, 2008.

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Warren 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 fund 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Warren 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.

**Ambulance Service Fund** – This fund accounts for transactions relating to the county-operated ambulance service.

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

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

Additionally, Warren County reports the following fund types:

**Internal Service Fund** – The Self-Insurance Fund accounts for the county’s self-insurance program. Premiums charged to the various county funds are placed in this fund for the payment of claims against the county not covered by excess risk insurance coverage.

**Capital Projects Funds** – These funds account for transactions for the acquisition or construction of major capital facilities.

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Warren

County, federal grants/loans received and forwarded to a private industry in the county, and state grants and other restricted revenues held for the benefit of the Thirty-first Judicial District Drug Task Force. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

Additionally, the School Department reports the following fund type:

**Capital Projects Fund** – The Education Capital Projects Fund is used to account for the purchase of property and equipment, along with construction and renovation of buildings and facilities.

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.

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, an internal service fund used to account for the county's self-insurance program. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the county's internal service fund are self-insurance premiums/contributions. Operating expenses for the internal service fund include the purchase of commercial insurance and various claims.

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**

For purposes of the statement of cash flows, cash includes cash in bank and cash on deposit with the county trustee.

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Warren 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. Warren County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

**2. Receivables and Payables**

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

All ambulance 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 1.53 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.

Most payables are disaggregated on the face of the financial statements. Claims and judgments payable totaling \$711,287 are discussed in Note V.A., Risk Management.

### **3. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the primary government as assets with an initial, individual cost of \$10,000 or more. Capital assets are defined by the Warren County School Department as assets with an initial, individual cost of \$25,000 or

more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25-40
Other Capital Assets	5-15
Infrastructure:	
Roads	25-50
Bridges	75

**4. Compensated Absences**

It is the county's policy not to allow for the accumulation of unused vacation days beyond the employee's anniversary date. Sick leave policies vary from department to department. Employees of the general government may accumulate unlimited sick leave days based on earning one day per month. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded. The general policy of the Highway Department does allow for the accumulation of unlimited sick leave days based on earning one day per month. Any unused accumulated sick leave would be paid to the employee when employment with the Highway Department ceases. The amount of unused sick leave for Highway Department employees at June 30, 2008, is not considered material and is not presented in the county's financial statements. The general policy of the Ambulance Service allows full-time employees to earn and accumulate paid time off, which may be used as vacation and/or sick leave. Employees earn paid time off at rates based on length of employment. Employees are allowed to accumulate up to one year's worth of paid time off.

General policy of the discretely presented Warren County School Department does not allow for the accumulation of vacation days beyond the calendar year-end. All professional personnel (teachers) are allowed to accumulate unlimited sick leave days. Professional

personnel enrolled in the Tennessee Consolidated Retirement System can be paid \$40 a day for up to 240 days if the Board of Education is notified by June 30 of their plans to retire. Any sick leave over 240 days is applied toward the employee's retirement service. All non-professional employees are paid for all sick leave upon termination of employment. A liability for sick leave pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirement.

**5. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net 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 refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, 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, 2008, Warren County had \$11,164,680 in outstanding debt for capital purposes for the discretely presented Warren County School Department. This debt is a liability of Warren County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Warren 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 Adjustments**

Exhibit B reflects a prior-period adjustment of (\$5,574,504). This adjustment resulted from the following events:

Capital assets were restated (\$6,085,035) from the prior year because of a change in the county's capital assets policy for infrastructure.

A prior-period adjustment was recognized in the Self-Insurance Fund (\$510,531) to reduce claims and judgments payable at July 1, 2007. The claims and judgments payable estimated by the insurance administrator based upon claims filed at June 30, 2007, were overestimated.

**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 Warren County School Department**

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

**Discretely Presented Warren County School Department**

Exhibit J-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 District Attorney General Fund (special revenue fund) and the Constitutional Officers - Fees Fund (special revenue fund) which are not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the 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. Budget Amendments Were Posted to the Accounting Records Without the Approval of the Board of Education or the County Commission**

During the year, several School Federal Projects Fund budget amendments were posted to the accounting records that had not been submitted to or approved by the Board of Education or the County Commission. Section 5-9-407, Tennessee Code Annotated, requires the approval of the Board of Education and County Commission for budget amendments that affect a major category. We have properly presented the budget and budget amendments in the financial statements of this report. When these expenditures were disallowed, expenditures exceeded appropriations approved by the County Commission in the Other Student Support major appropriation category (the legal level of control) by \$14,099. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by appropriations exceeding expenditures in other major appropriation categories.

**C. The County Had Investments That Were Exposed to Custodial Credit Risk**

At June 30, 2008, the trustee was holding investments of \$18,831,809, which were exposed to 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.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

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

##### Deposits

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

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

##### Investments

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local

Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government, or obligations guaranteed by the U.S. government, or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase.

**Investment Balances.** As of June 30, 2008, Warren County had the following investments carried at fair value or cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Warren County and the School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Fair Value or Cost
Federal Home Loan Bank	5-19-10	\$ 1,695,219
"	12-3-09	1,002,500
"	11-29-10	1,252,344
"	9-24-10	2,109,844
"	1-23-12	736,641
"	9-17-10	1,003,125
"	9-24-10	401,875
"	10-16-09	301,781
Federal National Mortgage Association	6-25-10	1,003,125
"	6-25-10	200,625
"	12-22-10	653,453
Federal Home Loan Mortgage Corporation	5-28-10	1,000,673
"	11-19-10	1,498,750
"	10-15-10	1,325,603
"	11-19-10	499,584
"	10-15-10	1,000,455
Federal Farm Credit Bank	3-24-11	3,146,212
Total		\$ 18,831,809

**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. Warren 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. Warren County has no

investment policy that would further limit its investment choices. As of June 30, 2008, Warren County's investments in the Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank were rated Aaa by Moody's Investor's Service and AAA by Standard & Poor's.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Warren County places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are in the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Federal Farm Credit Bank. These investments are 45 percent, 10 percent, 28 percent, and 17 percent respectively, of the county's total investments.

**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. Warren County does not have a formal policy that limits custodial credit risk for investments.

**B. Notes Receivable**

Warren County issued general obligation bonds of \$3,600,000 on August 1, 1990. The proceeds were used by the West Warren-Viola Utility District to construct extensions and improvements to the water and sewer system in the industrial park. These bonds were refunded on August 15, 1997, with a general obligation refunding bond issue of \$3,080,000. An agreement between Warren County and the utility district requires the utility district to repay the county for the principal and interest paid on the bonds by remitting 70 percent of certain industrial park revenues. The county retired this bonded debt; therefore, as of June 30, 2008, the county had paid \$2,293,591 more in principal and interest expenses on the bonds than they had received from the utility district. This amount has been reflected in the financial statements of this report as Notes Receivable – Current (\$323,550) and Notes Receivable – Long-term (\$1,970,041) and offset by Reserve for Notes Receivable (\$2,293,591) in the General Debt Service Fund. The amount of the notes that is not expected to be collected within one year is \$1,970,041.

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2008, was as follows:

## Primary Government

### Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 1,604,000	\$ 0	\$ 0	\$ 1,604,000
Total Capital Assets Not Depreciated	<u>\$ 1,604,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,604,000</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,452,855	\$ 29,903	\$ 0	\$ 9,482,758
Roads and Bridges	41,765,460	183,703	0	41,949,163
Other Capital Assets	5,901,733	330,329	(160,064)	6,071,998
Total Capital Assets Depreciated	<u>\$ 57,120,048</u>	<u>\$ 543,935</u>	<u>\$ (160,064)</u>	<u>\$ 57,503,919</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 965,316	\$ 176,878	\$ 0	\$ 1,142,194
Roads and Bridges	6,271,989	7,087,640	0	13,359,629
Other Capital Assets	2,483,334	388,478	(160,483)	2,711,329
Total Accumulated Depreciation	<u>\$ 9,720,639</u>	<u>\$ 7,652,996</u>	<u>\$ (160,483)</u>	<u>\$ 17,213,152</u>
Total Capital Assets Depreciated, Net	<u>\$ 47,399,409</u>	<u>\$ (7,109,061)</u>	<u>\$ 419</u>	<u>\$ 40,290,767</u>
Governmental Activities Capital Assets, Net	<u>\$ 49,003,409</u>	<u>\$ (7,109,061)</u>	<u>\$ 419</u>	<u>\$ 41,894,767</u>

\* Includes a prior-period adjustment of \$6,085,035 from the prior year because of a change in the county's capital assets policy for infrastructure.

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

**Governmental Activities:**

General Government	\$ 38,418
Finance	1,065
Administration of Justice	9,956
Public Safety	225,132
Public Health and Welfare	138,429
Other Operations	33,652
Highways/Public Works	<u>934,161</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,380,813</u></u>

**Discretely Presented Warren County School Department**

**Governmental Activities:**

	Balance 7-1-07	Increases	Balance 6-30-08
Capital Assets Not Depreciated:			
Land	\$ 1,078,320	\$ 0	\$ 1,078,320
Total Capital Assets Not Depreciated	<u>\$ 1,078,320</u>	<u>\$ 0</u>	<u>\$ 1,078,320</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 58,585,310	\$ 0	\$ 58,585,310
Other Capital Assets	2,885,858	795,725	3,681,583
Total Capital Assets Depreciated	<u>\$ 61,471,168</u>	<u>\$ 795,725</u>	<u>\$ 62,266,893</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 23,712,559	\$ 1,290,928	\$ 25,003,487
Other Capital Assets	1,289,324	324,395	1,613,719
Total Accumulated Depreciation	<u>\$ 25,001,883</u>	<u>\$ 1,615,323</u>	<u>\$ 26,617,206</u>
Total Capital Assets Depreciated, Net	<u>\$ 36,469,285</u>	<u>\$ (819,598)</u>	<u>\$ 35,649,687</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 37,547,605</u></u>	<u><u>\$ (819,598)</u></u>	<u><u>\$ 36,728,007</u></u>

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

**Governmental Activities:**

Instruction	\$ 1,264,363
Support Services	<u>350,960</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,615,323</u>

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

The composition of interfund balances as of June 30, 2008, is as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General	Nonmajor governmental	\$ 29

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.

**Due to/from Primary Government and Component Units:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary government: General	School component unit: General Purpose School	\$ 47,924

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2008, consisted of the following amount:

**Discretely Presented Warren County School Department**

	<u>Transfers In</u>
	General Purpose School Fund
<u>Transfers Out</u>	
Nonmajor governmental funds	\$ 16,862

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 11 years for bonds, up to three years for notes, and 20 years for the other loan. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2008, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and the other loan outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bonds Refunding	2 to 5 %	\$ 20,625,000	\$ 11,910,000
Capital Outlay Notes	3.62 to 4.5	646,772	264,834
Other Loan	variable	6,500,000	6,500,000

In prior years, Warren County entered into a loan agreement with the Blount County Public Building Authority. Under this loan agreement, the authority issued variable rate bonds of \$6,500,000 and loaned the proceeds to Warren County for the construction and renovation of the county jail. This loan is repayable at a tax-exempt variable rate of interest determined by the remarketing agent daily or weekly depending on the particular program. At June 30, 2008, the variable interest rate was 2.25 percent on this loan. In addition, the county pays various fees (remarketing, administrative, letter of

credit, etc.) in connection with this loan program. Fees total approximately .49 percent of the outstanding loan principal and a trustee fee that is charged at \$100 per month.

The annual requirements to amortize all general obligation bonds, notes, and the other loan outstanding as of June 30, 2008, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2009	\$ 215,590	\$ 11,020	\$ 226,610
2010	49,244	2,113	51,357
			0
Total	\$ 264,834	\$ 13,133	\$ 277,967

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
2009	\$ 0	\$ 146,250	\$ 33,050	\$ 179,300
2010	0	146,250	33,050	179,300
2011	0	146,250	33,050	179,300
2012	0	146,250	33,050	179,300
2013	335,000	146,250	33,050	514,300
2014-2018	3,075,000	562,276	128,450	3,765,726
2019-2022	3,090,000	178,314	43,631	3,311,945
Total	\$ 6,500,000	\$ 1,471,840	\$ 337,331	\$ 8,309,171

Year Ending June 30	Bonds		
	Principal	Interest	Total
2009	\$ 2,335,000	\$ 492,834	\$ 2,827,834
2010	2,405,000	393,120	2,798,120
2011	2,435,000	302,907	2,737,907
2012	2,545,000	192,620	2,737,620
2013	1,690,000	76,650	1,766,650
2014	500,000	17,500	517,500
Total	\$ 11,910,000	\$ 1,475,631	\$ 13,385,631

There is \$8,551,660 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$311, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans totaled \$488, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

Governmental Activities:	Bonds	Notes	Other Loans
Balance, July 1, 2007	\$ 9,910,000	\$ 430,472	\$ 12,650,000
Additions	3,790,000	147,732	0
Deductions	<u>(1,790,000)</u>	<u>(313,370)</u>	<u>(6,150,000)</u>
Balance, June 30, 2008	<u>\$ 11,910,000</u>	<u>\$ 264,834</u>	<u>\$ 6,500,000</u>
Balance Due Within One Year	<u>\$ 2,335,000</u>	<u>\$ 215,590</u>	<u>\$ 0</u>

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2007	\$ 277,511	\$ 0
Additions	366,247	26,703
Deductions	<u>(394,468)</u>	<u>(9,238)</u>
Balance, June 30, 2008	<u>\$ 249,290</u>	<u>\$ 17,465</u>
Balance Due Within One Year	<u>\$ 162,039</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 18,941,589
Less: Balance Due Within One Year	(2,712,630)
Add: Unamortized Premium on Debt	66,251
Less: Deferred Amount on Refunding	<u>(13,211)</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 16,281,999</u>
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Compensated absences will be paid from the employing funds, primarily the General Fund and the Highway/Public Works Fund.

Current Refunding

On April 24, 2008, Warren County refunded a public building authority loan (\$3,775,000) with a general obligation bond issue. The other loan had a variable interest rate and various fees associated with it. The county issued a \$3,790,000 general obligation refunding bond to provide resources to pay off the other loan. The general obligation bond issued has a fixed interest rate. As a result, the liability for the other loan has been removed from the county's long-term debt. Since the other loan had a variable interest rate and other fees associated with it, an accurate calculation of the reduction/addition of total debt service payment over the next six years could not be determined.

**Discretely Presented Warren County School Department**

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Warren County School Department for the year ended June 30, 2008, was as follows:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2007	\$ 1,933,040	\$ 0
Additions	517,622	414,300
Deductions	(407,597)	(97,888)
Balance, June 30, 2008	<u>\$ 2,043,065</u>	<u>\$ 316,412</u>
Balance Due Within One Year	<u>\$ 102,153</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 2,359,477
Less: Balance Due Within One Year	<u>(102,153)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,257,324</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Warren County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the

Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2008, were \$206,927 and \$33,588, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**V. OTHER INFORMATION**

**A. Risk Management**

**Primary Government**

Warren County's risk of loss relating to property, general liability, automobile liability, and workers' compensation are covered through a self-insurance program, and by the purchase of commercial insurance to cover losses exceeding certain limits. The county is self-insured for individual property losses up to \$250,000. The county carries excess commercial coverage on buildings and contents totaling \$175,272,693. The county is self-insured up to the liability limits of \$250,000 per person, \$600,000 per occurrence for bodily injury, and \$85,000 for property damage. Warren County self-insures workers' compensation losses of \$250,000 per accident or disease with an aggregate liability of \$1,000,000. The county carries commercial liability insurance coverage for losses up to \$10,000,000, with a \$250,000 deductible. Warren County maintains the Self-Insurance Fund, which is shown as an internal service fund, to account for transactions pertaining to the county's self-insured group liability and property plans. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The fund establishes the claims liabilities based on estimates of the ultimate cost of claims that have been incurred but not settled, and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current- Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2006-2007	\$ 1,201,148	\$ 284,737	\$ (264,066)	\$ 1,221,819
2007-2008	1,221,819	335,539	(846,071)	711,287

Warren County 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 Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

### **Discretely Presented Warren County School Department**

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

## **B. Accounting Changes**

At the beginning of the year, Warren County School Department implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. In the prior year, the School Department had elected to implement only the provisions of Statement No. 34 that relate to the fund financial statements. During the year, Warren County adopted provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures.

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the county’s financial statements. In previous years, Warren County and the Warren County School Department had only recognized the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented prospectively with a zero net OPEB obligation at transition.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables or future revenues. This statement provides additional guidance for sales of receivables and future revenues within the same reporting entity. This statement also requires governments to disclose, in the notes to the financial statements, the nature of any receivables or future revenues that have been pledged or sold. Tennessee state statutes do not currently allow counties to sell or pledge receivables or to sell future revenue streams. Therefore, those provisions of GASB Statement No. 48 that pertain to the sale or pledge receivables or sale of future revenue will not apply to Warren County. GASB Statement No. 48 had no effect on the financial statements of Warren County for the year ended June 30, 2008, since the county has not pledged any of its future revenues. However, it is reasonably expected that Warren County may pledge a future revenue stream toward the payment of debt in subsequent years.

GASB Statement No. 50 amends previous guidance concerning pension information. This statement closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and enhances the information disclosed in the notes to the financial statements or presented as required supplementary information for pension plans. This statement requires Warren County to provide additional and more detailed pension plan note disclosures than in previous years.

**C. Contingent Liabilities**

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

**D. Subsequent Event**

On July 16, 2008, former trustee Joy Statton entered a plea of no contest to 30 misdemeanor charges. Ms Slatton was sentenced on August 22, 2008, to 11 months and 29 days (suspended) with one year's probation, to be unsupervised upon payment of \$5,000 in restitution plus court costs. Restitution and court costs were paid on September 11, 2008. For details regarding this matter refer to Finding 05.06 in the Annual Financial Report of Warren County for the year ended June 30, 2005.

**E. Change in Administration**

Clerk and Master Trenena Wicher left office on December 31, 2007, and was succeeded by Myra Mara effective January 1, 2008.

**F. Joint Ventures**

The Industrial Development Board of McMinnville-Warren County is a joint venture in which the county and the City of McMinnville participate for the purpose of industrial recruitment. The Industrial Development Board is governed by a nine-member board from the private sector appointed by the participating governments. During the year ended June 30, 2008, the county paid \$480,000 to the Industrial Development Board of McMinnville-Warren County.

The Warren County Joint Economic and Community Development Board is a joint venture created by an interlocal agreement between Warren County, and the cities of McMinnville, Morrison, Centertown, and Viola to foster communication relative to economic and community development between and among governmental entities, industry, and private citizens. The board is governed by a 12-member board established by the interlocal agreement. During the year ended June 30, 2008, the county did not make a contribution to the Warren County Joint Economic and Community Development Board.

Warren County does not have an equity interest in the above-noted joint ventures. Complete financial statements for the Industrial Development Board of McMinnville-Warren County, and the Warren County Joint Economic and Community Development Board can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Industrial Development Board of McMinnville-Warren County  
110 South Court Square, Suite A200  
McMinnville, TN 37110

Warren County Joint Economic and Community Development Board  
P.O. Box 639  
201 Locust Street, Suite 1  
McMinnville, TN 37110

**G. Jointly Governed Organization**

The Tri-County Railroad Authority is jointly operated by Warren County in conjunction with Coffee and White counties. The authority's board comprises the county 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 Warren 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 Warren 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://treasury.state.tn.us/tcrs/PS/>.

#### **Funding Policy**

Warren County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2008, was 12.54 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Warren County is established and may be amended by the TCRS Board of Trustees.

#### **Annual Pension Cost**

For the year ended June 30, 2008, Warren County's annual pension cost of \$1,537,437 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), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected postretirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Warren 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, 2007, which established contribution rates effective July 1, 2008.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$1,537,437	100%	\$0
6-30-07	1,413,777	100	0
6-30-06	1,297,476	100	0

### Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 90.01 percent funded. The actuarial accrued liability for benefits was \$27.60 million, and the actuarial value of assets was \$25.11 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.49 million. The covered payroll (annual payroll of active employees covered by the plan) was \$11.34 million, and the ratio of the UAAL to the covered payroll was 21.88 percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liability for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

## **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, 2008, was 6.24 percent of annual covered payroll. The employer contribution requirement for 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, 2008, 2007, and 2006, were \$1,332,774, \$1,217,780, and \$1,041,406, respectively, equal to the required contributions for each year.

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

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants, however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare supplement plan. The required contribution rate for retirees ranges from ten to 55 percent based on the years of service. During the year ended June 30, 2008, the county and the discretely presented Warren County School Department contributed \$9,238 and \$97,888, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation (Cont.)

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 26,703	\$ 414,301
Interest on the NPO	0	0
Adjustment to the ARC	\$ 0	\$ 0
Annual OPEB cost	\$ 26,703	\$ 414,301

Annual OPEB Cost and Net OPEB Obligation (Cont.)

	Local Government Group Plan	Local Education Group Plan
Amount of contribution	\$ (9,238)	\$ (97,888)
Increase/decrease in NPO	\$ 17,465	\$ 316,412
Net OPEB obligation, 7-1-07	0	0
Net OPEB obligation, 6-30-08	<u>\$ 17,465</u>	<u>\$ 316,412</u>

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Government Group	\$ 26,703	35 %	\$ 17,465
6-30-08	Local Education Group	414,301	24	316,412

\* Data not available for two preceding years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	6-30-07	6-30-07
Actuarial accrued liability (AAL)	\$ 178,573	\$ 4,884,190
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 178,573	\$ 4,884,190
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 3,618,298	\$ 13,308,004
UAAL as a % of covered payroll	5%	37%

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

### Actuarial Methods and Assumptions

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

In the June 30, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

## **J. Purchasing Laws**

### Office of County Executive

Purchasing procedures for this office are governed by Chapter 16, Private Acts of 1951, as amended. This act provides for a Purchasing Commission comprised of two members elected by the County Commission: the director of accounts, who serves as chairperson, and the county executive, who serves as an ex-officio member. This act provides for the Purchasing Commission to purchase all supplies and materials and further requires the various departments to file a purchase requisition with the commission. Purchases of less than \$5,000 may be made or approved by the Purchasing Commission chairperson. Purchases exceeding \$5,000 are required to be approved by the Purchasing Commission based on publicly advertised competitive bids.

### Office of Superintendent of Roads

Chapter 61, Private Acts of 1959, as amended, Chapter 16, Private Acts of 1951, as amended, and Section 54-7-113, Tennessee Code Annotated (TCA), (Uniform Road Law), govern purchasing procedures for the Highway Department. These statutes require all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

### Office of Director of Schools

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

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Warren County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,411,787	\$ 5,229,489	\$ 5,262,809	\$ 148,978
Licenses and Permits	165,411	76,000	105,067	60,344
Fines, Forfeitures, and Penalties	305,807	269,150	274,450	31,357
Charges for Current Services	57,501	90,320	91,320	(33,819)
Other Local Revenues	474,010	412,870	464,120	9,890
Fees Received from County Officials	1,017,527	815,000	845,000	172,527
State of Tennessee	1,303,032	2,049,513	2,264,233	(961,201)
Federal Government	91,105	96,482	118,462	(27,357)
Other Governments and Citizens Groups	148,709	130,000	130,000	18,709
<b>Total Revenues</b>	<b>\$ 8,974,889</b>	<b>\$ 9,168,824</b>	<b>\$ 9,555,461</b>	<b>\$ (580,572)</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 148,432	\$ 191,590	\$ 191,590	\$ 43,158
Board of Equalization	8,876	11,265	11,265	2,389
County Mayor/Executive	118,072	117,434	118,984	912
County Attorney	69,864	66,000	76,000	6,136
Election Commission	154,586	270,321	272,444	117,858
Register of Deeds	18,612	20,000	20,000	1,388
Development	322	500	500	178
Planning	19,108	65,300	45,300	26,192
Codes Compliance	12,071	0	20,000	7,929
County Buildings	137,387	192,810	194,860	57,473
Other Facilities	148,223	169,331	190,348	42,125
Other General Administration	223,780	267,000	315,267	91,487
<u>Finance</u>				
Accounting and Budgeting	150,138	151,155	151,605	1,467
Purchasing	2,266	4,000	4,000	1,734
Property Assessor's Office	269,175	310,489	311,139	41,964
County Trustee's Office	19,776	38,500	25,300	5,524
<u>Administration of Justice</u>				
Circuit Court	57,588	89,917	89,917	32,329
General Sessions Court	213,113	222,598	225,598	12,485
Drug Court	85,544	102,497	124,477	38,933
Chancery Court	148,791	162,391	164,066	15,275
Juvenile Court	121,981	126,350	125,200	3,219
Judicial Commissioners	75,031	83,381	83,681	8,650
<u>Public Safety</u>				
Sheriff's Department	2,239,295	2,172,502	2,243,302	4,007
Jail	1,958,075	2,057,963	2,148,963	190,888
Juvenile Services	19,800	80,000	80,000	60,200
County Coroner/Medical Examiner	1,750	6,000	6,000	4,250
Other Public Safety	133,511	135,500	135,500	1,989

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 67,069	\$ 54,020	\$ 137,620	\$ 70,551
Rabies and Animal Control	66,954	66,039	73,114	6,160
Other Local Health Services	393,426	526,600	526,600	133,174
Regional Mental Health Center	5,500	5,500	5,500	0
Appropriation to State	52,203	52,203	52,203	0
General Welfare Assistance	680	3,000	3,000	2,320
Aid to Dependent Children	2,000	2,000	2,000	0
Other Local Welfare Services	741	750	750	9
Other Public Health and Welfare	106,423	109,604	109,704	3,281
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	25,000	25,000	25,000	0
Libraries	116,000	116,000	116,000	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	105,007	113,048	113,048	8,041
Forest Service	2,000	2,000	2,000	0
Soil Conservation	74,709	74,865	75,165	456
<u>Other Operations</u>				
Tourism	17,500	17,500	17,500	0
Industrial Development	480,000	480,000	480,000	0
Airport	634,406	1,506,550	1,573,150	938,744
Veterans' Services	18,728	22,330	22,430	3,702
Other Charges	366,411	460,000	460,000	93,589
Contributions to Other Agencies	5,500	5,500	5,500	0
Employee Benefits	215,277	342,000	310,350	95,073
Miscellaneous	1,440	18,000	18,000	16,560
Total Expenditures	\$ 9,312,141	\$ 11,117,303	\$ 11,503,940	\$ 2,191,799
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (337,252)	\$ (1,948,479)	\$ (1,948,479)	\$ 1,611,227
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 110,000	\$ 175,000	\$ 175,000	\$ (65,000)
Total Other Financing Sources (Uses)	\$ 110,000	\$ 175,000	\$ 175,000	\$ (65,000)
Net Change in Fund Balance	\$ (227,252)	\$ (1,773,479)	\$ (1,773,479)	\$ 1,546,227
Fund Balance, July 1, 2007	2,691,559	1,958,721	1,958,721	732,838
Fund Balance, June 30, 2008	\$ 2,464,307	\$ 185,242	\$ 185,242	\$ 2,279,065

Exhibit F-2

Warren County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Ambulance Service Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 866,830	\$ 799,245	\$ 814,245	\$ 52,585
Licenses and Permits	5,000	0	5,000	0
Charges for Current Services	1,202,138	900,000	925,000	277,138
Federal Government	3,788	18,350	61,644	(57,856)
Other Governments and Citizens Groups	2,500	2,500	2,500	0
Total Revenues	<u>\$ 2,080,256</u>	<u>\$ 1,720,095</u>	<u>\$ 1,808,389</u>	<u>\$ 271,867</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Civil Defense	\$ 54,296	\$ 59,615	\$ 105,459	\$ 51,163
Rescue Squad	26,213	26,213	26,213	0
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	1,832,094	1,907,379	1,949,829	117,735
<u>Other Operations</u>				
Miscellaneous	0	100,000	100,000	100,000
Total Expenditures	<u>\$ 1,912,603</u>	<u>\$ 2,093,207</u>	<u>\$ 2,181,501</u>	<u>\$ 268,898</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 167,653</u>	<u>\$ (373,112)</u>	<u>\$ (373,112)</u>	<u>\$ 540,765</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 100,000	\$ 100,000	\$ (100,000)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ (100,000)</u>
Net Change in Fund Balance	\$ 167,653	\$ (273,112)	\$ (273,112)	\$ 440,765
Fund Balance, July 1, 2007	506,178	310,036	310,036	196,142
Fund Balance, June 30, 2008	<u>\$ 673,831</u>	<u>\$ 36,924</u>	<u>\$ 36,924</u>	<u>\$ 636,907</u>

Exhibit F-3

Warren 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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<b>Revenues</b>						
Local Taxes	\$ 605,180	\$ 0	\$ 605,180	\$ 598,439	\$ 613,439	\$ (8,259)
Other Local Revenues	20,315	0	20,315	1,000	20,825	(510)
State of Tennessee	1,875,656	0	1,875,656	1,966,309	1,966,309	(90,653)
Federal Government	129,861	0	129,861	95,000	95,000	34,861
<b>Total Revenues</b>	<b>\$ 2,631,012</b>	<b>\$ 0</b>	<b>\$ 2,631,012</b>	<b>\$ 2,660,748</b>	<b>\$ 2,695,573</b>	<b>\$ (64,561)</b>
<b>Expenditures</b>						
<u>Highways</u>						
Administration	\$ 195,303	\$ 0	\$ 195,303	\$ 198,276	\$ 198,276	\$ 2,973
Highway and Bridge Maintenance	1,645,118	0	1,645,118	1,886,788	1,886,788	241,670
Operation and Maintenance of Equipment	147,338	0	147,338	203,000	203,000	55,662
Other Charges	134,113	0	134,113	159,350	159,350	25,237
Employee Benefits	143,940	0	143,940	181,442	181,442	37,502
Capital Outlay	357,961	(135,000)	222,961	427,000	618,458	395,497
<b>Total Expenditures</b>	<b>\$ 2,623,773</b>	<b>\$ (135,000)</b>	<b>\$ 2,488,773</b>	<b>\$ 3,055,856</b>	<b>\$ 3,247,314</b>	<b>\$ 758,541</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 7,239</b>	<b>\$ 135,000</b>	<b>\$ 142,239</b>	<b>\$ (395,108)</b>	<b>\$ (551,741)</b>	<b>\$ 693,980</b>
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 37,732	\$ 0	\$ 37,732	\$ 40,000	\$ 40,000	\$ (2,268)
Proceeds from Sale of Capital Assets	8,900	0	8,900	0	8,900	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 46,632</b>	<b>\$ 0</b>	<b>\$ 46,632</b>	<b>\$ 40,000</b>	<b>\$ 48,900</b>	<b>\$ (2,268)</b>
<b>Net Change in Fund Balance Fund Balance, July 1, 2007</b>	<b>\$ 53,871</b>	<b>\$ 135,000</b>	<b>\$ 188,871</b>	<b>\$ (355,108)</b>	<b>\$ (502,841)</b>	<b>\$ 691,712</b>
<b>Fund Balance, June 30, 2008</b>	<b>\$ 822,576</b>	<b>\$ (135,000)</b>	<b>\$ 687,576</b>	<b>\$ 526,663</b>	<b>\$ 526,663</b>	<b>\$ 160,913</b>
<b>Fund Balance, June 30, 2008</b>	<b>\$ 876,447</b>	<b>\$ 0</b>	<b>\$ 876,447</b>	<b>\$ 171,555</b>	<b>\$ 23,822</b>	<b>\$ 852,625</b>

Exhibit F-4

Warren County, Tennessee  
Schedule of Funding Progress – Pension Plan  
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 25,119	\$ 27,601	\$ 2,482	91.01 %	\$ 11,342	21.88 %

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year; therefore, only the most current year is presented.

Exhibit F-5

Warren County, Tennessee  
Schedule of Funding Progress - Other Postemployment Benefit Plans  
Warren County and the Discretely Presented Warren County School Department  
June 30, 2008

(Dollar amounts in thousands)

	Actuarial Valuation Date *	Actuarial Value of Assets	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)
Local Government Group Insurance Plan	6-30-07	\$ 0	\$ 179	\$ 179	0 %	\$ 3,618	5 %
Local Education Group Insurance Plan	6-30-07	0	4,884	4,884	0	13,308	37

\*Data not available for two preceding years.

**WARREN COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2008**

**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 Warren 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 Executive, County Attorney, etc.). Management may make revisions within major categories, but only the Warren 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.

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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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Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for the transactions relating to the disposal of solid waste.

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

District Attorney General Fund – The District Attorney General Fund is used to account for restricted revenues for the benefit of the Office of the District Attorney General.

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

# Capital Projects Funds

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

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General Capital Projects Fund – The General Capital Projects Fund is used to account for grant funds used for waterline construction in the Warren County Utility District.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for transactions associated with jail construction projects. This fund was closed during the year.

Exhibit G-1

Warren County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2008

	Special Revenue Funds					Capital Projects Fund	Total
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Total	General Capital Projects	Nonmajor Governmental Funds
\$	0	0	0	218,062	\$	0	\$
Equity in Pooled Cash and Investments	471,634	124,605	8,334	0	604,573	30,863	218,062
Accounts Receivable	1,601	0	0	170	1,771	0	635,436
Due from Other Governments	5,096	2,203	0	0	7,299	0	1,771
Property Taxes Receivable	346,747	0	0	0	346,747	0	7,299
Allowance for Uncollectible Property Taxes	(11,077)	0	0	0	(11,077)	0	346,747
							(11,077)
Total Assets	\$ 814,001	\$ 126,808	\$ 8,334	\$ 218,232	\$ 1,167,375	\$ 30,863	\$ 1,198,238

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities  
Accounts Payable  
Accrued Payroll  
Payroll Deductions Payable  
Due to Other Funds  
Deferred Revenue - Current Property Taxes  
Deferred Revenue - Delinquent Property Taxes  
Total Liabilities

Fund Balances  
Unreserved  
Total Fund Balances

Total Liabilities and Fund Balances

\$	7,412	2,047	0	0	0	0	\$
	1,377	0	0	0	0	0	9,459
	1,616	0	0	0	0	0	1,377
	0	0	0	29	29	0	1,616
	323,555	0	0	0	323,555	0	29
	8,332	0	0	0	8,332	0	323,555
\$	342,292	2,047	0	29	344,368	0	8,332
							344,368
\$	471,709	124,761	8,334	218,203	823,007	30,863	853,870
\$	471,709	124,761	8,334	218,203	823,007	30,863	853,870
\$	814,001	126,808	8,334	218,232	1,167,375	30,863	1,198,238

Exhibit G-2

Warren County, Tennessee  
Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2008

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Solid Waste/ Sanitation	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Total	General Capital Projects	Other Capital Projects	
<u>Revenues</u>								
Local Taxes	\$ 589,592	\$ 0	\$ 0	\$ 0	\$ 589,592	\$ 0	\$ 0	\$ 589,592
Fines, Forfeitures, and Penalties	0	34,448	19,064	0	53,512	0	0	53,512
Charges for Current Services	2,167	0	0	900,278	902,445	0	0	902,445
Other Local Revenues	59,718	0	752	0	60,470	0	0	60,470
State of Tennessee	403,964	15,000	0	0	418,964	0	0	418,964
Federal Government	14,349	18,000	0	0	32,349	0	0	32,349
Other Governments and Citizens Groups	0	18,617	0	0	18,617	0	0	18,617
Total Revenues	\$ 1,069,790	\$ 86,065	\$ 19,816	\$ 900,278	\$ 2,075,949	\$ 0	\$ 0	\$ 2,075,949
<u>Expenditures</u>								
Current:								
General Government	\$ 0	\$ 0	\$ 0	\$ 148,894	\$ 148,894	\$ 0	\$ 0	\$ 148,894
Finance	0	0	0	450,615	450,615	0	0	450,615
Administration of Justice	0	0	11,984	336,113	348,097	0	0	348,097
Public Safety	0	134,002	0	0	134,002	0	0	134,002
Public Health and Welfare	944,473	13,540	0	0	958,013	0	0	958,013
Capital Projects	0	0	0	0	0	0	8,419	8,419
Total Expenditures	\$ 944,473	\$ 147,542	\$ 11,984	\$ 935,622	\$ 2,039,621	\$ 0	\$ 8,419	\$ 2,048,040
Excess (Deficiency) of Revenues Over Expenditures	\$ 125,317	\$ (61,477)	\$ 7,832	\$ (35,344)	\$ 36,328	\$ 0	\$ (8,419)	\$ 27,909
Net Change in Fund Balances	\$ 125,317	\$ (61,477)	\$ 7,832	\$ (35,344)	\$ 36,328	\$ 0	\$ (8,419)	\$ 27,909
Fund Balance, July 1, 2007	346,392	186,238	502	253,547	786,679	30,863	8,419	39,282
Fund Balance, June 30, 2008	\$ 471,709	\$ 124,761	\$ 8,334	\$ 218,203	\$ 823,007	\$ 30,863	\$ 0	\$ 30,863
								\$ 853,870

Exhibit G-3

Warren County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 589,592	\$ 556,864	\$ 556,864	\$ 32,728
Charges for Current Services	2,167	1,000	1,000	1,167
Other Local Revenues	59,718	40,000	40,000	19,718
State of Tennessee	403,964	330,000	349,740	54,224
Federal Government	14,349	0	0	14,349
Total Revenues	<u>\$ 1,069,790</u>	<u>\$ 927,864</u>	<u>\$ 947,604</u>	<u>\$ 122,186</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 254,798	\$ 308,696	\$ 308,696	\$ 53,898
Convenience Centers	659,035	702,542	722,282	63,247
Other Waste Disposal	30,640	44,000	44,000	13,360
Total Expenditures	<u>\$ 944,473</u>	<u>\$ 1,055,238</u>	<u>\$ 1,074,978</u>	<u>\$ 130,505</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 125,317</u>	<u>\$ (127,374)</u>	<u>\$ (127,374)</u>	<u>\$ 252,691</u>
Net Change in Fund Balance	\$ 125,317	\$ (127,374)	\$ (127,374)	\$ 252,691
Fund Balance, July 1, 2007	<u>346,392</u>	<u>233,069</u>	<u>233,069</u>	<u>113,323</u>
Fund Balance, June 30, 2008	<u>\$ 471,709</u>	<u>\$ 105,695</u>	<u>\$ 105,695</u>	<u>\$ 366,014</u>

Exhibit G-4

Warren County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 34,448	\$ 98,870	\$ 98,870	\$ (64,422)
State of Tennessee	15,000	0	15,000	0
Federal Government	18,000	0	18,000	0
Other Governments and Citizens Groups	18,617	15,000	31,747	(13,130)
Total Revenues	<u>\$ 86,065</u>	<u>\$ 113,870</u>	<u>\$ 163,617</u>	<u>\$ (77,552)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 134,002	\$ 81,000	\$ 154,363	\$ 20,361
<u>Public Health and Welfare</u>				
Alcohol and Drug Programs	13,540	11,000	17,000	3,460
Total Expenditures	<u>\$ 147,542</u>	<u>\$ 92,000</u>	<u>\$ 171,363</u>	<u>\$ 23,821</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (61,477)</u>	<u>\$ 21,870</u>	<u>\$ (7,746)</u>	<u>\$ (53,731)</u>
Net Change in Fund Balance	\$ (61,477)	\$ 21,870	\$ (7,746)	\$ (53,731)
Fund Balance, July 1, 2007	186,238	148,741	148,741	37,497
Fund Balance, June 30, 2008	<u>\$ 124,761</u>	<u>\$ 170,611</u>	<u>\$ 140,995</u>	<u>\$ (16,234)</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 H

Warren County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,209,219	\$ 4,014,758	\$ 4,014,758	\$ 194,461
Other Local Revenues	833,205	500,000	515,000	318,205
Other Governments and Citizens Groups	0	235,000	235,000	(235,000)
Total Revenues	<u>\$ 5,042,424</u>	<u>\$ 4,749,758</u>	<u>\$ 4,764,758</u>	<u>\$ 277,666</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 326,112	\$ 3,756,667	\$ 1,381,667	\$ 1,055,555
Highways and Streets	12,577	15,000	15,000	2,423
Education	4,139,680	1,764,680	4,139,680	0
<u>Interest on Debt</u>				
General Government	309,517	648,015	405,032	95,515
Highways and Streets	330	1,100	6,100	5,770
Education	638,994	407,902	647,672	8,678
<u>Other Debt Service</u>				
General Government	207,635	150,000	231,251	23,616
Total Expenditures	<u>\$ 5,634,845</u>	<u>\$ 6,743,364</u>	<u>\$ 6,826,402</u>	<u>\$ 1,191,557</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (592,421)</u>	<u>\$ (1,993,606)</u>	<u>\$ (2,061,644)</u>	<u>\$ 1,469,223</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 3,790,000	\$ 0	\$ 3,790,000	\$ 0
Premiums on Debt Issued	66,251	0	66,251	0
Payments to Refunded Debt Escrow Agent	(3,788,212)	0	(3,788,212)	0
Total Other Financing Sources (Uses)	<u>\$ 68,039</u>	<u>\$ 0</u>	<u>\$ 68,039</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (524,382)	\$ (1,993,606)	\$ (1,993,605)	\$ 1,469,223
Fund Balance, July 1, 2007	11,369,633	11,138,330	11,138,330	231,303
Fund Balance, June 30, 2008	<u>\$ 10,845,251</u>	<u>\$ 9,144,724</u>	<u>\$ 9,144,725</u>	<u>\$ 1,700,526</u>

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# Fiduciary Funds

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

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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.

Community Development - Agency Fund – The Community Development - Agency Fund is used to account for pass-through grant funds on behalf of the West Warren Utility District for a waterline extension project in Warren County.

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

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for state grants and other restricted revenues held in trust for the benefit of the Thirty-First Judicial District Drug Task Force. The Office of District Attorney General for the Thirty-First Judicial District is the only participating agency in the task force.

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Warren County, Tennessee  
 Combining Statement of Fiduciary Assets and Liabilities  
 Fiduciary Funds  
 June 30, 2008

	Agency Funds				
	Cities - Sales Tax	Com- munity Develop- ment - Agency	Constitu- tional Officers - Agency	Judicial District Drug	Total
Cash	\$ 0	\$ 0	\$ 732,862	\$ 0	\$ 732,862
Equity in Pooled Cash and Investments	0	522	0	17,721	18,243
Due from Other Governments	326,542	0	0	95	326,637
Total Assets	\$ 326,542	\$ 522	\$ 732,862	\$ 17,816	\$ 1,077,742
<u>LIABILITIES</u>					
Due to Other Taxing Units	\$ 326,542	\$ 0	\$ 0	\$ 0	\$ 326,542
Due to Litigants, Heirs, and Others	0	0	732,862	0	732,862
Due to State of Tennessee	0	522	0	0	522
Due to Joint Ventures	0	0	0	17,816	17,816
Total Liabilities	\$ 326,542	\$ 522	\$ 732,862	\$ 17,816	\$ 1,077,742

Exhibit I-2

Warren County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,955,577	\$ 1,955,577	\$ 0
Due from Other Governments	334,497	326,542	334,497	326,542
Due from Component Units	48,652	0	48,652	0
Total Assets	\$ 383,149	\$ 2,282,119	\$ 2,338,726	\$ 326,542
<u>Liabilities</u>				
Cash Overdraft	\$ 48,652	\$ 0	\$ 48,652	\$ 0
Due to Other Taxing Units	334,497	2,282,119	2,290,074	326,542
Total Liabilities	\$ 383,149	\$ 2,282,119	\$ 2,338,726	\$ 326,542
<u>Community Development - Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 522	\$ 909,613	\$ 909,613	\$ 522
Total Assets	\$ 522	\$ 909,613	\$ 909,613	\$ 522
<u>Liabilities</u>				
Due to State of Tennessee	\$ 522	\$ 0	\$ 0	\$ 522
Contracts Payable	0	909,613	909,613	0
Total Liabilities	\$ 522	\$ 909,613	\$ 909,613	\$ 522
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,114,120	\$ 8,649,089	\$ 9,030,347	\$ 732,862
Total Assets	\$ 1,114,120	\$ 8,649,089	\$ 9,030,347	\$ 732,862
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,114,120	\$ 8,649,089	\$ 9,030,347	\$ 732,862
Total Liabilities	\$ 1,114,120	\$ 8,649,089	\$ 9,030,347	\$ 732,862
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 14,589	\$ 24,689	\$ 21,557	\$ 17,721
Accounts Receivable	855	95	855	95
Total Assets	\$ 15,444	\$ 24,784	\$ 22,412	\$ 17,816
<u>Liabilities</u>				
Due to Joint Ventures	\$ 15,444	\$ 24,784	\$ 22,412	\$ 17,816
Total Liabilities	\$ 15,444	\$ 24,784	\$ 22,412	\$ 17,816

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,114,120	\$ 8,649,089	\$ 9,030,347	\$ 732,862
Equity in Pooled Cash and Investments	15,111	2,889,879	2,886,747	18,243
Accounts Receivable	855	95	855	95
Due from Other Governments	334,497	326,542	334,497	326,542
Due from Component Units	48,652	0	48,652	0
Total Assets	<u>\$ 1,513,235</u>	<u>\$ 11,865,605</u>	<u>\$ 12,301,098</u>	<u>\$ 1,077,742</u>
<u>Liabilities</u>				
Cash Overdraft	\$ 48,652	\$ 0	\$ 48,652	\$ 0
Contracts Payable	0	909,613	909,613	0
Due to Other Taxing Units	334,497	2,282,119	2,290,074	326,542
Due to Litigants, Heirs, and Others	1,114,120	8,649,089	9,030,347	732,862
Due to State of Tennessee	522	0	0	522
Due to Joint Ventures	15,444	24,784	22,412	17,816
Total Liabilities	<u>\$ 1,513,235</u>	<u>\$ 11,865,605</u>	<u>\$ 12,301,098</u>	<u>\$ 1,077,742</u>

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# Warren County School Department

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

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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.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for the purchase of property and equipment, along with construction and renovation of buildings and facilities. This fund was closed during the year.

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Exhibit J-1

Warren County, Tennessee  
Statement of Activities  
Discretely Presented Warren County School Department  
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		Net Expense (Revenue) and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Component Unit:				
Governmental Activities:				
Instruction	\$ 28,859,359	\$ 181,168	\$ 3,265,192	\$ (25,412,999)
Support Services	14,938,252	51,135	0	(14,887,117)
Operation of Non-Instructional Services	3,764,248	1,032,621	2,208,523	(523,104)
Total Governmental Activities	\$ 47,561,859	\$ 1,264,924	\$ 5,473,715	\$ (40,823,220)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 3,787,921
Local Option Sales Taxes				7,482,637
Grants and Contributions Not Restricted to Specific Programs				28,987,051
Unrestricted Investment Earnings				33,410
Miscellaneous				202,864
Total General Revenues				\$ 40,493,883
Change in Net Assets				\$ (329,337)
Net Assets, July 1, 2007				44,206,836
Net Assets, June 30, 2008				\$ 43,877,499

Exhibit J-2

Warren County, Tennessee  
 Balance Sheet - Governmental Funds  
 Discretely Presented Warren County School Department  
 June 30, 2008

	Major Funds		Nonmajor	Total
	General	Central	Fund	
	Purpose School	Cafeteria	School Federal Projects	
				Governmental Funds
<u>ASSETS</u>				
Cash	\$ 0	\$ 1,869	\$ 0	\$ 1,869
Equity in Pooled Cash and Investments	6,423,681	1,344,724	66,133	7,834,538
Accounts Receivable	1,052	487	0	1,539
Due from Other Governments	1,892,616	183,580	44,778	2,120,974
Property Taxes Receivable	3,763,992	0	0	3,763,992
Allowance for Uncollectible Property Taxes	(104,935)	0	0	(104,935)
<b>Total Assets</b>	<b>\$ 11,976,406</b>	<b>\$ 1,530,660</b>	<b>\$ 110,911</b>	<b>\$ 13,617,977</b>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 8,617	\$ 11,470	\$ 30,016	\$ 50,103
Payroll Deductions Payable	451,878	0	0	451,878
Due to Primary Government	47,924	0	0	47,924
Deferred Revenue - Current Property Taxes	3,559,103	0	0	3,559,103
Deferred Revenue - Delinquent Property Taxes	68,736	0	0	68,736
Other Deferred Revenues	625,600	0	0	625,600
<b>Total Liabilities</b>	<b>\$ 4,761,858</b>	<b>\$ 11,470</b>	<b>\$ 30,016</b>	<b>\$ 4,803,344</b>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 960,724	\$ 0	\$ 0	\$ 960,724
Reserved for Driver Education	85,160	0	0	85,160
Reserved for Career Ladder - Extended Contract	178,175	0	0	178,175
Reserved for Career Ladder Program	7,181	0	0	7,181
Reserved for Basic Education Program	4,272,598	0	0	4,272,598
Reserved for Title I Grants to Local Education Agencies	0	0	5,943	5,943
Reserved for Innovative Education Program Strategies	0	0	3,645	3,645
Reserved for Special Education - Grants to States	0	0	7,838	7,838
Other Federal Reserves	0	0	63,469	63,469
Unreserved, Reported In:				
General Fund	1,710,710	0	0	1,710,710
Special Revenue Funds	0	1,519,190	0	1,519,190
<b>Total Fund Balances</b>	<b>\$ 7,214,548</b>	<b>\$ 1,519,190</b>	<b>\$ 80,895</b>	<b>\$ 8,814,633</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,976,406</b>	<b>\$ 1,530,660</b>	<b>\$ 110,911</b>	<b>\$ 13,617,977</b>

Exhibit J-3

Warren County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Warren County School Department  
June 30, 2008

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 8,814,633
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,078,320	
Add: buildings and improvements net of accumulated depreciation	33,581,823	
Add: other capital assets net of accumulated depreciation	<u>2,067,864</u>	36,728,007
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: compensated absences payable	\$ (2,043,065)	
Less: other postemployment benefits liability	<u>(316,412)</u>	(2,359,477)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>694,336</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 43,877,499</u></u>

Exhibit J-4

Warren County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Warren County School Department  
For the Year Ended June 30, 2008

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>Other</u>	
	<u>Purpose</u>	<u>Cafeteria</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>		<u>mental</u>	<u>Funds</u>
			<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 11,375,579	\$ 0	\$ 0	\$ 11,375,579
Charges for Current Services	340,144	1,032,621	0	1,372,765
Other Local Revenues	90,602	38,517	92	129,211
State of Tennessee	28,548,878	31,981	0	28,580,859
Federal Government	325,413	1,744,095	3,330,246	5,399,754
<b>Total Revenues</b>	<b>\$ 40,680,616</b>	<b>\$ 2,847,214</b>	<b>\$ 3,330,338</b>	<b>\$ 46,858,168</b>
<u>Expenditures</u>				
Current:				
Instruction	\$ 23,938,628	\$ 0	\$ 2,191,641	\$ 26,130,269
Support Services	14,086,239	0	1,143,519	15,229,758
Operation of Non-Instructional Services	781,229	2,580,322	0	3,361,551
Capital Outlay	1,113,656	0	0	1,113,656
Capital Projects	0	0	48,143	48,143
<b>Total Expenditures</b>	<b>\$ 39,919,752</b>	<b>\$ 2,580,322</b>	<b>\$ 3,383,303</b>	<b>\$ 45,883,377</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 760,864	\$ 266,892	\$ (52,965)	\$ 974,791
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 16,862	\$ 0	\$ 0	\$ 16,862
Transfers Out	0	0	(16,862)	(16,862)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 16,862</b>	<b>\$ 0</b>	<b>\$ (16,862)</b>	<b>\$ 0</b>
Net Change in Fund Balances	\$ 777,726	\$ 266,892	\$ (69,827)	\$ 974,791
Fund Balance, July 1, 2007	6,436,822	1,252,298	150,722	7,839,842
<b>Fund Balance, June 30, 2008</b>	<b>\$ 7,214,548</b>	<b>\$ 1,519,190</b>	<b>\$ 80,895</b>	<b>\$ 8,814,633</b>

Exhibit J-5

Warren County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Warren County School Department  
For the Year Ended June 30, 2008

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$	974,791
(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	\$	795,725	
Less: current year depreciation expense		<u>(1,615,323)</u>	(819,598)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes/other deferred June 30, 2008	\$	694,336	
Less: deferred delinquent property taxes/other deferred June 30, 2007		<u>(752,429)</u>	(58,093)
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	(110,025)	
Change in other postemployment benefits liability		<u>(316,412)</u>	<u>(426,437)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (329,337)</u>

Exhibit J-6

Warren County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Warren County School Department  
For the Year Ended June 30, 2008

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Education Capital Projects	
<u>Revenues</u>			
Other Local Revenues	\$ 92	\$ 0	\$ 92
Federal Government	3,330,246	0	3,330,246
Total Revenues	<u>\$ 3,330,338</u>	<u>\$ 0</u>	<u>\$ 3,330,338</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,191,641	\$ 0	\$ 2,191,641
Support Services	1,143,519	0	1,143,519
Capital Projects	0	48,143	48,143
Total Expenditures	<u>\$ 3,335,160</u>	<u>\$ 48,143</u>	<u>\$ 3,383,303</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (4,822)</u>	<u>\$ (48,143)</u>	<u>\$ (52,965)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (4,889)	\$ (11,973)	\$ (16,862)
Total Other Financing Sources (Uses)	<u>\$ (4,889)</u>	<u>\$ (11,973)</u>	<u>\$ (16,862)</u>
Net Change in Fund Balances	\$ (9,711)	\$ (60,116)	\$ (69,827)
Fund Balance, July 1, 2007	90,606	60,116	150,722
Fund Balance, June 30, 2008	<u>\$ 80,895</u>	<u>\$ 0</u>	<u>\$ 80,895</u>

Exhibit J-7

Warren County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Warren County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 11,375,579	\$ 0	\$ 0	\$ 11,375,579	\$ 11,571,878	\$ 11,571,878	\$ (196,299)
Charges for Current Services	340,144	0	0	340,144	433,000	411,555	(71,411)
Other Local Revenues	90,602	0	0	90,602	128,500	128,500	(37,898)
State of Tennessee	28,548,878	0	0	28,548,878	25,068,000	27,806,941	741,937
Federal Government	325,413	0	0	325,413	462,400	288,418	36,995
Total Revenues	\$ 40,680,616	\$ 0	\$ 0	\$ 40,680,616	\$ 37,663,778	\$ 40,207,292	\$ 473,324
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 18,979,137	(33,902)	174,622	\$ 19,119,857	\$ 19,176,700	\$ 20,657,000	\$ 1,537,143
Alternative Instruction Program	254,238	0	0	254,238	266,600	266,600	12,362
Special Education Program	2,847,019	(2,323)	64	2,844,760	2,955,700	3,015,700	170,940
Vocational Education Program	1,568,219	(705)	264	1,567,778	1,592,900	1,592,900	25,122
Adult Education Program	290,015	0	0	290,015	297,100	297,100	7,085
<u>Support Services</u>							
Attendance	361,054	(32,998)	84,164	412,220	366,900	491,900	79,680
Health Services	622,660	(3,150)	456	619,966	465,900	625,200	5,234
Other Student Support	1,449,352	(70,194)	16,760	1,395,918	1,433,700	1,533,700	137,782
Regular Instruction Program	1,219,647	0	1,792	1,221,439	1,318,100	1,428,500	207,061
Alternative Instruction Program	77,413	0	0	77,413	78,800	78,800	1,387
Special Education Program	382,305	0	0	382,305	408,000	386,000	3,695
Vocational Education Program	78,008	0	14,986	92,994	106,800	106,800	13,806
Adult Programs	75,790	0	0	75,790	88,100	88,100	12,310
Other Programs	240,515	0	0	240,515	0	240,515	0
Board of Education	689,308	(7,963)	6,500	687,845	819,500	819,500	131,655
Director of Schools	176,343	0	0	176,343	178,100	178,100	1,757

(Continued)

Exhibit J-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 1,755,923	\$ (1,167)	0	\$ 1,754,756	\$ 1,858,300	\$ 1,858,300	\$ 103,544
Fiscal Services	443,070	(6,064)	2,477	439,483	442,300	442,300	2,817
Operation of Plant	2,974,641	(4,001)	6,107	2,976,747	3,072,800	3,072,800	96,053
Maintenance of Plant	1,165,554	(1,960)	11,345	1,174,939	1,221,200	1,221,200	46,261
Transportation	2,374,656	(455,510)	79,956	1,999,102	2,066,100	2,116,100	116,998
<u>Operation of Non-Instructional Services</u>							
Food Service	1,141	0	0	1,141	1,400	1,400	259
Community Services	170,887	(957)	0	169,930	218,000	218,000	48,070
Early Childhood Education	609,201	(597)	263	608,867	374,400	614,400	5,533
<u>Capital Outlay</u>							
Regular Capital Outlay	1,113,656	(422,423)	560,968	1,252,201	900,000	2,100,000	847,799
Total Expenditures	\$ 39,919,752	\$ (1,043,914)	\$ 960,724	\$ 39,836,562	\$ 39,707,400	\$ 43,450,915	\$ 3,614,353
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ 760,864	\$ 1,043,914	\$ (960,724)	\$ 844,054	\$ (2,043,622)	\$ (3,243,623)	\$ 4,087,677
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 16,862	0	0	16,862	4,000	4,000	12,862
Total Other Financing Sources (Uses)	\$ 16,862	0	0	16,862	4,000	4,000	12,862
Net Change in Fund Balance	\$ 777,726	\$ 1,043,914	\$ (960,724)	\$ 860,916	\$ (2,039,622)	\$ (3,239,623)	\$ 4,100,539
Fund Balance, July 1, 2007	6,436,822	(1,043,914)	0	5,392,908	3,515,162	3,515,162	1,877,746
Fund Balance, June 30, 2008	\$ 7,214,548	0	\$ (960,724)	\$ 6,253,824	\$ 1,475,540	\$ 275,539	\$ 5,978,285

Exhibit J-8

Warren County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Warren County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 92	\$ 0	\$ 0	\$ 92
Federal Government	3,330,246	3,375,361	4,445,341	(1,115,095)
<b>Total Revenues</b>	<b>\$ 3,330,338</b>	<b>\$ 3,375,361</b>	<b>\$ 4,445,341</b>	<b>\$ (1,115,003)</b>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,390,370	\$ 1,274,063	\$ 1,552,428	\$ 162,058
Special Education Program	675,589	555,483	826,114	150,525
Vocational Education Program	125,682	114,654	139,781	14,099
<u>Support Services</u>				
Other Student Support	21,997	0	7,898	(14,099)
Regular Instruction Program	388,661	527,896	674,746	286,085
Special Education Program	728,023	893,976	1,233,850	505,827
Vocational Education Program	4,838	5,384	4,838	0
<b>Total Expenditures</b>	<b>\$ 3,335,160</b>	<b>\$ 3,371,456</b>	<b>\$ 4,439,655</b>	<b>\$ 1,104,495</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,822)	\$ 3,905	\$ 5,686	\$ (10,508)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 179,289	\$ 0	\$ 0
Transfers Out	(4,889)	(183,194)	(8,156)	3,267
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (4,889)</b>	<b>\$ (3,905)</b>	<b>\$ (8,156)</b>	<b>\$ 3,267</b>
Net Change in Fund Balance	\$ (9,711)	\$ 0	\$ (2,470)	\$ (7,241)
Fund Balance, July 1, 2007	90,606	191,409	191,409	(100,803)
<b>Fund Balance, June 30, 2008</b>	<b>\$ 80,895</b>	<b>\$ 191,409</b>	<b>\$ 188,939</b>	<b>\$ (108,044)</b>

Exhibit J-9

Warren County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Warren County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,032,621	\$ 1,083,000	\$ 1,083,000	\$ (50,379)
Other Local Revenues	38,517	36,000	36,000	2,517
State of Tennessee	31,981	32,000	32,000	(19)
Federal Government	1,744,095	1,440,000	1,440,000	304,095
Total Revenues	<u>\$ 2,847,214</u>	<u>\$ 2,591,000</u>	<u>\$ 2,591,000</u>	<u>\$ 256,214</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,580,322	\$ 2,967,954	\$ 2,967,954	\$ 387,632
Total Expenditures	<u>\$ 2,580,322</u>	<u>\$ 2,967,954</u>	<u>\$ 2,967,954</u>	<u>\$ 387,632</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 266,892</u>	<u>\$ (376,954)</u>	<u>\$ (376,954)</u>	<u>\$ 643,846</u>
Net Change in Fund Balance	\$ 266,892	\$ (376,954)	\$ (376,954)	\$ 643,846
Fund Balance, July 1, 2007	<u>1,252,298</u>	<u>1,402,807</u>	<u>1,402,807</u>	<u>(150,509)</u>
Fund Balance, June 30, 2008	<u>\$ 1,519,190</u>	<u>\$ 1,025,853</u>	<u>\$ 1,025,853</u>	<u>\$ 493,337</u>

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## MISCELLANEOUS SCHEDULES

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Warren County, Tennessee  
 Schedule of Changes in Long-term Notes, Other Loans, and Bonds  
 For the Year Ended June 30, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-08
<b>NOTES PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
Jail	\$ 100,000	3.9 to 3.98	1-9-06	6-30-08	\$ 33,333	0 \$	33,333 \$	0 \$	0
Animal Control	50,000	3.97	3-10-06	6-30-08	16,667	0	16,667	0	0
Jail	145,000	3.97	3-10-06	6-30-08	47,779	0	47,779	0	0
Vehicles - Sheriff's Department	110,000	3.62 to 3.85	1-22-07	6-30-09	73,333	0	36,667	0	36,666
School Buses	389,040	4.15	3-14-07	6-30-09	259,360	0	129,680	0	129,680
Highway Equipment	37,732	4.5	11-30-07	6-30-10	0	37,732	12,577	0	25,155
Sheriff Vehicles	110,000	4.22	1-9-08	6-30-10	0	110,000	36,667	0	73,333
Total Notes Payable					\$ 430,472	\$ 147,732	\$ 313,370	\$ 0	\$ 264,834

<b>OTHER LOANS PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
Public Improvements - Jail Project	6,500,000	Variable	12-1-02	6-1-22	\$ 6,500,000	0 \$	0 \$	0 \$	6,500,000
Public Improvements - Centertown School	6,500,000	Variable	9-29-05	4-24-08	6,150,000	0	2,375,000	3,775,000	0
Total Other Loans Payable					\$ 12,650,000	\$ 0	\$ 2,375,000	\$ 3,775,000	\$ 6,500,000

<b>BONDS PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
School Refunding	15,350,000	2.55 to 5	9-1-01	6-1-12	\$ 8,880,000	0 \$	1,635,000 \$	0 \$	7,245,000
Public Works Refunding	1,485,000	2 to 3.5	12-29-03	6-1-13	1,030,000	0	155,000	0	875,000
School Refunding, Series 2008	3,790,000	3 to 3.5	4-24-08	6-1-14	0	3,790,000	0	0	3,790,000
Total Bonds Payable					\$ 9,910,000	\$ 3,790,000	\$ 1,790,000	\$ 0	\$ 11,910,000

Exhibit K-2

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

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 215,590	\$ 11,020	\$ 226,610
2010	49,244	2,113	51,357
Total	<u>\$ 264,834</u>	<u>\$ 13,133</u>	<u>\$ 277,967</u>

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2009	\$ 0	\$ 146,250	\$ 33,050	\$ 179,300
2010	0	146,250	33,050	179,300
2011	0	146,250	33,050	179,300
2012	0	146,250	33,050	179,300
2013	335,000	146,250	33,050	514,300
2014	555,000	138,713	31,408	725,121
2015	580,000	126,225	28,689	734,914
2016	615,000	113,175	25,847	754,022
2017	645,000	99,338	22,833	767,171
2018	680,000	84,825	19,673	784,498
2019	715,000	69,525	16,341	800,866
2020	750,000	53,438	12,837	816,275
2021	790,000	36,563	9,162	835,725
2022	835,000	18,788	5,291	859,079
Total	<u>\$ 6,500,000</u>	<u>\$ 1,471,840</u>	<u>\$ 337,331</u>	<u>\$ 8,309,171</u>

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2009	\$ 2,335,000	\$ 492,834	\$ 2,827,834
2010	2,405,000	393,120	2,798,120
2011	2,435,000	302,907	2,737,907
2012	2,545,000	192,620	2,737,620
2013	1,690,000	76,650	1,766,650
2014	500,000	17,500	517,500
Total	<u>\$ 11,910,000</u>	<u>\$ 1,475,631</u>	<u>\$ 13,385,631</u>

Exhibit K-3

Warren County, Tennessee  
Schedule of Transfers  
Discretely Presented Warren County School Department  
For the Year Ended June 30, 2008

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 4,889
Education Capital Projects	General Purpose School	Refund of unused funds	<u>11,973</u>
Total Transfers Discretely Presented Warren County School Department			<u>\$ 16,862</u>

Warren County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Warren County School Department  
For the Year Ended June 30, 2008

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, <u>TCA</u>	\$ 70,422	\$ 50,000	Cincinnati Insurance Company
Superintendent of Roads	Section 8-24-102, <u>TCA</u>	67,070	100,000	"
Director of Accounts	County Commission	51,187	10,000	Western Surety Company
Director of Schools	State Board of Education and County Board of Education	97,469 (1)	50,000	Cincinnati Insurance Company
Trustee	Section 8-24-102, <u>TCA</u>	60,972	1,305,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	60,972	10,000	State Farm Fire and Casualty Company
County Clerk	Section 8-24-102, <u>TCA</u>	60,972	50,000	Cincinnati Insurance Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	60,972	50,000	"
Clerk and Master:				
Trenena Wilcher (7-1-07 through 12-31-07)	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	30,561 (2)	50,000	"
Myra Mara (1-1-08 through 6-30-08)	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	30,411 (3)	50,000	"
Register	Section 8-24-102, <u>TCA</u>	60,972	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	67,070 (4)	50,000	Western Surety Company
Employee Dishonesty Bond Coverage:				
General County Employees			20,000	Western Surety Company
Ambulance Service Employees			50,000	American Alternative Insurance Corporation

- (1) Does not include chief executive officer training supplement of \$1,000.
- (2) Does not include special commissioner fees of \$950.
- (3) Does not include special commissioner fees of \$1,634.
- (4) Does not include law enforcement training supplement of \$600.

Exhibit K-5

Warren County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2008

	Special Revenue Funds										Total
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund			
								General Debt Service	General Debt Service		
<b>Local Taxes</b>											
County Property Taxes											
Current Property Tax	\$ 4,194,788	\$ 404,313	\$ 758,074	\$ 0	\$ 0	\$ 0	\$ 480,131	\$ 2,501,708	\$ 8,339,014		
Trustee's Collections - Prior Year	290,519	28,002	45,964	0	0	0	33,253	173,261	570,999		
Trustee's Collections - Bankruptcy	4,019	387	631	0	0	0	460	2,397	7,894		
Circuit/Clerk & Master Collections - Prior Years	65,588	5,885	8,741	0	0	0	7,327	38,179	125,720		
Interest and Penalty	30,226	2,913	4,754	0	0	0	3,460	18,026	59,379		
Payments in-Lieu-of Taxes - T.V.A.	13,298	1,282	2,430	0	0	0	1,649	7,931	26,590		
Payments in-Lieu-of Taxes - Local Utilities	35,423	3,414	6,402	0	0	0	4,054	21,126	70,419		
Payments in-Lieu-of Taxes - Other	175,807	16,945	31,772	0	0	0	20,123	104,849	349,496		
<b>County Local Option Taxes</b>											
Local Option Sales Tax	0	0	0	0	0	0	0	219,989	219,989		
Hotel/Motel Tax	0	0	0	0	0	0	0	54,168	54,168		
Wheel Tax	0	0	0	0	0	0	0	1,040,981	1,040,981		
Litigation Tax - General	141,249	0	0	0	0	0	0	0	141,249		
Litigation Tax - Special Purpose	11,118	0	0	0	0	0	0	0	11,118		
Litigation Tax - Jail, Workhouse, or Courthouse	49,046	0	0	0	0	0	0	0	49,046		
Business Tax	280,912	0	0	0	0	0	0	0	280,912		
Mineral Severance Tax	0	0	0	0	0	0	49,617	0	49,617		
<b>Statutory Local Taxes</b>											
Bank Excise Tax	44,609	4,300	8,062	0	0	0	5,106	26,604	88,681		
Wholesale Beer Tax	75,185	122,151	0	0	0	0	0	0	197,336		
<b>Total Local Taxes</b>	<b>\$ 5,411,787</b>	<b>\$ 589,592</b>	<b>\$ 866,830</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 605,180</b>	<b>\$ 4,209,219</b>	<b>\$ 11,682,608</b>		
<b>Licenses and Permits</b>											
<b>Licenses</b>											
Marriage Licenses	\$ 3,050	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,050		
Cable TV Franchise	159,551	0	0	0	0	0	0	0	159,551		
<b>Permits</b>											
Beer Permits	2,810	0	0	0	0	0	0	0	2,810		
Other Permits	0	0	5,000	0	0	0	0	0	5,000		
<b>Total Licenses and Permits</b>	<b>\$ 165,411</b>	<b>\$ 0</b>	<b>\$ 5,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 170,411</b>		

(Continued)

Exhibit K-5

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

	Special Revenue Funds										Total	
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Debt Service Fund			
<u>Fines, Forfeitures, and Penalties</u>												
<u>Circuit Court</u>												
Fines	\$ 43,584	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 43,584
Fines for Littering	186	0	0	0	0	0	0	0	0	0	0	186
Officers Costs	21,904	0	0	0	0	0	0	0	0	0	0	21,904
Drug Control Fines	0	0	0	17,452	0	0	0	0	0	0	0	17,452
Drug Court Fees	3,270	0	0	0	0	0	0	0	0	0	0	3,270
Jail Fees	9,083	0	0	0	0	0	0	0	0	0	0	9,083
District Attorney General Fees	0	0	0	0	10,639	0	0	0	0	0	0	10,639
DUI Treatment Fines	3,247	0	0	0	0	0	0	0	0	0	0	3,247
Data Entry Fee - Circuit Court	1,084	0	0	0	0	0	0	0	0	0	0	1,084
Courtroom Security Fee	127	0	0	0	0	0	0	0	0	0	0	127
Victims Assistance Assessments	1,497	0	0	0	0	0	0	0	0	0	0	1,497
<u>General Sessions Court</u>												
Fines	39,499	0	0	0	0	0	0	0	0	0	0	39,499
Fines for Littering	513	0	0	0	0	0	0	0	0	0	0	513
Officers Costs	72,472	0	0	0	0	0	0	0	0	0	0	72,472
Game and Fish Fines	394	0	0	0	0	0	0	0	0	0	0	394
Drug Control Fines	0	0	0	5,267	0	0	0	0	0	0	0	5,267
Drug Court Fees	5,153	0	0	0	0	0	0	0	0	0	0	5,153
Jail Fees	39,223	0	0	0	0	0	0	0	0	0	0	39,223
District Attorney General Fees	0	0	0	0	8,425	0	0	0	0	0	0	8,425
DUI Treatment Fines	12,359	0	0	0	0	0	0	0	0	0	0	12,359
Data Entry Fee - General Sessions Court	8,047	0	0	0	0	0	0	0	0	0	0	8,047
Courtroom Security Fee	13	0	0	0	0	0	0	0	0	0	0	13
Victims Assistance Assessments	1,854	0	0	0	0	0	0	0	0	0	0	1,854
<u>Juvenile Court</u>												
Fines	7,136	0	0	0	0	0	0	0	0	0	0	7,136
Officers Costs	12,625	0	0	0	0	0	0	0	0	0	0	12,625
Jail Fees	15,982	0	0	0	0	0	0	0	0	0	0	15,982
Data Entry Fee - Juvenile Court	967	0	0	0	0	0	0	0	0	0	0	967
<u>Chancery Court</u>												
Officers Costs	3,620	0	0	0	0	0	0	0	0	0	0	3,620
Data Entry Fee - Chancery Court	1,957	0	0	0	0	0	0	0	0	0	0	1,957

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>Chancery Court (Cont.)</u>									
Courtroom Security Fee	\$ 11	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11
Other Fines, Forfeitures, and Penalties	0	0	0	11,729	0	0	0	0	11,729
Proceeds from Confiscated Property	305,807	0	0	34,448	19,064	0	0	0	359,319
<u>Total Fines, Forfeitures, and Penalties</u>	\$ 305,807	\$ 0	\$ 0	\$ 34,448	\$ 19,064	\$ 0	\$ 0	\$ 0	\$ 359,319
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Tippling Fees	\$ 4,924	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,924
Solid Waste Disposal Fees	0	2,167	0	0	0	0	0	0	2,167
Patient Charges	0	0	1,202,138	0	0	0	0	0	1,202,138
Other General Service Charges	21,311	0	0	0	0	0	0	0	21,311
Fees									
Engineer Review Fees	1,545	0	0	0	0	0	0	0	1,545
Telephone Commissions	673	0	0	0	0	0	0	0	673
Constitutional Officers' Fees and Commissions	0	0	0	0	0	900,278	0	0	900,278
Data Processing Fee - Register	14,038	0	0	0	0	0	0	0	14,038
Probation Fees	5,806	0	0	0	0	0	0	0	5,806
Data Processing Fee - Sheriff	7,504	0	0	0	0	0	0	0	7,504
Sexual Offender Registration Fees - Sheriff	1,700	0	0	0	0	0	0	0	1,700
<u>Total Charges for Current Services</u>	\$ 57,501	\$ 2,167	\$ 1,202,138	\$ 0	\$ 0	\$ 900,278	\$ 0	\$ 0	\$ 2,162,084
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 833,205	\$ 833,205
Lease/Rentals	122,807	0	0	0	0	0	0	0	122,807
Sale of Materials and Supplies	961	0	0	0	0	0	0	0	961
Commissary Sales	51,146	0	0	0	0	0	0	0	51,146
Sale of Gasoline	296,474	0	0	0	0	0	0	0	296,474
Sale of Recycled Materials	0	59,718	0	0	0	0	0	0	59,718
Miscellaneous Refunds	2,480	0	0	0	752	0	490	0	3,722
<u>Nonrecurring Items</u>									
Sale of Equipment	0	0	0	0	0	0	19,825	0	19,825

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Debt Service Fund	
	General	Solid Waste/ Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway/ Public Works		General Debt Service
<u>Other Local Revenues (Cont.)</u>									
<u>Nonrecurring Items (Cont.)</u>									
Damages Recovered from Individuals	\$ 142	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 142
Total Other Local Revenues	\$ 474,010	\$ 59,718	\$ 0	\$ 0	\$ 752	\$ 0	\$ 20,315	\$ 833,205	\$ 1,388,000
<u>Fees Received from County Officials</u>									
<u>Excess Fees</u>									
County Clerk	\$ 116,950	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 116,950
Circuit Court Clerk	295,280	0	0	0	0	0	0	0	295,280
Register	16,995	0	0	0	0	0	0	0	16,995
Trustee	445,395	0	0	0	0	0	0	0	445,395
<u>Fees in-Jaeu-of Salary</u>									
Clerk and Master	102,555	0	0	0	0	0	0	0	102,555
Sheriff	40,352	0	0	0	0	0	0	0	40,352
Total Fees Received from County Officials	\$ 1,017,527	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,017,527
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Airport Maintenance Program	76,214	0	0	0	0	0	0	0	76,214
State Reappraisal Grant	13,592	0	0	0	0	0	0	0	13,592
Solid Waste Grants	0	49,735	0	0	0	0	0	0	49,735
<u>Public Safety Grants</u>									
Other Public Safety Grants	0	0	0	15,000	0	0	0	0	15,000
<u>Health and Welfare Grants</u>									
Health Department Programs	393,342	0	0	0	0	0	0	0	393,342
Other Health and Welfare Grants	75,000	0	0	0	0	0	0	0	75,000
<u>Public Works Grants</u>									
Litter Program	32,299	0	0	0	0	0	0	0	32,299
<u>Other State Revenues</u>									
Income Tax	112,570	0	0	0	0	0	0	0	112,570
Beer Tax	19,312	0	0	0	0	0	0	0	19,312
Alcoholic Beverage Tax	41,982	0	0	0	0	0	0	0	41,982
Mixed Drink Tax	35,020	0	0	0	0	0	0	0	35,020

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Solid Waste/ Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway/ Public Works		
<u>State of Tennessee (Cont.)</u>									
<u>Other State Revenues (Cont.)</u>									
State Revenue Sharing - T.V.A.	\$ 0	\$ 354,229	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,692	\$ 0	\$ 375,921
Contracted Prisoner Boarding	424,973	0	0	0	0	0	0	0	424,973
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,821,684	0	1,821,684
Petroleum Special Tax	0	0	0	0	0	0	30,740	0	30,740
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	16,380
Other State Grants	31,148	0	0	0	0	0	1,540	0	32,688
Other State Revenues	22,200	0	0	0	0	0	0	0	22,200
<b>Total State of Tennessee</b>	<b>\$ 1,303,032</b>	<b>\$ 403,964</b>	<b>\$ 0</b>	<b>\$ 15,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,875,656</b>	<b>\$ 0</b>	<b>\$ 3,597,652</b>
<u>Federal Government</u>									
<u>Federal Through State</u>									
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 3,235	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,235
Disaster Relief	553	14,349	553	0	0	0	129,861	0	145,316
Law Enforcement Grants	71,174	0	0	18,000	0	0	0	0	89,174
Other Federal through State	8,306	0	0	0	0	0	0	0	8,306
<u>Direct Federal Revenue</u>	11,072	0	0	0	0	0	0	0	11,072
Medicare	91,105	14,349	3,788	18,000	0	0	129,861	0	257,103
<b>Total Federal Government</b>	<b>\$ 148,709</b>	<b>\$ 14,349</b>	<b>\$ 3,788</b>	<b>\$ 18,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 129,861</b>	<b>\$ 0</b>	<b>\$ 257,103</b>
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Contributions	\$ 148,709	0	2,500	18,617	0	0	0	0	169,826
<b>Total Other Governments and Citizens Groups</b>	<b>\$ 148,709</b>	<b>\$ 0</b>	<b>\$ 2,500</b>	<b>\$ 18,617</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 169,826</b>
<b>Total</b>	<b>\$ 8,974,889</b>	<b>\$ 1,069,790</b>	<b>\$ 2,080,256</b>	<b>\$ 86,065</b>	<b>\$ 19,816</b>	<b>\$ 900,278</b>	<b>\$ 2,631,012</b>	<b>\$ 5,042,424</b>	<b>\$ 20,804,530</b>

Exhibit K-6

Warren County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Warren County School Department  
For the Year Ended June 30, 2008

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 3,310,648	\$ 0	\$ 0	\$ 3,310,648
Trustee's Collections - Prior Year	262,516	0	0	262,516
Trustee's Collections - Bankruptcy	3,292	0	0	3,292
Circuit/Clerk & Master Collections - Prior Years	52,447	0	0	52,447
Interest and Penalty	24,744	0	0	24,744
Payments in-Lieu-of Taxes - T.V.A.	11,456	0	0	11,456
Payments in-Lieu-of Taxes - Local Utilities	28,168	0	0	28,168
Payments in-Lieu-of Taxes - Other	139,799	0	0	139,799
<u>County Local Option Taxes</u>				
Local Option Sales Tax	7,507,037	0	0	7,507,037
<u>Statutory Local Taxes</u>				
Bank Excise Tax	35,472	0	0	35,472
<b>Total Local Taxes</b>	<b>\$ 11,375,579</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 11,375,579</b>
<u>Charges for Current Services</u>				
<u>Fees</u>				
Telephone Commissions	\$ 7,342	\$ 0	\$ 0	\$ 7,342
<u>Education Charges</u>				
Tuition - Adult Education	350	0	0	350
Tuition - Other	143,624	0	0	143,624
Lunch Payments - Children	0	0	381,890	381,890
Lunch Payments - Adults	0	0	88,703	88,703
Income from Breakfast	0	0	52,022	52,022
A la carte Sales	0	0	510,006	510,006
Receipts from Individual Schools	137,693	0	0	137,693
<u>Other Charges for Services</u>				
Other Charges for Services	51,135	0	0	51,135
<b>Total Charges for Current Services</b>	<b>\$ 340,144</b>	<b>\$ 0</b>	<b>\$ 1,032,621</b>	<b>\$ 1,372,765</b>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 33,410	\$ 33,410
Refund of Telecommunication & Internet Fees (E-Rate)	37,194	0	0	37,194
Miscellaneous Refunds	51,903	92	5,107	57,102
<u>Nonrecurring Items</u>				
Sale of Equipment	415	0	0	415
Damages Recovered from Individuals	312	0	0	312
Contributions and Gifts	778	0	0	778
<b>Total Other Local Revenues</b>	<b>\$ 90,602</b>	<b>\$ 92</b>	<b>\$ 38,517</b>	<b>\$ 129,211</b>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 240,515	\$ 0	\$ 0	\$ 240,515
<u>State Education Funds</u>				
Basic Education Program	26,528,000	0	0	26,528,000
School Food Service	0	0	31,981	31,981
Driver Education	19,630	0	0	19,630
Other State Education Funds	25,047	0	0	25,047
Career Ladder Program	348,909	0	0	348,909
Career Ladder - Extended Contract	195,316	0	0	195,316

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	\$ 220,022	\$ 0	\$ 0	\$ 220,022
Other State Grants	895,141	0	0	895,141
Other State Revenues	76,298	0	0	76,298
Total State of Tennessee	<u>\$ 28,548,878</u>	<u>\$ 0</u>	<u>\$ 31,981</u>	<u>\$ 28,580,859</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,262,277	\$ 1,262,277
Breakfast	0	0	467,815	467,815
USDA - Other	0	0	14,003	14,003
Adult Education State Grant Program	134,435	0	0	134,435
Vocational Education - Basic Grants to States	0	153,285	0	153,285
Title I Grants to Local Education Agencies	0	1,294,182	0	1,294,182
Innovative Education Program Strategies	0	2,000	0	2,000
Special Education - Grants to States	37,966	1,326,693	0	1,364,659
Special Education Preschool Grants	0	77,500	0	77,500
English Language Acquisition Grants	0	59,760	0	59,760
Safe and Drug-Free Schools - State Grants	0	30,575	0	30,575
Education for Homeless Children and Youth	0	30,000	0	30,000
Eisenhower Professional Development State Grants	0	340,830	0	340,830
Other Federal through State	99,537	15,421	0	114,958
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	53,475	0	0	53,475
Total Federal Government	<u>\$ 325,413</u>	<u>\$ 3,330,246</u>	<u>\$ 1,744,095</u>	<u>\$ 5,399,754</u>
Total	<u>\$ 40,680,616</u>	<u>\$ 3,330,338</u>	<u>\$ 2,847,214</u>	<u>\$ 46,858,168</u>

Exhibit K-7

Warren County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2008

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	82,205	
Social Security		5,839	
State Retirement		8,013	
Medical Insurance		9,424	
Audit Services		32,607	
Dues and Memberships		10,214	
Other Charges		130	
Total County Commission			\$ 148,432

Board of Equalization

Board and Committee Members Fees	\$	7,860	
Social Security		601	
Travel		415	
Total Board of Equalization			8,876

County Mayor/Executive

County Official/Administrative Officer	\$	70,422	
Secretary(ies)		25,620	
Social Security		7,175	
State Retirement		12,044	
Life Insurance		88	
Medical Insurance		675	
Unemployment Compensation		56	
Travel		1,992	
Total County Mayor/Executive			118,072

County Attorney

Legal Services	\$	69,864	
Total County Attorney			69,864

Election Commission

County Official/Administrative Officer	\$	54,875	
Secretary(ies)		39,140	
Other Salaries and Wages		547	
Election Commission		10,430	
Election Workers		80	
Social Security		7,839	
State Retirement		10,763	
Life Insurance		114	
Medical Insurance		3,712	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Unemployment Compensation	\$	158	
Communication		2,539	
Data Processing Services		4,293	
Dues and Memberships		250	
Legal Notices, Recording, and Court Costs		325	
Maintenance Agreements		1,673	
Postal Charges		2,631	
Printing, Stationery, and Forms		541	
Travel		6,970	
Office Supplies		2,007	
Other Supplies and Materials		3,916	
Data Processing Equipment		1,783	
Total Election Commission			\$ 154,586

Register of Deeds

Other Contracted Services	\$	4,500	
Data Processing Supplies		14,112	
Total Register of Deeds			18,612

Development

Other Charges	\$	322	
Total Development			322

Planning

Board and Committee Members Fees	\$	7,300	
Social Security		558	
Contracts with Government Agencies		11,250	
Total Planning			19,108

Codes Compliance

County Official/Administrative Officer	\$	4,942	
Social Security		354	
Life Insurance		7	
Medical Insurance		562	
Unemployment Compensation		39	
Communication		117	
Maintenance and Repair Services - Vehicles		84	
Postal Charges		237	
Gasoline		362	
Office Supplies		1,430	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Codes Compliance (Cont.)

Motor Vehicles	\$ 3,937	
Total Codes Compliance		\$ 12,071

County Buildings

Custodial Personnel	\$ 33,584	
Social Security	2,503	
State Retirement	2,590	
Life Insurance	44	
Medical Insurance	1,575	
Unemployment Compensation	115	
Maintenance and Repair Services - Buildings	12,384	
Custodial Supplies	10,906	
Utilities	72,239	
Other Supplies and Materials	1,447	
Total County Buildings		137,387

Other Facilities

Maintenance Personnel	\$ 30,986	
Social Security	2,269	
State Retirement	3,886	
Life Insurance	44	
Medical Insurance	2,700	
Unemployment Compensation	56	
Maintenance and Repair Services - Buildings	108,282	
Total Other Facilities		148,223

Other General Administration

Communication	\$ 27,254	
Data Processing Services	56,808	
Legal Notices, Recording, and Court Costs	5,164	
Maintenance Agreements	5,107	
Maintenance and Repair Services - Office Equipment	1,717	
Postal Charges	26,033	
Printing, Stationery, and Forms	24,406	
Other Contracted Services	30,218	
Office Supplies	15,065	
Premiums on Corporate Surety Bonds	494	
Data Processing Equipment	7,058	
Office Equipment	3,159	
Other Equipment	21,297	
Total Other General Administration		223,780

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	51,187	
Assistant(s)		37,228	
Accountants/Bookkeepers		31,024	
In-Service Training		298	
Social Security		8,903	
State Retirement		14,978	
Life Insurance		132	
Medical Insurance		5,400	
Unemployment Compensation		168	
Travel		820	
Total Accounting and Budgeting			\$ 150,138

Purchasing

Legal Notices, Recording, and Court Costs	\$	2,266	
Total Purchasing			2,266

Property Assessor's Office

County Official/Administrative Officer	\$	60,972	
Assistant(s)		124,519	
Social Security		13,212	
State Retirement		23,232	
Life Insurance		276	
Medical Insurance		10,800	
Unemployment Compensation		280	
Data Processing Services		15,608	
Dues and Memberships		1,280	
Legal Notices, Recording, and Court Costs		110	
Postal Charges		2,031	
Gasoline		2,454	
Other Supplies and Materials		3,208	
Motor Vehicles		11,193	
Total Property Assessor's Office			269,175

County Trustee's Office

Legal Notices, Recording, and Court Costs	\$	1,621	
Postal Charges		8,710	
Other Supplies and Materials		2,723	
Data Processing Equipment		6,722	
Total County Trustee's Office			19,776

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

Jury and Witness Fees	\$	32,119	
Postal Charges		205	
Other Charges		14,575	
Data Processing Equipment		1,024	
Office Equipment		9,665	
Total Circuit Court			\$ 57,588

General Sessions Court

Judge(s)	\$	126,084	
Secretary(ies)		28,610	
Other Salaries and Wages		11,169	
Other Per Diem and Fees		1,500	
Social Security		10,226	
State Retirement		19,403	
Life Insurance		88	
Medical Insurance		3,712	
Unemployment Compensation		114	
Communication		1,505	
Postal Charges		97	
Travel		2,056	
Other Contracted Services		1,435	
Office Supplies		1,179	
Other Charges		355	
Communication Equipment		4,768	
Data Processing Equipment		812	
Total General Sessions Court			213,113

Drug Court

Probation Officer(s)	\$	44,824	
Social Security		2,867	
State Retirement		5,621	
Medical Insurance		2,700	
Unemployment Compensation		56	
Communication		1,509	
Contracts with Private Agencies		9,765	
Evaluation and Testing		574	
Postal Charges		82	
Travel		3,273	
Other Contracted Services		375	
Other Supplies and Materials		12,082	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court (Cont.)

Other Charges	\$ 1,816	
Total Drug Court		\$ 85,544

Chancery Court

County Official/Administrative Officer	\$ 60,972	
Clerical Personnel	60,218	
In-Service Training	573	
Social Security	8,924	
State Retirement	12,328	
Life Insurance	129	
Medical Insurance	4,050	
Unemployment Compensation	263	
Advertising	598	
Travel	736	
Total Chancery Court		148,791

Juvenile Court

Youth Service Officer(s)	\$ 66,756	
Other Salaries and Wages	20,551	
Other Per Diem and Fees	1,500	
Social Security	6,546	
State Retirement	9,327	
Life Insurance	121	
Medical Insurance	2,700	
Unemployment Compensation	168	
Communication	2,069	
Postal Charges	369	
Travel	2,753	
Office Supplies	383	
Other Supplies and Materials	5,869	
Data Processing Equipment	2,869	
Total Juvenile Court		121,981

Judicial Commissioners

County Official/Administrative Officer	\$ 66,985	
In-Service Training	376	
Social Security	5,124	
Unemployment Compensation	273	
Communication	723	
Office Supplies	1,550	
Total Judicial Commissioners		75,031

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,070	
Deputy(ies)		867,721	
Investigator(s)		221,431	
Lieutenant(s)		132,976	
Salary Supplements		22,200	
Clerical Personnel		89,378	
Overtime Pay		37,318	
Other Salaries and Wages		35,588	
In-Service Training		7,938	
Social Security		108,589	
State Retirement		180,324	
Life Insurance		3,291	
Medical Insurance		68,950	
Unemployment Compensation		2,475	
Communication		9,439	
Data Processing Services		1,495	
Maintenance and Repair Services - Office Equipment		3,810	
Maintenance and Repair Services - Vehicles		59,542	
Medical and Dental Services		3,622	
Postal Charges		856	
Printing, Stationery, and Forms		1,665	
Travel		2,612	
Gasoline		152,492	
Law Enforcement Supplies		2,901	
Office Supplies		3,658	
Tires and Tubes		6,287	
Uniforms		13,261	
Communication Equipment		6,363	
Furniture and Fixtures		890	
Law Enforcement Equipment		6,591	
Motor Vehicles		118,562	
Total Sheriff's Department			\$ 2,239,295

Jail

Supervisor/Director	\$	36,978
Medical Personnel		104,088
Guards		891,681
Clerical Personnel		32,871
Overtime Pay		7,103
Other Salaries and Wages		25,181

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Social Security	\$ 79,058	
State Retirement	121,532	
Medical Insurance	63,237	
Unemployment Compensation	2,476	
Evaluation and Testing	2,428	
Maintenance and Repair Services - Equipment	10,815	
Medical and Dental Services	108,673	
Pest Control	1,200	
Printing, Stationery, and Forms	486	
Custodial Supplies	45,039	
Food Preparation Supplies	9,437	
Food Supplies	277,849	
Law Enforcement Supplies	2,878	
Prisoners Clothing	4,399	
Utilities	119,807	
Other Supplies and Materials	9,678	
Office Equipment	1,181	
Total Jail		\$ 1,958,075

Juvenile Services

Other Charges	\$ 19,800	
Total Juvenile Services		19,800

County Coroner/Medical Examiner

Other Per Diem and Fees	\$ 1,750	
Total County Coroner/Medical Examiner		1,750

Other Public Safety

Communication	\$ 11	
Contributions	133,500	
Total Other Public Safety		133,511

Public Health and Welfare

Local Health Center

Communication	\$ 6,473	
Janitorial Services	11,400	
Utilities	22,981	
Other Charges	16,448	
Building Improvements	9,767	
Total Local Health Center		67,069

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Supervisor/Director	\$	16,556	
Part-time Personnel		17,910	
In-Service Training		465	
Social Security		2,614	
State Retirement		1,684	
Life Insurance		37	
Medical Insurance		562	
Unemployment Compensation		118	
Communication		1,370	
Licenses		109	
Maintenance and Repair Services - Buildings		1,679	
Maintenance and Repair Services - Vehicles		596	
Veterinary Services		4,423	
Animal Food and Supplies		3,682	
Custodial Supplies		318	
Drugs and Medical Supplies		1,243	
Gasoline		3,559	
Office Supplies		321	
Utilities		5,178	
Other Supplies and Materials		2,404	
Data Processing Equipment		1,151	
Other Equipment		975	
Total Rabies and Animal Control			\$ 66,954

Other Local Health Services

Other Salaries and Wages	\$	315,463	
Social Security		23,225	
State Retirement		30,012	
Life Insurance		422	
Medical Insurance		12,262	
Unemployment Compensation		719	
Travel		11,323	
Total Other Local Health Services			393,426

Regional Mental Health Center

Contributions	\$	5,500	
Total Regional Mental Health Center			5,500

Appropriation to State

Contributions	\$	52,203	
Total Appropriation to State			52,203

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

General Welfare Assistance

Other Charges	\$ 680	
Total General Welfare Assistance		\$ 680

Aid to Dependent Children

Other Contracted Services	\$ 2,000	
Total Aid to Dependent Children		2,000

Other Local Welfare Services

Other Contracted Services	\$ 741	
Total Other Local Welfare Services		741

Other Public Health and Welfare

Social Security	\$ 1,214	
State Retirement	1,937	
Unemployment Compensation	56	
Contracts with Government Agencies	28,305	
Contributions	74,911	
Total Other Public Health and Welfare		106,423

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 25,000	
Total Senior Citizens Assistance		25,000

Libraries

Contributions	\$ 116,000	
Total Libraries		116,000

Agriculture and Natural Resources

Agriculture Extension Service

Board and Committee Members Fees	\$ 60	
Communication	2,186	
Contributions	91,419	
Travel	8,000	
Office Supplies	3,342	
Total Agriculture Extension Service		105,007

Forest Service

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

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Clerical Personnel	\$	28,051	
Other Salaries and Wages		25,444	
Social Security		3,741	
State Retirement		6,708	
Life Insurance		88	
Medical Insurance		5,400	
Unemployment Compensation		112	
Contributions		4,000	
Dues and Memberships		1,165	
Total Soil Conservation			\$ 74,709

Other Operations

Tourism

Other Charges	\$	17,500	
Total Tourism			17,500

Industrial Development

Contributions	\$	480,000	
Total Industrial Development			480,000

Airport

Other Salaries and Wages	\$	92,634	
Social Security		6,957	
State Retirement		5,338	
Life Insurance		44	
Medical Insurance		2,700	
Unemployment Compensation		422	
Communication		5,571	
Maintenance Agreements		7,592	
Travel		1,708	
Gasoline		266,694	
Utilities		19,934	
Liability Insurance		10,175	
Other Charges		33,847	
Airport Improvement		168,771	
Maintenance Equipment		12,019	
Total Airport			634,406

Veterans' Services

Supervisor/Director	\$	13,567	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Social Security	\$	1,038	
Unemployment Compensation		56	
Communication		820	
Other Charges		<u>3,247</u>	
Total Veterans' Services	\$		18,728

Other Charges

Building and Contents Insurance	\$	16,557	
Liability Insurance		78,146	
Trustee's Commission		122,148	
Workers' Compensation Insurance		<u>149,560</u>	
Total Other Charges			366,411

Contributions to Other Agencies

Contributions	\$	<u>5,500</u>	
Total Contributions to Other Agencies			5,500

Employee Benefits

Social Security	\$	64,767	
State Retirement		107,702	
Life Insurance		1,181	
Medical Insurance		39,938	
Unemployment Compensation		<u>1,689</u>	
Total Employee Benefits			215,277

Miscellaneous

Other Charges	\$	516	
Right-of-Way		<u>924</u>	
Total Miscellaneous			<u>1,440</u>

Total General Fund \$ 9,312,141

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Supervisor/Director	\$	43,728	
Truck Drivers		68,724	
Social Security		7,602	
State Retirement		12,041	
Life Insurance		144	

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Medical Insurance	\$	5,512	
Unemployment Compensation		320	
Communication		798	
Contracts with Government Agencies		47,164	
Laundry Service		2,170	
Maintenance and Repair Services - Vehicles		7,876	
Travel		50	
Diesel Fuel		35,655	
Gasoline		2,824	
Lubricants		3,164	
Tires and Tubes		5,412	
Utilities		1,503	
Other Supplies and Materials		575	
Workers' Compensation Insurance		9,536	
Total Waste Pickup	\$		254,798

Convenience Centers

Other Salaries and Wages	\$	195,723	
Social Security		13,739	
State Retirement		9,316	
Life Insurance		170	
Medical Insurance		10,800	
Unemployment Compensation		1,144	
Communication		5,356	
Contracts with Private Agencies		323,876	
Maintenance and Repair Services - Equipment		9,263	
Rentals		7,735	
Utilities		8,409	
Workers' Compensation Insurance		16,238	
Site Development		21,979	
Solid Waste Equipment		28,841	
Other Equipment		6,446	
Total Convenience Centers			659,035

Other Waste Disposal

Liability Insurance	\$	9,510	
Trustee's Commission		15,216	
Other Charges		5,914	
Total Other Waste Disposal			30,640

Total Solid Waste/Sanitation Fund \$ 944,473

(Continued)

Exhibit K-7

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

Ambulance Service Fund

Public Safety

Civil Defense

Assistant(s)	\$	7,546	
Supervisor/Director		24,442	
In-Service Training		962	
Social Security		2,447	
State Retirement		3,065	
Life Insurance		44	
Unemployment Compensation		113	
Communication		2,046	
Other Contracted Services		3,348	
Gasoline		2,136	
Office Supplies		763	
Surplus Equipment		4,834	
Building Purchases		2,550	
Total Civil Defense			\$ 54,296

Rescue Squad

Contributions	\$	26,213	
Total Rescue Squad			26,213

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$	45,896	
Accountants/Bookkeepers		51,228	
Medical Personnel		1,056,273	
In-Service Training		13,861	
Social Security		85,762	
State Retirement		110,322	
Life Insurance		1,050	
Medical Insurance		25,535	
Unemployment Compensation		2,261	
Communication		12,232	
Laundry Service		35	
Legal Services		11,075	
Licenses		1,117	
Maintenance and Repair Services - Buildings		18,103	
Maintenance and Repair Services - Equipment		4,014	
Maintenance and Repair Services - Vehicles		24,263	
Postal Charges		2,862	
Printing, Stationery, and Forms		2,723	
Travel		120	

(Continued)

Exhibit K-7

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

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Other Contracted Services	\$	8,000	
Custodial Supplies		4,651	
Diesel Fuel		41,232	
Drugs and Medical Supplies		65,317	
Gasoline		1,726	
Lubricants		2,489	
Office Supplies		3,750	
Tires and Tubes		6,193	
Uniforms		12,444	
Utilities		12,152	
Other Supplies and Materials		2,030	
Building and Contents Insurance		265	
Liability Insurance		46,800	
Refunds		19,566	
Trustee's Commission		29,359	
Workers' Compensation Insurance		86,879	
Other Charges		4,806	
Data Processing Equipment		4,815	
Furniture and Fixtures		5,074	
Office Equipment		4,939	
Health Equipment		875	
Total Ambulance/Emergency Medical Services			<u>\$ 1,832,094</u>

Total Ambulance Service Fund \$ 1,912,603

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	10,000	
Other Supplies and Materials		50,288	
Trustee's Commission		351	
Motor Vehicles		24,868	
Other Equipment		48,495	
Total Drug Enforcement			<u>\$ 134,002</u>

Public Health and Welfare

Alcohol and Drug Programs

Contributions	\$	1,000	
Other Contracted Services		12,540	
Total Alcohol and Drug Programs			<u>13,540</u>

Total Drug Control Fund 147,542

(Continued)

Exhibit K-7

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

District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$	2,680	
Dues and Memberships		465	
Maintenance and Repair Services - Office Equipment		190	
Printing, Stationery, and Forms		1,528	
Rentals		205	
Travel		384	
Custodial Supplies		503	
Data Processing Supplies		657	
Office Supplies		114	
Periodicals		697	
Other Supplies and Materials		52	
Trustee's Commission		181	
In Service/Staff Development		1,697	
Office Equipment		2,631	
Total District Attorney General			\$ 11,984

Total District Attorney General Fund \$ 11,984

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	148,894	
Total Register of Deeds			\$ 148,894

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	187,023	
Total County Trustee's Office			187,023

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	263,592	
Total County Clerk's Office			263,592

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$	244,187	
Total Circuit Court			244,187

General Sessions Court

Constitutional Officers' Operating Expenses	\$	91,926	
Total General Sessions Court			91,926

Total Constitutional Officers - Fees Fund 935,622

(Continued)

Exhibit K-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,070	
Assistant(s)		43,602	
Accountants/Bookkeepers		64,254	
Other Salaries and Wages		7,587	
Advertising		363	
Data Processing Services		5,955	
Dues and Memberships		3,133	
Maintenance and Repair Services - Office Equipment		129	
Postal Charges		410	
Printing, Stationery, and Forms		224	
Travel		1,865	
Office Supplies		537	
Other Charges		47	
Office Equipment		127	
Total Administration			\$ 195,303

Highway and Bridge Maintenance

Equipment Operators	\$	214,123	
Truck Drivers		53,634	
Laborers		122,034	
Rentals		1,062	
Other Contracted Services		1,142,234	
Asphalt - Liquid		63,581	
Concrete		430	
Crushed Stone		22,585	
Other Road Supplies		1,247	
Pipe		1,386	
Pipe - Metal		9,088	
Road Signs		8,375	
Salt		5,062	
Other Charges		277	
Total Highway and Bridge Maintenance			1,645,118

Operation and Maintenance of Equipment

Maintenance and Repair Services - Equipment	\$	12,209	
Tow-in Services		145	
Diesel Fuel		54,582	
Equipment and Machinery Parts		39,472	
Garage Supplies		4,064	
Gasoline		26,206	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Lubricants	\$	3,999	
Tires and Tubes		6,508	
Other Charges		153	
Total Operation and Maintenance of Equipment			\$ 147,338

Other Charges

Communication	\$	4,978	
Contributions		4,000	
Janitorial Services		440	
Maintenance and Repair Services - Buildings		2,461	
Custodial Supplies		286	
Drugs and Medical Supplies		289	
Electricity		4,765	
Food Supplies		381	
Natural Gas		1,424	
Water and Sewer		717	
Building and Contents Insurance		1,324	
Liability Insurance		31,812	
Trustee's Commission		30,770	
Vehicle and Equipment Insurance		5,863	
Workers' Compensation Insurance		42,190	
Other Charges		2,413	
Total Other Charges			134,113

Employee Benefits

Social Security	\$	42,019	
State Retirement		70,671	
Employee and Dependent Insurance		26,775	
Life Insurance		750	
Unemployment Compensation		3,725	
Total Employee Benefits			143,940

Capital Outlay

Engineering Services	\$	17,437	
Bridge Construction		193,526	
Communication Equipment		766	
Highway Equipment		112,732	
Motor Vehicles		33,500	
Total Capital Outlay			357,961

Total Highway/Public Works Fund \$ 2,623,773

(Continued)

Exhibit K-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 155,000	
Principal on Notes	171,112	
Total General Government		\$ 326,112

Highways and Streets

Principal on Notes	\$ 12,577	
Total Highways and Streets		12,577

Education

Principal on Bonds	\$ 1,635,000	
Principal on Notes	129,680	
Principal on Other Loans	2,375,000	
Total Education		4,139,680

Interest on Debt

General Government

Interest on Bonds	\$ 33,420	
Interest on Notes	10,071	
Interest on Other Loans	266,026	
Total General Government		309,517

Highways and Streets

Interest on Notes	\$ 330	
Total Highways and Streets		330

Education

Interest on Bonds	\$ 397,138	
Interest on Notes	7,086	
Interest on Other Loans	234,770	
Total Education		638,994

Other Debt Service

General Government

Bank Charges	\$ 33,357	
Trustee's Commission	93,027	
Underwriter's Discount	18,950	
Other Debt Issuance Charges	62,301	
Total General Government		207,635

Total General Debt Service Fund \$ 5,634,845

(Continued)

Exhibit K-7

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

<u>Other Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Public Safety Projects</u>			
Building Construction	\$	2,844	
Furniture and Fixtures		<u>5,575</u>	
Total Public Safety Projects			<u>\$ 8,419</u>
Total Other Capital Projects Fund			<u>\$ 8,419</u>
Total Governmental Funds - Primary Government			<u>\$ 21,531,402</u>

Exhibit K-8

Warren County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Warren County School Department  
For the Year Ended June 30, 2008

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 13,260,941	
Career Ladder Program	226,735	
Career Ladder Extended Contracts	140,500	
Homebound Teachers	28,889	
Educational Assistants	691,516	
Other Salaries and Wages	273,463	
Social Security	839,665	
State Retirement	934,139	
Medical Insurance	825,346	
Unemployment Compensation	9,369	
Employer Medicare	198,184	
Contracts for Substitute Teachers - Certified	333,149	
Contracts for Substitute Teachers - Non-certified	31,897	
Other Contracted Services	55,305	
Instructional Supplies and Materials	115,496	
Textbooks	627,873	
Other Supplies and Materials	14,283	
Other Charges	74,652	
Regular Instruction Equipment	297,735	
Total Regular Instruction Program		\$ 18,979,137

Alternative Instruction Program

Teachers	\$ 157,688	
Educational Assistants	54,071	
Other Salaries and Wages	1,500	
Social Security	12,727	
State Retirement	16,808	
Medical Insurance	8,281	
Unemployment Compensation	187	
Employer Medicare	2,976	
Total Alternative Instruction Program		254,238

Special Education Program

Teachers	\$ 1,683,008
Career Ladder Program	20,865
Career Ladder Extended Contracts	4,500
Homebound Teachers	47,618
Educational Assistants	352,548
Speech Pathologist	136,565

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Salaries and Wages	\$	11,979	
Social Security		128,025	
State Retirement		160,348	
Medical Insurance		142,918	
Unemployment Compensation		1,695	
Employer Medicare		30,511	
Maintenance and Repair Services - Equipment		550	
Contracts for Substitute Teachers - Certified		28,457	
Contracts for Substitute Teachers - Non-certified		41,093	
Instructional Supplies and Materials		42,924	
Special Education Equipment		13,415	
Total Special Education Program			\$ 2,847,019

Vocational Education Program

Teachers	\$	1,240,596	
Career Ladder Program		18,500	
Career Ladder Extended Contracts		6,100	
Social Security		73,084	
State Retirement		77,474	
Medical Insurance		60,735	
Unemployment Compensation		768	
Employer Medicare		17,379	
Contracts for Substitute Teachers - Certified		2,470	
Instructional Supplies and Materials		32,659	
T&I Construction Materials		33,818	
Vocational Instruction Equipment		4,636	
Total Vocational Education Program			1,568,219

Adult Education Program

Teachers	\$	211,946	
Social Security		12,614	
State Retirement		14,574	
Medical Insurance		7,131	
Unemployment Compensation		147	
Employer Medicare		2,950	
Other Contracted Services		36,514	
Instructional Supplies and Materials		4,139	
Total Adult Education Program			290,015

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	71,135	
Career Ladder Program		1,000	
Career Ladder Extended Contracts		1,000	
Clerical Personnel		27,449	
Other Salaries and Wages		171,881	
Social Security		17,068	
State Retirement		30,852	
Medical Insurance		3,375	
Unemployment Compensation		299	
Employer Medicare		3,992	
Travel		26	
Other Contracted Services		22	
Other Charges		32,955	
Total Attendance			\$ 361,054

Health Services

Medical Personnel	\$	284,443	
Other Salaries and Wages		174,047	
Social Security		27,631	
State Retirement		43,414	
Unemployment Compensation		407	
Employer Medicare		6,462	
Travel		6,463	
Other Contracted Services		24,260	
Drugs and Medical Supplies		13,559	
Other Supplies and Materials		7,760	
Other Charges		17,017	
Health Equipment		17,197	
Total Health Services			622,660

Other Student Support

Career Ladder Program	\$	8,360	
Guidance Personnel		673,390	
Career Ladder Extended Contracts		500	
Attendants		61,780	
Other Salaries and Wages		210,736	
Social Security		52,702	
State Retirement		60,205	
Medical Insurance		38,334	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Unemployment Compensation	\$	817	
Employer Medicare		13,142	
Contracts with Government Agencies		148,644	
Evaluation and Testing		61,244	
Other Contracted Services		94,665	
Other Charges		24,683	
Other Equipment		150	
Total Other Student Support			\$ 1,449,352

Regular Instruction Program

Supervisor/Director	\$	274,229	
Career Ladder Program		18,500	
Career Ladder Extended Contracts		14,500	
Librarians		501,167	
Instructional Computer Personnel		66,670	
Other Salaries and Wages		1,660	
Social Security		52,169	
State Retirement		56,606	
Medical Insurance		33,132	
Unemployment Compensation		358	
Employer Medicare		12,201	
Travel		20,964	
Other Contracted Services		798	
Library Books/Media		101,852	
Other Supplies and Materials		1,734	
In Service/Staff Development		11,366	
Other Charges		15,000	
Other Equipment		36,741	
Total Regular Instruction Program			1,219,647

Alternative Instruction Program

Supervisor/Director	\$	48,979	
Secretary(ies)		15,348	
Other Salaries and Wages		500	
Social Security		3,863	
State Retirement		5,044	
Medical Insurance		2,727	
Unemployment Compensation		48	
Employer Medicare		904	
Total Alternative Instruction Program			77,413

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program

Supervisor/Director	\$	68,709	
Career Ladder Program		4,000	
Psychological Personnel		143,215	
Career Ladder Extended Contracts		8,000	
Clerical Personnel		29,658	
Other Salaries and Wages		29,038	
Social Security		15,142	
State Retirement		21,333	
Medical Insurance		23,813	
Unemployment Compensation		143	
Employer Medicare		3,541	
Travel		13,876	
Other Contracted Services		20,537	
In Service/Staff Development		840	
Other Equipment		460	
Total Special Education Program			\$ 382,305

Vocational Education Program

Supervisor/Director	\$	63,125	
Career Ladder Program		1,000	
Social Security		3,790	
State Retirement		4,001	
Medical Insurance		2,800	
Unemployment Compensation		24	
Employer Medicare		886	
Travel		1,550	
Other Equipment		832	
Total Vocational Education Program			78,008

Adult Programs

Supervisor/Director	\$	59,840	
Social Security		3,242	
State Retirement		3,734	
Medical Insurance		6,345	
Unemployment Compensation		24	
Employer Medicare		758	
Travel		1,548	
Other Charges		299	
Total Adult Programs			75,790

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

On-Behalf Payments to OPEB	\$ 240,515	
Total Other Programs		\$ 240,515

Board of Education

Board and Committee Members Fees	\$ 22,095	
Social Security	1,370	
State Retirement	1,388	
Employer Medicare	320	
Audit Services	6,500	
Dues and Memberships	9,750	
Travel	10,859	
Liability Insurance	85,668	
Premiums on Corporate Surety Bonds	1,657	
Trustee's Commission	297,180	
Workers' Compensation Insurance	250,508	
Other Charges	2,013	
Total Board of Education		689,308

Director of Schools

County Official/Administrative Officer	\$ 97,469	
Career Ladder Program	1,000	
Social Security	5,970	
State Retirement	6,144	
Medical Insurance	2,354	
Unemployment Compensation	24	
Employer Medicare	1,396	
Communication	45,969	
Dues and Memberships	2,546	
Postal Charges	10,818	
Travel	2,653	
Total Director of Schools		176,343

Office of the Principal

Principals	\$ 626,786	
Career Ladder Program	15,000	
Career Ladder Extended Contracts	16,000	
Assistant Principals	315,159	
Secretary(ies)	298,618	
Other Salaries and Wages	10,315	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Social Security	\$	74,314	
State Retirement		98,431	
Medical Insurance		57,800	
Unemployment Compensation		765	
Employer Medicare		17,380	
Communication		203,695	
Dues and Memberships		4,650	
Other Supplies and Materials		490	
Administration Equipment		16,520	
Total Office of the Principal			\$ 1,755,923

Fiscal Services

Accountants/Bookkeepers	\$	267,167	
Secretary(ies)		45,145	
Other Salaries and Wages		3,500	
Social Security		18,983	
State Retirement		38,591	
Medical Insurance		1,836	
Unemployment Compensation		190	
Employer Medicare		4,440	
Travel		914	
Other Contracted Services		15,477	
Data Processing Supplies		278	
Office Supplies		12,838	
Administration Equipment		33,711	
Total Fiscal Services			443,070

Operation of Plant

Supervisor/Director	\$	32,976	
Secretary(ies)		27,048	
Custodial Personnel		719,618	
Other Salaries and Wages		23,362	
Social Security		49,342	
State Retirement		92,122	
Medical Insurance		3,569	
Unemployment Compensation		1,225	
Employer Medicare		11,540	
Janitorial Services		8,875	
Rentals		2,058	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Other Contracted Services	\$	43,685	
Custodial Supplies		154,005	
Electricity		1,210,032	
Natural Gas		293,084	
Water and Sewer		138,420	
Other Supplies and Materials		19,311	
Building and Contents Insurance		124,588	
Other Charges		470	
Plant Operation Equipment		19,311	
Total Operation of Plant			\$ 2,974,641

Maintenance of Plant

Supervisor/Director	\$	76,792	
Secretary(ies)		23,403	
Other Salaries and Wages		484,275	
Social Security		35,780	
State Retirement		72,702	
Medical Insurance		1,860	
Unemployment Compensation		512	
Employer Medicare		8,368	
Laundry Service		1,092	
Other Contracted Services		93,853	
Gasoline		15,902	
Other Supplies and Materials		234,501	
Other Charges		5,790	
Maintenance Equipment		110,724	
Total Maintenance of Plant			1,165,554

Transportation

Supervisor/Director	\$	35,546	
Mechanic(s)		132,230	
Bus Drivers		587,379	
Clerical Personnel		49,406	
Other Salaries and Wages		79,237	
Social Security		53,696	
State Retirement		104,500	
Medical Insurance		3,588	
Unemployment Compensation		1,674	
Employer Medicare		12,566	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Laundry Service	\$	8,198	
Medical and Dental Services		8,940	
Travel		955	
Diesel Fuel		298,502	
Gasoline		35,831	
Lubricants		4,936	
Tires and Tubes		28,584	
Vehicle Parts		120,715	
Other Charges		6,602	
Transportation Equipment		801,571	
Total Transportation			\$ 2,374,656

Operation of Non-Instructional Services

Food Service

Career Ladder Program	\$	1,000	
Social Security		62	
State Retirement		62	
Unemployment Compensation		3	
Employer Medicare		14	
Total Food Service			1,141

Community Services

Other Salaries and Wages	\$	141,016	
Social Security		8,743	
Unemployment Compensation		435	
Employer Medicare		2,045	
Other Supplies and Materials		18,648	
Total Community Services			170,887

Early Childhood Education

Teachers	\$	246,969	
Educational Assistants		87,339	
Other Salaries and Wages		3,500	
Social Security		19,419	
State Retirement		25,686	
Medical Insurance		21,141	
Unemployment Compensation		309	
Employer Medicare		4,542	
Travel		5,851	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Instructional Supplies and Materials	\$ 988	
Other Supplies and Materials	106,586	
Other Charges	6,006	
Other Equipment	80,865	
Total Early Childhood Education		\$ 609,201

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 1,113,656	
Total Regular Capital Outlay		<u>1,113,656</u>

Total General Purpose School Fund \$ 39,919,752

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 934,931	
Educational Assistants	50,278	
Other Salaries and Wages	34,178	
Social Security	57,325	
State Retirement	61,410	
Medical Insurance	42,255	
Unemployment Compensation	831	
Employer Medicare	14,157	
Contracts for Substitute Teachers - Certified	10,348	
Contracts for Substitute Teachers - Non-certified	570	
Instructional Supplies and Materials	67,354	
Other Charges	9,240	
Regular Instruction Equipment	107,493	
Total Regular Instruction Program		\$ 1,390,370

Special Education Program

Teachers	\$ 79,016
Clerical Personnel	21,048
Educational Assistants	271,478
Speech Pathologist	31,503
Other Salaries and Wages	9,188
Social Security	25,293
State Retirement	37,724

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Medical Insurance	\$	1,385	
Unemployment Compensation		630	
Employer Medicare		5,952	
Contracts for Substitute Teachers - Certified		6,372	
Contracts for Substitute Teachers - Non-certified		16,108	
Instructional Supplies and Materials		98,900	
Special Education Equipment		70,992	
Total Special Education Program			\$ 675,589

Vocational Education Program

Educational Assistants	\$	15,597	
Other Salaries and Wages		120	
Social Security		974	
State Retirement		1,971	
Unemployment Compensation		24	
Employer Medicare		228	
Instructional Supplies and Materials		18,872	
Other Charges		3,148	
Vocational Instruction Equipment		84,748	
Total Vocational Education Program			125,682

Support Services

Other Student Support

Travel	\$	7,664	
In Service/Staff Development		14,333	
Total Other Student Support			21,997

Regular Instruction Program

Supervisor/Director	\$	67,640	
Other Salaries and Wages		64,809	
Social Security		7,469	
State Retirement		11,199	
Medical Insurance		6,834	
Unemployment Compensation		95	
Employer Medicare		1,729	
Travel		6,082	
Other Supplies and Materials		580	
In Service/Staff Development		196,392	
Other Charges		23,902	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Equipment	\$ 1,930	
Total Regular Instruction Program		\$ 388,661

Special Education Program

Psychological Personnel	\$ 41,267	
Clerical Personnel	17,467	
Other Salaries and Wages	35,464	
Social Security	6,264	
State Retirement	8,898	
Medical Insurance	2,592	
Unemployment Compensation	99	
Employer Medicare	1,465	
Travel	27,040	
Other Contracted Services	525,024	
Other Supplies and Materials	11,040	
In Service/Staff Development	51,403	
Total Special Education Program		728,023

Vocational Education Program

Travel	\$ 1,169	
In Service/Staff Development	3,669	
Total Vocational Education Program		4,838

Total School Federal Projects Fund		\$ 3,335,160
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Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 58,297
Accountants/Bookkeepers	72,853
Cafeteria Personnel	875,620
Other Salaries and Wages	27,720
In-Service Training	4,897
Social Security	63,004
State Retirement	105,169
Medical Insurance	3,634
Unemployment Compensation	1,201
Employer Medicare	14,759
Communication	4,121

(Continued)

Exhibit K-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Maintenance and Repair Services - Equipment	\$	41,576	
Travel		9,657	
Other Contracted Services		22,017	
Food Preparation Supplies		114,659	
Food Supplies		1,117,118	
Office Supplies		3,467	
Other Supplies and Materials		1,727	
Trustee's Commission		1	
In Service/Staff Development		4,742	
Other Charges		5,892	
Food Service Equipment		28,191	
Total Food Service			<u>\$ 2,580,322</u>

Total Central Cafeteria Fund \$ 2,580,322

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$	48,143	
Total Education Capital Projects			<u>\$ 48,143</u>

Total Education Capital Projects Fund 48,143

Total Governmental Funds - Warren County School Department \$ 45,883,377

Exhibit K-9

Warren County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2008

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,955,577
Total Cash Receipts	<u>\$ 1,955,577</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,868,787
Trustee's Commission	38,138
Total Cash Disbursements	<u>\$ 1,906,925</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 48,652
Cash Balance, July 1, 2007	<u>(48,652)</u>
 Cash Balance, June 30, 2008	 <u><u>\$ 0</u></u>

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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

November 3, 2008

Warren County Executive and  
Board of County Commissioners  
Warren County, Tennessee

To the County Executive and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Warren County's basic financial statements and have issued our report thereon dated November 3, 2008. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Warren County Emergency Communications District, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Warren 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 Warren County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Warren 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: 08.01, 08.03, and 08.05.

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 Warren 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 items 08.01 and 08.03 to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Warren 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 one instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 08.02.

We consider item 08.04 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also noted certain matters that we reported to the management of Warren County in separate communications.

Warren 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 Warren 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 executive, director of schools, superintendent of roads, director of accounts, Board of County Commissioners, Board of Education, others within Warren County, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

John G. Morgan  
Comptroller of the Treasury

JGM/yu

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

November 3, 2008

Warren County Executive and  
Board of County Commissioners  
Warren County, Tennessee

To the County Executive and Board of County Commissioners:

Compliance

We have audited the compliance of Warren 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, 2008. Warren 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 Warren County's management. Our responsibility is to express an opinion on Warren 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 Warren 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 on Warren County's compliance with those requirements.

In our opinion, Warren 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, 2008.

#### Internal Control Over Compliance

The management of Warren County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Warren County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Warren 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County as of and for the year ended June 30, 2008, and have issued our reports thereon dated November 3, 2008. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Warren County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Warren

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.

Warren 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 Warren 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 executive, director of schools, superintendent of roads, director of accounts, others within the entity, the Board of County Commissioners, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

John G. Morgan  
Comptroller of the Treasury

JGM/yu

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Warren County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (I)  
For the Year Ended June 30, 2008

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 432,447 (8)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 467,815
National School Lunch Program	10.555	N/A	1,276,280 (8)
Total Passed-through State Department of Education			\$ 1,744,095
Total U.S. Department of Agriculture			\$ 2,176,542
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant/State's Program	14.228	GG-06-12459-00	\$ 387,145
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-08-023274-00	\$ 3,400
Passed-through Upper Cumberland Development District:			
Edward Byrne Memorial Formula Grant Program	16.579	(2)	71,174
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Z-06-027591-00	18,000
Total U.S. Department of Justice			\$ 92,574
U.S. Department of Labor:			
Passed-through Workforce Solutions:			
WIA Youth Activities	17.259	07-07-177-084- YOUTH	\$ 99,537
Passed-through State Department of Labor and Workforce Development:			
WIA Dislocated Workers	17.260	07-58-FY7-958-STATE	12,421
Incentive Grants - WIA Section 503	17.267	Z-08-200597-00	12,000
Total U.S. Department of Labor			\$ 123,958
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	Z-07-036021-00	\$ 4,906
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(3)	\$ 122,435
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,291,213
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,362,900
Special Education - Preschool Grants	84.173	N/A	78,675
Vocational Education - Basic Grants to States	84.048	N/A	153,285
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	31,187
Education for Homeless Children and Youth	84.196	(2)	30,000
State Grants for Innovative Programs	84.298	N/A	56,832
Education Technology State Grants	84.318	(2)	13,722
Rural Education	84.358	(2)	14,055
English Language Acquisition Grants	84.365	N/A	59,947
Improving Teacher Quality State Grants	84.367	N/A	270,202
Total Passed-through State Department of Education			\$ 3,362,018
Total U.S. Department of Education			\$ 3,484,453
U.S. Election Assistance Commission:			
Passed-through Tennessee Office of Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 1,773

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Corporation for National and Community Service: Passed-through State Department of Education: Learn and Serve America - School and Community Based Programs	94.004	(2)	\$ 3,000
U.S. Department of Homeland Security: Passed-through State Department of Military: Disaster Grants - Public Assistance (Presidentially Declared Disasters) Emergency Management Performance Grants	97.036 97.042	(4) Z-07-020628-00	\$ 145,316 3,235
Total U.S. Department of Homeland Security			\$ 148,551
Total Expenditures of Federal Awards			\$ 6,422,902
<u>State Grants</u>		Contract Number	
Adult Education - State Department of Labor and Workforce Development	N/A	(5)	\$ 65,119
Coordinated School Health Program - State Department of Health	N/A	(2)	160,000
Juvenile Services Program - State Department of Children's Services	N/A	Z-07-036591-00	9,000
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	13,592
Litter Program - State Department of Transportation	N/A	Z-08-021054-00	32,299
Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-08-020275-00	29,995
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	Z-05-020889-00	19,740
Fingerprint Imaging System - State Office of Criminal Justice Programs	N/A	Z-06-027075-00	15,000
Rural Local Health Services - State Department of Health	N/A	(2)	393,342
Rural Local Health Services - State Department of Health	N/A	GG-08-024234-01	75,000
Family Resource - State Department of Education	N/A	(2)	33,300
Audio/Visual Equipment - Administrative Office of the Courts	N/A	(2)	8,000
Courtroom Security Equipment - Administrative Office of the Courts	N/A	(2)	19,167
Airport Maintenance Program - State Department of Transportation	N/A	(6)	76,214
Animal Friendly Grant - State Department of Agriculture	N/A	(2)	2,208
FastTrack Infrastructure Development Program - State Department of Economic and Community Development	N/A	(7)	435,198
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	585,433
Tobacco Control - State Department of Health	N/A	(2)	15,789
Safe Schools Act - State Department of Education	N/A	(2)	35,500
Total State Grants			\$ 2,023,896

CFDA = Catalog of Federal Domestic Assistance  
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Z-08-020838-00: \$20,943; Z-08-020839-00: \$101,492.
- (4) GG-07-2062-01: \$129,309; Z-06-034062-00: \$16,007.
- (5) Z-08-020838-00: \$6,981; Z-08-020839-00: \$33,831; Z-08-20126-00: \$24,307.
- (6) Z-08-02198-00: \$13,500; Z-04-018974-00: \$10,464; Z-07-037664-00: \$52,250.
- (7) GG-06-12060-00: \$91,824; GG-07-12915-00: \$343,374.
- (8) Total for CFDA No. 10.555 is \$1,708,727.

Warren County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2008

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 Warren County, Tennessee, for the year ended June 30, 2007, which have not been corrected.

**OFFICE OF COUNTY EXECUTIVE**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.02	15	The write-off policy for uncollectible accounts of the Ambulance Service gives sole authority for the write-off to one individual

**OFFICE OF DIRECTOR OF SCHOOLS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.04(B)	16	School Federal Projects Fund budget amendments were posted to the accounting records without being approved by the Board of Education or County Commission

**OTHER FINDINGS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.06	17	A central system of accounting, budgeting, and purchasing had not been adopted
07.07	18	Duties were not segregated adequately in the Offices of County Executive; Superintendent of Roads; Director of Schools; Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff

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**WARREN COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2008**

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

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Warren County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of the Warren County School Department.
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: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Community Development Block Grant/States' Program (CFDA No. 14.228), the Title I Grants to Local Educational Agencies (CFDA No. 84.010), and the Special Education Cluster: Special Education - Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Warren 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 county executive and director of schools 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 COUNTY EXECUTIVE**

#### **FINDING 08.01      **THE WRITE-OFF POLICY FOR UNCOLLECTIBLE ACCOUNTS OF THE AMBULANCE SERVICE GIVES SOLE AUTHORITY TO ONE INDIVIDUAL WITHOUT OVERSIGHT BY MANAGEMENT****

(Internal Control – Material Weakness Under Government Auditing Standards)

On July 27, 1998, the County Commission adopted a formal write-off policy for uncollectible accounts of the Ambulance Service. This resolution states that, “after all efforts have failed, as determined by the secretary of the Warren County Ambulance Service, these debts should be declared bad debts and removed from the ledger sheets for the purpose of state audits and sound accounting principles.” This resolution gives the secretary sole authority to deem a debt uncollectible without any management oversight. Sound business practice dictates that management, not an employee, has the authority to write-off uncollectible accounts. This deficiency can be attributed to the failure of management to correct audit findings noted in prior reports. The Safety Committee of the County Commission has approved revisions to the write-off policy to include management oversight; however, the revisions have not been submitted to the County Commission for approval as of the date of this report.

#### **RECOMMENDATION**

The Safety Committee should present the revisions to the write-off policy that include management oversight for bad debt to the County Commission for their approval.

#### **MANAGEMENT’S RESPONSE – COUNTY EXECUTIVE**

The Warren County Safety Committee will present a resolution to the County Commission for consideration at the regularly scheduled County Commission meeting on November 17, 2008, revising the write-off policy for bad debts to include oversight by the Safety Committee.

## **OFFICE OF DIRECTOR OF SCHOOLS**

### **FINDING 08.02 SEVERAL BUDGET AMENDMENTS WERE POSTED TO THE SCHOOL FEDERAL PROJECTS FUND THAT WERE NOT APPROVED**

(Material Noncompliance Under Government Auditing Standards)

During the year, several budget amendments were posted to the School Federal Projects Fund that had not been submitted to or approved by the Board of Education or the County Commission. Section 5-9-407, Tennessee Code Annotated (TCA), requires the approval of the Board of Education and the County Commission for budget amendments that affect a major category. These budget amendments that were not properly approved have not been recognized in the financial statements of this report. This deficiency is the result of management not taking corrective action of audit findings noted in prior reports. When these amendments were disallowed, expenditures exceeded appropriations approved by the County Commission in the Other Student Support major appropriation category (the legal level of control) by \$14,099. Section 5-9-401, TCA, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

### **RECOMMENDATION**

Budget amendments affecting major categories should be approved by the Board of Education and the County Commission, and management should ensure that expenditures are held within appropriations approved by the County Commission.

### **MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS**

The budget amendment in question had been submitted to the State Department for approval, however, the approval had not been received in our office when the budgets were submitted to the County Commission. We do not submit anything to the County Commission until we receive approval from the State Department of Education.

## **OFFICE OF TRUSTEE**

### **FINDING 08.03 THE TRUSTEE DID NOT MONITOR THE COUNTY’S INVESTMENT ACTIVITY**

(Internal Control – Material Weakness Under Government Auditing Standards)

The trustee used a local bank to act as her agent for the county to invest idle debt service and self-insurance funds. The bank was given the authority to act on behalf of the county to select and dispose of various investment instruments and to receive reasonable compensation for its services rendered. However, the bank was not liable for any losses. The trustee did not monitor the activity of the invested funds to determine if the

investment earnings and bank fees were reasonable, if the investments were of the type permitted by state statute, and if the investments were properly secured. Sound business practices dictate that the trustee should monitor all investment activity to ensure the county is maximizing its earnings potential and that the investments are properly authorized and secured. This process is the result of continuing the investment policy contracted by the previous trustee.

### RECOMMENDATION

The trustee should monitor the investment activity to ensure that the county is earning the maximum interest possible, paying reasonable fees, investing in securities authorized by state statute, and that the investments are adequately secured.

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### OTHER FINDINGS AND RECOMMENDATIONS

FINDING 08.04      **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**  
(Internal Control – Control Deficiency Under Government Auditing Standards)

County officials had not adopted a central system of accounting, budgeting, and purchasing. Sound business practice indicates that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing process. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort.

### RECOMMENDATION

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

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FINDING 08.05      **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY EXECUTIVE; SUPERINTENDENT OF ROADS; DIRECTOR OF SCHOOLS; TRUSTEE; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among officials and employees in the Offices of County Executive; Superintendent of Roads; Director of Schools; Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and

Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of managements' decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

#### RECOMMENDATION

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

#### MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

Warren County will continue to do everything possible to meet the segregation of duties requirement. However, due to limited resources and personnel, we are unable to properly segregate duties within the various offices at this time.

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

There were no findings and questioned costs for federal awards.

**WARREN COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2008**

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