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# ANNUAL FINANCIAL REPORT WARREN COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



**ANNUAL FINANCIAL REPORT**  
**WARREN COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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

*DIVISION OF COUNTY AUDIT*  
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*Director*

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*State Auditors*

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

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# ***Audit Highlights***

Annual Financial Report  
Warren County, Tennessee  
For the Year Ended June 30, 2011

## ***Scope***

We have audited the basic financial statements of Warren County as of and for the year ended June 30, 2011.

## ***Results***

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include a component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund and the aggregate remaining fund information is unqualified.

Our audit resulted in eight 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 and Best Practice***

The following are summaries of the audit findings and best practices:

### **OFFICE OF COUNTY EXECUTIVE**

- ◆ Expenditures exceeded appropriations.
- ◆ Competitive bids were not solicited for the purchase of insurance.

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### **OFFICE OF TRUSTEE**

- ◆ Deficiencies were noted related to the trustee's annual financial report.
- ◆ Wholesale beer tax and TVA revenue sharing were not prorated accurately.
- ◆ Some county funds were not invested in accordance with state statute.
- ◆ The office did not review its software audit logs.

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### **OFFICE OF CLERK AND MASTER**

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

**OFFICES OF SUPERINTENDENT OF ROADS; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF**

- ◆ Duties were not segregated adequately.
- 

**BEST PRACTICE**

Warren County does not have an Audit Committee. The Division of County Audit strongly believes that an Audit Committee is a best practice that should be adopted by the governing body to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

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# INTRODUCTORY SECTION

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# Warren County Officials

## June 30, 2011

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### **Officials**

John Pelham, County Executive  
Levie 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, County Executive, Chairman  
Joel Akers  
Terry Bell  
Morris Bond  
Carl Bouldin  
M.A. Bouldin  
Teddy Boyd  
Sally Brock  
Wayne Copeland  
Clinton Hill  
Billy Earl Jones  
Ronald Lee  
Ken Martin

Michael Martin  
Charles Morgan  
Dwight O'Neal  
Gary Prater  
Kenneth Rogers  
George Smartt  
Bessie Smithson  
Diane Starkey  
Les Trotman  
Herschel Wells  
Blaine Wilcher  
Melissa Yancy

### **Purchasing Commission**

Linda Hillis, Director of Accounts, Chairman  
John Pelham, County Executive

Gary Prater  
Herschel Wells

### **Board of Education**

Bob Young, Chairman  
Mike Adamson  
Linda Blair

Scott Holmes  
Jeff Lee  
William Zechman

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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 37243-1402  
PHONE (615) 401-7841**

**INDEPENDENT AUDITOR'S REPORT**

December 22, 2011

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, 2011, 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, 2011, 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, based on our audit, 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, 2011, 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 December 22, 2011, 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.

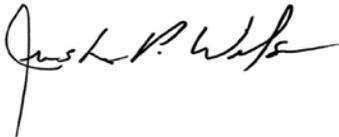
As described in Note V.B., Warren County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 22 and the budgetary comparison, pension, and other postemployment benefits information on pages 74 through 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any

assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Warren County's financial statements as a whole. 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 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

**Warren County, Tennessee  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011**

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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial report.

**Financial Highlights**

**Primary Government**

- The assets of Warren County exceeded its liabilities at the close of the fiscal year by \$47,188,220 (net assets).
- The Primary Government's total net assets decreased by \$2,625,360.
- As of the close of the fiscal year, Warren County's governmental funds reported combined ending fund balances of \$27,156,610. At the end of the fiscal year, unassigned fund balance for the General Fund was \$1,741,954 or 14 percent of total General Fund expenditures.
- Warren County's total long-term debt increased by \$7,677,148 during the fiscal year due in part to the issuance of new debt for Warren County schools.

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

- The assets of the Warren County School Department exceeded its liabilities at the close of the fiscal year by \$45,202,784 (net assets).
- As of the close of the fiscal year, the School Department's combined ending fund balances were \$8,954,824. The Education Department of the State of Tennessee places restrictions as to how fund balances may be used, generally limiting the use of unassigned 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 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 funds balance sheet and the governmental funds 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 funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Ambulance Service, Highway/Public Works, General Debt Service, Education Capital Projects – Dibrell, and Education Capital Projects – Morrison funds, 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, Ambulance Service, and Highway/Public Works funds. 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 nonoperating 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 the 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 basic 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 \$47,188,220 and the discretely presented Warren County School Department's assets exceeded liabilities by \$45,202,784 at the close of the 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 Primary Government.

As of June 30, 2011, Warren County had outstanding debt totaling \$20,281,667 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 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, 2011:

Table 1

WARREN COUNTY, TENNESSEE  
NET ASSETS

	Warren County Primary Government		Component Unit Warren County School Department	
	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011
Current and Other Assets	\$ 39,341,937	\$ 43,989,263	\$ 13,564,604	\$ 14,013,803
Capital Assets	41,143,240	43,646,904	35,254,130	38,866,999
Total Assets	<u>\$ 80,485,177</u>	<u>\$ 87,636,167</u>	<u>\$ 48,818,734</u>	<u>\$ 52,880,802</u>
Long-term Liabilities O/S	\$ 17,880,949	\$ 24,685,664	\$ 2,808,071	\$ 2,948,100
Other Liabilities	14,621,046	15,762,283	4,643,917	4,729,918
Total Liabilities	<u>\$ 32,501,995</u>	<u>\$ 40,447,947</u>	<u>\$ 7,451,988</u>	<u>\$ 7,678,018</u>
Net Assets:				
Invested in Capital Assets,				
Net of Related Debt	\$ 33,696,285	\$ 35,994,851	\$ 35,254,130	\$ 38,866,999
Restricted	25,130,477	29,528,515	6,898,074	7,502,240
Unrestricted	(10,843,580)	(18,335,146)	(785,458)	(1,166,455)
Total Net Assets	<u>\$ 47,983,182</u>	<u>\$ 47,188,220</u>	<u>\$ 41,366,746</u>	<u>\$ 45,202,784</u>

Table 2

WARREN COUNTY, TENNESSEE  
STATEMENT OF ACTIVITIES

	Warren County		Component Unit Warren County	
	Primary Government		School Department	
	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011
Revenues:				
Program Revenues:				
Charges for Services	\$ 5,444,629	\$ 5,960,070	\$ 1,033,795	\$ 954,656
Operating Grants and Contributions	3,453,435	4,182,443	6,699,543	13,540,089
Capital Grants and Contributions	325,128	593,822	0	0
General Revenues:				
Property Taxes	8,990,447	9,294,786	3,851,896	3,966,766
Other Taxes	1,969,145	1,957,272	7,080,743	7,333,190
Grants and Contributions Not Restricted for Specific Purposes	1,321,603	1,328,450	31,783,637	32,821,921
Miscellaneous	28,074	167,487	247,989	226,790
Special Item - Tax Credit Bond Rebate	0	197,872	0	0
Unrestricted Investment Earnings	523,197	725,853	14,907	7,770
Total Revenues	<u>\$ 22,055,658</u>	<u>\$ 24,408,055</u>	<u>\$ 50,712,510</u>	<u>\$ 58,851,182</u>
Expenses:				
General Government	\$ 1,406,364	\$ 1,166,246	\$ 0	\$ 0
Finance	1,165,731	1,133,357	0	0
Administration of Justice	1,400,506	1,287,468	0	0
Public Safety	5,169,921	5,173,935	0	0
Public Health and Welfare	4,206,362	4,100,437	0	0
Social, Cultural, and Recreational	138,000	135,343	0	0
Agriculture and Natural Resources	201,686	207,874	0	0
Other Operations	2,260,839	3,396,891	0	0
Highways/Public Works	3,604,354	2,805,346	0	0
Education (Self-Insurance)	1,585,439	563,910	0	0
Education (Contributions to Component Units)	0	5,628,648	0	0
Education	0	0	52,052,111	55,015,144
Interest on Long-term Debt	578,093	1,331,819	0	0
Other Debt Service	177,253	102,141	0	0
Total Expenses	<u>\$ 21,894,548</u>	<u>\$ 27,033,415</u>	<u>\$ 52,052,111</u>	<u>\$ 55,015,144</u>
Increase (Decrease) in Net Assets	\$ 161,110	\$ (2,625,360)	\$ (1,339,601)	\$ 3,836,038
Net Assets, July 1	47,822,072	47,983,182	42,706,347	41,366,746
Prior-period Adjustment	0	1,830,398	0	0
Net Assets, June 30	<u>\$ 47,983,182</u>	<u>\$ 47,188,220</u>	<u>\$ 41,366,746</u>	<u>\$ 45,202,784</u>

A portion of Warren County's and the discretely presented Warren County School Department's net assets represents resources that are subject to restrictions on how they may be used. The remaining balances 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-related 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, unassigned 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 fiscal year, Warren County's governmental funds reported combined ending fund balances of \$27,156,610. Classifications of fund balance may consist of the following: Nonspendable, Restricted, Committed, Assigned, or Unassigned.

The General Fund is the chief operating fund of Warren County. At the end of the fiscal year, unassigned fund balance of the General Fund was \$1,741,954, while total fund balance was \$2,470,743. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 14 percent of total General Fund expenditures, while total fund balance represents 20 percent of that same amount.

The fund balance of Warren County's General Fund increased by \$1,252 during the fiscal year.

The General Debt Service Fund has a total fund balance of \$10,859,715, all of which is restricted 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 \$418,013, net increase in appropriations and can be briefly summarized as follows:

- \$198,664 in increases allocated to General Administration
- \$162,849 in increases allocated to Public Safety
- \$100,000 in decreases allocated to Public Health and Welfare
- \$156,500 in increases allocated to Other Operations

This increase of \$418,013 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

were more and expenditures were less than budgetary estimates; therefore, the ending fund balance at June 30, 2011, 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, 2011, totaled \$35,994,851 net of accumulated depreciation and related debt). The Warren County School Department's investment in capital assets as of June 30, 2011, was \$38,866,999. The related debt for schools is carried in governmental activities.

Major capital assets events during fiscal year 2010-11 included the following:

- Purchasing 23.31 Acres – New National Guard Armory Location - \$450,000
- Construction/Renovations – Health Department - \$148,031
- Purchasing Three Vehicles – Sheriff's Department - \$70,421
- Purchasing One Compactor – Sanitation Department - \$15,264
- Purchasing One Tandem Roll Truck – Sanitation Department - \$130,156
- Purchasing Two Ambulance Chassis Remounts – Ambulance Service - \$220,960
- Replacement of Bridge – Swan Mill Road – Highway Department - \$981,129

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

### **Long-term Debt**

At the end of the fiscal year, Warren County had total long-term debt outstanding of \$27,778,938. This amount comprises debt backed by the full faith and credit of the government. In addition to the debt, the county long-term obligations include compensated absences and other postemployment benefits liability.

Warren County's total debt increased by \$7,677,148 during fiscal year 2010-11.

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 and an A+ rating from Standard and Poor's for general obligation debt.

A schedule of all outstanding debt as of June 30, 2011, for Warren County follows:

Table 3

WARREN COUNTY, TENNESSEE  
OUTSTANDING DEBT

Primary Government	June 30, 2010	June 30, 2011
2010 Qualified School Construction Bonds	\$ 0	\$ 9,300,000
2010 Build America Bonds	6,000,000	6,000,000
2010 Series General Obligation Refunding Bonds	6,475,000	6,475,000
2009 USDA Bonds - Ambulance	215,124	203,759
2008 Series School Refunding Bonds	2,840,000	2,420,000
2003 Series Public Works Refunding Bonds	545,000	370,000
2001 Series School Refunding Bonds	3,785,000	1,945,000
2011 Capital Outlay Notes	0	1,023,513
2010 Capital Outlay Notes	83,333	41,666
2009 Capital Outlay Notes	158,333	0
Total Outstanding Debt	<u>\$ 20,101,790</u>	<u>\$ 27,778,938</u>

### Economic Factors and Next Year's Budgets and Rates

On September 19, 2011, Warren County adopted a budget for the fiscal year ending June 30, 2012. Many factors were considered when adopting this budget including a continued elevated unemployment rate, limited interest earnings, the prolonged slow-down in the housing market, and a decrease in sales tax collections.

At the end of the 2010-11 fiscal year, unassigned fund balance in the General Fund increased to \$1,741,954 from unreserved fund balance of \$1,735,158 in fiscal year 2009-10.

The Warren County legislative body approved the tax rate of \$1.9955 in regular session on September 19, 2011, for fiscal year 2011-12, allocated as follows:

Fund	Tax Rate
General	\$ 1.0905
Solid Waste/Sanitation	0.0400
Ambulance Service	0.0800
Highway/Public Works	0.0800
General Purpose School	0.5600
General Debt Service	<u>0.1450</u>
Total	<u>\$ 1.9955</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 Office of Director of Accounts at 201 Locust Street, Suite 2, McMinnville, Tennessee 37110.

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Warren County, Tennessee  
Statement of Net Assets  
June 30, 2011

	<u>Primary Governmental Activities</u>	<u>Component Unit Warren County School Department</u>
<u>ASSETS</u>		
Cash	\$ 8,358,847	\$ 1,292
Equity in Pooled Cash and Investments	21,777,058	7,297,116
Inventories	0	140,492
Accounts Receivable	1,126,940	8,987
Allowance for Uncollectibles	(403,506)	0
Due from Other Governments	1,526,300	2,704,554
Due from Component Units	46,461	0
Property Taxes Receivable	9,893,084	3,985,053
Allowance for Uncollectible Property Taxes	(307,067)	(123,691)
Notes Receivable - Current	375,202	0
Accrued Interest Receivable	1,613	0
Notes Receivable - Long-term	1,372,863	0
Deferred Charges - Debt Issuance Cost	221,468	0
Assets Not Depreciated:		
Land	2,037,288	1,916,420
Intangible Assets	6,201,919	0
Construction in Progress	779,146	4,421,613
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	8,525,747	30,682,795
Infrastructure	22,614,252	0
Other Capital Assets	3,488,552	1,846,171
Total Assets	<u>\$ 87,636,167</u>	<u>\$ 52,880,802</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 101,354	\$ 44,685
Accrued Payroll	138,190	0
Payroll Deductions Payable	97,177	479,341
Claims and Judgments Payable	2,417,612	0
Due to Primary Government	0	46,461
Accrued Interest Payable	90,618	0
Deferred Revenue - Current Property Taxes	9,167,855	3,692,922
Noncurrent Liabilities:		
Due Within One Year	3,749,477	466,509
Due in More Than One Year (net of deferred amount on refunding and unamortized premiums on debt)	24,685,664	2,948,100
Total Liabilities	<u>\$ 40,447,947</u>	<u>\$ 7,678,018</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Unit Warren County School Department
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 35,994,851	\$ 0
Invested in Capital Assets	0	38,866,999
Restricted for:		
Solid Waste/Sanitation	669,926	0
Ambulance Service	1,427,976	0
Drug Control	194,419	0
District Attorney General	19,383	0
Highway/Public Works	1,559,512	0
Basic Education Program	0	4,769,276
School Federal Projects	0	127,834
Central Cafeteria	0	2,087,254
Debt Service	10,848,299	0
General Capital Projects	83,514	0
Education Capital Projects	10,413,185	413,474
Self-Insurance	3,583,512	0
Other Purposes	728,789	104,402
Unrestricted	<u>(18,335,146)</u>	<u>(1,166,455)</u>
Total Net Assets	<u>\$ 47,188,220</u>	<u>\$ 45,202,784</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, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Component Unit	
	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	\$ 1,166,246	\$ 365,200	\$ 60,826	\$ 35,000	\$ (705,220)	\$ 0	
Finance	1,133,357	981,078	0	0	(152,279)	0	
Administration of Justice	1,287,468	822,048	62,333	0	(403,087)	0	
Public Safety	5,173,935	1,020,330	579,918	0	(3,573,687)	0	
Public Health and Welfare	4,100,437	1,975,304	638,686	53,179	(1,433,268)	0	
Social, Cultural, and Recreational Services	135,343	0	0	0	(135,343)	0	
Agriculture and Natural Resources	207,874	0	0	0	(207,874)	0	
Other Operations	3,396,891	331,129	291,208	0	(2,774,554)	0	
Highways/Public Works	2,805,346	0	1,871,683	505,643	(428,020)	0	
Education (Self-Insurance)	563,910	464,981	0	0	(98,929)	0	
Education (Contributions)	5,628,648	0	0	0	(5,628,648)	0	
Interest on Long-term Debt	1,331,819	0	0	0	(1,331,819)	0	
Other Debt Service	102,141	0	677,789	0	575,648	0	
<b>Total Primary Government</b>	<b>\$ 27,033,415</b>	<b>\$ 5,960,070</b>	<b>\$ 4,182,443</b>	<b>\$ 593,822</b>	<b>\$ (16,297,080)</b>	<b>\$ 0</b>	
Component Unit:							
Warren County School Department	\$ 55,015,144	\$ 954,656	\$ 13,540,089	\$ 0	\$ 0	\$ (40,520,399)	

(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	Primary	Component
				Governmental Activities	Unit
	Expenses		Total Governmental Activities	Warren County School Department	
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes			\$ 8,331,405	\$ 3,966,766	
Property Taxes Levied for Debt Service			963,381	0	
Local Option Sales Taxes			222,316	7,333,190	
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			14,314	0	
Grants and Contributions Not Restricted to Specific Programs			1,328,450	32,821,921	
Unrestricted Investment Earnings			725,853	7,770	
Miscellaneous			167,487	226,790	
Special Item - Tax Credit on Bond Rebate			197,872	0	
Total General Revenues			\$ 13,671,720	\$ 44,356,437	
Change in Net Assets			\$ (2,625,360)	\$ 3,836,038	
Net Assets, July 1, 2010			47,983,182	41,366,746	
Prior-period Adjustment			1,830,398	0	
Net Assets, June 30, 2011			\$ 47,188,220	\$ 45,202,784	

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, 2011

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Education Capital Projects - Dibrell	Education Capital Projects - Morrison	Other Governmental Funds	Governmental Funds	
Cash	\$ 325	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,211,050	\$ 133,757	\$ 8,345,132	
Equity in Pooled Cash and Investments	2,004,717	858,418	718,967	9,021,338	2,202,130	5	984,465	15,790,040	
Accounts Receivable	69,149	1,005,133	0	38,090	0	0	14,568	1,126,940	
Allowance for Uncollectibles	0	(403,506)	0	0	0	0	0	(403,506)	
Due from Other Governments	648,659	0	829,735	35,468	0	0	12,438	1,526,300	
Due from Other Funds	13,601	0	0	30,863	0	0	0	44,464	
Due from Component Units	46,461	0	0	0	0	0	0	46,461	
Property Taxes Receivable	7,260,724	712,858	556,377	1,008,434	0	0	354,691	9,893,084	
Allowance for Uncollectible Property Taxes	(225,363)	(22,126)	(17,269)	(31,300)	0	0	(11,009)	(307,067)	
Notes Receivable - Current	0	0	0	375,202	0	0	0	375,202	
Accrued Interest Receivable	0	0	0	1,222	0	0	0	1,222	
Notes Receivable - Long-term	0	0	0	1,372,863	0	0	0	1,372,863	
Total Assets	\$ 9,818,273	\$ 2,150,777	\$ 2,087,810	\$ 11,852,180	\$ 2,202,130	\$ 8,211,055	\$ 1,488,910	\$ 37,811,135	

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities	\$ 68,720	\$ 20,997	\$ 3,710	\$ 0	\$ 0	\$ 0	\$ 7,927	\$ 101,354
Accounts Payable	102,910	29,507	0	0	0	0	5,773	138,190
Accrued Payroll	72,697	11,696	8,997	0	0	0	3,787	97,177
Payroll Deductions Payable	0	0	0	0	0	0	44,464	44,464
Due to Other Funds	6,728,465	660,601	515,591	934,509	0	0	328,689	9,167,855
Deferred Revenue - Current Property Taxes	285,238	28,005	21,857	39,616	0	0	13,934	388,650
Deferred Revenue - Delinquent Property Taxes	89,500	458,134	150,861	18,340	0	0	0	716,835
Other Deferred Revenues	\$ 7,347,530	\$ 1,208,940	\$ 701,016	\$ 992,465	\$ 0	\$ 0	\$ 404,574	\$ 10,654,525
Total Liabilities								

(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	Education Capital Projects - Dibrell	Education Capital Projects - Morrison	Other Governmental Funds	Governmental Funds	
<b>Fund Balances</b>									
Restricted:									
Restricted for General Government	\$ 197,872	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	197,872
Restricted for Administration of Justice	242,497	0	0	0	0	0	19,383	0	261,880
Restricted for Public Safety	14,670	0	0	0	0	0	194,419	0	209,089
Restricted for Public Health and Welfare	0	226,041	0	0	0	0	216,477	0	442,518
Restricted for Other Operations	8,083	0	0	0	0	0	83,514	0	91,597
Restricted for Highways/Public Works	0	0	911,308	0	0	0	0	0	911,308
Restricted for Debt Service	0	0	0	7,123,937	0	0	0	0	7,123,937
Restricted for Capital Projects	0	0	0	0	2,202,130	8,211,055	0	0	10,413,185
Committed:									
Committed for General Government	209,162	0	0	0	0	0	10,340	0	219,502
Committed for Finance	0	0	0	0	0	0	60,807	0	60,807
Committed for Administration of Justice	0	0	0	0	0	0	59,881	0	59,881
Committed for Public Safety	56,205	0	0	0	0	0	0	0	56,205
Committed for Public Health and Welfare	0	715,796	0	0	0	0	439,515	0	1,155,311
Committed for Debt Service	0	0	0	3,735,778	0	0	0	0	3,735,778
Assigned:									
Assigned for General Government	300	0	0	0	0	0	0	0	300
Assigned for Highways/Public Works	0	0	475,486	0	0	0	0	0	475,486
Unassigned	1,741,954	0	0	0	0	0	0	0	1,741,954
<b>Total Fund Balances</b>	<b>\$ 2,470,743</b>	<b>\$ 941,837</b>	<b>\$ 1,386,794</b>	<b>\$ 10,859,715</b>	<b>\$ 2,202,130</b>	<b>\$ 8,211,055</b>	<b>\$ 1,084,336</b>	<b>\$ 0</b>	<b>\$ 27,156,610</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,818,273</b>	<b>\$ 2,150,777</b>	<b>\$ 2,087,810</b>	<b>\$ 11,852,180</b>	<b>\$ 2,202,130</b>	<b>\$ 8,211,055</b>	<b>\$ 1,488,910</b>	<b>\$ 0</b>	<b>\$ 37,811,135</b>

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

Exhibit C-2

Warren County, Tennessee  
Reconciliation of the Balance Sheet of Governmental  
Funds to the Statement of Net Assets  
June 30, 2011

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)		\$ 27,156,610
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,037,288	
Add: intangible	6,201,919	
Add: construction in progress	779,146	
Add: buildings and improvements net of accumulated depreciation	8,525,747	
Add: infrastructure net of accumulated depreciation	22,614,252	
Add: other capital assets net of accumulated depreciation	<u>3,488,552</u>	43,646,904
(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.		3,583,512
(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	\$ (1,065,179)	
Less: bonds payable	(26,713,759)	
Add: deferred amount on refunding	21,246	
Add: deferred charges - debt issuance costs	221,468	
Less: compensated absences payable	(239,369)	
Less: other postemployment benefits liability	(208,184)	
Less: accrued interest on bonds	(90,618)	
Less: other deferred revenue - premium on debt	<u>(229,896)</u>	(28,304,291)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,105,485</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 47,188,220</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, 2011

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Education		Other Governmental Funds		
					Capital Projects - Dibrell	Capital Projects - Morrison			
<b>Revenues</b>									
Local Taxes	\$ 7,713,580	\$ 710,855	\$ 598,493	\$ 2,342,351	\$ 0	\$ 0	\$ 461,604	\$ 11,826,883	
Licenses and Permits	215,052	5,000	0	0	0	0	0	220,052	
Fines, Forfeitures, and Penalties	226,875	0	0	0	0	0	195,495	422,370	
Charges for Current Services	107,881	1,908,434	0	0	0	0	847,898	2,864,213	
Other Local Revenues	439,412	0	1,710	575,392	11,886	12,428	58,094	1,098,929	
Fees Received from County Officials	796,279	0	0	0	0	0	0	796,279	
State of Tennessee	1,931,330	0	2,342,277	0	0	0	470,819	4,744,426	
Federal Government	692,525	46,027	0	0	0	0	53,179	791,731	
Other Governments and Citizens Groups	203,585	0	57,600	677,789	0	0	8,235	947,209	
<b>Total Revenues</b>	<b>\$ 12,326,519</b>	<b>\$ 2,670,316</b>	<b>\$ 3,000,080</b>	<b>\$ 3,595,532</b>	<b>\$ 11,886</b>	<b>\$ 12,428</b>	<b>\$ 2,095,324</b>	<b>\$ 23,712,085</b>	
<b>Expenditures</b>									
Current:									
General Government	\$ 1,559,852	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 116,632	\$ 1,676,484	
Finance	470,627	0	0	0	0	0	464,337	934,964	
Administration of Justice	740,102	0	0	0	0	0	352,902	1,093,004	
Public Safety	4,738,081	72,745	0	0	0	0	68,221	4,879,047	
Public Health and Welfare	777,531	2,778,058	0	0	0	0	1,051,614	4,607,203	
Social, Cultural, and Recreational Services	135,343	0	0	0	0	0	0	135,343	
Agriculture and Natural Resources	205,843	0	0	0	0	0	0	205,843	
Other Operations	3,857,388	0	0	0	0	0	0	3,857,388	
Highways	0	0	2,700,251	0	0	0	0	2,700,251	
Debt Service:									
Principal on Debt	0	0	0	3,158,121	0	0	0	3,158,121	
Interest on Debt	0	0	0	1,285,024	0	0	0	1,285,024	
Other Debt Service	0	0	0	43,200	0	0	0	43,200	
Capital Projects	0	0	0	0	0	82,812	58,702	141,514	
Capital Projects - Donated	0	0	0	0	4,435,087	1,018,561	175,000	5,628,648	
<b>Total Expenditures</b>	<b>\$ 12,484,767</b>	<b>\$ 2,850,803</b>	<b>\$ 2,700,251</b>	<b>\$ 4,486,345</b>	<b>\$ 4,435,087</b>	<b>\$ 1,101,373</b>	<b>\$ 2,287,408</b>	<b>\$ 30,346,034</b>	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (158,248)</b>	<b>\$ (180,487)</b>	<b>\$ 299,829</b>	<b>\$ (890,813)</b>	<b>\$ (4,423,201)</b>	<b>\$ (1,088,945)</b>	<b>\$ (192,084)</b>	<b>\$ (6,633,949)</b>	

(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	Education Capital Projects - Dibrell	Education Capital Projects - Morrison	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>									
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,300,000	\$ 0	\$ 9,300,000	
Notes Issued	159,500	180,000	140,613	0	750,000	0	305,156	1,535,269	
Transfers In	0	0	0	30,863	0	0	0	30,863	
Transfers Out	0	0	0	0	0	0	(30,863)	(30,863)	
Total Other Financing Sources (Uses)	\$ 159,500	\$ 180,000	\$ 140,613	\$ 30,863	\$ 750,000	\$ 9,300,000	\$ 274,293	\$ 10,835,269	
Net Change in Fund Balances	\$ 1,252	\$ (487)	\$ 440,442	\$ (859,950)	\$ (3,673,201)	\$ 8,211,055	\$ 82,209	\$ 4,201,320	
Fund Balance, July 1, 2010	2,469,491	942,324	946,352	11,719,665	5,875,331	0	1,002,127	22,955,290	
Fund Balance, June 30, 2011	\$ 2,470,743	\$ 941,837	\$ 1,386,794	\$ 10,859,715	\$ 2,202,130	\$ 8,211,055	\$ 1,084,336	\$ 27,156,610	

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, 2011

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)		\$ 4,201,320
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 2,114,267	
Less: current-year depreciation expense	<u>(1,416,264)</u>	698,003
(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	\$ 133,288	
Less: proceeds from the sale of capital assets	<u>(158,025)</u>	(24,737)
(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 and other deferred June 30, 2011	\$ 1,105,485	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(1,001,659)</u>	103,826
(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	\$ (1,535,269)	
Less: bond proceeds	(9,300,000)	
Add: change in premium on debt issuances	27,254	
Add: principal payments on notes	711,756	
Add: principal payments on bonds	2,446,365	
Add: change in deferred debt issuance costs	26,740	
Less: change in deferred amount on refunding debt	<u>(2,869)</u>	(7,626,023)
(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	\$ (46,795)	
Change in compensated absences payable	(34,509)	
Change in other postemployment benefits liability	<u>(87,395)</u>	(168,699)
(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>190,950</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (2,625,360)</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, 2011

	<u>Governmental Activities - Internal Service Fund Self-Insurance Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 13,715
Equity in Pooled Cash and Investments	5,987,018
Accrued Interest Receivable	391
Total Assets	<u>\$ 6,001,124</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Claims and Judgments Payable	\$ 2,417,612
Total Liabilities	<u>\$ 2,417,612</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 3,583,512</u>
Total Net Assets	<u>\$ 3,583,512</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, 2011

	Governmental Activities - Internal Service Fund <u>Self-Insurance Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 891,747
Total Operating Revenues	<u>\$ 891,747</u>
<u>Operating Expenses</u>	
Other Contracted Services	\$ 24,925
Boiler Insurance	7,528
Building and Contents Insurance	132,146
Liability Insurance	149,243
Workers' Compensation Insurance	84,153
Other Self-Insured Claims	422,222
Other Charges	5,226
Total Operating Expenses	<u>\$ 825,443</u>
Operating Income (Loss)	<u>\$ 66,304</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 66,199
Insurance Recovery	58,447
Total Nonoperating Revenue	<u>\$ 124,646</u>
Change in Net Assets	\$ 190,950
Net Assets, July 1, 2010	<u>3,392,562</u>
Net Assets, June 30, 2011	<u><u>\$ 3,583,512</u></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, 2011

	Governmental Activities - Internal Service Fund <hr/> Self-Insurance Fund
<u>Cash Flows from Operating Activities</u>	
Self-Insurance Premiums/Contributions	\$ 891,747
Other Contracted Services	(24,925)
Insurance Premiums	(373,070)
Other Self-Insured Claims	(507,922)
Other Charges	(5,226)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (19,396)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Insurance Recovery	\$ 58,447
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 58,447</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 65,814
Net Cash Provided By (Used In) Investing Activities	<u>\$ 65,814</u>
Net Increase (Decrease) in Cash	\$ 104,865
Cash, July 1, 2010	<u>5,895,868</u>
Cash, June 30, 2011	<u><u>\$ 6,000,733</u></u>
<u>Reconciliation of Net Operating Income to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 66,304
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Change in Assets and Liabilities:	
Increase (Decrease) in Claims and Judgments Payable	<u>(85,700)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (19,396)</u></u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 13,715
Equity in Pooled Cash and Investments per Net Assets	<u>5,987,018</u>
Cash, June 30, 2011	<u><u>\$ 6,000,733</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, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,987,595
Equity in Pooled Cash and Investments	9,733
Due from Other Governments	<u>315,263</u>
Total Assets	<u>\$ 2,312,591</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 315,263
Due to Litigants, Heirs, and Others	1,987,595
Due to State of Tennessee	522
Due to Joint Ventures	<u>9,211</u>
Total Liabilities	<u>\$ 2,312,591</u>

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

**WARREN COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

**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.

**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. The county issued debt of \$9,300,000 for the School Department during the year ended June 30, 2011, and net debt proceeds of \$5,628,648 were contributed by the county to the School Department. The remaining debt proceeds are being held in the Education Capital Projects Fund – Dibrell and the Education Capital Projects Fund – Morrison and contributed to the School Department as needed for school construction.

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 special revenue fund accounts for transactions relating to the county-operated ambulance service. Property taxes and patient charges are the foundational revenues of this fund.

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

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

**Education Capital Projects Fund - Dibrell** – This fund accounts for debt issued by Warren County that is subsequently contributed to the discretely presented Warren County School Department for construction projects.

**Education Capital Projects Fund - Morrison** – This fund accounts for debt issued by Warren County that is subsequently contributed to

the discretely presented Warren County School Department for construction projects.

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.

**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 local utility district 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.

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

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

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

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.

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

**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; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented 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 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 tax receivables 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 1.65 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 \$2,417,612 are discussed in Note V.A., Risk Management.

**3. Inventories**

Inventories of the discretely presented Warren County School Department are recorded on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories are offset in the nonspendable fund balance account in governmental funds.

**4. 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 - 20
Infrastructure:	
Roads	25 - 50
Bridges	75

**5. Compensated Absences**

The county's vacation policy does not 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, 2011, 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.

All vacation pay is accrued when incurred in the government-wide financial statements for the county and the discretely presented Warren County School Department. A liability for vacation pay is recorded in the governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

## 6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net 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 and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

## 7. 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.

On the government-wide Statement of Net Assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$728,789, with the primary restrictions being for: (1) alcohol and drug treatment (\$186,637); (2) litter enforcement awards (\$8,083); (3) drug court (\$61,859); (4) sexual offender registration (\$14,670); and (5) victims assistance programs (\$56,205).

As of June 30, 2011, Warren County had \$20,281,667 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 fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county's Budget/Finance Committee and the Board of Education are authorized bodies to make assignments.

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

**8. Prior-period Adjustment**

A prior-period adjustment of \$1,830,398 was recognized in the primary government's Statement of Activities. This prior-period adjustment resulted from an increase to the value of capital assets since the historical values of capital assets estimated by the primary government were understated at June 30, 2010.

Also, intangible assets that were included in infrastructure at June 30, 2010, were reclassified properly.

**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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/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.

At June 30, 2011, Warren County and the discretely presented Warren County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government:		
Major Fund:		
Highway/Public Works	Bridge construction	\$ 475,486
School Department:		
Major Fund:		
General Purpose School	Excavation	216,077
"	Waterlines	170,100
"	Siding for the BOE office	135,366
"	Roof repairs	94,000
"	Furniture for Dibrell	90,197
"	Data cabinet	88,118
"	Wiring at various schools	59,687
"	Fuel	50,505
Central Cafeteria	Dibrell construction	300,000

**B. Expenditures Exceeded Appropriations**

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

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General Fund	
ARRA Grant No. 6	\$ 5,345
General Debt Service Fund	
Interest on Debt - Education	29,327

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues.

**C. Some County Funds were not Invested in Accordance with State Statute**

During the year, the trustee invested in Eules, Texas, and Kenosha County, Wisconsin, Utility bonds. These investments are not an investment type permitted by Section 5-8-301, *Tennessee Code Annotated (TCA)*. This statute provides that county funds be invested in: (a) bonds, notes or treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States or any of its agencies; (b) certificates of deposit and other evidence of deposits at Tennessee state chartered banks and savings

and loan associations and federally chartered banks and savings and loan associations; (c) certain repurchase agreements; (d) the state investment pool; (e) certain bonds issued by states and political subdivisions; (f) nonconvertible debt securities of certain federal government sponsored enterprises; and (g) the county's own debt issued in accordance with Title 9, Chapter 21, *TCA*. As of June 30, 2011, the balance in Euless, Texas, bonds was \$490,182 and Kenosha County, Wisconsin, Utility bonds was \$175,221.

#### 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; deposits at state

and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

**Investment Balances.** As of June 30, 2011, 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 discretely presented Warren County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Fair Value or Cost
Eules, TX, General Obligation Refunding Bond	8-1-11	\$ 490,182
Kenosha County, WI, Utility General Obligation Bond	9-1-11	175,221
State Treasurer's Investment Pool	Daily	894,749
Total		\$ 1,560,152

**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, 2011, Warren County's investment in the State Treasurer's Investment Pool was unrated. Warren County's investments in the Eules, Texas, General Obligation Refunding Bond and the Kenosha County, Wisconsin, Utility General Obligation Bond were rated Aa2 and Aa1, respectively, by Moody's Investor's Service and AA by Standard and Poor's and Fitch Ratings.

**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 Local Government Investment Pool. These investments are 57 percent 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**

An agreement between Warren County and the West Warren-Viola Utility District requires the utility district to repay the county for principal and interest paid by the county on bonded debt for improvements made to water and sewer lines in the industrial park. The utility is required to remit 70 percent of certain industrial park revenues until this debt is repaid. As of June 30, 2011, the outstanding balance was \$1,748,065. This amount has been reflected in the financial statements of this report as Notes Receivable – Current (\$375,202) and Notes Receivable – Long-term (\$1,372,863) in the General Debt Service Fund.

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2011, was as follows:

**Primary Government**

**Governmental Activities:**

	* Restated Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 1,587,288	\$ 450,000	\$ 0	\$ 2,037,288
Intangible Assets	6,201,919	0	0	6,201,919
Construction in Progress	0	779,146	0	779,146
Total Capital Assets Not Depreciated	<u>\$ 7,789,207</u>	<u>\$ 1,229,146</u>	<u>\$ 0</u>	<u>\$ 9,018,353</u>

**Governmental Activities (Cont.):**

	* Restated			
	Balance			Balance
	7-1-10	Increases	Decreases	6-30-11
<b>Capital Assets Depreciated:</b>				
Buildings and Improvements	\$ 10,066,303	\$ 152,608	\$ 0	\$ 10,218,911
Roads and Bridges	38,275,098	126,137	0	38,401,235
Other Capital Assets	6,661,273	606,376	(261,668)	7,005,981
<b>Total Capital Assets Depreciated</b>	<b>\$ 55,002,674</b>	<b>\$ 885,121</b>	<b>\$ (261,668)</b>	<b>\$ 55,626,127</b>
<b>Less Accumulated Depreciation For:</b>				
Buildings and Improvements	\$ 1,500,668	\$ 192,496	\$ 0	\$ 1,693,164
Roads and Bridges	14,968,085	818,898	0	15,786,983
Other Capital Assets	3,349,490	404,870	(236,931)	3,517,429
<b>Total Accumulated Depreciation</b>	<b>\$ 19,818,243</b>	<b>\$ 1,416,264</b>	<b>\$ (236,931)</b>	<b>\$ 20,997,576</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 35,184,431</b>	<b>\$ (531,143)</b>	<b>\$ (24,737)</b>	<b>\$ 34,628,551</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 42,973,638</b>	<b>\$ 698,003</b>	<b>\$ (24,737)</b>	<b>\$ 43,646,904</b>

\* See Note I.D.8. for prior-period adjustment.

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

**Governmental Activities:**

General Government	\$ 38,418
Finance	3,155
Administration of Justice	11,678
Public Safety	241,466
Public Health and Welfare	159,669
Other Operations	44,363
Highways/Public Works	<u>917,515</u>
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ <u>1,416,264</u></b>

**Discretely Presented Warren County School Department**

**Governmental Activities:**

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets Not Depreciated:			
Land	\$ 1,503,320	\$ 413,100	\$ 1,916,420
Construction in Progress	0	4,421,613	4,421,613
Total Capital Assets			
Not Depreciated	<u>\$ 1,503,320</u>	<u>\$ 4,834,713</u>	<u>\$ 6,338,033</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 59,582,651	\$ 0	\$ 59,582,651
Other Capital Assets	4,109,697	440,175	4,549,872
Total Capital Assets Depreciated	<u>\$ 63,692,348</u>	<u>\$ 440,175</u>	<u>\$ 64,132,523</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 27,593,055	\$ 1,306,801	\$ 28,899,856
Other Capital Assets	2,348,483	355,218	2,703,701
Total Accumulated Depreciation	<u>\$ 29,941,538</u>	<u>\$ 1,662,019</u>	<u>\$ 31,603,557</u>
Total Capital Assets Depreciated, Net	<u>\$ 33,750,810</u>	<u>\$ (1,221,844)</u>	<u>\$ 32,528,966</u>
Governmental Activities Capital Assets, Net	<u>\$ 35,254,130</u>	<u>\$ 3,612,869</u>	<u>\$ 38,866,999</u>

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

**Governmental Activities:**

Instruction	\$ 1,280,236
Support Services	<u>381,783</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,662,019</u></u>

**D. Construction Commitments**

At June 30, 2011, the Highway Department had uncompleted construction contracts of approximately \$475,468 for bridge construction. Funding for these future expenditures is expected to be received from state grants.

At June 30, 2011, the discretely presented Warren County School Department had uncompleted construction contracts of approximately \$300,000 in the Central Cafeteria Fund for construction of Dibrell Elementary School and \$10,797,268 in the Education Capital Projects Fund for construction of Dibrell Elementary (\$2,728,387) and Morrison Elementary (\$8,041,744). Funding for these future expenditures has been received and is in the primary government's Education Capital Projects Fund – Dibrell and Education Capital Projects Fund – Morrison.

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

The composition of interfund balances as of June 30, 2011, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 13,601
General Debt Service	Nonmajor governmental	30,863
School Department:		
General Purpose School	School Federal Projects	311
"	Central Cafeteria	615

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

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Component Unit: General Purpose School	\$ 46,461

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2011, consisted of the following amounts:

**Primary Government**

	Transfer In General Debt Service Fund
Transfer Out	
Nonmajor governmental fund	\$ 30,863

**Discretely Presented Warren County School Department**

	Transfers In		
	General Purpose School Fund	Central Cafeteria Fund	Education Capital Projects Fund
School Federal Projects Fund	\$ 451,147	\$ 28,874	\$ 0
General Purpose School Fund	0	0	400,000

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.

**F. Long-term Debt**

**Primary Government**

**General Obligation Bonds and Notes**

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 20 years for bonds and up to three years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2011, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds	2.35 to 5.45 %	\$ 15,526,000	\$ 15,503,759
General Obligation Bonds Refunding	0 to 5	27,100,000	11,210,000
Capital Outlay Notes	2.76 to 3.5	1,660,269	1,065,179

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2011, including interest payments, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 553,422	\$ 29,950	\$ 583,372
2013	511,757	14,396	526,153
Total	\$ 1,065,179	\$ 44,346	\$ 1,109,525

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 3,040,465	\$ 1,138,127	\$ 4,178,592
2013	2,662,716	1,039,156	3,701,872
2014	1,783,276	971,848	2,755,124
2015	1,468,859	936,663	2,405,522
2016	1,499,469	909,670	2,409,139
2017-2021	8,052,498	4,028,416	12,080,914
2022-2026	5,674,341	3,070,293	8,744,634
2027-2030	2,532,135	746,084	3,278,219
Total	\$ 26,713,759	\$ 12,840,257	\$ 39,554,016

There is \$10,859,715 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$671, based on the 2010 federal census. Debt per capita, including bonds and notes totaled \$697, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2010	\$ 19,860,124	\$ 241,666
Additions	9,300,000	1,535,269
Deductions	<u>(2,446,365)</u>	<u>(711,756)</u>
Balance, June 30, 2011	<u>\$ 26,713,759</u>	<u>\$ 1,065,179</u>
Balance Due Within One Year	<u>\$ 3,040,465</u>	<u>\$ 553,422</u>

	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>
Balance, July 1, 2010	\$ 204,860	\$ 120,789
Additions	309,254	94,287
Deductions	<u>(274,745)</u>	<u>(6,892)</u>
Balance, June 30, 2011	<u>\$ 239,369</u>	<u>\$ 208,184</u>
Balance Due Within One Year	<u>\$ 155,590</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 28,226,491
Less: Balance Due Within One Year	(3,749,477)
Add: Unamortized Premium on Debt	229,896
Less: Deferred Amount on Refunding	<u>(21,246)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 24,685,664</u>

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

Defeasance of Prior-year Debt

In prior years, Warren County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2011, the following outstanding bonds are considered defeased:

	<u>Amount</u>
2005 Public Improvements - Centertown School	\$ 2,500,000

**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, 2011, was as follows:

	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>
Balance, July 1, 2010	\$ 2,463,393	\$ 837,357
Additions	982,616	399,990
Deductions	(1,113,462)	(155,285)
Balance, June 30, 2011	<u>\$ 2,332,547</u>	<u>\$ 1,082,062</u>
Balance Due Within One Year	<u>\$ 466,509</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 3,414,609
Less: Balance Due Within One Year	<u>(466,509)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,948,100</u>

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

**G. On-Behalf Payments**

**Primary Government**

The State of Tennessee pays health insurance premiums for some retired employees on-behalf of Warren County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2011, were \$1,097. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

**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, 2011, were \$196,964 and \$38,728, 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 \$350,000. The county carries excess commercial coverage on buildings and contents totaling \$178,879,097. The county is self-insured up to the liability limits of \$300,000 per person, \$700,000 per occurrence for bodily injury, and \$100,000 for property damage. Warren County self-insures workers' compensation losses of \$250,000 per accident or disease with an aggregate liability of \$1 million. The county carries commercial liability insurance coverage for losses up to \$10 million, with a \$350,000 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
2009-2010	\$ 920,870	\$ 2,389,094	\$ (806,652)	\$ 2,503,312
2010-2011	2,503,312	422,222	(507,922)	2,417,612

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

**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 Change**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable,

restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Warren County and the Warren County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

**C. Subsequent Event**

On September 19, 2011, the County Commission approved capital outlay notes of \$125,000 for patrol cars. These notes have not been issued as of the date of this report.

**D. 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.

**E. Change in Administration**

Superintendent of Roads, Harold Glenn, retired August 31, 2010, and was succeeded by Levie Glenn effective September 1, 2010.

**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, 2011, the county paid \$150,000 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, 2011, 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**

**1. Tennessee Consolidated Retirement System (TCRS)**

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://www.tn.gov/treasury/tcrs/PS/>.

### Funding Policy

Warren County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 13.58 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

### Annual Pension Cost

For the year ended June 30, 2011, the county's annual pension cost of \$1,943,320 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was six years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$1,943,320	100%	\$0
6-30-10	1,716,723	100	0
6-30-09	1,624,208	100	0

**Funded Status and Funding Progress**

As of July 1, 2009, the most recent actuarial valuation date, the plan was 86.72 percent funded. The actuarial accrued liability for benefits was \$31 million, and the actuarial value of assets was \$27 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$4 million. The covered payroll (annual payroll of active employees covered by the plan) was \$13 million, and the ratio of the UAAL to the covered payroll was 32.6 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual required contribution 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 Warren County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available

to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are 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 SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230, or can be accessed at [www.tn.gov/treasury/tcrs/Schools](http://www.tn.gov/treasury/tcrs/Schools).

### Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2011, 2010, and 2009, were \$2,158,943, \$1,469,609, and \$1,425,050, respectively, equal to the required contributions for each year.

## **2. Deferred Compensation**

The primary government and the discretely presented Warren County School Department offer their employees a deferred compensation plan established pursuant to IRC Section 403(b). All costs of administering and funding the program are the responsibility of plan participants. The 403(b) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 403(b) establishes participation, contribution, and withdrawal provisions for the plan.

## **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. In previous years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed, and as a result all members now have the option of choosing between standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

### Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The 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, 2011, the county and the discretely presented School Department contributed \$6,892 and \$155,285, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 94,000	\$ 398,000
Interest on the NPO	5,436	37,681
Adjustment to the ARC	(5,149)	(35,691)
Annual OPEB cost	\$ 94,287	\$ 399,990
Amount of contribution	(6,892)	(155,285)
Increase/decrease in NPO	\$ 87,395	\$ 244,705
Net OPEB obligation, 7-1-10	120,789	837,357
Net OPEB obligation, 6-30-11	\$ 208,184	\$ 1,082,062

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Government Group	\$ 28,244	29 %	\$ 37,415
6-30-10	"	90,089	7	120,789
6-30-11	"	94,287	7	208,184
6-30-09	Local Education Group	367,574	23	598,054
6-30-10	"	382,421	37	837,357
6-30-11	"	399,990	39	1,082,062

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-10	7-1-10
Actuarial accrued liability (AAL)	\$ 620,000	\$ 4,570,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 620,000	\$ 4,570,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 3,857,499	\$ 15,267,172
UAAL as a % of covered payroll	16%	30%

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

#### Actuarial Methods and Assumptions

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

In the July 1, 2010, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses). The annual healthcare cost trend rate was ten percent for fiscal year 2011. The trend will rise to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Local Government Plan was ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012, and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. 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. Office of Central Accounting, Budgeting, and Purchasing**

Warren County adopted the provisions of the County Financial Management System of 1981 on June 20, 2011, to be implemented by July 1, 2012. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. The act also provides for the creation of a Finance Department operated under the direction of the finance director.

#### **K. 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 (Budgetary Basis) and Budget  
 General Fund  
 For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 7,713,580	\$ 0	\$ 7,713,580	\$ 7,145,125	\$ 7,331,575	\$ 382,005
Licenses and Permits	215,052	0	215,052	129,000	129,000	86,052
Fines, Forfeitures, and Penalties	226,875	0	226,875	222,795	222,795	4,080
Charges for Current Services	107,881	0	107,881	42,120	44,120	63,761
Other Local Revenues	439,412	0	439,412	541,600	543,600	(104,188)
Fees Received from County Officials	796,279	0	796,279	790,000	790,000	6,279
State of Tennessee	1,931,330	0	1,931,330	2,323,764	2,356,428	(425,098)
Federal Government	692,525	0	692,525	394,825	494,825	197,700
Other Governments and Citizens Groups	203,585	0	203,585	150,000	150,000	53,585
Total Revenues	\$ 12,326,519	\$ 0	\$ 12,326,519	\$ 11,739,229	\$ 12,062,343	\$ 264,176
<u>Expenditures</u>						
General Government						
County Commission	\$ 174,603	\$ 0	\$ 174,603	\$ 222,530	\$ 222,530	\$ 47,927
Board of Equalization	8,859	0	8,859	11,400	11,400	2,541
County Mayor/Executive	126,006	0	126,006	127,998	127,998	1,992
County Attorney	285,719	0	285,719	250,000	400,000	114,281
Election Commission	230,744	0	230,744	262,717	262,717	31,973
Register of Deeds	6,937	0	6,937	12,000	12,000	5,063
Development	322	0	322	500	500	178
Planning	12,945	0	12,945	14,480	14,480	1,535
Codes Compliance	46,470	0	46,470	49,201	49,201	2,731
County Buildings	156,566	0	156,566	199,898	199,898	43,332
Other Facilities	314,632	0	314,632	324,606	349,606	34,974
Other General Administration	184,482	0	184,482	258,500	270,597	86,115

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<b>Expenditures (Cont.)</b>						
<u>General Government (Cont.)</u>						
<u>Preservation of Records</u>	\$ 11,567	\$ 0	\$ 11,567	\$ 0	\$ 11,567	\$ 0
<u>Finance</u>						
Accounting and Budgeting	163,457	0	163,457	164,951	164,951	1,494
Purchasing	2,551	0	2,551	4,000	4,000	1,449
Property Assessor's Office	281,709	0	281,709	317,094	317,094	35,385
County Trustee's Office	22,910	0	22,910	35,000	35,000	12,090
<u>Administration of Justice</u>						
Circuit Court	63,364	0	63,364	95,195	95,195	31,831
General Sessions Court	218,875	0	218,875	228,187	228,187	9,312
Drug Court	76,941	0	76,941	80,624	80,624	3,683
Chancery Court	175,252	0	175,252	183,824	183,824	8,572
Juvenile Court	121,791	0	121,791	136,440	136,440	14,649
Judicial Commissioners	83,879	0	83,879	94,847	94,847	10,968
<u>Public Safety</u>						
Sheriff's Department	2,189,496	0	2,189,496	2,293,825	2,293,825	104,329
Administration of the Sexual Offender Registry	1,550	0	1,550	2,000	4,000	2,450
Jail	2,353,692	0	2,353,692	2,236,165	2,392,014	38,322
Juvenile Services	39,143	0	39,143	50,000	55,000	15,857
County Coroner/Medical Examiner	3,200	0	3,200	6,000	6,000	2,800
Other Public Safety	151,000	0	151,000	153,000	153,000	2,000
<u>Public Health and Welfare</u>						
Local Health Center	62,935	0	62,935	68,914	68,914	5,979
Rabies and Animal Control	66,042	0	66,042	82,668	82,668	16,626
Alcohol and Drug Programs	41,110	0	41,110	52,973	52,973	11,863

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Public Health and Welfare (Cont.)</u>						
Other Local Health Services	\$ 483,234	\$ 0	\$ 483,234	\$ 741,900	\$ 641,900	\$ 158,666
Regional Mental Health Center	5,000	0	5,000	5,000	5,000	0
Appropriation to State	52,203	0	52,203	52,203	52,203	0
General Welfare Assistance	1,485	0	1,485	3,000	3,000	1,515
Other Public Health and Welfare	65,522	0	65,522	68,764	68,764	3,242
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	14,500	0	14,500	14,500	14,500	0
Libraries	116,000	0	116,000	116,000	116,000	0
Parks and Fair Boards	4,843	0	4,843	4,843	4,843	0
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	123,365	0	123,365	127,466	127,466	4,101
Forest Service	2,000	0	2,000	2,000	2,000	0
Soil Conservation	80,478	0	80,478	80,982	80,982	504
<u>Other Operations</u>						
Tourism	10,000	0	10,000	10,000	10,000	0
Industrial Development	750,000	0	750,000	750,000	750,000	0
Other Economic and Community Development	500,000	0	500,000	500,000	500,000	0
Airport	777,981	(14,239)	763,742	1,570,042	1,570,042	806,300
Veterans' Services	19,479	0	19,479	23,605	23,605	4,126
Other Charges	406,432	0	406,432	495,000	454,601	48,169
Contributions to Other Agencies	5,500	0	5,500	5,500	5,500	0
Employee Benefits	230,714	0	230,714	305,000	305,000	74,286
ARRA Grant No. 1	48,132	0	48,132	50,000	50,000	1,868
ARRA Grant No. 2	79,628	0	79,628	0	100,000	20,372

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Other Operations (Cont.)</u>						
ARRA Grant No. 3	\$ 207,015	\$ 0	\$ 207,015	\$ 205,630	\$ 207,630	\$ 615
ARRA Grant No. 4	126,683	0	126,683	150,000	150,000	23,317
ARRA Grant No. 6	238,901	0	238,901	138,657	233,556	(5,345)
Miscellaneous	456,923	0	456,923	495,000	495,000	38,077
Total Expenditures	\$ 12,484,767	\$ (14,239)	\$ 12,470,528	\$ 13,934,629	\$ 14,352,642	\$ 1,882,114
Excess (Deficiency) of Revenues Over Expenditures	\$ (158,248)	\$ 14,239	\$ (144,009)	\$ (2,195,400)	\$ (2,290,299)	\$ 2,146,290
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 159,500	\$ 0	\$ 159,500	\$ 159,500	\$ 159,500	\$ 0
Total Other Financing Sources (Uses)	\$ 159,500	\$ 0	\$ 159,500	\$ 159,500	\$ 159,500	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 1,252	\$ 14,239	\$ 15,491	\$ (2,035,900)	\$ (2,130,799)	\$ 2,146,290
	2,469,491	(14,239)	2,455,252	2,139,891	2,139,891	315,361
Fund Balance, June 30, 2011	\$ 2,470,743	\$ 0	\$ 2,470,743	\$ 103,991	\$ 9,092	\$ 2,461,651

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 710,855	\$ 665,739	\$ 685,739	\$ 25,116
Licenses and Permits	5,000	5,000	5,000	0
Charges for Current Services	1,908,434	1,600,000	1,649,995	258,439
Federal Government	46,027	21,000	56,000	(9,973)
Total Revenues	<u>\$ 2,670,316</u>	<u>\$ 2,291,739</u>	<u>\$ 2,396,734</u>	<u>\$ 273,582</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Civil Defense	\$ 46,835	\$ 68,568	\$ 68,568	\$ 21,733
Rescue Squad	25,910	25,910	25,910	0
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	2,778,058	2,704,258	2,859,258	81,200
Total Expenditures	<u>\$ 2,850,803</u>	<u>\$ 2,798,736</u>	<u>\$ 2,953,736</u>	<u>\$ 102,933</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (180,487)</u>	<u>\$ (506,997)</u>	<u>\$ (557,002)</u>	<u>\$ 376,515</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 180,000	\$ 180,000	\$ 180,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 180,000</u>	<u>\$ 180,000</u>	<u>\$ 180,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (487)	\$ (326,997)	\$ (377,002)	\$ 376,515
Fund Balance, July 1, 2010	942,324	596,706	596,706	345,618
Fund Balance, June 30, 2011	<u>\$ 941,837</u>	<u>\$ 269,709</u>	<u>\$ 219,704</u>	<u>\$ 722,133</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, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<b>Revenues</b>						
Local Taxes	\$ 598,493	\$ 0	\$ 598,493	\$ 574,966	\$ 599,966	\$ (1,473)
Other Local Revenues	1,710	0	1,710	1,000	1,000	710
State of Tennessee	2,342,277	0	2,342,277	2,387,601	2,387,601	(45,324)
Other Governments and Citizens Groups	57,600	0	57,600	0	0	57,600
<b>Total Revenues</b>	<b>\$ 3,000,080</b>	<b>\$ 0</b>	<b>\$ 3,000,080</b>	<b>\$ 2,963,567</b>	<b>\$ 2,988,567</b>	<b>\$ 11,513</b>
<b>Expenditures</b>						
<u>Highways</u>						
Administration	\$ 161,904	\$ 0	\$ 161,904	\$ 200,384	\$ 200,384	\$ 38,480
Highway and Bridge Maintenance	1,542,983	0	1,542,983	1,680,230	1,680,230	137,247
Operation and Maintenance of Equipment	173,472	0	173,472	215,500	215,500	42,028
Other Charges	117,644	0	117,644	167,350	167,350	49,706
Employee Benefits	145,674	0	145,674	164,984	164,984	19,310
Capital Outlay	558,574	475,486	1,034,060	1,210,500	1,210,500	176,440
<b>Total Expenditures</b>	<b>\$ 2,700,251</b>	<b>\$ 475,486</b>	<b>\$ 3,175,737</b>	<b>\$ 3,638,948</b>	<b>\$ 3,638,948</b>	<b>\$ 463,211</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 299,829</b>	<b>\$ (475,486)</b>	<b>\$ (175,657)</b>	<b>\$ (675,381)</b>	<b>\$ (650,381)</b>	<b>\$ 474,724</b>
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 140,613	\$ 0	\$ 140,613	\$ 0	\$ 140,613	\$ 0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 140,613</b>	<b>\$ 0</b>	<b>\$ 140,613</b>	<b>\$ 0</b>	<b>\$ 140,613</b>	<b>\$ 0</b>
<b>Net Change in Fund Balance Fund Balance, July 1, 2010</b>	<b>\$ 440,442</b>	<b>\$ (475,486)</b>	<b>\$ (35,044)</b>	<b>\$ (675,381)</b>	<b>\$ (509,768)</b>	<b>\$ 474,724</b>
	946,352	0	946,352	897,240	897,240	49,112
<b>Fund Balance, June 30, 2011</b>	<b>\$ 1,386,794</b>	<b>\$ (475,486)</b>	<b>\$ 911,308</b>	<b>\$ 221,859</b>	<b>\$ 387,472</b>	<b>\$ 523,836</b>

Exhibit F-4

Warren County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Warren County School Department  
June 30, 2011

(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)
7-1-09	\$ 27,159	\$ 31,318	\$ 4,159	86.72%	\$ 12,757	32.60%
7-1-07	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 went into effect during the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit F-5

Warren County, Tennessee  
 Schedule of Funding Progress – Other Postemployment Benefit Plans  
Primary Government and Discretely Presented Warren County School Department  
June 30, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Government Group	7-1-07	\$ 0	\$ 179	\$ 179	0 %	\$ 3,618	5 %
"	7-1-09	0	575	575	0	3,556	16
"	7-1-10	0	620	620	0	3,857	16
Local Education Group	7-1-07	0	4,884	4,884	0	13,308	37
"	7-1-09	0	4,421	4,421	0	13,842	32
"	7-1-10	0	4,570	4,570	0	15,267	30

**WARREN COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2011**

**A. BUDGETARY INFORMATION**

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County 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 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.

At June 30, 2011, Warren County reported the following significant encumbrances in the Highway/Public Works Fund:

Fund	Description	Amount
Primary Government		
Major Fund:		
Highway/Public Works	Bridge construction	\$ 475,486

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

Expenditures exceeded appropriations approved by the County Commission in the ARRA Grant No. 6 major appropriation category (the legal level of control) of the General Fund by \$5,345. Expenditures that exceed appropriations are a violation of state states. These expenditures in excess of appropriations were funded by greater than anticipated revenues.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions involving solid waste collection.

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

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

HUD Grant Projects Fund – The HUD Grant Projects Fund is used to account for grant proceeds received for low-income home construction and renovation projects.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for debt issued by Warren County that is subsequently contributed to the discretely presented Warren County School Department for construction and renovation projects.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for transactions associated with airport projects.

Exhibit G-1

Warren County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2011

	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	
Cash	\$ 0	\$ 0	\$ 0	\$ 133,757	\$ 133,757	\$ 0	\$ 0	\$ 133,757
Equity in Pooled Cash and Investments	656,286	194,419	19,383	0	870,088	30,863	83,514	984,465
Accounts Receivable	3,696	0	0	10,872	14,568	0	0	14,568
Due from Other Governments	12,438	0	0	0	12,438	0	0	12,438
Property Taxes Receivable	354,691	0	0	0	354,691	0	0	354,691
Allowance for Uncollectible Property Taxes	(11,009)	0	0	0	(11,009)	0	0	(11,009)
<b>Total Assets</b>	<b>\$ 1,016,102</b>	<b>\$ 194,419</b>	<b>\$ 19,383</b>	<b>\$ 144,629</b>	<b>\$ 1,374,533</b>	<b>\$ 30,863</b>	<b>\$ 83,514</b>	<b>\$ 1,488,910</b>

ASSETS

LIABILITIES AND FUND BALANCES

<b>Liabilities</b>	\$ 7,927	\$ 0	\$ 0	\$ 0	\$ 7,927	\$ 0	\$ 0	\$ 7,927
Accounts Payable	5,773	0	0	0	5,773	0	0	5,773
Accrued Payroll	3,787	0	0	0	3,787	0	0	3,787
Payroll Deductions Payable	0	0	0	13,601	13,601	30,863	0	30,863
Due to Other Funds	328,689	0	0	0	328,689	0	0	328,689
Deferred Revenue - Current Property Taxes	13,934	0	0	0	13,934	0	0	13,934
Deferred Revenue - Delinquent Property Taxes	360,110	0	0	13,601	373,711	30,863	0	404,574
<b>Total Liabilities</b>	<b>\$ 7,927</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 13,601</b>	<b>\$ 373,711</b>	<b>\$ 30,863</b>	<b>\$ 0</b>	<b>\$ 404,574</b>

Fund Balances

Restricted:	\$ 0	\$ 0	\$ 19,383	\$ 0	\$ 19,383	\$ 0	\$ 0	\$ 19,383
Restricted for Administration of Justice	0	194,419	0	0	194,419	0	0	194,419
Restricted for Public Safety	216,477	0	0	0	216,477	0	0	216,477
Restricted for Public Health and Welfare	0	0	0	0	0	0	83,514	83,514
Restricted for Other Operations	0	0	0	0	0	0	0	0
Committed:	0	0	0	10,340	10,340	0	0	10,340
Committed for General Government	0	0	0	60,807	60,807	0	0	60,807
Committed for Finance	0	0	0	59,881	59,881	0	0	59,881
Committed for Administration of Justice	439,515	0	0	0	439,515	0	0	439,515
Committed for Public Health and Welfare	655,992	194,419	19,383	131,028	1,000,822	0	83,514	1,084,336
<b>Total Fund Balances</b>	<b>\$ 1,016,102</b>	<b>\$ 194,419</b>	<b>\$ 19,383</b>	<b>\$ 144,629</b>	<b>\$ 1,374,533</b>	<b>\$ 30,863</b>	<b>\$ 83,514</b>	<b>\$ 1,488,910</b>

Total Liabilities and Fund Balances

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, 2011

	Special Revenue Funds					Total
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees		
<u>Revenues</u>						
Local Taxes	\$ 461,604	\$ 0	\$ 0	\$ 0	\$ 0	461,604
Fines, Forfeitures, and Penalties	0	186,016	9,479	0	0	195,495
Charges for Current Services	2,002	0	0	845,896	0	847,898
Other Local Revenues	57,717	0	229	0	0	57,946
State of Tennessee	470,819	0	0	0	0	470,819
Federal Government	0	0	0	0	0	0
Other Governments and Citizens Groups	0	8,235	0	0	0	8,235
Total Revenues	\$ 992,142	\$ 194,251	\$ 9,708	\$ 845,896	\$ 0	\$ 2,041,997
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 116,632	\$ 0	116,632
Finance	0	0	0	464,337	0	464,337
Administration of Justice	0	0	16,373	336,529	0	352,902
Public Safety	0	68,221	0	0	0	68,221
Public Health and Welfare	1,044,269	7,345	0	0	0	1,051,614
Capital Projects	0	0	0	0	0	0
Capital Projects - Donated	0	0	0	0	0	0
Total Expenditures	\$ 1,044,269	\$ 75,566	\$ 16,373	\$ 917,498	\$ 0	\$ 2,053,706
Excess (Deficiency) of Revenues Over Expenditures	\$ (52,127)	\$ 118,685	\$ (6,665)	\$ (71,602)	\$ 0	\$ (11,709)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 130,156	\$ 0	\$ 0	\$ 0	\$ 0	130,156
Transfers Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 130,156	\$ 0	\$ 0	\$ 0	\$ 0	\$ 130,156
Net Change in Fund Balances Fund Balance, July 1, 2010	\$ 78,029	\$ 118,685	\$ (6,665)	\$ (71,602)	\$ 0	\$ 118,447
	577,963	75,734	26,048	202,630	0	882,375
Fund Balance, June 30, 2011	\$ 655,992	\$ 194,419	\$ 19,383	\$ 131,028	\$ 0	\$ 1,000,822

(Continued)

Exhibit G-2

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

	Capital Projects Funds					Total Nonmajor Governmental Funds
	General Capital Projects	HUD Grant Projects	Education Capital Projects	Other Capital Projects	Total	
<b>Revenues</b>						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 461,604
Fines, Forfeitures, and Penalties	0	0	0	0	0	195,495
Charges for Current Services	0	0	0	0	0	847,898
Other Local Revenues	0	0	0	148	148	58,094
State of Tennessee	0	0	0	0	0	470,819
Federal Government	0	53,179	0	0	53,179	53,179
Other Governments and Citizens Groups	0	0	0	0	0	8,235
<b>Total Revenues</b>	<b>\$ 0</b>	<b>\$ 53,179</b>	<b>\$ 0</b>	<b>\$ 148</b>	<b>\$ 53,327</b>	<b>\$ 2,095,324</b>
<b>Expenditures</b>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 116,632
Finance	0	0	0	0	0	464,337
Administration of Justice	0	0	0	0	0	352,902
Public Safety	0	0	0	0	0	68,221
Public Health and Welfare	0	0	0	0	0	1,051,614
Capital Projects	0	58,702	0	0	58,702	58,702
Capital Projects - Donated	0	0	175,000	0	175,000	175,000
<b>Total Expenditures</b>	<b>\$ 0</b>	<b>\$ 58,702</b>	<b>\$ 175,000</b>	<b>\$ 0</b>	<b>\$ 233,702</b>	<b>\$ 2,287,408</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 0</b>	<b>\$ (5,523)</b>	<b>\$ (175,000)</b>	<b>\$ 148</b>	<b>\$ (180,375)</b>	<b>\$ (192,084)</b>
<b>Other Financing Sources (Uses)</b>						
Notes Issued	\$ 0	\$ 0	\$ 175,000	\$ 0	\$ 175,000	\$ 305,156
Transfers Out	(30,863)	0	0	0	(30,863)	(30,863)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (30,863)</b>	<b>\$ 0</b>	<b>\$ 175,000</b>	<b>\$ 0</b>	<b>\$ 144,137</b>	<b>\$ 274,293</b>
<b>Net Change in Fund Balances Fund Balance, July 1, 2010</b>	<b>\$ (30,863)</b>	<b>\$ (5,523)</b>	<b>\$ 0</b>	<b>\$ 148</b>	<b>\$ (36,238)</b>	<b>\$ 82,209</b>
<b>Fund Balance, June 30, 2011</b>	<b>\$ 30,863</b>	<b>\$ 5,523</b>	<b>\$ 0</b>	<b>\$ 83,366</b>	<b>\$ 119,752</b>	<b>\$ 1,002,127</b>
<b>Fund Balance, June 30, 2011</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 83,514</b>	<b>\$ 83,514</b>	<b>\$ 1,084,336</b>

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 461,604	\$ 431,963	\$ 431,963	\$ 29,641
Charges for Current Services	2,002	2,000	2,000	2
Other Local Revenues	57,717	40,000	40,000	17,717
State of Tennessee	470,819	380,000	380,000	90,819
Total Revenues	<u>\$ 992,142</u>	<u>\$ 853,963</u>	<u>\$ 853,963</u>	<u>\$ 138,179</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 393,007	\$ 496,317	\$ 496,317	\$ 103,310
Convenience Centers	626,935	704,295	704,295	77,360
Other Waste Disposal	24,327	46,000	46,000	21,673
Total Expenditures	<u>\$ 1,044,269</u>	<u>\$ 1,246,612</u>	<u>\$ 1,246,612</u>	<u>\$ 202,343</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (52,127)</u>	<u>\$ (392,649)</u>	<u>\$ (392,649)</u>	<u>\$ 340,522</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 130,156	\$ 150,000	\$ 150,000	\$ (19,844)
Total Other Financing Sources (Uses)	<u>\$ 130,156</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ (19,844)</u>
Net Change in Fund Balance	\$ 78,029	\$ (242,649)	\$ (242,649)	\$ 320,678
Fund Balance, July 1, 2010	<u>577,963</u>	<u>414,577</u>	<u>414,577</u>	<u>163,386</u>
Fund Balance, June 30, 2011	<u>\$ 655,992</u>	<u>\$ 171,928</u>	<u>\$ 171,928</u>	<u>\$ 484,064</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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 186,016	\$ 100,000	\$ 100,000	\$ 86,016
Other Governments and Citizens Groups	8,235	15,000	15,000	(6,765)
Total Revenues	<u>\$ 194,251</u>	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ 79,251</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 68,221	\$ 84,000	\$ 84,000	\$ 15,779
<u>Public Health and Welfare</u>				
Alcohol and Drug Programs	7,345	16,500	16,500	9,155
Total Expenditures	<u>\$ 75,566</u>	<u>\$ 100,500</u>	<u>\$ 100,500</u>	<u>\$ 24,934</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 118,685</u>	<u>\$ 14,500</u>	<u>\$ 14,500</u>	<u>\$ 104,185</u>
Net Change in Fund Balance	\$ 118,685	\$ 14,500	\$ 14,500	\$ 104,185
Fund Balance, July 1, 2010	<u>75,734</u>	<u>41,627</u>	<u>41,627</u>	<u>34,107</u>
Fund Balance, June 30, 2011	<u><u>\$ 194,419</u></u>	<u><u>\$ 56,127</u></u>	<u><u>\$ 56,127</u></u>	<u><u>\$ 138,292</u></u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit 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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,342,351	\$ 2,138,016	\$ 2,138,016	\$ 204,335
Other Local Revenues	575,392	300,000	410,000	165,392
Other Governments and Citizens Groups	677,789	454,766	638,766	39,023
Total Revenues	<u>\$ 3,595,532</u>	<u>\$ 2,892,782</u>	<u>\$ 3,186,782</u>	<u>\$ 408,750</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 426,250	\$ 500,000	\$ 500,000	\$ 73,750
Highways and Streets	46,871	0	56,000	9,129
Education	2,685,000	2,725,000	2,725,000	40,000
<u>Interest on Debt</u>				
General Government	264,111	335,000	335,000	70,889
Highways and Streets	1,586	0	6,000	4,414
Education	1,019,327	560,000	990,000	(29,327)
<u>Other Debt Service</u>				
General Government	43,200	150,000	150,000	106,800
Total Expenditures	<u>\$ 4,486,345</u>	<u>\$ 4,270,000</u>	<u>\$ 4,762,000</u>	<u>\$ 275,655</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (890,813)</u>	<u>\$ (1,377,218)</u>	<u>\$ (1,575,218)</u>	<u>\$ 684,405</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 30,863	\$ 0	\$ 0	\$ 30,863
Total Other Financing Sources (Uses)	<u>\$ 30,863</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,863</u>
Net Change in Fund Balance	\$ (859,950)	\$ (1,377,218)	\$ (1,575,218)	\$ 715,268
Fund Balance, July 1, 2010	<u>11,719,665</u>	<u>11,857,477</u>	<u>11,857,477</u>	<u>(137,812)</u>
Fund Balance, June 30, 2011	<u>\$ 10,859,715</u>	<u>\$ 10,480,259</u>	<u>\$ 10,282,259</u>	<u>\$ 577,456</u>

# Fiduciary Funds

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

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

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.

Warren County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2011

	Agency Funds				Total
	Cities - Sales Tax	Community Develop- ment - Agency	Constitu- tional Officers - Agency	Judicial District Drug	
Cash	\$ 0	\$ 0	\$ 1,987,595	\$ 0	\$ 1,987,595
Equity in Pooled Cash and Investments	0	522	0	9,211	9,733
Due from Other Governments	315,263	0	0	0	315,263
Total Assets	\$ 315,263	\$ 522	\$ 1,987,595	\$ 9,211	\$ 2,312,591
<u>LIABILITIES</u>					
Due to Other Taxing Units	\$ 315,263	\$ 0	\$ 0	\$ 0	\$ 315,263
Due to Litigants, Heirs, and Others	0	0	1,987,595	0	1,987,595
Due to State of Tennessee	0	522	0	0	522
Due to Joint Ventures	0	0	0	9,211	9,211
Total Liabilities	\$ 315,263	\$ 522	\$ 1,987,595	\$ 9,211	\$ 2,312,591

Exhibit I-2

Warren County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,823,412	\$ 1,823,412	\$ 0
Due from Other Governments	296,769	315,263	296,769	315,263
<b>Total Assets</b>	<b>\$ 296,769</b>	<b>\$ 2,138,675</b>	<b>\$ 2,120,181</b>	<b>\$ 315,263</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 296,769	\$ 2,138,675	\$ 2,120,181	\$ 315,263
<b>Total Liabilities</b>	<b>\$ 296,769</b>	<b>\$ 2,138,675</b>	<b>\$ 2,120,181</b>	<b>\$ 315,263</b>
<u>Community Development - Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 522	\$ 45,387	\$ 45,387	\$ 522
Due from Other Governments	319,697	0	319,697	0
<b>Total Assets</b>	<b>\$ 320,219</b>	<b>\$ 45,387</b>	<b>\$ 365,084</b>	<b>\$ 522</b>
<u>Liabilities</u>				
Contracts Payable	\$ 319,697	\$ 0	\$ 319,697	\$ 0
Due to State of Tennessee	522	0	0	522
<b>Total Liabilities</b>	<b>\$ 320,219</b>	<b>\$ 0</b>	<b>\$ 319,697</b>	<b>\$ 522</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,316,701	\$ 7,976,309	\$ 7,305,415	\$ 1,987,595
<b>Total Assets</b>	<b>\$ 1,316,701</b>	<b>\$ 7,976,309</b>	<b>\$ 7,305,415</b>	<b>\$ 1,987,595</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,316,701	\$ 7,976,309	\$ 7,305,415	\$ 1,987,595
<b>Total Liabilities</b>	<b>\$ 1,316,701</b>	<b>\$ 7,976,309</b>	<b>\$ 7,305,415</b>	<b>\$ 1,987,595</b>
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 9,264	\$ 12,935	\$ 12,988	\$ 9,211
<b>Total Assets</b>	<b>\$ 9,264</b>	<b>\$ 12,935</b>	<b>\$ 12,988</b>	<b>\$ 9,211</b>
<u>Liabilities</u>				
Accounts Payable	\$ 8,028	\$ 0	\$ 8,028	\$ 0
Due to Joint Ventures	1,236	9,211	1,236	9,211
<b>Total Liabilities</b>	<b>\$ 9,264</b>	<b>\$ 9,211</b>	<b>\$ 9,264</b>	<b>\$ 9,211</b>

(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	\$ 1,316,701	\$ 7,976,309	\$ 7,305,415	\$ 1,987,595
Equity in Pooled Cash and Investments	9,786	1,881,734	1,881,787	9,733
Due from Other Governments	616,466	315,263	616,466	315,263
Total Assets	<u>\$ 1,942,953</u>	<u>\$ 10,173,306</u>	<u>\$ 9,803,668</u>	<u>\$ 2,312,591</u>
<u>Liabilities</u>				
Accounts Payable	\$ 8,028	\$ 0	\$ 8,028	\$ 0
Contracts Payable	319,697	0	319,697	0
Due to Other Taxing Units	296,769	2,138,675	2,120,181	315,263
Due to Litigants, Heirs, and Others	1,316,701	7,976,309	7,305,415	1,987,595
Due to State of Tennessee	522	0	0	522
Due to Joint Ventures	1,236	9,211	1,236	9,211
Total Liabilities	<u>\$ 1,942,953</u>	<u>\$ 10,124,195</u>	<u>\$ 9,754,557</u>	<u>\$ 2,312,591</u>

# 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 School Department uses a General Fund, two Special Revenue Funds and a 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 building construction and renovations of the School Department.

Exhibit J-1

Warren County, Tennessee  
Statement of Activities  
Discretely Presented Warren County School Department  
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 34,021,456	\$ 156,428	\$ 5,585,663	\$ (28,279,365)
Support Services	17,381,769	31,591	0	(17,350,178)
Operation of Non-Instructional Services	3,611,919	766,637	7,954,426	5,109,144
<b>Total Governmental Activities</b>	<b>\$ 55,015,144</b>	<b>\$ 954,656</b>	<b>\$ 13,540,089</b>	<b>\$ (40,520,399)</b>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 3,966,766
Local Option Sales Taxes				7,333,190
Grants and Contributions Not Restricted to Specific Programs				32,821,921
Unrestricted Investment Earnings				7,770
Miscellaneous				226,790
<b>Total General Revenues</b>				<b>\$ 44,356,437</b>
Change in Net Assets				\$ 3,836,038
Net Assets, July 1, 2010				41,366,746
<b>Net Assets, June 30, 2011</b>				<b>\$ 45,202,784</b>

Exhibit J-2

Warren County, Tennessee  
 Balance Sheet - Governmental Funds  
 Discretely Presented Warren County School Department  
 June 30, 2011

	Major Funds				Total Govern- mental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 1,292	\$ 0	\$ 1,292
Equity in Pooled Cash and Investments	5,046,480	90,985	1,746,177	413,474	7,297,116
Inventories	0	0	140,492	0	140,492
Accounts Receivable	8,987	0	0	0	8,987
Due from Other Governments	2,425,817	41,800	236,937	0	2,704,554
Due from Other Funds	926	0	0	0	926
Property Taxes Receivable	3,985,053	0	0	0	3,985,053
Allowance for Uncollectible Property Taxes	(123,691)	0	0	0	(123,691)
Total Assets	<u>\$ 11,343,572</u>	<u>\$ 132,785</u>	<u>\$ 2,124,898</u>	<u>\$ 413,474</u>	<u>\$ 14,014,729</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 3,016	\$ 4,640	\$ 37,029	\$ 0	\$ 44,685
Payroll Deductions Payable	479,341	0	0	0	479,341
Due to Other Funds	0	311	615	0	926
Due to Primary Government	46,461	0	0	0	46,461
Deferred Revenue - Current Property Taxes	3,692,922	0	0	0	3,692,922
Deferred Revenue - Delinquent Property Taxes	156,553	0	0	0	156,553
Other Deferred Revenues	639,017	0	0	0	639,017
Total Liabilities	<u>\$ 5,017,310</u>	<u>\$ 4,951</u>	<u>\$ 37,644</u>	<u>\$ 0</u>	<u>\$ 5,059,905</u>
<u>Fund Balances</u>					
Nonspendable:					
Inventory	\$ 0	\$ 0	\$ 140,492	\$ 0	\$ 140,492
Restricted:					
Restricted for Education	104,402	67,102	1,646,762	413,474	2,230,740
Committed:					
Committed for Education	4,769,276	0	0	0	4,769,276
Assigned:					
Assigned for Education	1,433,612	60,732	300,000	0	1,794,344
Unassigned	18,972	0	0	0	18,972
Total Fund Balances	<u>\$ 6,326,262</u>	<u>\$ 127,834</u>	<u>\$ 2,087,254</u>	<u>\$ 413,474</u>	<u>\$ 8,954,824</u>
Total Liabilities and Fund Balances	<u>\$ 11,343,572</u>	<u>\$ 132,785</u>	<u>\$ 2,124,898</u>	<u>\$ 413,474</u>	<u>\$ 14,014,729</u>

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, 2011

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)		\$	8,954,824
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,916,420	
Add: construction in progress		4,421,613	
Add: buildings and improvements net of accumulated depreciation		30,682,795	
Add: other capital assets net of accumulated depreciation		<u>1,846,171</u>	38,866,999
(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	\$	(2,332,547)	
Less: other postemployment benefits liability		<u>(1,082,062)</u>	(3,414,609)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>795,570</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>45,202,784</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, 2011

	Major Funds				Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>Revenues</u>					
Local Taxes	\$ 11,265,643	\$ 0	\$ 0	\$ 0	\$ 11,265,643
Charges for Current Services	309,990	0	766,637	0	1,076,627
Other Local Revenues	114,158	0	15,108	0	129,266
State of Tennessee	31,834,552	0	59,424	0	31,893,976
Federal Government	380,297	6,177,679	2,213,764	0	8,771,740
Other Governments and Citizens Groups	175,000	0	5,000	5,453,648	5,633,648
Total Revenues	<u>\$ 44,079,640</u>	<u>\$ 6,177,679</u>	<u>\$ 3,059,933</u>	<u>\$ 5,453,648</u>	<u>\$ 58,770,900</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 27,594,635	\$ 3,953,322	\$ 0	\$ 0	\$ 31,547,957
Support Services	15,319,865	1,736,689	0	0	17,056,554
Operation of Non-Instructional Services	752,203	0	2,882,033	0	3,634,236
Capital Outlay	835,233	0	0	0	835,233
Capital Projects	0	0	0	5,440,174	5,440,174
Total Expenditures	<u>\$ 44,501,936</u>	<u>\$ 5,690,011</u>	<u>\$ 2,882,033</u>	<u>\$ 5,440,174</u>	<u>\$ 58,514,154</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (422,296)</u>	<u>\$ 487,668</u>	<u>\$ 177,900</u>	<u>\$ 13,474</u>	<u>\$ 256,746</u>
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 451,147	\$ 0	\$ 28,874	\$ 400,000	\$ 880,021
Transfers Out	(400,000)	(480,021)	0	0	(880,021)
Total Other Financing Sources (Uses)	<u>\$ 51,147</u>	<u>\$ (480,021)</u>	<u>\$ 28,874</u>	<u>\$ 400,000</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (371,149)	\$ 7,647	\$ 206,774	\$ 413,474	\$ 256,746
Fund Balance, July 1, 2010	<u>6,697,411</u>	<u>120,187</u>	<u>1,880,480</u>	<u>0</u>	<u>8,698,078</u>
Fund Balance, June 30, 2011	<u>\$ 6,326,262</u>	<u>\$ 127,834</u>	<u>\$ 2,087,254</u>	<u>\$ 413,474</u>	<u>\$ 8,954,824</u>

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, 2011

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)		\$	256,746
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	5,274,888	
Less: current-year depreciation expense		<u>(1,662,019)</u>	3,612,869
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2011	\$	795,570	
Less: deferred delinquent property taxes and other deferred June 30, 2010		<u>(715,288)</u>	80,282
(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	\$	130,846	
Change in other postemployment benefits liability		<u>(244,705)</u>	<u>(113,859)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ 3,836,038</u>

Exhibit J-6

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 11,265,643	\$ 0	\$ 0	\$ 11,265,643	\$ 11,571,878	\$ 11,571,878	\$ (306,235)
Charges for Current Services	309,990	0	0	309,990	415,000	415,000	(105,010)
Other Local Revenues	114,158	0	0	114,158	126,000	126,000	(11,842)
State of Tennessee	31,834,552	0	0	31,834,552	30,618,999	30,854,691	979,861
Federal Government	380,297	0	0	380,297	906,200	970,200	(589,903)
Other Governments and Citizens Groups	175,000	0	0	175,000	0	175,000	0
Total Revenues	\$ 44,079,640	\$ 0	\$ 0	\$ 44,079,640	\$ 43,638,077	\$ 44,112,769	\$ (33,129)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 22,410,384	\$ (645,370)	\$ 199,322	\$ 21,964,336	\$ 21,780,100	\$ 22,411,448	\$ 447,112
Alternative Instruction Program	279,118	0	0	279,118	280,500	280,500	1,382
Special Education Program	2,998,795	(216)	0	2,998,579	3,211,100	3,211,100	212,521
Vocational Education Program	1,763,975	(700)	4,636	1,767,911	1,904,900	1,904,900	136,989
Adult Education Program	142,363	0	0	142,363	194,100	194,100	51,737
<u>Support Services</u>							
Attendance	460,384	(130)	33,262	493,516	550,700	550,700	57,184
Health Services	781,044	(50)	0	780,994	880,700	880,700	99,706
Other Student Support	1,716,139	(30,541)	37,173	1,722,771	1,840,300	1,942,262	219,491
Regular Instruction Program	1,141,015	0	0	1,141,015	1,274,100	1,274,100	133,085
Alternative Instruction Program	85,871	0	0	85,871	91,600	91,600	5,729
Special Education Program	445,678	0	0	445,678	466,900	466,900	21,222
Vocational Education Program	88,258	0	0	88,258	119,200	119,200	30,942
Other Programs	235,692	0	0	235,692	0	235,692	0

(Continued)

Exhibit J-6

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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Board of Education	\$ 798,254	\$ (6,500)	\$ 7,000	\$ 798,754	\$ 849,800	\$ 856,849	\$ 58,095
Director of Schools	175,543	0	0	175,543	195,400	195,400	19,857
Office of the Principal	1,929,606	0	10,584	1,940,190	1,976,900	1,976,900	36,710
Fiscal Services	493,971	(850)	9,211	502,332	530,900	530,900	28,568
Operation of Plant	3,399,724	(20,582)	15,014	3,394,156	3,644,100	3,644,100	249,944
Maintenance of Plant	1,570,237	(115,731)	24,041	1,478,547	1,494,000	1,558,000	79,453
Transportation	1,998,449	(488,238)	44,736	1,554,947	1,698,100	1,698,100	143,153
<u>Operation of Non-Instructional Services</u>							
Food Service	1,170	0	0	1,170	1,400	1,400	230
Community Services	102,957	0	408	103,365	175,000	175,000	71,635
Early Childhood Education	648,076	(2,516)	0	645,560	647,200	647,200	1,640
<u>Capital Outlay</u>							
Regular Capital Outlay	835,233	(446,919)	1,048,225	1,436,539	1,100,000	1,600,000	163,461
Total Expenditures	\$ 44,501,936	\$ (1,758,343)	\$ 1,433,612	\$ 44,177,205	\$ 44,907,000	\$ 46,447,051	\$ 2,269,846
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (422,296)	\$ 1,758,343	\$ (1,433,612)	\$ (97,565)	\$ (1,268,923)	\$ (2,334,282)	\$ 2,236,717
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 451,147	\$ 0	\$ 0	\$ 451,147	\$ 10,000	\$ 454,559	\$ (3,412)
Transfers Out	(400,000)	0	0	(400,000)	0	(400,000)	0
Payments to Refunded Debt Escrow Agent	0	0	0	0	(204,800)	0	0
Total Other Financing Sources (Uses)	\$ 51,147	\$ 0	\$ 0	\$ 51,147	\$ (194,800)	\$ 54,559	\$ (3,412)
Net Change in Fund Balance	\$ (371,149)	\$ 1,758,343	\$ (1,433,612)	\$ (46,418)	\$ (1,463,723)	\$ (2,279,723)	\$ 2,233,305
Fund Balance, July 1, 2010	6,697,411	(1,758,343)	0	4,939,068	4,865,655	4,865,655	73,413
Fund Balance, June 30, 2011	\$ 6,326,262	\$ 0	\$ (1,433,612)	\$ 4,892,650	\$ 3,401,932	\$ 2,585,932	\$ 2,306,718

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  
School Federal Projects Fund  
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Federal Government	\$ 6,177,679	\$ 0	\$ 0	\$ 6,177,679	\$ 5,802,314	\$ 8,286,433	\$ (2,108,754)
Total Revenues	\$ 6,177,679	\$ 0	\$ 0	\$ 6,177,679	\$ 5,802,314	\$ 8,286,433	\$ (2,108,754)
<b>Expenditures</b>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,302,694	\$ (3,271)	\$ 13,338	\$ 2,312,761	\$ 2,569,918	\$ 3,117,299	\$ 804,538
Special Education Program	1,553,369	(9,874)	39,600	1,583,095	1,351,972	2,225,963	642,868
Vocational Education Program	97,259	0	0	97,259	83,462	97,259	0
<u>Support Services</u>							
Other Student Support	56,474	(7,547)	4,279	53,206	92,475	64,755	11,549
Regular Instruction Program	708,319	(6,138)	256	702,437	808,541	1,361,572	659,135
Special Education Program	944,779	(1,115)	3,259	946,923	943,793	1,056,976	110,053
Vocational Education Program	4,724	0	0	4,724	6,237	4,724	0
Transportation	22,393	0	0	22,393	14,539	27,993	5,600
Total Expenditures	\$ 5,690,011	\$ (27,945)	\$ 60,732	\$ 5,722,798	\$ 5,870,937	\$ 7,956,541	\$ 2,233,743
<b>Excess (Deficiency) of Revenues Over Expenditures</b>							
	\$ 487,668	\$ 27,945	\$ (60,732)	\$ 454,881	\$ (68,623)	\$ 329,892	\$ 124,989
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 176,888	\$ 176,955	\$ (176,955)
Transfers Out	(480,021)	0	0	(480,021)	(108,265)	(583,542)	103,521
Total Other Financing Sources (Uses)	\$ (480,021)	\$ 0	\$ 0	\$ (480,021)	\$ 68,623	\$ (406,587)	\$ (73,434)
<b>Net Change in Fund Balance</b>							
Fund Balance, July 1, 2010	\$ 120,187	\$ 27,945	\$ (60,732)	\$ (25,140)	\$ 0	\$ 248,812	\$ 51,555
		(27,945)	0	92,242	248,812	248,812	(156,570)
Fund Balance, June 30, 2011	\$ 127,834	\$ 0	\$ (60,732)	\$ 67,102	\$ 248,812	\$ 172,117	\$ (105,015)

Exhibit J-8

Warren County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Warren County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 766,637	\$ 0	\$ 766,637	\$ 870,000	\$ 870,000	\$ (103,363)
Other Local Revenues	15,108	0	15,108	16,300	16,300	(1,192)
State of Tennessee	59,424	0	59,424	32,000	32,000	27,424
Federal Government	2,213,764	0	2,213,764	2,016,000	2,135,242	78,522
Other Governments and Citizens Groups	5,000	0	5,000	0	0	5,000
Total Revenues	\$ 3,059,933	\$ 0	\$ 3,059,933	\$ 2,934,300	\$ 3,053,542	\$ 6,391
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 2,882,033	\$ 300,000	\$ 3,182,033	\$ 3,399,300	\$ 3,518,542	\$ 336,509
Total Expenditures	\$ 2,882,033	\$ 300,000	\$ 3,182,033	\$ 3,399,300	\$ 3,518,542	\$ 336,509
Excess (Deficiency) of Revenues Over Expenditures	\$ 177,900	\$ (300,000)	\$ (122,100)	\$ (465,000)	\$ (465,000)	\$ 342,900
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 28,874	\$ 0	\$ 28,874	\$ 0	\$ 0	\$ 28,874
Total Other Financing Sources (Uses)	\$ 28,874	\$ 0	\$ 28,874	\$ 0	\$ 0	\$ 28,874
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 206,774	\$ (300,000)	\$ (93,226)	\$ (465,000)	\$ (465,000)	\$ 371,774
	1,880,480	0	1,880,480	1,897,668	1,897,668	(17,188)
Fund Balance, June 30, 2011	\$ 2,087,254	\$ (300,000)	\$ 1,787,254	\$ 1,432,668	\$ 1,432,668	\$ 354,586

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Warren County, Tennessee  
Schedule of Changes in Long-term Notes and Bonds  
For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Mated During Period	Outstanding 6-30-11
<b>NOTES PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Road Construction	\$ 275,000	2.59	5-18-09	6-30-11	\$ 8,334	\$ 0	\$ 8,334	\$ 0
Ambulance Service Building	100,000	2.59	5-18-09	6-30-11	33,333	0	33,333	0
School Buses	350,000	2.59	5-18-09	6-30-11	116,666	0	116,666	0
Sheriff Vehicles	125,000	2.8 to 3.5	2-17-10	6-30-12	83,333	0	41,667	41,666
Sewer System - Jail	159,500	2.99	7-23-10	6-30-13	0	159,500	53,167	106,333
School Buses	175,000	2.99	7-23-10	6-30-13	0	175,000	58,333	116,667
Sanitation Truck	130,156	2.76	2-3-11	6-30-13	0	130,156	43,385	86,771
Ambulance Changeovers	180,000	2.76	2-3-11	6-30-13	0	180,000	60,000	120,000
Harrison Ferry Road Repairs	140,613	2.76	2-3-11	6-30-13	0	140,613	46,871	93,742
Dibrell Elementary	750,000	2.76	2-3-11	6-30-13	0	750,000	250,000	500,000
Total Notes Payable					\$ 241,666	\$ 1,535,269	\$ 711,756	\$ 1,065,179
<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	\$ 3,785,000	\$ 0	\$ 1,840,000	\$ 1,945,000
Public Works Refunding	1,485,000	2 to 3.5	12-29-03	6-1-13	545,000	0	175,000	370,000
School Refunding, Series 2008	3,790,000	3 to 3.5	4-24-08	6-1-14	2,840,000	0	420,000	2,420,000
USDA Bonds - Ambulances	226,000	4.5	6-5-09	6-30-24	215,124	0	11,365	203,759
General Obligation Refunding, Series 2010	6,475,000	2 to 4	2-10-10	6-1-22	6,475,000	0	0	6,475,000
Build America Bonds, Series 2010B	6,000,000	2.35 to 5.45	4-15-10	6-1-30	6,000,000	0	0	6,000,000
Qualified School Construction, Series 2010	9,300,000	0	10-7-10	9-15-27	0	9,300,000	0	9,300,000
Total Bonds Payable					\$ 19,860,124	\$ 9,300,000	\$ 2,446,365	\$ 26,713,759

Exhibit K-2

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

Year Ending June 30	Notes		Total
	Principal	Interest	
2012	\$ 553,422	\$ 29,950	\$ 583,372
2013	511,757	14,396	526,153
Total	\$ 1,065,179	\$ 44,346	\$ 1,109,525

Year Ending June 30	Bonds		Total
	Principal	Interest	
2012	\$ 3,040,465	\$ 1,138,127	\$ 4,178,592
2013	2,662,716	1,039,156	3,701,872
2014	1,783,276	971,848	2,755,124
2015	1,468,859	936,663	2,405,522
2016	1,499,469	909,670	2,409,139
2017	1,535,106	881,041	2,416,147
2018	1,570,773	846,591	2,417,364
2019	1,606,468	809,939	2,416,407
2020	1,647,196	767,710	2,414,906
2021	1,692,955	723,135	2,416,090
2022	1,743,750	676,161	2,419,911
2023	969,579	626,868	1,596,447
2024	985,401	608,611	1,594,012
2025	980,305	589,226	1,569,531
2026	995,306	569,427	1,564,733
2027	1,072,429	548,469	1,620,898
2028	504,706	119,606	624,312
2029	470,000	51,577	521,577
2030	485,000	26,432	511,432
Total	\$ 26,713,759	\$ 12,840,257	\$ 39,554,016

Exhibit K-3

Warren County, Tennessee  
 Schedule of Transfers  
Primary Government and Discretely Presented Warren County School Department  
For the Year Ended June 30, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General Capital Projects	General Debt Service	To close fund	\$ 30,863
Total Transfers Primary Government			\$ 30,863
<u>DISCRETELY PRESENTED WARREN COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 6,588
School Federal Projects	General Purpose School	Grant reimbursement	444,559
School Federal Projects	Central Cafeteria	Grant reimbursement	28,874
General Purpose School	Education Capital Projects	Construction costs	400,000
Total Transfers Discretely Presented Warren County School Department			\$ 880,021

Exhibit K-4

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, 2011

Official	Authorization for Salary	\$	Salary Paid During Period	\$	Bond	Surety
County Executive	Section 8-24-102, TCA		73,866		50,000	Cincinnati Insurance Company
Superintendent of Roads:						
Harold Glenn (7-1-10 through 8-31-10)	Section 8-24-102, TCA		10,823		100,000	"
Levie Glenn (9-1-10 through 6-30-11)	Section 8-24-102, TCA		59,527		100,000	"
Director of Accounts	County Commission		55,392		10,000	Western Surety Company
Director of Schools	State Board of Education and County Board of Education		100,206 (1)		100,000	Cincinnati Insurance Company
Trustee	Section 8-24-102, TCA		63,954	1,532,000		"
Assessor of Property	Section 8-24-102, TCA		63,954		10,000	State Farm Fire and Casualty Company
County Clerk	Section 8-24-102, TCA		63,954		50,000	Cincinnati Insurance Company
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA		63,954		50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge		63,954		50,000	"
Register	Section 8-24-102, TCA		63,954		25,000	"
Sheriff	Section 8-24-102, TCA		70,350 (2)		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) Includes a chief executive officer training supplement of \$1,000.  
(2) Does not include a 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, 2011

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 6,407,341	\$ 311,349	\$ 625,772	\$ 0	\$ 0	\$ 0	\$ 488,330
Trustee's Collections - Prior Year	187,911	12,678	25,356	0	0	0	20,074
Trustee's Collections - Bankruptcy	1,390	75	151	0	0	0	119
Circuit/Clerk & Master Collections - Prior Years	67,020	4,010	8,021	0	0	0	7,599
Interest and Penalty	42,220	2,428	4,860	0	0	0	3,836
Payments in-Lieu-of Taxes - T.V.A.	18,806	949	1,905	0	0	0	1,367
Payments in-Lieu-of Taxes - Local Utilities	48,209	2,493	5,004	0	0	0	3,922
Payments in-Lieu-of Taxes - Other	339,212	16,571	33,304	0	0	0	26,117
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	0	0
Hotel/Motel Tax	0	0	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0	0
Litigation Tax - General	106,634	0	0	0	0	0	0
Litigation Tax - Special Purpose	8,574	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	37,543	0	0	0	0	0	0
Business Tax	316,331	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	42,070
<u>Statutory Local Taxes</u>							
Bank Excise Tax	66,021	3,225	6,482	0	0	0	5,059
Wholesale Beer Tax	66,368	107,826	0	0	0	0	0
Total Local Taxes	\$ 7,713,580	\$ 461,604	\$ 710,855	\$ 0	\$ 0	\$ 0	\$ 598,493
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 2,992	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	177,901	0	0	0	0	0	0
<u>Permits</u>							
Beer Permits	3,119	0	0	0	0	0	0
Building Permits	27,600	0	0	0	0	0	0
Other Permits	3,440	0	5,000	0	0	0	0
Total Licenses and Permits	\$ 215,052	\$ 0	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Highway / Public Works
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitu- tional Officers - Fees		
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 16,043	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	19,579	0	0	0	0	0	0	0
Drug Control Fines	0	0	0	22,344	0	0	0	0
Drug Court Fees	4,577	0	0	0	0	0	0	0
Jail Fees	8,683	0	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	3,605	0	0	0
DUI Treatment Fines	2,355	0	0	0	0	0	0	0
Data Entry Fee - Circuit Court	962	0	0	0	0	0	0	0
Courtroom Security Fee	269	0	0	0	0	0	0	0
Victims Assistance Assessments	6,675	0	0	0	0	0	0	0
<u>General Sessions Court</u>								
Fines	28,304	0	0	0	0	0	0	0
Officers Costs	46,064	0	0	0	0	0	0	0
Game and Fish Fines	540	0	0	0	0	0	0	0
Drug Control Fines	0	0	0	4,262	0	0	0	0
Drug Court Fees	3,373	0	0	0	0	0	0	0
Jail Fees	26,273	0	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	5,874	0	0	0
DUI Treatment Fines	6,730	0	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	5,876	0	0	0	0	0	0	0
Courtroom Security Fee	7	0	0	0	0	0	0	0
Victims Assistance Assessments	18,935	0	0	0	0	0	0	0
<u>Juvenile Court</u>								
Fines	4,292	0	0	0	0	0	0	0
Officers Costs	7,778	0	0	0	0	0	0	0
Jail Fees	14,225	0	0	0	0	0	0	0
Data Entry Fee - Juvenile Court	609	0	0	0	0	0	0	0
<u>Chancery Court</u>								
Officers Costs	3,040	0	0	0	0	0	0	0
Data Entry Fee - Chancery Court	1,678	0	0	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Highway / Public Works
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitu- tional Officers - Fees		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
Chancery Court (Cont.)								
Courtroom Security Fee	8 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	0	159,410	0	0	0	0
<u>Total Fines, Forfeitures, and Penalties</u>	\$ 226,875 \$	0 \$	0 \$	186,016 \$	9,479 \$	0 \$	0 \$	0
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Tipping Fees	2,151 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Solid Waste Disposal Fees	0	2,002	0	0	0	0	0	0
Patient Charges	0	0	1,908,434	0	0	0	0	0
Other General Service Charges	14,106	0	0	0	0	0	0	0
<u>Fees</u>								
Engineer Review Fees	300	0	0	0	0	0	0	0
Copy Fees	336	0	0	0	0	0	0	0
Greenbelt Late Application Fee	100	0	0	0	0	0	0	0
Telephone Commissions	61,776	0	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	845,896	0	0
Data Processing Fee - Register	11,006	0	0	0	0	0	0	0
Probation Fees	8,162	0	0	0	0	0	0	0
Data Processing Fee - Sheriff	5,144	0	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	4,800	0	0	0	0	0	0	0
<u>Total Charges for Current Services</u>	\$ 107,881 \$	2,002 \$	1,908,434 \$	0 \$	0 \$	845,896 \$	0 \$	0
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	1,353 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Lease/Rentals	100,896	0	0	0	0	0	0	0
Sale of Materials and Supplies	758	0	0	0	0	0	0	0
Commissary Sales	77,799	0	0	0	0	0	0	0
Sale of Gasoline	254,165	0	0	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works
<u>Other Local Revenues (Cont.)</u>							
<u>Recurring Items (Cont.)</u>							
Sale of Recycled Materials	\$ 0	\$ 57,717	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Miscellaneous Refunds	2,719	0	0	0	229	0	1,710
<u>Nonrecurring Items</u>							
Sale of Property	820	0	0	0	0	0	0
Damages Recovered from Individuals	82	0	0	0	0	0	0
Contributions and Gifts	820	0	0	0	0	0	0
<b>Total Other Local Revenues</b>	<b>\$ 439,412</b>	<b>\$ 57,717</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 229</b>	<b>\$ 0</b>	<b>\$ 1,710</b>
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
County Clerk	\$ 131,542	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	109,224	0	0	0	0	0	0
Trustee	435,625	0	0	0	0	0	0
<u>Fees in-Lieu-of Salary</u>							
Clerk and Master	109,663	0	0	0	0	0	0
Sheriff	10,225	0	0	0	0	0	0
<b>Total Fees Received from County Officials</b>	<b>\$ 796,279</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	290,208	0	0	0	0	0	0
Solid Waste Grants	0	41,388	0	0	0	0	0
On-Behalf Contributions for OPEB	1,097	0	0	0	0	0	0
Other General Government Grants	6,567	0	0	0	0	0	0
<u>Public Safety Grants</u>							
Other Public Safety Grants	49,033	0	0	0	0	0	0
<u>Health and Welfare Grants</u>							
Health Department Programs	483,203	0	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>							
Public Works Grants							
Bridge Program							
Litter Program							
Other State Revenues							
Income Tax							
Beer Tax							
Alcoholic Beverage Tax							
Mixed Drink Tax							
State Revenue Sharing - T.V.A.		429,431					26,298
Contracted Prisoner Boarding							
Gasoline and Motor Fuel Tax							1,779,596
Petroleum Special Tax							30,740
Registrar's Salary Supplement							
Other State Revenues							
Total State of Tennessee	\$ 1,931,330	\$ 470,819	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,342,277
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development							
Civil Defense Reimbursement							
Law Enforcement Grants			11,027				
ARRA Grant No. 1	64,690						
ARRA Grant No. 2	48,406						
ARRA Grant No. 4	79,579						
Other Federal through State	243,004						
<u>Direct Federal Revenue</u>							
Forest Service	344						
Medicare	18,800						
Tax Credit Bond Rebate	197,872						
Other Direct Federal Revenue	0		35,000				
Total Federal Government	\$ 692,525	\$ 0	\$ 46,027	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works
Other Governments and Citizens Groups							
Other Governments							
Contributions	\$ 203,585	\$ 0	\$ 0	\$ 8,235	\$ 0	\$ 0	\$ 57,600
Total Other Governments and Citizens Groups	\$ 203,585	\$ 0	\$ 0	\$ 8,235	\$ 0	\$ 0	\$ 57,600
Total	\$ 12,326,519	\$ 992,142	\$ 2,670,316	\$ 194,251	\$ 9,708	\$ 845,896	\$ 3,000,080

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds					Total
		General Debt Service	HUD Grant Projects	Education Capital Projects - Dibrell	Education Capital Projects - Morrison	Other Capital Projects	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 875,732	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,708,524	
Trustee's Collections - Prior Year	79,239	0	0	0	0	325,258	
Trustee's Collections - Bankruptcy	349	0	0	0	0	2,084	
Circuit/Clerk & Master Collections - Prior Years	24,905	0	0	0	0	111,555	
Interest and Penalty	13,590	0	0	0	0	66,934	
Payments in-Lieu-of Taxes - T.V.A.	3,242	0	0	0	0	26,269	
Payments in-Lieu-of Taxes - Local Utilities	9,626	0	0	0	0	69,254	
Payments in-Lieu-of Taxes - Other	47,112	0	0	0	0	462,316	
<u>County Local Option Taxes</u>							
Local Option Sales Tax	222,076	0	0	0	0	222,076	
Hotel/Motel Tax	30,084	0	0	0	0	30,084	
Wheel Tax	1,027,226	0	0	0	0	1,027,226	
Litigation Tax - General	0	0	0	0	0	106,634	
Litigation Tax - Special Purpose	0	0	0	0	0	8,574	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	37,543	
Business Tax	0	0	0	0	0	316,331	
Mineral Severance Tax	0	0	0	0	0	42,070	
<u>Statutory Local Taxes</u>							
Bank Excise Tax	9,170	0	0	0	0	89,957	
Wholesale Beer Tax	0	0	0	0	0	174,194	
<u>Total Local Taxes</u>	\$ 2,342,351	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,826,883	
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	0	0	0	0	0	2,992	
Cable TV Franchise	0	0	0	0	0	177,901	
<u>Permits</u>							
Beer Permits	0	0	0	0	0	3,119	
Building Permits	0	0	0	0	0	27,600	
Other Permits	0	0	0	0	0	8,440	
<u>Total Licenses and Permits</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 220,052	

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds					Total
		General Debt Service	HUD Grant Projects	Education Projects - Dibrell	Education Projects - Morrison	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$	0	0	0	0	16,043	
Officers Costs		0	0	0	0	19,579	
Drug Control Fines		0	0	0	0	22,344	
Drug Court Fees		0	0	0	0	4,577	
Jail Fees		0	0	0	0	8,683	
District Attorney General Fees		0	0	0	0	3,605	
DUI Treatment Fines		0	0	0	0	2,355	
Data Entry Fee - Circuit Court		0	0	0	0	962	
Courtroom Security Fee		0	0	0	0	269	
Victims Assistance Assessments		0	0	0	0	6,675	
<u>General Sessions Court</u>							
Fines		0	0	0	0	28,304	
Officers Costs		0	0	0	0	46,064	
Game and Fish Fines		0	0	0	0	540	
Drug Control Fines		0	0	0	0	4,262	
Drug Court Fees		0	0	0	0	3,373	
Jail Fees		0	0	0	0	26,273	
District Attorney General Fees		0	0	0	0	5,874	
DUI Treatment Fines		0	0	0	0	6,730	
Data Entry Fee - General Sessions Court		0	0	0	0	5,876	
Courtroom Security Fee		0	0	0	0	7	
Victims Assistance Assessments		0	0	0	0	18,935	
<u>Juvenile Court</u>							
Fines		0	0	0	0	4,292	
Officers Costs		0	0	0	0	7,778	
Jail Fees		0	0	0	0	14,225	
Data Entry Fee - Juvenile Court		0	0	0	0	609	
<u>Chancery Court</u>							
Officers Costs		0	0	0	0	3,040	
Data Entry Fee - Chancery Court		0	0	0	0	1,678	

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds					Total
		General Debt Service	HUD Grant Projects	Education Capital Projects - Dibrell	Education Capital Projects - Morrison	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
Chancery Court (Cont.)	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	8	
Courtroom Security Fee							
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	159,410	
Proceeds from Confiscated Property							
Total Fines, Forfeitures, and Penalties	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	422,370	
<u>Charges for Current Services</u>							
General Service Charges	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	2,151	
Tipping Fees							
Solid Waste Disposal Fees	0	0	0	0	0	2,002	
Patient Charges	0	0	0	0	0	1,908,434	
Other General Service Charges	0	0	0	0	0	14,106	
<u>Fees</u>							
Engineer Review Fees	0	0	0	0	0	300	
Copy Fees	0	0	0	0	0	336	
Greenbelt Late Application Fee	0	0	0	0	0	100	
Telephone Commissions	0	0	0	0	0	61,776	
Constitutional Officers' Fees and Commissions	0	0	0	0	0	845,896	
Data Processing Fee - Register	0	0	0	0	0	11,006	
Probation Fees	0	0	0	0	0	8,162	
Data Processing Fee - Sheriff	0	0	0	0	0	5,144	
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	4,800	
Total Charges for Current Services	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	2,864,213	
<u>Other Local Revenues</u>							
Recurring Items	\$ 575,392 \$	0 \$	11,886 \$	12,428 \$	148 \$	601,207	
Investment Income							
Lease/Rentals	0	0	0	0	0	100,896	
Sale of Materials and Supplies	0	0	0	0	0	758	
Commissary Sales	0	0	0	0	0	77,799	
Sale of Gasoline	0	0	0	0	0	254,165	

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds					Total
		General Debt Service	HUD Grant Projects	Education Capital Projects - Dibrell	Education Capital Projects - Morrison	Other Capital Projects	
<u>Other Local Revenues (Cont.)</u>							
<u>Recurring Items (Cont.)</u>							
Sale of Recycled Materials	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	57,717	
Miscellaneous Refunds	0	0	0	0	0	4,658	
<u>Nonrecurring Items</u>							
Sale of Property	0	0	0	0	0	820	
Damages Recovered from Individuals	0	0	0	0	0	82	
Contributions and Gifts	0	0	0	0	0	820	
Total Other Local Revenues	\$ 575,392 \$	0 \$	11,886 \$	12,428 \$	148 \$	1,098,922	
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
County Clerk	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	131,542	
Circuit Court Clerk	0	0	0	0	0	109,224	
Trustee	0	0	0	0	0	435,625	
<u>Fees in-Lieu-of Salary</u>							
Clerk and Master	0	0	0	0	0	109,663	
Sheriff	0	0	0	0	0	10,225	
Total Fees Received from County Officials	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	796,279	
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	9,000	
Airport Maintenance Program	0	0	0	0	0	290,208	
Solid Waste Grants	0	0	0	0	0	41,388	
On-Behalf Contributions for OPEB	0	0	0	0	0	1,097	
Other General Government Grants	0	0	0	0	0	6,567	
<u>Public Safety Grants</u>							
Other Public Safety Grants	0	0	0	0	0	49,033	
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0	483,203	

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds					Total
		General Debt Service	HUD Grant Projects	Education Projects - Dibrell	Education Projects - Morrison	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>							
<u>Public Works Grants</u>							
Bridge Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 505,643
Litter Program	0	0	0	0	0	0	25,308
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	61,104
Beer Tax	0	0	0	0	0	0	18,724
Alcoholic Beverage Tax	0	0	0	0	0	0	60,694
Mixed Drink Tax	0	0	0	0	0	0	19,918
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	455,729
Contracted Prisoner Boarding	0	0	0	0	0	0	860,250
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,779,596
Petroleum Special Tax	0	0	0	0	0	0	30,740
Registrar's Salary Supplement	0	0	0	0	0	0	19,259
Other State Revenues	0	0	0	0	0	0	26,965
<b>Total State of Tennessee</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,744,426</b>
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 0	\$ 53,179	\$ 0	\$ 0	\$ 0	\$ 0	\$ 53,179
Civil Defense Reimbursement	0	0	0	0	0	0	11,027
Law Enforcement Grants	0	0	0	0	0	0	64,690
ARRA Grant No. 1	0	0	0	0	0	0	48,406
ARRA Grant No. 2	0	0	0	0	0	0	79,579
ARRA Grant No. 4	0	0	0	0	0	0	243,004
Other Federal through State	0	0	0	0	0	0	39,830
<u>Direct Federal Revenue</u>							
Forest Service	0	0	0	0	0	0	344
Medicare	0	0	0	0	0	0	18,800
Tax Credit Bond Rebate	0	0	0	0	0	0	197,872
Other Direct Federal Revenue	0	0	0	0	0	0	35,000
<b>Total Federal Government</b>	<b>\$ 0</b>	<b>\$ 53,179</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 791,731</b>

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds						Total
		General Debt Service	HUD Grant Projects	Education Capital Projects - Dibrell	Education Capital Projects - Morrison	Other Capital Projects		
Other Governments and Citizens Groups								
Other Governments								
Contributions	\$ 677,789	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 947,209	
Total Other Governments and Citizens Groups	\$ 677,789	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 947,209	
Total	\$ 3,595,532	\$ 53,179	\$ 11,886	\$ 12,428	\$ 148	\$ 23,712,085		

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, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,498,684	\$ 0	\$ 0	\$ 0	\$ 3,498,684
Trustee's Collections - Prior Year	139,460	0	0	0	139,460
Trustee's Collections - Bankruptcy	836	0	0	0	836
Circuit/Clerk & Master Collections - Prior Years	52,810	0	0	0	52,810
Interest and Penalty	26,810	0	0	0	26,810
Payments in-Lieu-of Taxes - T.V.A.	9,733	0	0	0	9,733
Payments in-Lieu-of Taxes - Local Utilities	27,839	0	0	0	27,839
Payments in-Lieu-of Taxes - Other	187,062	0	0	0	187,062
<u>County Local Option Taxes</u>					
Local Option Sales Tax	7,286,173	0	0	0	7,286,173
<u>Statutory Local Taxes</u>					
Bank Excise Tax	36,236	0	0	0	36,236
<b>Total Local Taxes</b>	<b>\$ 11,265,643</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 11,265,643</b>
<u>Charges for Current Services</u>					
<u>Fees</u>					
Telephone Commissions	\$ 4,900	\$ 0	\$ 0	\$ 0	\$ 4,900
<u>Education Charges</u>					
Tuition - Other	111,609	0	0	0	111,609
Lunch Payments - Children	0	0	311,720	0	311,720
Lunch Payments - Adults	0	0	88,309	0	88,309
Income from Breakfast	0	0	46,980	0	46,980
A la carte Sales	0	0	319,628	0	319,628
Receipts from Individual Schools	161,890	0	0	0	161,890
<u>Other Charges for Services</u>					
Other Charges for Services	31,591	0	0	0	31,591
<b>Total Charges for Current Services</b>	<b>\$ 309,990</b>	<b>\$ 0</b>	<b>\$ 766,637</b>	<b>\$ 0</b>	<b>\$ 1,076,627</b>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 7,770	\$ 0	\$ 7,770
Refund of Telecommunication and Internet Fees (E-Rate)	44,819	0	0	0	44,819
Miscellaneous Refunds	25,690	0	7,338	0	33,028
<u>Nonrecurring Items</u>					
Sale of Equipment	24,865	0	0	0	24,865
Resale of Materials - T&I House	2,047	0	0	0	2,047
Damages Recovered from Individuals	60	0	0	0	60
Contributions and Gifts	16,677	0	0	0	16,677
<b>Total Other Local Revenues</b>	<b>\$ 114,158</b>	<b>\$ 0</b>	<b>\$ 15,108</b>	<b>\$ 0</b>	<b>\$ 129,266</b>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 235,692	\$ 0	\$ 0	\$ 0	\$ 235,692
<u>State Education Funds</u>					
Basic Education Program	26,894,492	0	0	0	26,894,492
Basic Education Program - ARRA	3,092,509	0	0	0	3,092,509
Early Childhood Education	642,274	0	0	0	642,274
School Food Service	0	0	32,329	0	32,329

(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	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Driver Education	\$ 18,888	\$ 0	\$ 0	\$ 0	\$ 18,888
Other State Education Funds	7,504	0	0	0	7,504
Coordinated School Health - ARRA	170,000	0	0	0	170,000
Internet Connectivity - ARRA	23,032	0	0	0	23,032
Family Resource Centers - ARRA	33,300	0	0	0	33,300
Career Ladder Program	294,735	0	0	0	294,735
Career Ladder - Extended Contract - ARRA	117,993	0	0	0	117,993
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	266,733	0	0	0	266,733
Other State Grants	0	0	27,095	0	27,095
Safe Schools - ARRA	37,400	0	0	0	37,400
Total State of Tennessee	\$ 31,834,552	\$ 0	\$ 59,424	\$ 0	\$ 31,893,976
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,540,159	\$ 0	\$ 1,540,159
USDA - Commodities	0	0	119,242	0	119,242
Breakfast	0	0	541,090	0	541,090
USDA - Other	0	0	13,273	0	13,273
Vocational Education - Basic Grants to States	0	124,748	0	0	124,748
Title I Grants to Local Education Agencies	0	1,798,772	0	0	1,798,772
Special Education - Grants to States	15,420	2,481,235	0	0	2,496,655
Special Education Preschool Grants	0	73,983	0	0	73,983
English Language Acquisition Grants	0	52,170	0	0	52,170
Safe and Drug-free Schools - State Grants	0	3,922	0	0	3,922
Rural Education	0	198,628	0	0	198,628
Education for Homeless Children and Youth	0	56,238	0	0	56,238
Eisenhower Professional Development State Grants	0	444,000	0	0	444,000
Race to the Top - ARRA	0	333,975	0	0	333,975
Other Federal through State	218,107	610,008	0	0	828,115
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	72,085	0	0	0	72,085
Energy Grant	74,685	0	0	0	74,685
Total Federal Government	\$ 380,297	\$ 6,177,679	\$ 2,213,764	\$ 0	\$ 8,771,740
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 175,000	\$ 0	\$ 5,000	\$ 5,453,648	\$ 5,633,648
Total Other Governments and Citizens Groups	\$ 175,000	\$ 0	\$ 5,000	\$ 5,453,648	\$ 5,633,648
Total	\$ 44,079,640	\$ 6,177,679	\$ 3,059,933	\$ 5,453,648	\$ 58,770,900

Exhibit K-7

Warren County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	87,650	
Social Security		5,946	
State Retirement		10,006	
Life Insurance		731	
Medical Insurance		15,300	
Audit Services		28,968	
Dues and Memberships		24,882	
Other Charges		1,120	
Total County Commission			\$ 174,603

Board of Equalization

Board and Committee Members Fees	\$	7,560	
Social Security		578	
Travel		721	
Total Board of Equalization			8,859

County Mayor/Executive

County Official/Administrative Officer	\$	73,866	
Secretary(ies)		27,014	
Social Security		7,157	
State Retirement		13,586	
Life Insurance		73	
Medical Insurance		2,700	
Unemployment Compensation		54	
Travel		1,556	
Total County Mayor/Executive			126,006

County Attorney

Legal Services	\$	285,719	
Total County Attorney			285,719

Election Commission

County Official/Administrative Officer	\$	57,559	
Secretary(ies)		47,062	
Other Salaries and Wages		12,912	
Election Commission		7,920	
Election Workers		25,215	
Social Security		9,368	
State Retirement		14,427	
Life Insurance		109	

(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.)

Medical Insurance	\$	2,700	
Unemployment Compensation		192	
Communication		2,814	
Data Processing Services		4,937	
Dues and Memberships		250	
Legal Notices, Recording, and Court Costs		4,907	
Maintenance Agreements		16,255	
Maintenance and Repair Services - Office Equipment		780	
Postal Charges		3,822	
Printing, Stationery, and Forms		6,636	
Rentals		1,270	
Travel		8,367	
Office Supplies		2,095	
Other Supplies and Materials		1,147	
Total Election Commission			\$ 230,744

Register of Deeds

Other Contracted Services	\$	1,360	
Data Processing Supplies		5,577	
Total Register of Deeds			6,937

Development

Other Charges	\$	322	
Total Development			322

Planning

Board and Committee Members Fees	\$	1,575	
Social Security		120	
Contracts with Government Agencies		11,250	
Total Planning			12,945

Codes Compliance

County Official/Administrative Officer	\$	31,518	
In-Service Training		607	
Social Security		2,283	
State Retirement		4,256	
Life Insurance		36	
Medical Insurance		2,700	
Unemployment Compensation		54	
Communication		1,205	

(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.)

Legal Notices, Recording, and Court Costs	\$	227	
Maintenance and Repair Services - Vehicles		639	
Postal Charges		228	
Travel		361	
Gasoline		1,465	
Office Supplies		891	
Total Codes Compliance			\$ 46,470

County Buildings

Custodial Personnel	\$	31,108	
Social Security		2,267	
State Retirement		2,338	
Life Insurance		36	
Medical Insurance		2,700	
Unemployment Compensation		110	
Maintenance and Repair Services - Buildings		15,962	
Custodial Supplies		11,452	
Utilities		88,576	
Other Supplies and Materials		2,017	
Total County Buildings			156,566

Other Facilities

Maintenance Personnel	\$	34,551	
Social Security		2,536	
State Retirement		4,657	
Life Insurance		36	
Medical Insurance		2,700	
Unemployment Compensation		54	
Maintenance and Repair Services - Buildings		136,668	
Other Capital Outlay		133,430	
Total Other Facilities			314,632

Other General Administration

On-Behalf Payments to OPEB	\$	1,097	
Communication		27,241	
Data Processing Services		71,208	
Legal Notices, Recording, and Court Costs		987	
Maintenance Agreements		3,428	
Maintenance and Repair Services - Office Equipment		1,174	
Postal Charges		18,968	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Printing, Stationery, and Forms	\$	28,287	
Other Contracted Services		563	
Office Supplies		15,327	
Premiums on Corporate Surety Bonds		11,290	
Data Processing Equipment		2,272	
Office Equipment		2,640	
Total Other General Administration	\$		184,482

Preservation of Records

Other Supplies and Materials	\$	11,567	
Total Preservation of Records			11,567

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	55,392	
Assistant(s)		40,288	
Accountants/Bookkeepers		33,573	
In-Service Training		890	
Social Security		9,620	
State Retirement		17,439	
Life Insurance		109	
Medical Insurance		5,400	
Unemployment Compensation		162	
Travel		584	
Total Accounting and Budgeting			163,457

Purchasing

Legal Notices, Recording, and Court Costs	\$	2,551	
Total Purchasing			2,551

Property Assessor's Office

County Official/Administrative Officer	\$	63,954	
Assistant(s)		129,098	
Social Security		13,834	
State Retirement		25,092	
Life Insurance		218	
Medical Insurance		13,500	
Unemployment Compensation		310	
Data Processing Services		16,582	
Dues and Memberships		1,280	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Legal Notices, Recording, and Court Costs	\$	110	
Maintenance and Repair Services - Vehicles		2,149	
Postal Charges		1,071	
Gasoline		2,403	
Other Supplies and Materials		1,989	
Other Charges		5,902	
Office Equipment		4,217	
Total Property Assessor's Office			\$ 281,709

County Trustee's Office

Legal Notices, Recording, and Court Costs	\$	1,058	
Postal Charges		7,900	
Other Supplies and Materials		9,856	
Data Processing Equipment		4,096	
Total County Trustee's Office			22,910

Administration of Justice

Circuit Court

Jury and Witness Expense	\$	26,126	
Postal Charges		220	
Other Charges		34,875	
Data Processing Equipment		2,143	
Total Circuit Court			63,364

General Sessions Court

Judge(s)	\$	133,862	
Secretary(ies)		30,841	
Other Salaries and Wages		11,009	
Other Per Diem and Fees		2,410	
Social Security		11,029	
State Retirement		22,202	
Life Insurance		73	
Medical Insurance		2,700	
Unemployment Compensation		119	
Communication		1,427	
Postal Charges		192	
Travel		1,251	
Other Contracted Services		170	
Office Supplies		259	
Other Charges		1,309	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Data Processing Equipment	\$ 22	
Total General Sessions Court		\$ 218,875

Drug Court

Probation Officer(s)	\$ 48,505	
Social Security	3,094	
State Retirement	6,539	
Life Insurance	36	
Medical Insurance	2,700	
Unemployment Compensation	54	
Communication	40	
Contracts with Private Agencies	3,357	
Evaluation and Testing	10,239	
Travel	1,493	
Other Contracted Services	236	
Other Supplies and Materials	648	
Total Drug Court		76,941

Chancery Court

County Official/Administrative Officer	\$ 63,954	
Clerical Personnel	66,997	
In-Service Training	670	
Social Security	9,731	
State Retirement	14,911	
Life Insurance	109	
Medical Insurance	4,388	
Unemployment Compensation	233	
Communication	2,407	
Postal Charges	6,440	
Printing, Stationery, and Forms	654	
Travel	934	
Office Supplies	3,444	
Other Charges	135	
Data Processing Equipment	245	
Total Chancery Court		175,252

Juvenile Court

Youth Service Officer(s)	\$ 71,055	
Other Salaries and Wages	15,440	
Other Per Diem and Fees	2,210	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Social Security	\$	6,473	
State Retirement		9,666	
Life Insurance		109	
Medical Insurance		2,700	
Unemployment Compensation		152	
Communication		2,451	
Postal Charges		396	
Travel		3,012	
Office Supplies		754	
Other Supplies and Materials		6,700	
Data Processing Equipment		673	
Total Juvenile Court			\$ 121,791

Judicial Commissioners

County Official/Administrative Officer	\$	74,266	
In-Service Training		2,813	
Social Security		5,681	
Unemployment Compensation		336	
Communication		433	
Office Supplies		350	
Total Judicial Commissioners			83,879

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,350	
Deputy(ies)		933,774	
Investigator(s)		233,995	
Lieutenant(s)		143,297	
Salary Supplements		24,000	
Clerical Personnel		93,711	
Overtime Pay		29,111	
Other Salaries and Wages		35,101	
In-Service Training		8,242	
Social Security		115,682	
State Retirement		205,727	
Life Insurance		2,989	
Medical Insurance		53,479	
Unemployment Compensation		2,348	
Communication		8,600	
Data Processing Services		554	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance and Repair Services - Office Equipment	\$ 5,262	
Maintenance and Repair Services - Vehicles	32,607	
Medical and Dental Services	2,805	
Postal Charges	1,180	
Printing, Stationery, and Forms	945	
Travel	2,969	
Gasoline	144,008	
Law Enforcement Supplies	4,515	
Office Supplies	3,665	
Tires and Tubes	6,090	
Uniforms	8,919	
Communication Equipment	9,159	
Furniture and Fixtures	436	
Law Enforcement Equipment	5,976	
Total Sheriff's Department		\$ 2,189,496

Administration of the Sexual Offender Registry

Other Contracted Services	\$ 1,550	
Total Administration of the Sexual Offender Registry		1,550

Jail

Supervisor/Director	\$ 40,806
Medical Personnel	114,337
Guards	994,304
Clerical Personnel	35,561
Overtime Pay	5,299
Other Salaries and Wages	27,250
Social Security	87,307
State Retirement	148,406
Medical Insurance	66,262
Unemployment Compensation	2,326
Contracts with Government Agencies	120
Evaluation and Testing	1,850
Maintenance and Repair Services - Equipment	16,313
Medical and Dental Services	238,316
Pest Control	1,200
Printing, Stationery, and Forms	1,446
Custodial Supplies	47,647
Food Preparation Supplies	13,964
Food Supplies	345,756

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Law Enforcement Supplies	\$	383	
Prisoners Clothing		4,392	
Utilities		150,809	
Other Supplies and Materials		8,804	
Office Equipment		834	
Total Jail			\$ 2,353,692

Juvenile Services

Other Charges	\$	39,143	
Total Juvenile Services			39,143

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	3,200	
Total County Coroner/Medical Examiner			3,200

Other Public Safety

Contributions	\$	151,000	
Total Other Public Safety			151,000

Public Health and Welfare

Local Health Center

Social Security	\$	941	
Unemployment Compensation		56	
Communication		6,263	
Janitorial Services		12,299	
Utilities		24,376	
Other Charges		19,000	
Total Local Health Center			62,935

Rabies and Animal Control

Supervisor/Director	\$	19,962	
Other Salaries and Wages		14,004	
Social Security		2,491	
State Retirement		2,691	
Life Insurance		43	
Medical Insurance		2,700	
Unemployment Compensation		134	
Communication		1,578	
Licenses		470	
Maintenance and Repair Services - Buildings		3,001	

(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 (Cont.)

Maintenance and Repair Services - Vehicles	\$	1,459	
Veterinary Services		644	
Animal Food and Supplies		651	
Custodial Supplies		1,041	
Drugs and Medical Supplies		1,374	
Gasoline		3,558	
Office Supplies		120	
Utilities		3,169	
Other Supplies and Materials		2,168	
Data Processing Equipment		268	
Other Equipment		4,516	
Total Rabies and Animal Control			\$ 66,042

Alcohol and Drug Programs

Probation Officer(s)	\$	3,960	
Social Security		303	
Unemployment Compensation		24	
Communication		1,955	
Evaluation and Testing		10,355	
Rentals		6,000	
Travel		3,432	
Other Contracted Services		119	
Other Supplies and Materials		14,962	
Total Alcohol and Drug Programs			41,110

Other Local Health Services

Other Salaries and Wages	\$	392,272	
Social Security		29,026	
State Retirement		38,702	
Life Insurance		429	
Medical Insurance		12,712	
Unemployment Compensation		823	
Travel		9,265	
Other Supplies and Materials		5	
Total Other Local Health Services			483,234

Regional Mental Health Center

Contributions	\$	5,000	
Total Regional Mental Health Center			5,000

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Appropriation to State

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

General Welfare Assistance

Other Charges	\$ 1,485	
Total General Welfare Assistance		1,485

Other Public Health and Welfare

Social Security	\$ 905	
State Retirement	1,855	
Life Insurance	36	
Medical Insurance	1,350	
Unemployment Compensation	41	
Contracts with Government Agencies	26,835	
Contributions	34,500	
Total Other Public Health and Welfare		65,522

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 14,500	
Total Senior Citizens Assistance		14,500

Libraries

Contributions	\$ 116,000	
Total Libraries		116,000

Parks and Fair Boards

Contributions	\$ 4,843	
Total Parks and Fair Boards		4,843

Agriculture and Natural Resources

Agriculture Extension Service

Board and Committee Members Fees	\$ 150	
Communication	1,947	
Contributions	101,774	
Travel	12,000	
Office Supplies	7,494	
Total Agriculture Extension Service		123,365

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Forest Service

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

Soil Conservation

Clerical Personnel	\$ 30,356	
Other Salaries and Wages	27,537	
Social Security	4,035	
State Retirement	7,804	
Life Insurance	73	
Medical Insurance	5,400	
Unemployment Compensation	108	
Contributions	4,000	
Dues and Memberships	1,165	
Total Soil Conservation		80,478

Other Operations

Tourism

Other Charges	\$ 10,000	
Total Tourism		10,000

Industrial Development

Contributions	\$ 150,000	
Site Development	600,000	
Total Industrial Development		750,000

Other Economic and Community Development

Other Capital Outlay	\$ 500,000	
Total Other Economic and Community Development		500,000

Airport

County Official/Administrative Officer	\$ 51,770	
Other Salaries and Wages	58,818	
Social Security	8,247	
State Retirement	7,492	
Life Insurance	73	
Medical Insurance	2,700	
Unemployment Compensation	309	
Communication	5,839	
Travel	988	
Gasoline	229,221	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Utilities	\$	30,220	
Liability Insurance		13,125	
Other Charges		43,061	
Airport Improvement		326,118	
Total Airport			\$ 777,981

Veterans' Services

Supervisor/Director	\$	14,144	
Social Security		1,082	
Unemployment Compensation		56	
Communication		798	
Other Charges		3,399	
Total Veterans' Services			19,479

Other Charges

Building and Contents Insurance	\$	17,961	
Liability Insurance		78,454	
Trustee's Commission		162,720	
Workers' Compensation Insurance		147,297	
Total Other Charges			406,432

Contributions to Other Agencies

Contributions	\$	5,500	
Total Contributions to Other Agencies			5,500

Employee Benefits

Social Security	\$	66,734	
State Retirement		118,130	
Life Insurance		898	
Medical Insurance		43,538	
Unemployment Compensation		1,414	
Total Employee Benefits			230,714

ARRA Grant No. 1

Probation Officer(s)	\$	17,248	
Social Security		1,319	
Unemployment Compensation		53	
Communication		400	
Contracts with Private Agencies		26,312	
Postal Charges		264	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

ARRA Grant No. 1 (Cont.)

Travel	\$	1,662	
Other Supplies and Materials		874	
Total ARRA Grant No. 1			\$ 48,132

ARRA Grant No. 2

Other Salaries and Wages	\$	63,965	
Social Security		4,615	
State Retirement		4,867	
Medical Insurance		3,938	
Unemployment Compensation		144	
Travel		1,409	
Other Supplies and Materials		690	
Total ARRA Grant No. 2			79,628

ARRA Grant No. 3

Architects	\$	34,350	
Building Construction		154,808	
Health Equipment		17,857	
Total ARRA Grant No. 3			207,015

ARRA Grant No. 4

Travel	\$	3,237	
Gasoline		2,387	
Other Supplies and Materials		11,241	
Liability Insurance		1,727	
Law Enforcement Equipment		26,926	
Motor Vehicles		81,165	
Total ARRA Grant No. 4			126,683

ARRA Grant No. 6

Investigator(s)	\$	209,199	
Social Security		9,306	
State Retirement		15,784	
Medical Insurance		4,459	
Unemployment Compensation		153	
Total ARRA Grant No. 6			238,901

Miscellaneous

Other Supplies and Materials	\$	5,812	
Land		450,000	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous (Cont.)

Right-of-Way	\$ 1,111	
Total Miscellaneous		\$ 456,923

Total General Fund \$ 12,484,767

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Supervisor/Director	\$ 47,321	
Truck Drivers	69,390	
Social Security	8,060	
State Retirement	9,358	
Life Insurance	145	
Medical Insurance	5,400	
Unemployment Compensation	258	
Communication	843	
Contracts with Government Agencies	42,532	
Laundry Service	4,029	
Maintenance and Repair Services - Vehicles	14,808	
Postal Charges	44	
Travel	52	
Diesel Fuel	32,590	
Gasoline	3,078	
Lubricants	1,187	
Tires and Tubes	9,740	
Utilities	2,072	
Other Supplies and Materials	2,534	
Workers' Compensation Insurance	9,392	
Motor Vehicles	130,174	
Total Waste Pickup		\$ 393,007

Convenience Centers

Other Salaries and Wages	\$ 217,342
Social Security	15,404
State Retirement	10,150
Life Insurance	122
Medical Insurance	8,100
Unemployment Compensation	1,070
Communication	6,011
Contracts with Private Agencies	304,573

(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.)

Convenience Centers (Cont.)

Maintenance and Repair Services - Equipment	\$	1,146	
Rentals		6,720	
Utilities		9,972	
Workers' Compensation Insurance		15,992	
Site Development		14,491	
Solid Waste Equipment		15,264	
Other Equipment		578	
Total Convenience Centers			\$ 626,935

Other Waste Disposal

Liability Insurance	\$	9,625	
Trustee's Commission		10,127	
Other Charges		4,575	
Total Other Waste Disposal			24,327

Total Solid Waste/Sanitation Fund \$ 1,044,269

Ambulance Service Fund

Public Safety

Civil Defense

Assistant(s)	\$	8,169	
Supervisor/Director		26,451	
In-Service Training		712	
Social Security		2,648	
State Retirement		3,566	
Life Insurance		24	
Unemployment Compensation		103	
Communication		2,038	
Maintenance and Repair Services - Vehicles		450	
Other Contracted Services		594	
Gasoline		1,160	
Office Supplies		417	
Other Supplies and Materials		503	
Total Civil Defense			\$ 46,835

Rescue Squad

Contributions	\$	25,910	
Total Rescue Squad			25,910

(Continued)

Exhibit K-7

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

Ambulance Service Fund (Cont.)

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$	49,668	
Accountants/Bookkeepers		55,303	
Medical Personnel		1,467,886	
In-Service Training		15,009	
Social Security		117,199	
State Retirement		176,984	
Life Insurance		1,238	
Medical Insurance		42,188	
Unemployment Compensation		2,788	
Communication		13,840	
Data Processing Services		5,400	
Licenses		3,430	
Maintenance and Repair Services - Buildings		22,114	
Maintenance and Repair Services - Equipment		3,204	
Maintenance and Repair Services - Vehicles		88,179	
Postal Charges		3,740	
Printing, Stationery, and Forms		3,575	
Travel		1,669	
Other Contracted Services		9,633	
Custodial Supplies		8,987	
Diesel Fuel		84,205	
Drugs and Medical Supplies		83,187	
Gasoline		3,555	
Lubricants		9,721	
Office Supplies		3,772	
Tires and Tubes		8,737	
Uniforms		15,638	
Utilities		16,897	
Other Supplies and Materials		1,649	
Building and Contents Insurance		405	
Liability Insurance		69,771	
Refunds		14,723	
Trustee's Commission		32,803	
Workers' Compensation Insurance		85,919	
Other Charges		4,082	
Data Processing Equipment		8,249	
Furniture and Fixtures		4,580	
Motor Vehicles		230,012	
Office Equipment		4,540	
Health Equipment		3,579	
Total Ambulance/Emergency Medical Services			\$ 2,778,058
Total Ambulance Service Fund			\$ 2,850,803

(Continued)

Exhibit K-7

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

Drug Control Fund

Public Safety

Drug Enforcement

Contributions	\$	1,000	
Confidential Drug Enforcement Payments		20,000	
Dues and Memberships		300	
Other Contracted Services		4,403	
Fuel Oil		1,630	
Other Supplies and Materials		9,721	
Trustee's Commission		1,063	
Other Charges		30,104	
Total Drug Enforcement			\$ 68,221

Public Health and Welfare

Alcohol and Drug Programs

Other Supplies and Materials	\$	7,345	
Total Alcohol and Drug Programs			7,345

Total Drug Control Fund \$ 75,566

District Attorney General Fund

Administration of Justice

District Attorney General

Dues and Memberships	\$	300	
Postal Charges		23	
Rentals		922	
Travel		478	
Custodial Supplies		237	
Office Supplies		3,363	
Trustee's Commission		115	
In Service/Staff Development		1,580	
Other Charges		420	
Office Equipment		8,935	
Total District Attorney General			\$ 16,373

Total District Attorney General Fund 16,373

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	116,632	
Total Register of Deeds			\$ 116,632

(Continued)

Exhibit K-7

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

Constitutional Officers - Fees Fund (Cont.)

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 196,856	
Total County Trustee's Office		\$ 196,856

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 267,481	
Total County Clerk's Office		267,481

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$ 120,002	
Total Circuit Court		120,002

General Sessions Court

Constitutional Officers' Operating Expenses	\$ 199,527	
Total General Sessions Court		199,527

Juvenile Court

Constitutional Officers' Operating Expenses	\$ 17,000	
Total Juvenile Court		<u>17,000</u>

Total Constitutional Officers - Fees Fund		\$ 917,498
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 70,350	
Assistant(s)	8,620	
Supervisor/Director	34,767	
Accountants/Bookkeepers	34,767	
Data Processing Services	6,972	
Dues and Memberships	3,133	
Maintenance and Repair Services - Office Equipment	192	
Postal Charges	336	
Travel	1,155	
Office Supplies	739	
Other Charges	25	
Office Equipment	<u>848</u>	
Total Administration		\$ 161,904

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Equipment Operators	\$	193,241	
Truck Drivers		77,220	
Laborers		149,008	
Rentals		853	
Other Contracted Services		930,797	
Asphalt - Liquid		96,745	
Concrete		1,751	
Crushed Stone		46,646	
General Construction Materials		34	
Other Road Supplies		3,026	
Pipe - Metal		18,036	
Road Signs		13,110	
Salt		12,516	
Total Highway and Bridge Maintenance			\$ 1,542,983

Operation and Maintenance of Equipment

Maintenance and Repair Services - Equipment	\$	15,972	
Tow-in Services		575	
Diesel Fuel		67,420	
Equipment and Machinery Parts		39,472	
Garage Supplies		3,917	
Gasoline		27,496	
Lubricants		5,455	
Tires and Tubes		13,147	
Other Charges		18	
Total Operation and Maintenance of Equipment			173,472

Other Charges

Communication	\$	4,730	
Contributions		4,000	
Janitorial Services		2,600	
Maintenance and Repair Services - Buildings		1,934	
Custodial Supplies		333	
Drugs and Medical Supplies		640	
Electricity		6,922	
Food Supplies		375	
Natural Gas		1,254	
Water and Sewer		792	
Building and Contents Insurance		1,350	
Liability Insurance		20,660	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Trustee's Commission	\$	28,434	
Vehicle and Equipment Insurance		4,602	
Workers' Compensation Insurance		35,942	
Other Charges		<u>3,076</u>	
Total Other Charges	\$		117,644

Employee Benefits

Social Security	\$	41,729	
State Retirement		72,778	
Employee and Dependent Insurance		25,425	
Life Insurance		690	
Unemployment Compensation		<u>5,052</u>	
Total Employee Benefits			145,674

Capital Outlay

Engineering Services	\$	42,945	
Bridge Construction		507,593	
Highway Equipment		5,336	
Motor Vehicles		<u>2,700</u>	
Total Capital Outlay			<u>558,574</u>

Total Highway/Public Works Fund \$ 2,700,251

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	186,365	
Principal on Notes		<u>239,886</u>	
Total General Government	\$		426,251

Highways and Streets

Principal on Notes	\$	<u>46,871</u>	
Total Highways and Streets			46,871

Education

Principal on Bonds	\$	2,260,000	
Principal on Notes		<u>424,999</u>	
Total Education			2,684,999

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 251,813	
Interest on Notes	12,298	
Total General Government	<u>                    </u>	\$ 264,111

Highways and Streets

Interest on Notes	\$ 1,586	
Total Highways and Streets	<u>                    </u>	1,586

Education

Interest on Bonds	\$ 995,916	
Interest on Notes	20,309	
Other Debt Service	3,102	
Total Education	<u>                    </u>	1,019,327

Other Debt Service

General Government

Bank Charges	\$ 3,519	
Trustee's Commission	39,681	
Total General Government	<u>                    </u>	43,200

Total General Debt Service Fund \$ 4,486,345

HUD Grant Projects Fund

Capital Projects

Public Health and Welfare Projects

Other Contracted Services	\$ 58,702	
Total Public Health and Welfare Projects	<u>                    </u>	\$ 58,702

Total HUD Grant Projects Fund 58,702

Education Capital Projects Fund

Capital Projects - Donated

Capital Projects Donated to School Department

Contributions	\$ 175,000	
Total Capital Projects Donated to School Department	<u>                    </u>	\$ 175,000

Total Education Capital Projects Fund 175,000

(Continued)

Exhibit K-7

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

<u>Education Capital Projects Fund - Dibrell</u>		
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	\$ 4,435,087	
Total Capital Projects Donated to School Department		\$ 4,435,087
Total Education Capital Projects Fund - Dibrell		\$ 4,435,087
 <u>Education Capital Projects Fund- Morrison</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Underwriter's Discount	\$ 41,814	
Other Debt Issuance Charges	40,998	
Total Education Capital Projects	<u>82,812</u>	\$ 82,812
 <u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	\$ 1,018,561	
Total Capital Projects Donated to School Department		\$ 1,018,561
Total Education Capital Projects Fund - Morrison		<u>1,101,373</u>
Total Governmental Funds - Primary Government		<u>\$ 30,346,034</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, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 14,330,403	
Career Ladder Program	196,715	
Career Ladder Extended Contracts	66,640	
Homebound Teachers	38,162	
Salary Supplements	294,466	
Educational Assistants	799,392	
Other Salaries and Wages	410,321	
Social Security	937,302	
State Retirement	1,467,369	
Medical Insurance	1,007,429	
Unemployment Compensation	12,193	
Employer Medicare	220,169	
Contributions	204,766	
Contracts for Substitute Teachers - Certified	364,502	
Contracts for Substitute Teachers - Non-certified	17,674	
Instructional Supplies and Materials	193,879	
Textbooks	1,279,702	
Other Charges	75,527	
Regular Instruction Equipment	493,773	
Total Regular Instruction Program		\$ 22,410,384

Alternative Instruction Program

Teachers	\$ 163,538	
Educational Assistants	60,599	
Other Salaries and Wages	404	
Social Security	13,165	
State Retirement	22,700	
Medical Insurance	15,383	
Unemployment Compensation	250	
Employer Medicare	3,079	
Total Alternative Instruction Program		279,118

Special Education Program

Teachers	\$ 1,720,463
Career Ladder Program	9,000
Homebound Teachers	28,736
Educational Assistants	401,765
Speech Pathologist	141,955
Other Salaries and Wages	5,448

(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.)

Social Security	\$	131,700	
State Retirement		220,428	
Medical Insurance		182,765	
Unemployment Compensation		1,921	
Employer Medicare		31,172	
Contracts for Substitute Teachers - Certified		23,903	
Contracts for Substitute Teachers - Non-certified		39,203	
Instructional Supplies and Materials		42,245	
Special Education Equipment		18,091	
Total Special Education Program			\$ 2,998,795

Vocational Education Program

Teachers	\$	1,348,111	
Career Ladder Program		14,465	
Career Ladder Extended Contracts		600	
Other Salaries and Wages		17,020	
Social Security		79,028	
State Retirement		121,165	
Medical Insurance		89,561	
Unemployment Compensation		994	
Employer Medicare		18,943	
Contracts for Substitute Teachers - Certified		20,166	
Instructional Supplies and Materials		36,227	
T&I Construction Materials		10,598	
Vocational Instruction Equipment		7,097	
Total Vocational Education Program			1,763,975

Adult Education Program

Teachers	\$	110,498	
Social Security		5,615	
State Retirement		9,943	
Medical Insurance		8,333	
Unemployment Compensation		91	
Employer Medicare		1,473	
Other Contracted Services		5,995	
Instructional Supplies and Materials		415	
Total Adult Education Program			142,363

(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	\$	74,096	
Career Ladder Program		1,000	
Clerical Personnel		29,558	
Other Salaries and Wages		246,399	
Social Security		21,262	
State Retirement		41,651	
Medical Insurance		4,500	
Unemployment Compensation		496	
Employer Medicare		4,973	
Travel		898	
Other Contracted Services		1,500	
Other Supplies and Materials		20,248	
Attendance Equipment		13,803	
Total Attendance			\$ 460,384

Health Services

Medical Personnel	\$	366,671	
Other Salaries and Wages		247,267	
Social Security		38,064	
State Retirement		62,590	
Unemployment Compensation		664	
Employer Medicare		8,902	
Travel		9,955	
Other Contracted Services		1,560	
Drugs and Medical Supplies		8,373	
Other Supplies and Materials		8,375	
Other Charges		20,822	
Health Equipment		7,801	
Total Health Services			781,044

Other Student Support

Career Ladder Program	\$	6,000	
Guidance Personnel		646,131	
Salary Supplements		103,920	
Attendants		106,299	
Other Salaries and Wages		286,761	
Social Security		64,306	
State Retirement		98,866	
Medical Insurance		36,530	

(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	\$	1,536	
Employer Medicare		16,109	
Contracts with Government Agencies		203,585	
Evaluation and Testing		39,990	
Other Contracted Services		99,422	
Other Charges		6,576	
Other Equipment		108	
Total Other Student Support			\$ 1,716,139

Regular Instruction Program

Supervisor/Director	\$	302,903	
Career Ladder Program		17,000	
Career Ladder Extended Contracts		20,300	
Librarians		429,445	
Instructional Computer Personnel		70,324	
Social Security		49,944	
State Retirement		77,286	
Medical Insurance		31,902	
Unemployment Compensation		441	
Employer Medicare		11,680	
Travel		25,293	
Library Books/Media		67,922	
Other Supplies and Materials		65	
In Service/Staff Development		8,276	
Other Charges		16,000	
Other Equipment		12,234	
Total Regular Instruction Program			1,141,015

Alternative Instruction Program

Supervisor/Director	\$	52,160	
Secretary(ies)		18,010	
Social Security		4,211	
State Retirement		7,148	
Medical Insurance		3,299	
Unemployment Compensation		58	
Employer Medicare		985	
Total Alternative Instruction Program			85,871

(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	\$	72,249	
Career Ladder Program		4,000	
Psychological Personnel		183,822	
Career Ladder Extended Contracts		5,600	
Clerical Personnel		31,448	
Other Salaries and Wages		27,342	
Social Security		18,665	
State Retirement		31,968	
Medical Insurance		28,939	
Unemployment Compensation		177	
Employer Medicare		4,365	
Travel		14,664	
Other Contracted Services		19,590	
In Service/Staff Development		2,849	
Total Special Education Program			\$ 445,678

Vocational Education Program

Supervisor/Director	\$	67,532	
Career Ladder Program		1,000	
Social Security		4,079	
State Retirement		6,202	
Medical Insurance		3,330	
Unemployment Compensation		29	
Employer Medicare		954	
Travel		107	
Other Charges		264	
Other Equipment		4,761	
Total Vocational Education Program			88,258

Other Programs

On-Behalf Payments to OPEB	\$	235,692	
Total Other Programs			235,692

Board of Education

Other Salaries and Wages	\$	32,972	
Board and Committee Members Fees		21,480	
Social Security		3,262	
State Retirement		5,626	
Medical Insurance		3,278	

(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.)

Board of Education (Cont.)

Unemployment Compensation	\$	30	
Employer Medicare		763	
Audit Services		6,500	
Dues and Memberships		10,522	
Legal Services		2,305	
Travel		13,748	
Liability Insurance		114,371	
Premiums on Corporate Surety Bonds		2,307	
Trustee's Commission		301,138	
Workers' Compensation Insurance		261,170	
Other Charges		18,782	
Total Board of Education			\$ 798,254

Director of Schools

County Official/Administrative Officer	\$	99,206	
Career Ladder Program		1,000	
Social Security		6,068	
State Retirement		9,069	
Medical Insurance		3,330	
Unemployment Compensation		29	
Employer Medicare		1,419	
Communication		40,998	
Dues and Memberships		2,462	
Postal Charges		8,832	
Travel		3,091	
Other Charges		39	
Total Director of Schools			175,543

Office of the Principal

Principals	\$	668,537	
Career Ladder Program		15,000	
Career Ladder Extended Contracts		7,000	
Assistant Principals		366,122	
Secretary(ies)		324,203	
Other Salaries and Wages		10,460	
Social Security		81,789	
State Retirement		139,376	
Medical Insurance		66,803	
Unemployment Compensation		943	

(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.)

Employer Medicare	\$	19,128	
Communication		216,980	
Dues and Memberships		5,500	
Other Supplies and Materials		625	
Administration Equipment		7,140	
Total Office of the Principal			\$ 1,929,606

Fiscal Services

Accountants/Bookkeepers	\$	298,809	
Secretary(ies)		50,213	
Social Security		21,002	
State Retirement		47,048	
Medical Insurance		1,409	
Unemployment Compensation		235	
Employer Medicare		4,912	
Travel		472	
Other Contracted Services		11,828	
Data Processing Supplies		1,294	
Office Supplies		22,245	
Other Charges		721	
Administration Equipment		33,783	
Total Fiscal Services			493,971

Operation of Plant

Supervisor/Director	\$	35,486	
Secretary(ies)		29,122	
Custodial Personnel		845,143	
Other Salaries and Wages		2,061	
Social Security		56,017	
State Retirement		112,288	
Medical Insurance		3,189	
Unemployment Compensation		1,507	
Employer Medicare		13,101	
Janitorial Services		8,784	
Rentals		1,295	
Other Contracted Services		42,232	
Custodial Supplies		190,797	
Electricity		1,452,503	
Natural Gas		248,635	

(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.)

Water and Sewer	\$	172,204	
Other Supplies and Materials		31,757	
Building and Contents Insurance		118,564	
Other Charges		4,200	
Plant Operation Equipment		30,839	
Total Operation of Plant			\$ 3,399,724

Maintenance of Plant

Supervisor/Director	\$	118,478	
Secretary(ies)		29,571	
Other Salaries and Wages		551,758	
Social Security		43,226	
State Retirement		93,681	
Medical Insurance		1,112	
Unemployment Compensation		712	
Employer Medicare		10,109	
Other Contracted Services		207,548	
Gasoline		18,958	
Other Supplies and Materials		351,027	
Other Charges		7,916	
Maintenance Equipment		136,141	
Total Maintenance of Plant			1,570,237

Transportation

Supervisor/Director	\$	37,336	
Mechanic(s)		120,289	
Bus Drivers		607,023	
Clerical Personnel		59,665	
Other Salaries and Wages		114,667	
Social Security		57,034	
State Retirement		107,601	
Medical Insurance		2,966	
Unemployment Compensation		1,987	
Employer Medicare		13,395	
Laundry Service		4,129	
Medical and Dental Services		11,204	
Travel		1,268	
Diesel Fuel		278,996	
Gasoline		17,610	

(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.)

Lubricants	\$	4,154	
Tires and Tubes		23,995	
Vehicle Parts		71,054	
Other Charges		19,282	
Transportation Equipment		444,794	
Total Transportation			\$ 1,998,449

Operation of Non-Instructional Services

Food Service

Career Ladder Program	\$	1,000	
Social Security		62	
State Retirement		90	
Unemployment Compensation		4	
Employer Medicare		14	
Total Food Service			1,170

Community Services

Other Salaries and Wages	\$	86,269	
Social Security		5,349	
Unemployment Compensation		342	
Employer Medicare		1,251	
Travel		1,772	
Other Supplies and Materials		7,974	
Total Community Services			102,957

Early Childhood Education

Teachers	\$	301,362	
Educational Assistants		117,696	
Other Salaries and Wages		43,807	
Social Security		26,812	
State Retirement		46,964	
Medical Insurance		28,110	
Unemployment Compensation		498	
Employer Medicare		6,271	
Travel		6,161	
Other Supplies and Materials		46,643	
Other Charges		9,503	
Other Equipment		14,249	
Total Early Childhood Education			648,076

(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.)

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 835,233	
Total Regular Capital Outlay		\$ 835,233

Total General Purpose School Fund \$ 44,501,936

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,484,272	
Educational Assistants	70,193	
Other Salaries and Wages	101,940	
Social Security	85,116	
State Retirement	133,913	
Medical Insurance	75,686	
Unemployment Compensation	1,360	
Employer Medicare	22,982	
Contracts for Substitute Teachers - Certified	49,318	
Contracts for Substitute Teachers - Non-certified	350	
Instructional Supplies and Materials	90,621	
Other Charges	3,099	
Regular Instruction Equipment	183,844	
Total Regular Instruction Program		\$ 2,302,694

Special Education Program

Teachers	\$ 482,839	
Clerical Personnel	24,336	
Educational Assistants	450,593	
Speech Pathologist	14,064	
Social Security	55,140	
State Retirement	99,125	
Medical Insurance	27,065	
Unemployment Compensation	1,219	
Employer Medicare	13,780	
Maintenance and Repair Services - Equipment	563	
Contracts for Substitute Teachers - Certified	33,090	
Contracts for Substitute Teachers - Non-certified	34,726	
Instructional Supplies and Materials	159,268	
Other Charges	236	
Special Education Equipment	157,325	
Total Special Education Program		1,553,369

(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.)

Vocational Education Program

Educational Assistants	\$	17,350	
Social Security		1,076	
State Retirement		2,339	
Unemployment Compensation		29	
Employer Medicare		252	
Instructional Supplies and Materials		15,069	
Other Supplies and Materials		1,973	
Other Charges		1,000	
Vocational Instruction Equipment		58,171	
Total Vocational Education Program			\$ 97,259

Support Services

Other Student Support

Bus Drivers	\$	134	
Other Salaries and Wages		1,825	
Social Security		121	
State Retirement		185	
Unemployment Compensation		1	
Employer Medicare		28	
Other Fringe Benefits		1	
Travel		14,565	
Other Contracted Services		2,383	
In Service/Staff Development		2,137	
Other Charges		35,094	
Total Other Student Support			56,474

Regular Instruction Program

Supervisor/Director	\$	72,721	
Other Salaries and Wages		238,701	
Social Security		17,513	
State Retirement		29,657	
Medical Insurance		22,490	
Unemployment Compensation		206	
Employer Medicare		4,095	
Communication		745	
Travel		81,122	
Other Supplies and Materials		4,368	
In Service/Staff Development		157,987	
Other Charges		21,849	

(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	\$ 56,865	
Total Regular Instruction Program		\$ 708,319

Special Education Program

Supervisor/Director	\$ 2,090	
Psychological Personnel	45,001	
Clerical Personnel	18,047	
Other Salaries and Wages	303,250	
Social Security	22,703	
State Retirement	39,455	
Medical Insurance	3,493	
Unemployment Compensation	340	
Employer Medicare	5,310	
Communication	844	
Travel	7,964	
Other Contracted Services	395,434	
Other Supplies and Materials	14,876	
In Service/Staff Development	85,972	
Total Special Education Program		944,779

Vocational Education Program

Travel	\$ 874	
In Service/Staff Development	3,850	
Total Vocational Education Program		4,724

Transportation

Bus Drivers	\$ 9,698	
Social Security	601	
State Retirement	1,307	
Unemployment Compensation	41	
Employer Medicare	141	
Other Fringe Benefits	40	
Gasoline	10,195	
Other Charges	370	
Total Transportation		22,393

Total School Federal Projects Fund		\$ 5,690,011
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(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

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	61,770	
Accountants/Bookkeepers		110,570	
Salary Supplements		25,700	
Cafeteria Personnel		923,496	
Other Salaries and Wages		28,835	
In-Service Training		5,558	
Social Security		69,937	
State Retirement		105,579	
Medical Insurance		4,583	
Unemployment Compensation		2,079	
Employer Medicare		16,387	
Communication		6,717	
Maintenance and Repair Services - Equipment		32,845	
Travel		9,036	
Other Contracted Services		31,985	
Food Preparation Supplies		128,481	
Food Supplies		1,120,898	
Office Supplies		4,480	
USDA - Commodities		119,242	
Other Supplies and Materials		3,213	
In Service/Staff Development		5,614	
Other Charges		6,233	
Food Service Equipment		58,795	
Total Food Service			\$ 2,882,033

Total Central Cafeteria Fund \$ 2,882,033

Education Capital Projects Fund

Capital Projects

<u>Education Capital Projects</u>			
Building Improvements	\$	5,440,174	
Total Education Capital Projects			\$ 5,440,174

Total Education Capital Projects Fund 5,440,174

Total Governmental Funds - Warren County School Department \$ 58,514,154

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, 2011

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,823,412
Total Cash Receipts	<u>\$ 1,823,412</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,786,944
Trustee's Commission	36,468
Total Cash Disbursements	<u>\$ 1,823,412</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2010	<u>0</u>
 Cash Balance, June 30, 2011	 <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 37243-1402  
PHONE (615) 401-7841

REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

December 22, 2011

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, 2011, which collectively comprise Warren County's basic financial statements and have issued our report thereon dated December 22, 2011. Our report on the aggregate discretely presented component units financial statements 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a

deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 11.03(B), 11.06, 11.07, and 11.08. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

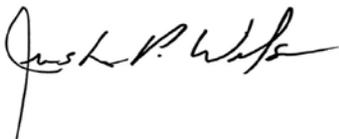
As part of obtaining reasonable assurance about whether Warren County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 11.01, 11.02, 11.03(A), 11.04, and 11.05.

We also noted certain matters that we reported to 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 the responses.

This report is intended solely for the information and use of management, the county executive, superintendent of roads, director of schools, 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,



Justin P. Wilson  
Comptroller of the Treasury

JPW/sb



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

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

December 22, 2011

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 of Warren County's compliance with those requirements.

In our opinion, Warren County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

#### Internal Control Over Compliance

The management of Warren County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Warren County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Warren County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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

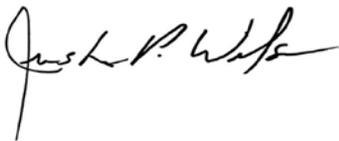
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County as of and for the year ended June 30, 2011, and have issued our report thereon dated December 22, 2011. Our report on the aggregate discretely presented component units financial statements 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 as a whole. The 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 financial statements. Such information is the responsibility of management and was derived from

and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 the responses.

This report is intended solely for the information and use of management, the county executive, superintendent of roads, director of schools, 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

Warren County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2011

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	\$ 119,242 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 541,090
National School Lunch Program	10.555	N/A	1,553,432 (3)
Fresh Fruits and Vegetables Program	10.582	N/A	27,095
Total Passed-through State Department of Education			\$ 2,121,617
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	N/A	\$ 63,921
Total U.S. Department of Agriculture			\$ 2,304,780
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-08-24590-00	\$ 45,387
Passed-through State Housing Development Agency:			
Home Investment Partnership Programs	14.239	DG-09-24198-00	53,179
Total U.S. Department of Housing and Urban Development			\$ 98,566
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	\$ 3,830
Passed-through State Office of Criminal Justice Programs:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	(2)	291,410
Recovery Act - Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program	16.810	(2)	238,903
Total U.S. Department of Justice			\$ 534,143
U.S. Department of Labor:			
Passed-through Workforce Solutions:			
WIA Youth Activities	17.259	(2)	\$ 154,186
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	Z-07-037664-00	\$ 1,000
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	(4)	64,690
Total U.S. Department of Transportation			\$ 65,690
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,313,714
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	484,321
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,591,077
Special Education - Preschool Grants	84.173	N/A	58,291
Special Education - Grants to States, Recovery Act	84.391	N/A	869,675
Special Education - Preschool Grants, Recovery Act	84.392	N/A	14,127
Career and Technical Education - Basic Grants to States	84.048	N/A	124,748
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	4,138
Education for Homeless Children and Youth	84.196	(2)	56,238

(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. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	\$ 3,444
Education Technology State Grants, Recovery Act	84.386	N/A	51,469
Rural Education	84.358	(2)	193,471
English Language Acquisition Grants	84.365	N/A	52,510
Improving Teacher Quality State Grants	84.367	N/A	447,471
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	3,092,509
State Fiscal Stabilization Fund (SFSF) - Governmental Services, Recovery Act	84.397	N/A	381,725
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	84.395	(2)	333,696
Education Job Fund	84.410	(2)	557,046
Total U.S. Department of Education			\$ 9,629,670
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
ARRA - Grants to Health Center Programs	93.703	(5)	\$ 285,209
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 35,000
Total Expenditures of Federal Awards			\$ 13,107,244
<u>State Grants</u>			
Drug Court Grant, Adult and Juvenile - State Department of Finance	N/A	Contract Number (2)	\$ 49,033
Juvenile Services Program - State Department of Children's Services	N/A	(2)	9,000
Archives Development Grant - State Library and Archives	N/A	(2)	6,567
Litter Program - State Department of Transportation	N/A	(2)	25,308
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	41,388
Rural Local Health Services - State Department of Health	N/A	Z-10-219832-00	483,203
Airport Maintenance Program - State Department of Transportation	N/A	(2)	18,000
Airport RSA Improvements - State Department of Transportation	N/A	AERO-10-106-00	225,597
Airport Layout Plan - State Department of Transportation	N/A	AERO-10-174-00	46,611
Energy Efficient Schools Initiative Grant - State EESI	N/A	(2)	74,685
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	642,274
Total State Grants			\$ 1,621,666

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,672,674.
- (4) Z-10-220116-00: \$4,998; DG-10-2873-00: \$59,692.
- (5) Z-10-219832-00: \$205,630; (2): \$79,579.

Warren County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2011

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. Presented below is the finding from the Annual Financial Report for Warren County, Tennessee, for the year ended June 30, 2010, which has not been corrected.

**OTHER FINDING**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.06	176	Duties were not segregated adequately in the Offices of Superintendent of Roads; 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, 2011**

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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. None of these deficiencies were considered to be material weaknesses.
3. The audit disclosed one instance of noncompliance that was material to the financial statements of Warren County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is 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 Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Education Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education - Grants to States, Special Education – Preschool Grants, Special Education - Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act, (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); Improving Teacher Quality State Grants (CFDA No. 84.367); State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act and State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397); and Federal Jobs Fund (CFDA No. 84.410) were determined to be major programs.
8. A \$393,217 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 trustee are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

### OFFICE OF COUNTY EXECUTIVE

#### FINDING 11.01      **EXPENDITURES EXCEEDED APPROPRIATIONS** (Noncompliance Under *Government Auditing Standards*)

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

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General:	
ARRA Grant No. 6	\$      5,345
General Debt Service:	
Interest on Debt - Education	29,327

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” These deficiencies exist because management failed to hold spending within limits authorized by the County Commission, which resulted in unauthorized expenditures.

### RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

### MANAGEMENT’S RESPONSE – COUNTY EXECUTIVE

Expenditures exceeded estimated costs for the General Fund – ARRA Grant #6 due to actual payroll costs exceeding the estimated amount. However, grant funds were available for the entire amount of costs, and the full amount of the costs will be reimbursed to Warren County from grant funds. Warren County will review all estimated costs in the future for necessary amendments to the budget.

Expenditures exceeded estimated costs for Interest on Debt – Education due to year-end adjustments for actual costs of interest expense for the QSCB bonds issued for Morrison

Elementary and the Build America Bonds issued for Dibrell Elementary. Warren County will review all costs in the future for necessary amendments to the budget.

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**FINDING 11.02**      **COMPETITIVE BIDS WERE NOT SOLICITED FOR THE PURCHASE OF INSURANCE**  
(Noncompliance Under *Government Auditing Standards*)

Competitive bids were not solicited for the purchase of liability insurance (\$233,866), boiler insurance (\$7,528), workers' compensation insurance (\$84,153), and buildings and contents insurance (\$132,146). Chapter 16, Private Acts of 1951, as amended, requires all purchases exceeding \$5,000 to be based on competitive bids solicited through public advertisement. This deficiency was the result of management's decisions. The failure to solicit competitive bids could result in the county paying more than the competitive price.

**RECOMMENDATION**

Competitive bids should be solicited for all purchases exceeding \$5,000 as required by private act.

**MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE**

The insurance coverage was not bid based upon a recommendation from our property and casualty insurance coverage consultants and legal counsel due to the number and type of pending insurance related claims and litigation. Based upon these recommendations, the property and casualty insurance coverage was negotiated with current carriers and resulted in no significant increases considering increases in exposure to property values and payroll expenses.

**AUDITOR'S COMMENT**

Chapter 16, Private Acts of 1951, as amended, requires all purchases exceeding \$5,000 to be based on competitive bids solicited through public advertisement.

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**OFFICE OF TRUSTEE**

**FINDING 11.03**      **DEFICIENCIES WERE NOTED RELATED TO THE TRUSTEE'S ANNUAL FINANCIAL REPORT**  
(A. – Noncompliance Under *Government Auditing Standards*;  
B. – Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our audit disclosed the following deficiencies related to the trustee's annual financial report. These deficiencies can be attributed to a lack of management oversight and their understanding of a new software application.

- A. The trustee did not file an annual financial report with the county executive and county clerk as required by Section 5-8-505, *Tennessee Code Annotated (TCA)*. This statute requires all county officials having public funds in their charge or custody to file an annual financial report with the county mayor and county clerk. An annual financial report was generated from the computer software application when requested by the auditor.
- B. The annual financial report prepared by the Trustee's Office did not accurately reflect the operations of the office. The report included beginning balances as decreases to expenditures, and the discount on property taxes was reported as revenues rather than a reduction to revenues. We provided adjustments to management that they approved.

#### RECOMMENDATION

The trustee should prepare an annual financial report that properly reflects the operations of the office, and file the report with the county executive and county clerk as required by state statute.

#### MANAGEMENT'S RESPONSE – TRUSTEE

- A. The Trustee's Office has now filed the annual financial report with the proper persons in compliance with *TCA*, Section 5-8-505.
- B. The Trustee's Office is in the process of working with the software provider to resolve this issue.

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#### FINDING 11.04      **WHOLESALE BEER TAX AND TVA REVENUE SHARING WERE NOT PRORATED ACCURATELY** (Noncompliance Under *Government Auditing Standards*)

Wholesale beer tax and TVA revenue sharing were incorrectly prorated during the year. The budget resolution approved by the County Commission established the allocation of revenues to each fund; however, the proration formulas programed into the trustee's software were incorrect. This deficiency can be attributed to the lack of understanding of a new software application and a lack of management oversight. The county's director of accounts is working with the trustee to correct these deficiencies.

#### RECOMMENDATION

The trustee should ensure that the proration formulas entered into the software application accurately prorate revenues according to allocations in the budget resolution approved by the County Commission.

MANAGEMENT'S RESPONSE – TRUSTEE

The trustee is in the process of working with the software provider to resolve this issue. The trustee will request a copy of the budget each year to ensure that the proration formulas entered into the software application accurately prorate revenues according to the allocations in the budget resolution approved by the County Commission.

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FINDING 11.05      **SOME COUNTY FUNDS WERE NOT INVESTED IN ACCORDANCE WITH STATE STATUTE**

(Material Noncompliance Under *Government Auditing Standards*)

During the year, the trustee invested in Eules, Texas, and Kenosha County, Wisconsin, Utility bonds. These investments are not an investment type permitted by Section 5-8-301, *Tennessee Code Annotated (TCA)*. This statute provides that county funds be invested in: (a) bonds, notes, or treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States or any of its agencies; (b) certificates of deposit and other evidence of deposits at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations; (c) certain repurchase agreements; (d) the state investment pool; (e) certain bonds issued by states and political subdivisions; (f) nonconvertible debt securities of certain federal government sponsored enterprises; and (g) the county's own debt issued in accordance with Title 9, Chapter 21, *TCA*. As of June 30, 2011, the balance in Eules, Texas, bonds was \$490,182 and Kenosha County, Wisconsin, Utility bonds was \$175,221.

RECOMMENDATION

The county should ensure all funds are invested in accordance with state statute.

MANAGEMENT'S RESPONSE – TRUSTEE

These monies were invested with Morgan Keegan by the county executive and the director of accounts. The investment Morgan Keegan has with Eules, Texas, matured on 8-1-2011 and the investment Morgan Keegan had with Kenosha County, Wisconsin, Utility matured on 9-1-2011. Upon maturity, these monies were cashed in and applied to the Dibrell School project.

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FINDING 11.06      **THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS**

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

The software application used by the office generated a log that displayed changes made by users. This log provides the only audit trail of these changes and should be reviewed daily for inappropriate activity. Since management was not aware of the existence of the log, the

official did not begin reviewing the log until after we brought it to her attention several months into the fiscal year. Procedures for reviewing the log were implemented in April 2011.

### RECOMMENDATION

Management should ensure that audit logs are reviewed on a routine basis.

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### OFFICE OF CLERK AND MASTER

**FINDING 11.07      MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Multiple employees operated from the same cash drawer in the Office of Clerk and Master. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the clerk and master would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the clerk and master, resulting in a loss of control over assets.

### RECOMMENDATION

The clerk and master should assign each employee their own cash drawer.

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### OFFICES OF SUPERINTENDENT OF ROADS; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF

**FINDING 11.08      DUTIES WERE NOT SEGREGATED ADEQUATELY**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among officials and employees in the Offices of Superintendent of Roads; 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 management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

#### RECOMMENDATION

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

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#### BEST PRACTICE

#### **WARREN COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE**

Warren County does not have an Audit Committee. Sound business practices dictate that establishing an Audit Committee would significantly improve management oversight and accountability. The absence of an Audit Committee has been a management decision by the County Commission. The Division of County Audit strongly believes that an Audit Committee is a best practice that should be adopted to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

**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, 2011**

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

**County Executive – Summary Schedule of Prior-Year's Findings**

**FINDINGS 10.03 and 10.07**

Per correspondence dated September 7, 2010, the State of Tennessee, Department of Finance and Administration has reviewed the corrective action plan and determined that the plan adequately addresses the Office of Criminal Justice Program (OCJP) Monitoring Unit's findings and is in compliance with OCJP grant requirements.