



**ANNUAL FINANCIAL REPORT
WAYNE COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2011



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

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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This financial report is available at www.tn.gov/comptroller

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Audit Highlights
Annual Financial Report
Wayne County, Tennessee
For the Year Ended June 30, 2011

Scope

We have audited the basic financial statements of Wayne 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 two component units 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 ten findings and recommendations, which we have reviewed with Wayne County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings and Best Practices

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

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Department had deficiencies in the use of federal Twenty-first Century Community Learning Center funds.
- ◆ The School Department had deficiencies in the use of state Lottery for Education After-School Program funds.
- ◆ Expenditures exceeded appropriations approved by the County Commission in the Central Cafeteria Fund.

OFFICE OF TRUSTEE

- ◆ The trustee did not require a depository to adequately collateralize funds.
-

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

- ◆ Multiple employees operated from the same cash drawer.
 - ◆ The office did not deposit some funds within three days of collection.
 - ◆ The clerk did not require a depository to adequately collateralize funds.
-

OFFICE OF CLERK AND MASTER

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

OFFICE OF SHERIFF

- ◆ A cash shortage of \$6,261.87 existed in the office as of June 30, 2011.
-

OTHER FINDING

- ◆ Duties were not segregated adequately among the officials and employees in the Offices of County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; and Register.
-

BEST PRACTICES

The Division of County Audit strongly believes that the items noted below are best practices that should be considered by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Wayne County.

- Wayne County should adopt a central system of accounting, budgeting, and purchasing.
- Wayne County should establish an Audit Committee.

INTRODUCTORY SECTION

Wayne County Officials

June 30, 2011

Officials

Jason Rich, County Executive
Billy Joe Martin, Commissioner of Highways
Gailand Grinder, Director of Schools
Janice Smith, Trustee
Billy Vencion, Assessor of Property
Stan Horton, County Clerk
Bill Crews, Circuit, General Sessions, and Juvenile Courts Clerk
Carolyn Mathis, Clerk and Master
Ruth Butler, Register
Ric Wilson, Sheriff

Board of County Commissioners

Jason Rich, County Executive, Chairman	James Haggard, Jr.
O.C. Berry, Jr.	Jim Kelley
Joe Hanback	Tom Mathis, Jr.
Randy Whitten	Warren Miller, III
David Martin	John McDonald
Rickey Kelley	Brian Harris
Joe Hall	Phillip Casteel
Joshua Stults	

Board of Education

Barry Hanback, Chairman	Patrick Blackburn
Andy Yarbrough	Pat Brewer
Dwight Bumphus	Angela Swanson
Randy McClain	

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

September 29, 2011

Wayne County Executive and
Board of County Commissioners
Wayne 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 Wayne County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Wayne County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Wayne County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 Wayne County Emergency Communications District and the Wayne County Retirement Facilities (which include the Wayne County Nursing Home and the Wayne County Assisted Living Facility), component units 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 Wayne County Emergency Communications District and the Wayne County Retirement Facilities, 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 Wayne County Emergency Communications District and the Wayne County Retirement Facilities 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 Wayne 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 Wayne County, Tennessee, as of June 30, 2011, and the respective changes in financial position 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 September 29, 2011, on our consideration of Wayne County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in Note V.B., Wayne 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.

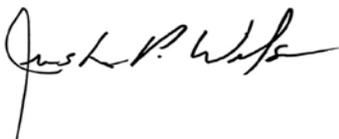
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 58 through 65 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 Wayne 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 Wayne 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 Wayne 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 long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Wayne County School Department
<u>ASSETS</u>		
Cash	\$ 0	\$ 555
Equity in Pooled Cash and Investments	5,105,334	993,456
Inventories	0	49,510
Accounts Receivable	162,267	2,428
Due from Other Governments	641,004	1,127,496
Due from Component Unit	12,367	0
Property Taxes Receivable	2,823,158	1,874,664
Allowance for Uncollectible Property Taxes	(86,061)	(57,148)
Notes Receivable	200,000	0
Deferred Charges - Debt Issuance Cost	162,523	0
Capital Assets:		
Assets Not Depreciated:		
Land	735,229	495,517
Assets Net of Accumulated Depreciation:		
Infrastructure	10,960,073	0
Buildings and Improvements	12,237,162	14,766,754
Other Capital Assets	1,418,405	1,372,308
Total Assets	<u>\$ 34,371,461</u>	<u>\$ 20,625,540</u>
<u>LIABILITIES</u>		
Accrued Payroll	\$ 1,629	\$ 0
Payroll Deductions Payable	182	235,263
Due to Primary Government	0	12,367
Due to State of Tennessee	2,694	8,776
Accrued Interest Payable	92,440	0
Contracts Payable	42,000	0
Unearned Revenue - Current Property Taxes	2,558,721	1,699,069
Noncurrent Liabilities:		
Due Within One Year	1,563,068	42,546
Due in More Than One Year (net of unamortized premium on debt)	27,225,778	2,031,990
Total Liabilities	<u>\$ 31,486,512</u>	<u>\$ 4,030,011</u>

(Continued)

Exhibit A

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

	Primary Government <u>Governmental Activities</u>	Component Unit <u>Wayne County School Department</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 13,047,853	\$ 0
Invested in Capital Assets	0	16,634,579
Restricted for:		
General Government	57,510	0
Finance	154	0
Administration of Justice	25,913	0
Public Safety	209,703	0
Social, Cultural, and Recreational Services	11,311	0
Other Operations	23,035	0
Highway/Public Works	2,674,162	0
Education	0	241,666
Central Cafeteria	0	160,275
Unrestricted	<u>(13,164,692)</u>	<u>(440,991)</u>
Total Net Assets	<u>\$ 2,884,949</u>	<u>\$ 16,595,529</u>

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

Exhibit B

Wayne County, Tennessee
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						Component Unit
	Program Revenues			Primary Governmental Activities	Wayne County School Department		
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Revenue	
Primary Government:							
Governmental Activities:							
General Government	\$ 804,844	\$ 65,947	\$ 15,164	\$ 0	\$ (723,733)	\$ 0	0
Finance	423,661	353,354	0	0	(70,307)	0	0
Administration of Justice	631,440	409,351	9,000	0	(213,089)	0	0
Public Safety	2,520,352	359,139	16,636	0	(2,144,577)	0	0
Public Health and Welfare	1,286,107	204,984	107,869	0	(973,254)	0	0
Social, Cultural, and Recreational Services	552,861	7,171	11,311	0	(534,379)	0	0
Agriculture and Natural Resources	90,966	0	0	0	(90,966)	0	0
Other Operations	182,922	0	346,440	0	163,518	0	0
Highways/Public Works	1,945,508	0	3,376,688	247,086	1,678,266	0	0
Interest on Long-term Debt	1,126,204	0	0	0	(1,126,204)	0	0
Other Debt Service	225,422	0	353,430	0	128,008	0	0
Total Governmental Activities	\$ 9,790,287	\$ 1,399,946	\$ 4,236,538	\$ 247,086	\$ (3,906,717)	\$ 0	0
Total Primary Government	\$ 9,790,287	\$ 1,399,946	\$ 4,236,538	\$ 247,086	\$ (3,906,717)	\$ 0	0
Component Unit:							
Wayne County School Department	\$ 22,689,878	\$ 389,146	\$ 4,959,850	\$ 0	\$ 0	\$ (17,340,882)	0
Total Component Unit	\$ 22,689,878	\$ 389,146	\$ 4,959,850	\$ 0	\$ 0	\$ (17,340,882)	0

(Continued)

Exhibit B

Wayne County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Unit	
					Primary Governmental Activities	Wayne County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 2,088,058	\$ 1,617,980
Property Taxes Levied for Debt Service					529,967	0
Local Option Sales Taxes					905,569	629,081
Wheel Tax					583,989	0
Litigation Tax - General					48,464	0
Litigation Tax - Jail, Workhouse, or Courthouse					49,070	0
Litigation Tax - Sheriff					48,468	0
Business Tax					109,322	0
Mineral Severance Tax					46,446	0
Wholesale Beer Tax					153,040	0
Other Local Taxes					25,636	25,958
Grants and Contributions Not Restricted to Specific Programs					1,105,268	14,027,093
Unrestricted Investment Earnings					83,977	0
E-rate Funding					0	35,657
Miscellaneous					37,745	12,763
Gain on Disposal of Capital Assets					31,883	0
Total General Revenues					\$ 5,846,902	\$ 16,348,532
Change in Net Assets					\$ 1,940,185	\$ (992,350)
Net Assets, July 1, 2010					944,764	17,587,879
Net Assets, June 30, 2011					\$ 2,884,949	\$ 16,595,529

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

Exhibit C-1

Wayne County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2011

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	Governmental Funds	
\$	534,107	276,184	2,211,186	1,593,752	3,177	486,928	5,105,334	
	93,984	7,964	0	60,319	0	0	162,267	
	108,290	0	365,603	161,740	0	5,371	641,004	
	55,179	0	0	0	0	0	55,179	
	12,367	0	0	0	0	0	12,367	
	1,807,119	400,691	42,931	572,417	0	0	2,823,158	
	(55,088)	(12,214)	(1,309)	(17,450)	0	0	(86,061)	
	0	0	0	200,000	0	0	200,000	
	\$ 2,555,958	\$ 672,625	\$ 2,618,411	\$ 2,570,778	\$ 3,177	\$ 492,299	\$ 8,913,248	

ASSETS

Equity in Pooled Cash and Investments
Accounts Receivable
Due from Other Governments
Due from Other Funds
Due from Component Units
Property Taxes Receivable
Allowance for Uncollectible Property Taxes
Notes Receivable - Long-term

LIABILITIES AND FUND BALANCES

Liabilities
Accrued Payroll
Payroll Deductions Payable
Contracts Payable
Due to Other Funds
Due to State of Tennessee
Deferred Revenue - Current Property Taxes
Deferred Revenue - Delinquent Property Taxes
Other Deferred Revenues
Total Liabilities

Fund Balances
Restricted:
Restricted for General Government
Restricted for Finance
Restricted for Administration of Justice
Restricted for Public Safety
Restricted for Social, Cultural, and Recreational Services

\$	0	0	1,629	0	0	0	1,629
	35	0	147	0	0	0	182
	0	0	0	0	0	42,000	42,000
	0	0	55,179	0	0	0	55,179
	0	0	2,694	0	0	0	2,694
	1,637,851	363,160	38,910	518,800	0	0	2,558,721
	104,276	23,121	2,478	33,030	0	0	162,905
	25,972	0	176,914	80,870	0	0	283,756
	\$ 1,768,134	\$ 386,281	\$ 277,951	\$ 632,700	\$ 0	\$ 42,000	\$ 3,107,066
\$	57,510	0	0	0	0	0	57,510
	154	0	0	0	0	0	154
	25,913	0	0	0	0	0	25,913
	133,329	0	0	0	0	76,374	209,703
	11,311	0	0	0	0	0	11,311

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds		
\$	0	0	0	0	0	0	23,035	23,035
	0	0	2,340,460	0	0	0	175,111	2,515,571
	0	272,459	0	0	0	0	0	272,459
	0	0	0	1,938,078	0	0	0	1,938,078
	0	0	0	0	3,177	175,779	0	178,956
	2,183	0	0	0	0	0	0	2,183
	896	0	0	0	0	0	0	896
	0	13,885	0	0	0	0	0	13,885
	23,413	0	0	0	0	0	0	23,413
	533,115	0	0	0	0	0	0	533,115
	\$ 787,824	\$ 286,344	\$ 2,340,460	\$ 1,938,078	\$ 3,177	\$ 450,299	\$ 5,806,182	
	\$ 2,555,958	\$ 672,625	\$ 2,618,411	\$ 2,570,778	\$ 3,177	\$ 492,299	\$ 8,913,248	

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)	
Restricted (Cont.):	
Restricted for Other Operations	
Restricted for Highways/Public Works	
Committed:	
Committed for Public Health and Welfare	
Committed for Debt Service	
Committed for Capital Projects	
Assigned:	
Assigned for General Government	
Assigned for Public Safety	
Assigned for Public Health and Welfare	
Assigned for Social, Cultural, and Recreational Services	
Unassigned	
Total Fund Balances	
Total Liabilities and Fund Balances	

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

Exhibit C-2

Wayne 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)		\$	5,806,182
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	735,229	
Add: infrastructure net of accumulated depreciation		10,960,073	
Add: buildings and improvements net of accumulated depreciation		12,237,162	
Add: other capital assets net of accumulated depreciation		<u>1,418,405</u>	25,350,869
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(449,863)	
Less: bonds payable		(28,250,773)	
Add: deferred charges - debt issuance costs		162,523	
Less: compensated absences payable		(44,907)	
Less: accrued interest on bonds and notes		(92,440)	
Less: other deferred revenue - premium on debt		<u>(43,303)</u>	(28,718,763)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>446,661</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 2,884,949</u>

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

Exhibit C-3

Wayne 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	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental Funds	
<u>Revenues</u>								
Local Taxes	\$ 2,210,144	\$ 453,578	\$ 41,651	\$ 1,941,535	\$ 0	\$ 0	\$ 59,289	\$ 4,706,197
Licenses and Permits	2,771	0	0	0	3,538	0	0	6,309
Fines, Forfeitures, and Penalties	145,574	0	0	0	0	0	22,941	168,515
Charges for Current Services	45,685	0	168	0	0	0	2,768	48,621
Other Local Revenues	34,453	82,075	61,571	150,000	42,628	0	12,000	382,727
Fees Received from County Officials	668,473	0	0	0	0	0	0	668,473
State of Tennessee	1,117,068	145,354	2,227,288	161,504	0	0	65,018	3,716,232
Federal Government	7,986	0	1,328,753	0	0	0	380,500	1,717,239
Other Governments and Citizens Groups	0	0	0	349,334	0	0	17,065	366,399
Total Revenues	\$ 4,232,154	\$ 681,007	\$ 3,659,431	\$ 2,602,373	\$ 46,166	\$ 0	\$ 559,581	\$ 11,780,712
<u>Expenditures</u>								
Current:								
General Government	\$ 799,329	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 799,329
Finance	402,735	0	0	0	0	0	0	402,735
Administration of Justice	579,852	0	0	0	0	0	2,768	582,620
Public Safety	2,336,325	0	0	0	0	0	39,632	2,375,957
Public Health and Welfare	208,142	724,551	0	0	0	0	0	932,693
Social, Cultural, and Recreational Services	220,230	0	0	0	0	0	0	220,230
Agriculture and Natural Resources	90,860	0	0	0	0	0	0	90,860
Other Operations	190,314	0	0	0	0	0	74,232	264,546
Highways	40,481	0	2,409,565	0	0	0	0	2,450,046
Support Services	10,450	0	0	0	0	0	0	10,450
Debt Service:								
Principal on Debt	0	0	0	1,487,217	0	0	0	1,487,217
Interest on Debt	0	0	0	1,133,260	0	0	0	1,133,260
Other Debt Service	0	0	0	210,052	0	0	0	210,052
Capital Projects	0	0	0	0	3,419,209	0	563,954	3,983,163
Total Expenditures	\$ 4,878,718	\$ 724,551	\$ 2,409,565	\$ 2,830,529	\$ 3,419,209	\$ 0	\$ 680,586	\$ 14,943,158
Excess (Deficiency) of Revenues Over Expenditures	\$ (646,564)	\$ (43,544)	\$ 1,249,866	\$ (228,156)	\$ (3,373,043)	\$ 0	\$ (121,005)	\$ (3,162,446)

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	Governmental Funds	
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 0	\$ 0	\$ 57,499	\$ 0	\$ 0	\$ 0	\$ 0	\$ 57,499
Transfers In	0	0	0	0	74,925	0	0	74,925
Transfers Out	0	0	0	0	0	(74,925)	(74,925)	(74,925)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 57,499	\$ 0	\$ 74,925	\$ (74,925)	\$ (74,925)	\$ 57,499
Net Change in Fund Balances	\$ (646,564)	\$ (43,544)	\$ 1,307,365	\$ (228,156)	\$ (3,298,118)	\$ (195,930)	\$ (195,930)	\$ (3,104,947)
Fund Balance, July 1, 2010	1,434,388	329,888	1,033,095	2,166,234	3,301,295	646,229	646,229	8,911,129
Fund Balance, June 30, 2011	\$ 787,824	\$ 286,344	\$ 2,340,460	\$ 1,938,078	\$ 3,177	\$ 450,299	\$ 450,299	\$ 5,806,182

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

Exhibit C-4

Wayne 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)		\$ (3,104,947)
(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	\$ 4,402,655	
Less: current-year depreciation expense	<u>(728,752)</u>	3,673,903
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		(70,233)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2011	\$ 446,661	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(488,262)</u>	(41,602)
(4) The issuance of long-term debt (e.g., notes, 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 effect of these differences in the treatment of long-term debt and related items:		
Add: change in premium on debt issuances	\$ 4,096	
Less: change in deferred debt issuance costs	(15,370)	
Add: principal payments on notes	258,315	
Add: principal payments on bonds	<u>1,228,902</u>	1,475,943
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 7,056	
Change in compensated absences payable	<u>65</u>	<u>7,121</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,940,185</u>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 388,561
Due from Other Governments	83,371
Cash Shortage	<u>6,262</u>
Total Assets	<u>\$ 478,194</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 83,371
Due to Litigants, Heirs, and Others	<u>394,823</u>
Total Liabilities	<u>\$ 478,194</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wayne 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 Wayne County:

A. Reporting Entity

Wayne County is a public municipal corporation governed by an elected 14-member board. As required by GAAP, these financial statements present Wayne County (the primary government) 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 Wayne County School Department operates the public school system in the county, and the voters of Wayne County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Wayne County General Hospital Board of Trustees operates the Wayne County Retirement Facilities composed of the Wayne County Nursing Home and the Wayne County Assisted Living Facility. The Board of Trustees is a component unit of Wayne County. The board provides health care to the citizens of Wayne County, and the Wayne County Commission appoints its governing body. Patient charges provide the majority of the revenues for the board. Before the issuance of debt instruments, the board must obtain the County Commission's approval. The financial statements of the Wayne County Retirement Facilities were not available from other auditors in time for inclusion in this report.

The Wayne County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Wayne County, and the Wayne

County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Wayne County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Wayne 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 Wayne County Retirement Facilities and the Wayne County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Wayne County Retirement Facilities (Wayne County Nursing Home and Wayne County Assisted Living Facility) and the Wayne County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Wayne County Nursing Home
Highway 64 East
Waynesboro, TN 38485

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

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

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

B. 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 Wayne County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Wayne 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.

Wayne County issues all debt for the discretely presented Wayne County School Department. No debt issues were contributed by the county to the School Department during the year ended June 30, 2011.

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

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

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

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

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

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

Fiduciary fund 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.

Wayne County reports the following major governmental funds:

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

Solid Waste/Sanitation Fund – This special revenue fund accounts for transactions related to the solid waste transfer station. Local taxes 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 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.

General Capital Projects Fund – This fund accounts for general capital expenditures of the county.

Additionally, Wayne County reports the following fund type:

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

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide 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.

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

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

2. Receivables and Payables

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

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

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

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

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

3. Inventories

Inventories of the Wayne County School Department are recorded at cost, determined 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 government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

5. Compensated Absences

Primary Government

It is the county's policy to permit employees to accumulate earned but unused vacation, sick leave, and compensatory time benefits. There is no liability for unpaid accumulated vacation and sick leave since Wayne County does not have a policy to pay any amounts when employees separate from service with the government. Payments are made for accumulated balances for compensatory time in excess of 240 hours. A liability for compensated absences is reported in governmental funds only if amounts have matured.

Discretely Presented Wayne County School Department

The School Department does not have a policy to permit employees to accumulate earned but unused vacation leave. General policy of the School Department for all professional personnel (teachers) permits the unlimited accumulation (maximum of 20 days for support personnel) of unused sick leave days. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

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, special termination benefits, 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, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2011, Wayne County had \$16,278,400 in outstanding debt for capital purposes for the discretely presented Wayne County School Department. This debt is a liability of Wayne County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Wayne 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 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.

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 Wayne County School Department

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

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, 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, County Mayor/Executive, Election Commission, Register of Deeds, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Cash Shortage

The Office of Sheriff had a cash shortage of \$6,261.87 as of June 30, 2011. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

C. Expenditures Exceeded Appropriations

Total expenditures exceeded total appropriations approved by the County Commission in the Central Cafeteria Fund by \$66,261. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

D. The County Had Deposits Exposed to Custodial Credit Risk

The trustee and circuit court clerk did not require depositories holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2011, deposits at these depositories exceeded FDIC coverage and collateral securities pledged by \$14,264 (trustee) and \$62,162 (circuit court clerk). Section 5-8-201, *Tennessee Code Annotated*, requires any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of such county funds.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Wayne County and the Wayne County School Department participate in an internal cash and investment pool through the Office of Trustee. The county

trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, 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.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, Wayne County's deposits may not be returned to it. Wayne County does not have a formal policy that limits custodial credit risk for deposits. Separate disclosures concerning bank balances of pooled deposits cannot be made for Wayne County and the discretely presented Wayne County School Department since both pool their deposits and investments through the county trustee. As of June 30, 2011, bank balances of \$76,426 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 76,426</u>
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Uninsured and uncollateralized deposits are a violation of state statutes.

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, Wayne County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Wayne County and the discretely presented Wayne County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 235,700

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Wayne County has no investment policy that would further limit its investment choices. As of June 30, 2011, Wayne County's investment in the State Treasurer's Investment Pool was unrated.

B. Notes Receivable

On June 19, 2007, Wayne County loaned \$200,000 to the Wayne County Nursing Home – Component Unit. This note matured on December 1, 2009; but the note has not yet been retired. However, Wayne County does expect to collect the note receivable in the future. Therefore, the General Debt Service

Fund reflects a long-term notes receivable of \$200,000 from the Wayne County Nursing Home on June 30, 2011, which is included in the committed fund balance account.

C. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 735,229	\$ 0	\$ 0	\$ 735,229
Construction in Progress	6,904,884	3,365,023	(10,269,907)	0
Total Capital Assets Not Depreciated	\$ 7,640,113	\$ 3,365,023	\$ (10,269,907)	\$ 735,229
Capital Assets Depreciated:				
Buildings and Improvements	\$ 5,556,832	\$ 10,269,907	\$ 0	\$ 15,826,739
Roads and Bridges	10,972,003	790,282	0	11,762,285
Other Capital Assets	3,838,470	247,350	(182,643)	3,903,177
Total Capital Assets Depreciated	\$ 20,367,305	\$ 11,307,539	\$ (182,643)	\$ 31,492,201
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 3,390,401	\$ 199,176	\$ 0	\$ 3,589,577
Roads and Bridges	517,948	284,264	0	802,212
Other Capital Assets	2,351,870	245,312	(112,410)	2,484,772
Total Accumulated Depreciation	\$ 6,260,219	\$ 728,752	\$ (112,410)	\$ 6,876,561
Total Capital Assets Depreciated, Net	\$ 14,107,086	\$ 10,578,787	\$ (70,233)	\$ 24,615,640
Governmental Activities Capital Assets, Net	\$ 21,747,199	\$ 13,943,810	\$ (10,340,140)	\$ 25,350,869

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

Governmental Activities:

General Government	\$ 24,620
Finance	3,980
Administration of Justice	14,573
Public Safety	94,055
Public Health and Welfare	139,048
Social, Cultural, and Recreational Services	3,349
Agriculture and Natural Resources	298
Highway/Public Works	<u>448,829</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 728,752</u></u>

Discretely Presented Wayne County School Department

Governmental Activities:

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets Not Depreciated:			
Land	\$ 495,517	\$ 0	\$ 495,517
Total Capital Assets Not Depreciated	<u>\$ 495,517</u>	<u>\$ 0</u>	<u>\$ 495,517</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 26,879,538	\$ 184,839	\$ 27,064,377
Other Capital Assets	3,143,008	273,680	3,416,688
Total Capital Assets Depreciated	<u>\$ 30,022,546</u>	<u>\$ 458,519</u>	<u>\$ 30,481,065</u>
Less Accumulated Depreciation for:			
Buildings and Improvements	\$ 11,557,253	\$ 740,370	\$ 12,297,623
Other Capital Assets	1,843,449	200,931	2,044,380
Total Accumulated Depreciation	<u>\$ 13,400,702</u>	<u>\$ 941,301</u>	<u>\$ 14,342,003</u>
Total Capital Assets Depreciated, Net	<u>\$ 16,621,844</u>	<u>\$ (482,782)</u>	<u>\$ 16,139,062</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 17,117,361</u></u>	<u><u>\$ (482,782)</u></u>	<u><u>\$ 16,634,579</u></u>

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

Governmental Activities:

Instruction	\$ 14,717
Support Services	876,244
Operation of Non-Instructional Services	<u>50,340</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 941,301</u>

D. Construction Commitments

At June 30, 2011, Wayne County had an uncompleted contract of approximately \$58,849 for the construction of waterlines. Funding for these future expenditures is expected to be received from federal grants.

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	Highway/Public Works	\$ 55,179

This balance resulted from the time lag between the dates that reimbursable expenditures occurred and payments between funds were made.

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:	Component Unit:	
General	General Purpose School	\$ 12,367

Interfund Transfers:

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

Primary Government

Transfer Out	Transfer In General Capital Projects Fund
Nonmajor governmental fund	\$ 74,925

The county made a one-time transfer of \$74,925 from the Community Development/Industrial Park Fund to the General Capital Projects Fund to complete construction of the Wayne County Justice Center.

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. 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 38 years for bonds and up to 11 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 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	4.05 to 4.25 %	\$ 16,282,000	\$ 14,965,773
General Obligation Bonds - Refunding	3.2 to 4	16,935,000	13,285,000
Capital Outlay Notes	0 to 4.08	2,318,649	449,863

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	Bonds		
	Principal	Interest	Total
2012	\$ 1,269,071	\$ 1,065,979	\$ 2,335,050
2013	1,319,248	1,020,117	2,339,365
2014	1,359,432	972,650	2,332,082
2015	1,384,624	923,276	2,307,900
2016	1,459,824	870,290	2,330,114
2017-2021	8,182,446	3,460,214	11,642,660
2022-2026	7,233,932	1,839,532	9,073,464
2027-2031	4,326,949	833,301	5,160,250
2032-2036	1,571,862	173,116	1,744,978
2037-2041	64,117	24,143	88,260
2042-2046	79,268	8,992	88,260
Total	\$ 28,250,773	\$ 11,191,610	\$ 39,442,383

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 265,964	\$ 13,539	\$ 279,503
2013	181,950	3,675	185,625
2014	1,949	0	1,949
Total	\$ 449,863	\$ 17,214	\$ 467,077

There is \$1,938,078 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,660, based on the 2010 federal census. Debt per capita, including bonds and notes, totaled \$1,686, 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:

	Bonds	Notes	Compensated Absences
Balance, July 1, 2010	\$ 29,479,675	\$ 708,178	\$ 44,972
Additions	0	0	81,343
Deductions	(1,228,902)	(258,315)	(81,408)
Balance, June 30, 2011	<u>\$ 28,250,773</u>	<u>\$ 449,863</u>	<u>\$ 44,907</u>
Balance Due Within One Year	<u>\$ 1,269,071</u>	<u>\$ 265,964</u>	<u>\$ 28,033</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 28,745,543
Less: Due Within One Year	(1,563,068)
Add: Unamortized Premium on Debt	<u>43,303</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 27,225,778</u>

Compensated absences will be paid from the employing funds, primarily the General, Solid Waste/Sanitation, and Highway/Public Works funds.

Discretely Presented Wayne County School Department**Changes in Long-term Liabilities**

Long-term liability activity for the discretely presented Wayne County School Department for the year ended June 30, 2011, was as follows:

Governmental Activities:

	Termination Benefits	Other Postemployment Benefits
Balance, July 1, 2010	\$ 0	\$ 1,533,847
Additions	114,724	638,644
Deductions	0	(212,679)
Balance, June 30, 2011	<u>\$ 114,724</u>	<u>\$ 1,959,812</u>
Balance Due Within One Year	<u>\$ 42,546</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 2,074,536
Less: Due Within One Year	<u>(42,546)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,031,990</u>

Termination 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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Wayne 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 \$74,608 and \$17,079, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

The State of Tennessee pays health insurance premiums for some retired employees on-behalf of Wayne 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 \$3,591. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

Wayne County joined the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

Wayne County does not provide health insurance for its general government employees.

Discretely Presented Wayne County School Department

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

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

B. Accounting 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. Wayne County and the Wayne County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

C. Contingent Liabilities

The county is involved in several pending lawsuits. The county attorney has not responded to requests to provide estimates of the potential claims not covered by insurance. However, management believes that any claims resulting from such litigation would not materially affect the county's financial statements.

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

D. Changes in Administration

On August 31, 2010, Jeff Minatra left the Office of Commissioner of Highways and was succeeded by Billy Joe Martin.

On June 15, 2011, Wanda Johnston left the Office of Director of Schools and was succeeded by Gailand Grinder.

E. Joint Venture

The Joint Economic and Community Development Board is a joint venture between Wayne County and the cities of Clifton, Collinwood, and Waynesboro. The board comprises 11 members as follows: Wayne County Executive; mayors of the cities of Waynesboro, Clifton, and Collinwood; and seven appointed members from the private sector. The purpose of the board is to expand and diversify the economy of the cities and county. The cities and county provide the majority of funding for the board based on the percentage of their population compared to the total census of the county. Wayne County contributed \$51,760 to the operations of the Joint Economic and Community Development Board during the year ended June 30, 2011.

Wayne County does not have an equity interest in the above-noted joint venture. Complete financial statements for the Joint Economic and Community Development Board can be obtained from its administrative office at the following address:

Administrative Office:

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

F. Jointly Governed Organization

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

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Plan Description

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor,

Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Wayne County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 7.43 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 \$577,639 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), and (c) projected 3.5 percent annual increase in the Social Security wage base. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a 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 seven 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	\$577,639	100%	\$0
6-30-10	538,829	100	0
6-30-09	519,458	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 88.14 percent funded. The actuarial accrued liability for benefits

was \$17 million, and the actuarial value of assets was \$15 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$7 million, and the ratio of the UAAL to the covered payroll was 28.41 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 Wayne County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service, or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. 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 SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230, or can be accessed at www.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 \$978,458, \$698,351, and \$689,919, respectively, equal to the required contributions for each year.

2. Deferred Compensation

The Wayne County School Department offers its employees a deferred compensation plan established pursuant to IRC Section 457. All costs of administering and funding this program are the responsibility of plan participants. The Section 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 457 establishes participation, contribution, and withdrawal provisions for the plan.

H. Other Postemployment Benefits (OPEB)

Discretely Presented Wayne County School Department

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated*, for teachers. In previous fiscal 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 the 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://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Retirees' contributions vary depending on the insurance options they select, ranging from \$170 to \$571 per month. During the year ended June 30, 2011, the discretely presented Wayne County School Department contributed \$212,679 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 635,000
Interest on the NPO	69,023
Adjustment to the ARC	(65,379)
Annual OPEB cost	<hr/> \$ 638,644
Amount of contribution	(212,679)
Increase/decrease in NPO	<hr/> \$ 425,965
Net OPEB obligation, 7-1-10	<hr/> 1,533,847
Net OPEB obligation, 6-30-11	<hr/> <hr/> \$ 1,959,812

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Education Group	\$ 672,665	21 %	\$ 1,084,676
6-30-10	"	635,577	29	1,533,847
6-30-11	"	638,644	33	1,959,812

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:
(dollars in thousands)

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-10
Actuarial accrued liability (AAL)	\$ 6,454
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 6,454
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 13,467
UAAL as a % of covered payroll	48%

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) and an annual healthcare cost trend rate of 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.

I. Termination Benefits

The discretely presented Wayne County School Department offers a voluntary termination benefit for employees who retire with 30 years of experience in the Wayne County School System or have reached 60 years of age and are eligible for full retirement with the Tennessee Consolidated Retirement System. The employees must also have at least 50 days of accumulated sick leave and not be retired from another school system. This incentive consists of a cash payment equivalent to 50 percent of the regular daily salary for each day of accumulated sick leave at the retirement date, to be paid out at \$6,000 per year. Currently, eight school employees have accepted the board's offer. The estimated cost of the cash payment, reported in the government-wide Statement of Net Assets, is \$114,724. The estimated cost did not include a discounted rate because the School Department felt its effects were immaterial. The effects to the School Department's actuarial accrued liability for pension benefits for current, terminated, and retired employees could not be determined.

J. Pollution Remediation

Approximately 40 years ago, Wayne County Highway Department purchased salvaged steel from a Giles County scrap vendor for the construction of approximately 60 county bridges.

In 2009, mercury was discovered in Beech Creek, and it was determined that the source of the mercury was one of the bridges constructed from the salvaged steel. The ensuing investigation traced the source of the steel to Occidental Chemical Company in Muscle Shoals, Alabama. The steel beams were originally used as troughs in a chemical process to manufacture sodium hydroxide. The steel was coated in a layer of mercury, which was then coated in granite. When the steel was scrapped, the granite and mercury layer was not removed. When Wayne County constructed bridges from the steel, the granite and mercury layer, which they mistook for concrete, was left on the steel and installed facing downward. Over time, the mercury has leached out of the mixture and dripped into the waterway.

Occidental Chemical Company is owned by Glen Springs Holding Company. Glen Springs has agreed to take all responsibility for the cleanup operation. All of the approximately 60 bridges that have been identified as constructed with the salvaged steel will be removed and replaced with new bridges. The steel will be transported to a landfill in Texas designed to accept this type of hazardous material. Glen Springs will bear the full cost of removal, cleanup, disposal, and replacement of the bridges. They have additionally agreed to bear the cost of dredging the creek beds if that process is determined to be necessary. This agreement between Glen Springs and Wayne County is documented by a Memorandum of Understanding, a copy of which is available in the Wayne County Executive's Office.

Based on the limited information available at June 30, 2011, future remediation costs could not be reasonably determined.

K. Purchasing Laws

Office of County Executive

Purchasing procedures for the Office of County Executive are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*, which provide for all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Commissioner of Highways

Purchasing procedures for the Highway Department are governed by Chapter 66, Private Acts of 2008, and provisions of the Uniform Road Law, Section 54-7-113, *TCA*, which provides for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Director of Schools

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Wayne County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund
 For the Year Ended June 30, 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	\$ 2,210,144	\$ 0	\$ 0	\$ 2,210,144	\$ 2,261,324	\$ 2,261,324	\$ (51,180)
Licenses and Permits	2,771	0	0	2,771	4,245	4,245	(1,474)
Fines, Forfeitures, and Penalties	145,574	0	0	145,574	133,168	133,168	12,406
Charges for Current Services	45,685	0	0	45,685	45,475	54,036	(8,351)
Other Local Revenues	34,453	0	0	34,453	16,455	43,752	(9,299)
Fees Received from County Officials	668,473	0	0	668,473	632,115	644,004	24,469
State of Tennessee	1,117,068	0	0	1,117,068	1,142,951	1,164,939	(47,871)
Federal Government	7,986	0	0	7,986	38,000	45,000	(37,014)
Other Governments and Citizens Groups	0	0	0	0	500	500	(500)
Total Revenues	\$ 4,232,154	\$ 0	\$ 0	\$ 4,232,154	\$ 4,274,233	\$ 4,350,968	\$ (118,814)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 225,117	\$ (150)	\$ 0	\$ 224,967	\$ 251,867	\$ 270,382	\$ 45,415
County Mayor/Executive	146,220	0	0	146,220	146,236	146,695	475
Election Commission	120,567	0	0	120,567	124,522	121,389	822
Register of Deeds	114,360	(4,601)	0	109,759	108,797	110,880	1,121
County Buildings	168,539	(100)	0	168,439	150,747	168,950	511
Other General Administration	24,526	(500)	0	24,026	26,798	25,135	1,109
<u>Finance</u>							
Property Assessor's Office	132,619	(11)	0	132,608	127,891	134,014	1,406
Reappraisal Program	9,368	0	0	9,368	16,598	9,369	1
County Trustee's Office	127,742	0	0	127,742	128,521	128,120	378
County Clerk's Office	133,006	0	0	133,006	130,165	134,202	1,196

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original		
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice</u>							
Circuit Court	\$ 156,277	\$ (293)	0	\$ 155,984	\$ 163,393	\$ 157,194	\$ 1,210
General Sessions Court	176,135	0	0	176,135	173,644	176,624	489
Drug Court	11,023	0	0	11,023	3,050	11,034	11
Chancery Court	116,354	(350)	0	116,004	125,661	116,795	791
Juvenile Court	62,512	0	0	62,512	64,476	62,637	125
Judicial Commissioners	57,551	0	0	57,551	56,213	57,752	201
<u>Public Safety</u>							
Sheriff's Department	964,291	(8,500)	1,600	957,391	770,021	979,119	21,728
Jail	1,166,620	(5,981)	0	1,160,639	1,050,253	1,211,379	50,740
Rural Fire Protection	90,968	(2,350)	0	88,618	79,150	88,729	111
Other Emergency Management	89,419	0	0	89,419	85,216	92,865	3,446
County Coroner/Medical Examiner	22,670	0	0	22,670	20,687	22,672	2
Other Public Safety	2,357	0	0	2,357	2,600	2,600	243
<u>Public Health and Welfare</u>							
Local Health Center	41,347	0	0	41,347	43,654	41,949	602
Alcohol and Drug Programs	2,500	0	0	2,500	2,500	2,500	0
Other Local Health Services	88,786	(11,051)	0	77,735	95,258	95,258	17,523
Regional Mental Health Center	9,000	0	0	9,000	9,000	9,000	0
Other Local Welfare Services	9,100	0	0	9,100	9,000	9,100	0
Other Waste Collection	57,409	0	0	57,409	57,818	57,639	230
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	36,000	0	0	36,000	36,000	36,000	0
Libraries	166,824	(1,356)	383	165,851	142,212	166,054	203
Other Social, Cultural, and Recreational	17,406	0	0	17,406	18,750	17,500	94

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	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>Agriculture and Natural Resources</u>							
Agriculture Extension Service	\$ 56,291	\$ 0	\$ 0	\$ 56,291	\$ 60,229	\$ 57,176	\$ 885
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	32,569	0	0	32,569	32,569	32,569	0
Other Agriculture and Natural Resources	0	0	0	0	1,000	0	0
<u>Other Operations</u>							
Other Economic and Community Development	43,400	0	0	43,400	43,400	43,400	0
Veterans' Services	6,850	0	0	6,850	4,952	7,154	304
Other Charges	81,624	0	0	81,624	105,552	93,041	11,417
Contributions to Other Agencies	4,200	0	0	4,200	4,200	4,200	0
Employee Benefits	3,591	0	0	3,591	0	3,591	0
Miscellaneous	50,649	(70)	0	50,579	52,414	52,414	1,835
<u>Highways</u>							
Litter and Trash Collection	40,481	0	200	40,681	44,767	42,339	1,658
<u>Support Services</u>							
Other Programs	10,450	0	0	10,450	9,714	11,161	711
Total Expenditures	\$ 4,878,718	\$ (35,313)	\$ 2,183	\$ 4,845,588	\$ 4,581,495	\$ 5,012,581	\$ 166,993
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (646,564)	\$ 35,313	\$ (2,183)	\$ (613,434)	\$ (307,262)	\$ (661,613)	\$ 48,179
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,000	\$ 40,000	\$ (40,000)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,000	\$ 40,000	\$ (40,000)
Net Change in Fund Balance	\$ (646,564)	\$ 35,313	\$ (2,183)	\$ (613,434)	\$ (267,262)	\$ (621,613)	\$ 8,179
Fund Balance, July 1, 2010	1,434,388	(35,313)	0	1,399,075	1,351,404	1,351,404	47,671
Fund Balance, June 30, 2011	\$ 787,824	\$ 0	\$ (2,183)	\$ 785,641	\$ 1,084,142	\$ 729,791	\$ 55,850

Exhibit E-2

Wayne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 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	\$ 453,578	\$ 0	\$ 0	\$ 453,578	\$ 467,463	\$ 467,463	\$ (13,885)
Other Local Revenues	82,075	0	0	82,075	100,800	100,800	(18,725)
State of Tennessee	145,354	0	0	145,354	158,000	158,000	(12,646)
Total Revenues	\$ 681,007	\$ 0	\$ 0	\$ 681,007	\$ 726,263	\$ 726,263	\$ (45,256)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Landfill Operation and Maintenance	\$ 6,130	(2,000)	2,100	6,230	11,500	6,500	270
Other Waste Disposal	718,421	(19,730)	11,785	710,476	712,580	842,580	132,104
Total Expenditures	\$ 724,551	(21,730)	13,885	\$ 716,706	\$ 724,080	\$ 849,080	\$ 132,374
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>							
	\$ (43,544)	\$ 21,730	(13,885)	(35,699)	2,183	(122,817)	\$ 87,118
<u>Net Change in Fund Balance</u> <u>Fund Balance, July 1, 2010</u>							
	\$ (43,544)	\$ 21,730	(13,885)	(35,699)	2,183	(122,817)	\$ 87,118
	329,888	(21,730)	0	308,158	353,108	353,108	(44,950)
<u>Fund Balance, June 30, 2011</u>							
	\$ 286,344	\$ 0	(13,885)	\$ 272,459	\$ 355,291	\$ 230,291	\$ 42,168

Exhibit E-3

Wayne 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)	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	\$ 41,651	\$ 0	\$ 0	\$ 41,651	\$ 41,835	\$ 41,835	\$ (184)
Charges for Current Services	168	0	0	168	0	0	168
Other Local Revenues	61,571	0	0	61,571	39,000	81,638	(20,067)
State of Tennessee	2,227,288	0	0	2,227,288	2,978,527	2,978,527	(751,239)
Federal Government	1,328,753	0	0	1,328,753	1,200,000	1,200,000	128,753
Other Governments and Citizens Groups	0	0	0	0	20,000	20,000	(20,000)
Total Revenues	\$ 3,659,431	\$ 0	\$ 0	\$ 3,659,431	\$ 4,279,362	\$ 4,322,000	\$ (662,569)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 188,658	\$ 0	\$ 0	\$ 188,658	\$ 185,953	\$ 198,688	\$ 10,030
Highway and Bridge Maintenance	1,168,087	0	0	1,168,087	1,741,050	1,744,150	576,063
Operation and Maintenance of Equipment	478,872	(196)	500	479,176	693,531	695,631	216,455
Other Charges	90,582	0	0	90,582	73,400	94,400	3,818
Employee Benefits	48,190	0	0	48,190	1,800	48,190	0
Capital Outlay	435,176	0	0	435,176	1,321,472	1,318,785	863,609
Total Expenditures	\$ 2,409,565	\$ (196)	\$ 500	\$ 2,409,869	\$ 4,017,206	\$ 4,099,844	\$ 1,689,975
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,249,866	\$ 196	\$ (500)	\$ 1,249,562	\$ 262,156	\$ 222,156	\$ 1,027,406
<u>Other Financing Sources (Uses)</u>							
Proceeds from Sale of Capital Assets	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,000	\$ 8,000	\$ (8,000)
Insurance Recovery	57,499	0	0	57,499	0	0	57,499
Transfers Out	0	0	0	0	(40,000)	0	0
Total Other Financing Sources (Uses)	\$ 57,499	\$ 0	\$ 0	\$ 57,499	\$ (32,000)	\$ 8,000	\$ 49,499
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 1,307,365	\$ 196	\$ (500)	\$ 1,307,061	\$ 230,156	\$ 230,156	\$ 1,076,905
	1,033,095	(196)	0	1,032,899	1,010,735	1,010,735	22,164
Fund Balance, June 30, 2011	\$ 2,340,460	\$ 0	\$ (500)	\$ 2,339,960	\$ 1,240,891	\$ 1,240,891	\$ 1,099,069

Exhibit E-4

Wayne County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Wayne 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	\$ 15,419	\$ 17,494	\$ 2,075	88.14 %	\$ 7,302	28.41 %
7-1-07	14,571	15,748	1,177	92.53	6,673	17.64

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method went into effect during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit E-5

Wayne County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Wayne County School Department
June 30, 2011

(Dollar amounts in thousands)

Plan	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 Education Group	7-1-07	\$ 0	\$ 6,722	\$ 6,722	0 %	13,113	51 %
"	7-1-09	0	6,445	6,445	0	13,467	48
"	7-1-10	0	6,454	6,454	0	13,467	48

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

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 Wayne County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

The 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.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for revenues generated by the Tennessee River Resort Act and expended for tourism.

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

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.

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

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

Exhibit F-1

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

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Drug Control	Other Special Revenue	Total	Community Development/ Industrial Park	Highway Capital Projects	Total	
\$ 76,374 \$ 17,664 \$ 94,038 \$ 217,779 \$ 175,111 \$ 392,890 \$ 486,928							
0 5,371 5,371 0 0 0 5,371							
\$ 76,374 \$ 23,035 \$ 99,409 \$ 217,779 \$ 175,111 \$ 392,890 \$ 492,299							

ASSETS

Equity in Pooled Cash and Investments
 Due from Other Governments

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Contracts Payable
 Total Liabilities

Fund Balances

Restricted:
 Restricted for Public Safety
 Restricted for Other Operations
 Restricted for Highways/Public Works
 Committed:
 Committed for Capital Projects
 Total Fund Balances

Total Liabilities and Fund Balances

Exhibit F-2

Wayne County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2011

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees	Total	Community Development/ Industrial Park	Highway Capital Projects	Total	
<u>Revenues</u>								
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,843	\$ 46,446	\$ 59,289	\$ 59,289
Fines, Forfeitures, and Penalties	22,941	0	0	22,941	0	0	0	22,941
Charges for Current Services	0	0	2,768	2,768	0	0	0	2,768
Other Local Revenues	0	0	0	0	12,000	0	12,000	12,000
State of Tennessee	0	65,018	0	65,018	0	0	0	65,018
Federal Government	0	0	0	0	380,500	0	380,500	380,500
Other Governments and Citizens Groups	0	0	0	0	17,065	0	17,065	17,065
Total Revenues	\$ 22,941	\$ 65,018	\$ 2,768	\$ 90,727	\$ 422,408	\$ 46,446	\$ 468,854	\$ 559,581
<u>Expenditures</u>								
Current:								
Administration of Justice	\$ 0	\$ 0	\$ 2,768	\$ 2,768	\$ 0	\$ 0	\$ 0	\$ 2,768
Public Safety	39,632	0	0	39,632	0	0	0	39,632
Other Operations	0	64,232	0	64,232	10,000	0	10,000	74,232
Capital Projects	0	0	0	0	560,215	3,739	563,954	563,954
Total Expenditures	\$ 39,632	\$ 64,232	\$ 2,768	\$ 106,632	\$ 570,215	\$ 3,739	\$ 573,954	\$ 680,586
Excess (Deficiency) of Revenues Over Expenditures	\$ (16,691)	\$ 786	\$ 0	\$ (15,905)	\$ (147,807)	\$ 42,707	\$ (105,100)	\$ (121,005)
<u>Other Financing Sources (Uses)</u>								
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0	\$ (74,925)	\$ 0	\$ (74,925)	\$ (74,925)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (74,925)	\$ 0	\$ (74,925)	\$ (74,925)
Net Change in Fund Balances Fund Balance, July 1, 2010	\$ (16,691)	\$ 786	\$ 0	\$ (15,905)	\$ (222,732)	\$ 42,707	\$ (180,025)	\$ (195,930)
Fund Balance, July 1, 2010	93,065	22,249	0	115,314	398,511	132,404	530,915	646,229
Fund Balance, June 30, 2011	\$ 76,374	\$ 23,035	\$ 0	\$ 99,409	\$ 175,779	\$ 175,111	\$ 350,890	\$ 450,299

Exhibit F-3

Wayne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control 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>						
Fines, Forfeitures, and Penalties	\$ 22,941	\$ 0	\$ 22,941	\$ 47,375	\$ 47,375	\$ (24,434)
Other Local Revenues	0	0	0	500	500	(500)
Total Revenues	\$ 22,941	\$ 0	\$ 22,941	\$ 47,875	\$ 47,875	\$ (24,934)
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 39,632	(124)	\$ 39,508	\$ 79,350	\$ 94,650	\$ 55,142
Total Expenditures	\$ 39,632	(124)	\$ 39,508	\$ 79,350	\$ 94,650	\$ 55,142
Excess (Deficiency) of Revenues Over Expenditures	\$ (16,691)	124	\$ (16,567)	\$ (31,475)	\$ (46,775)	\$ 30,208
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (16,691)	124	\$ (16,567)	\$ (31,475)	\$ (46,775)	\$ 30,208
	93,065	(124)	92,941	93,869	93,869	(928)
Fund Balance, June 30, 2011	\$ 76,374	0	\$ 76,374	\$ 62,394	\$ 47,094	\$ 29,280

Exhibit F-4

Wayne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other Special Revenue Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 62,000	\$ 0	\$ 0
State of Tennessee	65,018	0	62,000	3,018
Total Revenues	<u>\$ 65,018</u>	<u>\$ 62,000</u>	<u>\$ 62,000</u>	<u>\$ 3,018</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Tourism	\$ 48,904	\$ 46,707	\$ 49,112	\$ 208
Tourism-Resort District	15,328	12,400	15,328	0
Total Expenditures	<u>\$ 64,232</u>	<u>\$ 59,107</u>	<u>\$ 64,440</u>	<u>\$ 208</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 786</u>	<u>\$ 2,893</u>	<u>\$ (2,440)</u>	<u>\$ 3,226</u>
Net Change in Fund Balance	\$ 786	\$ 2,893	\$ (2,440)	\$ 3,226
Fund Balance, July 1, 2010	<u>22,249</u>	<u>16,301</u>	<u>16,301</u>	<u>5,948</u>
Fund Balance, June 30, 2011	<u><u>\$ 23,035</u></u>	<u><u>\$ 19,194</u></u>	<u><u>\$ 13,861</u></u>	<u><u>\$ 9,174</u></u>

Major Governmental Fund

General Debt Service Fund

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.

Exhibit G

Wayne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,941,535	\$ 1,974,939	\$ 1,974,939	\$ (33,404)
Other Local Revenues	150,000	150,000	150,000	0
State of Tennessee	161,504	142,200	142,200	19,304
Other Governments and Citizens Groups	349,334	416,000	416,000	(66,666)
Total Revenues	\$ 2,602,373	\$ 2,683,139	\$ 2,683,139	\$ (80,766)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 565,867	\$ 802,237	\$ 565,868	\$ 1
Highways and Streets	39,150	0	39,150	0
Education	882,200	785,000	882,200	0
<u>Interest on Debt</u>				
General Government	458,954	696,904	458,954	0
Highways and Streets	49,623	0	49,623	0
Education	624,683	501,482	624,683	0
<u>Other Debt Service</u>				
General Government	199,052	45,998	211,143	12,091
Highways and Streets	5,000	5,000	5,000	0
Education	6,000	6,500	6,500	500
Total Expenditures	\$ 2,830,529	\$ 2,843,121	\$ 2,843,121	\$ 12,592
Excess (Deficiency) of Revenues Over Expenditures	\$ (228,156)	\$ (159,982)	\$ (159,982)	\$ (68,174)
Net Change in Fund Balance	\$ (228,156)	\$ (159,982)	\$ (159,982)	\$ (68,174)
Fund Balance, July 1, 2010	2,166,234	2,049,980	2,049,980	116,254
Fund Balance, June 30, 2011	\$ 1,938,078	\$ 1,889,998	\$ 1,889,998	\$ 48,080

Fiduciary Funds

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

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

Constitutional Officers - Agency 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.

Exhibit H-1

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

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 388,561	\$ 388,561
Due from Other Governments	83,371	0	83,371
Cash Shortage	0	6,262	6,262
Total Assets	<u>\$ 83,371</u>	<u>\$ 394,823</u>	<u>\$ 478,194</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 83,371	\$ 0	\$ 83,371
Due to Litigants, Heirs, and Others	0	394,823	394,823
Total Liabilities	<u>\$ 83,371</u>	<u>\$ 394,823</u>	<u>\$ 478,194</u>

Exhibit H-2

Wayne 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	\$ 431,981	\$ 431,981	\$ 0
Due from Other Governments	73,503	83,371	73,503	83,371
Total Assets	\$ 73,503	\$ 515,352	\$ 505,484	\$ 83,371
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 73,503	\$ 515,352	\$ 505,484	\$ 83,371
Total Liabilities	\$ 73,503	\$ 515,352	\$ 505,484	\$ 83,371
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 381,985	\$ 4,168,286	\$ 4,161,710	\$ 388,561
Accounts Receivable	12	0	12	0
Cash Shortage	0	6,262	0	6,262
Total Assets	\$ 381,997	\$ 4,174,548	\$ 4,161,722	\$ 394,823
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 381,997	\$ 4,174,548	\$ 4,161,722	\$ 394,823
Total Liabilities	\$ 381,997	\$ 4,174,548	\$ 4,161,722	\$ 394,823
<u>Total - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 381,985	\$ 4,168,286	\$ 4,161,710	\$ 388,561
Equity in Pooled Cash and Investments	0	431,981	431,981	0
Accounts Receivable	12	0	12	0
Due from Other Governments	73,503	83,371	73,503	83,371
Cash Shortage	0	6,262	0	6,262
Total Assets	\$ 455,500	\$ 4,689,900	\$ 4,667,206	\$ 478,194
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 73,503	\$ 515,352	\$ 505,484	\$ 83,371
Due to Litigants, Heirs, and Others	381,997	4,174,548	4,161,722	394,823
Total Liabilities	\$ 455,500	\$ 4,689,900	\$ 4,667,206	\$ 478,194

Wayne County School Department

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

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

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

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

Exhibit I-1

Wayne County, Tennessee
 Statement of Activities
 Discretely Presented Wayne 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	\$ 13,437,289	\$ 0	\$ 3,974,749	\$ (9,462,540)
Support Services	6,641,292	44,054	0	(6,597,238)
Operation of Non-Instructional Services	2,611,297	345,092	985,101	(1,281,104)
Total Governmental Activities	\$ 22,689,878	\$ 389,146	\$ 4,959,850	\$ (17,340,882)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,617,980
Local Option Sales Taxes				629,081
Other Local Taxes				25,958
Grants and Contributions Not Restricted to Specific Programs				14,027,093
E-Rate Funding				35,657
Miscellaneous				12,763
Total General Revenues				\$ 16,348,532
Change in Net Assets				\$ (992,350)
Net Assets, July 1, 2010				17,587,879
Net Assets, June 30, 2011				\$ 16,595,529

Exhibit I-2

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Central</u>	<u>Govern-</u>
	<u>School</u>	<u>Projects</u>	<u>Cafeteria</u>	<u>mental</u>
				<u>Funds</u>
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 555	\$ 555
Equity in Pooled Cash and Investments	940,095	34,598	18,763	993,456
Inventories	0	0	49,510	49,510
Accounts Receivable	0	0	2,428	2,428
Due from Other Governments	877,173	161,258	89,065	1,127,496
Property Taxes Receivable	1,874,664	0	0	1,874,664
Allowance for Uncollectible Property Taxes	(57,148)	0	0	(57,148)
Total Assets	\$ 3,634,784	\$ 195,856	\$ 160,321	\$ 3,990,961
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Payroll Deductions Payable	\$ 191,855	\$ 43,362	\$ 46	\$ 235,263
Due to Primary Government	12,367	0	0	12,367
Due to State of Tennessee	8,776	0	0	8,776
Deferred Revenue - Current Property Taxes	1,699,069	0	0	1,699,069
Deferred Revenue - Delinquent Property Taxes	108,173	0	0	108,173
Other Deferred Revenues	57,000	0	0	57,000
Total Liabilities	\$ 2,077,240	\$ 43,362	\$ 46	\$ 2,120,648
<u>Fund Balances</u>				
Nonexpendable:				
Inventory	\$ 0	\$ 0	\$ 49,510	\$ 49,510
Restricted:				
Restricted for Education	89,172	152,494	110,765	352,431
Assigned:				
Assigned for Education	213,872	0	0	213,872
Unassigned	1,254,500	0	0	1,254,500
Total Fund Balances	\$ 1,557,544	\$ 152,494	\$ 160,275	\$ 1,870,313
Total Liabilities and Fund Balances	\$ 3,634,784	\$ 195,856	\$ 160,321	\$ 3,990,961

Exhibit I-3

Wayne County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Wayne 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 I-2)		\$ 1,870,313
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 495,517	
Add: buildings and improvements net of accumulated depreciation	14,766,754	
Add: other capital assets net of accumulated depreciation	<u>1,372,308</u>	16,634,579
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: termination benefits liability	\$ (114,724)	
Less: other postemployment benefits liability	<u>(1,959,812)</u>	(2,074,536)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>165,173</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 16,595,529</u></u>

Exhibit I-4

Wayne County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Wayne County School Department
For the Year Ended June 30, 2011

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
<u>Revenues</u>				
Local Taxes	\$ 2,416,191	\$ 0	\$ 0	\$ 2,416,191
Licenses and Permits	518	0	0	518
Charges for Current Services	41,626	0	347,520	389,146
Other Local Revenues	48,215	0	205	48,420
State of Tennessee	14,553,909	0	13,453	14,567,362
Federal Government	598,024	2,724,605	961,646	4,284,275
Total Revenues	<u>\$ 17,658,483</u>	<u>\$ 2,724,605</u>	<u>\$ 1,322,824</u>	<u>\$ 21,705,912</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 10,556,140	\$ 2,275,559	\$ 0	\$ 12,831,699
Support Services	5,739,691	341,957	0	6,081,648
Operation of Non-Instructional Services	1,108,095	0	1,444,965	2,553,060
Debt Service:				
Other Debt Service	200,000	0	0	200,000
Total Expenditures	<u>\$ 17,603,926</u>	<u>\$ 2,617,516</u>	<u>\$ 1,444,965</u>	<u>\$ 21,666,407</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 54,557</u>	<u>\$ 107,089</u>	<u>\$ (122,141)</u>	<u>\$ 39,505</u>
Net Change in Fund Balances	\$ 54,557	\$ 107,089	\$ (122,141)	\$ 39,505
Fund Balance, July 1, 2010	1,502,987	45,405	282,416	1,830,808
Fund Balance, June 30, 2011	<u>\$ 1,557,544</u>	<u>\$ 152,494</u>	<u>\$ 160,275</u>	<u>\$ 1,870,313</u>

Exhibit I-5

Wayne County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Discretely Presented Wayne 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 I-4)		\$	39,505
(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	\$	458,519	
Less: current-year depreciation expense		<u>(941,301)</u>	(482,782)
(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	\$	165,173	
Less: deferred delinquent property taxes and other deferred June 30, 2010		<u>(173,557)</u>	(8,384)
(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 termination benefits liability	\$	(114,724)	
Change in other postemployment benefits liability		<u>(425,965)</u>	<u>(540,689)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (992,350)</u>

Exhibit I-6

Wayne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Wayne 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	\$ 2,416,191	\$ 0	\$ 0	\$ 2,416,191	\$ 2,498,104	\$ 2,498,104	\$ (81,913)
Licenses and Permits	518	0	0	518	550	550	(32)
Charges for Current Services	41,626	0	0	41,626	35,000	35,000	6,626
Other Local Revenues	48,215	0	0	48,215	72,800	59,422	(11,207)
State of Tennessee	14,553,909	0	0	14,553,909	14,470,119	14,566,382	(12,473)
Federal Government	598,024	0	0	598,024	562,410	726,648	(128,624)
Total Revenues	\$ 17,658,483	\$ 0	\$ 0	\$ 17,658,483	\$ 17,638,983	\$ 17,886,106	\$ (227,623)

Expenditures

<u>Instruction</u>							
Regular Instruction Program	\$ 8,982,548	\$ (138,126)	\$ 116,040	\$ 8,960,462	\$ 9,326,780	\$ 9,159,632	\$ 199,170
Alternative Instruction Program	66,072	(200)	0	65,872	67,391	67,391	1,519
Special Education Program	915,551	(58)	19,832	935,325	918,900	935,325	0
Vocational Education Program	539,240	(551)	1,148	539,837	589,950	576,188	36,351
Adult Education Program	52,729	(10,406)	4,159	46,482	37,428	46,597	115
<u>Support Services</u>							
Attendance	33,470	0	0	33,470	41,745	41,745	8,275
Health Services	123,448	(1,600)	742	122,590	133,090	128,090	5,500
Other Student Support	442,912	(14,827)	5,038	433,123	439,726	449,926	16,803
Regular Instruction Program	548,701	(9,937)	32,637	571,401	623,294	626,459	55,058
Special Education Program	248,579	0	0	248,579	232,950	248,580	1
Vocational Education Program	110,674	0	0	110,674	108,534	115,284	4,610
Adult Programs	91,112	0	0	91,112	95,709	103,540	12,428
Other Programs	91,687	0	0	91,687	0	91,687	0

(Continued)

Exhibit I-6

Wayne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Wayne 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	\$ 207,256	\$ (4,882)	20	\$ 202,394	\$ 225,248	\$ 226,252	\$ 23,858
Director of Schools	152,352	(587)	75	151,840	143,171	159,145	7,305
Office of the Principal	627,231	(499)	499	627,231	642,033	648,233	21,002
Fiscal Services	55,670	(8,560)	4,324	51,434	55,775	56,075	4,641
Operation of Plant	1,407,691	(63,603)	26,478	1,370,566	1,343,560	1,437,433	66,867
Maintenance of Plant	471,227	(41,632)	30,913	460,508	291,408	536,352	75,844
Transportation	1,127,681	(42,464)	25,740	1,110,957	1,016,716	1,165,410	54,453
<u>Operation of Non-Instructional Services</u>							
Food Service	215	(215)	0	0	0	0	0
Community Services	70,477	0	0	70,477	66,279	70,691	214
Early Childhood Education	1,037,403	(5,077)	35,399	1,067,725	1,037,759	1,067,725	0
<u>Principal on Debt</u>							
Education	0	0	0	0	200,000	0	0
<u>Other Debt Service</u>							
Education	200,000	0	0	200,000	0	200,000	0
Total Expenditures	\$ 17,603,926	\$ (343,224)	\$ 303,044	\$ 17,563,746	\$ 17,637,446	\$ 18,157,760	\$ 594,014
Excess (Deficiency) of Revenues Over Expenditures	\$ 54,557	\$ 343,224	\$ (303,044)	\$ 94,737	\$ 1,537	\$ (271,654)	\$ 366,391
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 54,557	\$ 343,224	\$ (303,044)	\$ 94,737	\$ 1,537	\$ (271,654)	\$ 366,391
Fund Balance, July 1, 2010	1,502,987	(343,224)	0	1,159,763	750,000	750,000	409,763
Fund Balance, June 30, 2011	\$ 1,557,544	\$ 0	\$ (303,044)	\$ 1,254,500	\$ 751,537	\$ 478,346	\$ 776,154

Exhibit I-7

Wayne County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Wayne 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	
<u>Revenues</u>							
Federal Government	\$ 2,724,605	\$ 0	\$ 0	\$ 2,724,605	\$ 2,561,072	\$ 2,902,245	\$ (177,640)
Total Revenues	\$ 2,724,605	\$ 0	\$ 0	\$ 2,724,605	\$ 2,561,072	\$ 2,902,245	\$ (177,640)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,299,164	\$ (1,830)	\$ 7,705	\$ 1,305,039	\$ 1,121,630	\$ 1,448,081	\$ 143,042
Special Education Program	764,066	(11,494)	1,070	753,642	741,469	815,759	62,117
Vocational Education Program	114,849	0	0	114,849	114,319	114,849	0
Adult Education Program	97,480	(2,640)	2,027	96,867	96,375	96,867	0
<u>Support Services</u>							
Other Student Support	95,561	0	2,726	98,287	105,708	106,179	7,892
Regular Instruction Program	146,593	(52)	2,769	149,310	200,394	208,130	58,820
Special Education Program	95,565	0	1,495	97,060	167,559	107,462	10,402
Vocational Education Program	1,000	0	0	1,000	0	1,000	0
Transportation	3,238	0	0	3,238	13,618	3,918	680
Total Expenditures	\$ 2,617,516	\$ (16,016)	\$ 17,792	\$ 2,619,292	\$ 2,561,072	\$ 2,902,245	\$ 282,953
Excess (Deficiency) of Revenues Over Expenditures	\$ 107,089	\$ 16,016	\$ (17,792)	\$ 105,313	\$ 0	\$ 0	\$ 105,313
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 86,152	\$ 0	\$ 0
Transfers Out	0	0	0	0	(86,152)	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 107,089	\$ 16,016	\$ (17,792)	\$ 105,313	\$ 0	\$ 0	\$ 105,313
Fund Balance, July 1, 2010	45,405	(16,016)	0	29,389	45,405	45,405	(16,016)
Fund Balance, June 30, 2011	\$ 152,494	\$ 0	\$ (17,792)	\$ 134,702	\$ 45,405	\$ 45,405	\$ 89,297

Exhibit I-8

Wayne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Wayne County School Department
Central Cafeteria 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>							
Charges for Current Services	\$ 347,520	\$ 0	\$ 0	\$ 347,520	\$ 449,999	\$ 449,999	\$ (102,479)
Other Local Revenues	205	0	0	205	500	500	(295)
State of Tennessee	13,453	0	0	13,453	0	0	13,453
Federal Government	961,646	0	0	961,646	838,500	918,325	43,321
Total Revenues	\$ 1,322,824	\$ 0	\$ 0	\$ 1,322,824	\$ 1,288,999	\$ 1,368,824	\$ (46,000)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 1,444,965	(13,058)	3,178	\$ 1,435,085	\$ 1,288,999	\$ 1,368,824	\$ (66,261)
Total Expenditures	\$ 1,444,965	(13,058)	3,178	\$ 1,435,085	\$ 1,288,999	\$ 1,368,824	\$ (66,261)
Excess (Deficiency) of Revenues Over Expenditures	\$ (122,141)	13,058	(3,178)	(112,261)	0	0	(112,261)
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (122,141)	13,058	(3,178)	(112,261)	0	0	(112,261)
	282,416	(13,058)	0	269,358	350,000	350,000	(80,642)
Fund Balance, June 30, 2011	\$ 160,275	\$ 0	(3,178)	\$ 157,097	\$ 350,000	\$ 350,000	\$ (192,903)

MISCELLANEOUS SCHEDULES

Exhibit J-1

Wayne 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	Paid and/or		
						Matured During Period	Outstanding 6-30-11	
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Hospital Improvements and Additions	\$ 1,700,000	4.08 %	4-1-01	9-1-12	\$ 515,000	\$ 165,000	\$ 350,000	
Nursing Home Renovations	605,000	2.9	2-1-05	2-1-12	185,379	91,365	94,014	
Energy Efficiency Capital Outlay Notes	13,649	0	4-9-07	5-15-14	7,799	1,950	5,849	
Total Notes Payable					\$ 708,178	\$ 258,315	\$ 449,863	
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School Refunding Bonds	9,495,000	3.72	6-3-03	12-1-23	\$ 9,025,000	\$ 80,000	\$ 8,945,000	
School Refunding Bonds	5,085,000	3.2	3-10-05	12-1-14	2,850,000	585,000	2,265,000	
School Refunding Bonds	2,355,000	4	3-31-05	12-1-23	2,195,000	120,000	2,075,000	
General Obligation Bond Series 2006	9,450,000	4.05	3-1-06	12-1-30	8,585,000	270,000	8,315,000	
Water Revenue and Tax Bond Series 2008	332,000	4.25	6-25-08	6-28-46	324,675	3,902	320,773	
General Obligation Bond Series 2009	6,500,000	4.13	6-3-09	12-1-34	6,500,000	170,000	6,330,000	
Total Bonds Payable					\$ 29,479,675	\$ 1,228,902	\$ 28,250,773	

Exhibit J-2

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

Year Ending June 30	Notes		Total
	Principal	Interest	
2012	\$ 265,964	\$ 13,539	\$ 279,503
2013	181,950	3,675	185,625
2014	1,949	0	1,949
Total	\$ 449,863	\$ 17,214	\$ 467,077

Year Ending June 30	Bonds		Total
	Principal	Interest	
2012	\$ 1,269,071	\$ 1,065,979	\$ 2,335,050
2013	1,319,248	1,020,117	2,339,365
2014	1,359,432	972,650	2,332,082
2015	1,384,624	923,276	2,307,900
2016	1,459,824	870,290	2,330,114
2017	1,515,034	813,834	2,328,868
2018	1,575,252	755,187	2,330,439
2019	1,630,479	694,338	2,324,817
2020	1,690,717	631,287	2,322,004
2021	1,770,964	565,568	2,336,532
2022	1,841,223	497,000	2,338,223
2023	1,916,493	425,374	2,341,867
2024	1,971,774	350,961	2,322,735
2025	737,068	298,356	1,035,424
2026	767,374	267,841	1,035,215
2027	797,693	235,922	1,033,615
2028	828,027	202,765	1,030,792
2029	868,375	168,167	1,036,542
2030	898,738	132,127	1,030,865
2031	934,116	94,320	1,028,436
2032	364,511	66,875	431,386
2033	379,924	50,603	430,527
2034	400,354	33,548	433,902

(Continued)

Exhibit J-2

Wayne County, Tennessee

Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds (Cont.)		
	Principal	Interest	Total
2035	\$ 415,802	\$ 15,709	\$ 431,511
2036	11,271	6,381	17,652
2037	11,759	5,893	17,652
2038	12,269	5,383	17,652
2039	12,800	4,852	17,652
2040	13,355	4,297	17,652
2041	13,934	3,718	17,652
2042	14,538	3,114	17,652
2043	15,168	2,484	17,652
2044	15,825	1,827	17,652
2045	16,511	1,141	17,652
2046	17,226	426	17,652
Total	\$ 28,250,773	\$ 11,191,610	\$ 39,442,383

Exhibit J-3

Wayne County, Tennessee
Schedule of Notes Receivable
June 30, 2011

<u>Description</u>	<u>Debtor</u>	<u>Original Amount of Notes</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance 6-30-11</u>
<u>General Debt Service Fund</u>						
Funds for Operations	Wayne County Nursing Home - Component Unit	\$ 200,000	6-19-07	12-1-09	5.5 %	\$ 200,000
Total Notes Receivable						<u>\$ 200,000</u>

These notes were not retired by their maturity date; however, Wayne County expects to collect the notes in the future.

Exhibit J-4

Wayne County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Community Development/Industrial Park	General Capital Projects	Operations	\$ 74,925
Total Transfers			\$ 74,925

Exhibit J-5

Wayne County, Tennessee
 Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Wayne 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	\$ 66,702	\$ 50,000	State Automobile Mutual Insurance Company
Commissioner of Highways:				
Jeff Minatra (7-1-10 through 8-31-10)	Section 8-24-102, TCA	12,217	100,000	"
Billy Joe Martin (9-1-10 through 6-30-11)	Section 8-24-102, TCA	52,939	100,000	"
Director of Schools:				
Wanda Johnston (7-1-10 through 6-15-11)	State Board of Education and County Board of Education	95,539 (1)	(2)	
Gailand Grinder (6-16-11 through 6-30-11)	State Board of Education and County Board of Education	3,445	(2)	
Trustee				
Assessor of Property	Section 8-24-102, TCA	57,751	709,700	"
County Clerk	Section 8-24-102, TCA	57,751	10,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	57,751	50,000	"
Clerk and Master	Section 8-24-102, TCA	57,751	50,000	Auto Owners Mutual Insurance Company
Register	Section 8-24-102, TCA	57,751 (3)	35,000	"
Sheriff	Section 8-24-102, TCA	63,527 (4)	25,000	State Automobile Mutual Insurance Company
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Local Government Property and Casualty Fund
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Includes a chief executive officer training supplement of \$1,000, refund of the director's five percent share of retirement of \$4,134, and accrued leave of \$6,000.
- (2) The director of schools is an employee of the Board of Education and is insured under the public employee dishonesty blanket bond.
- (3) Does not include special commissioner fees of \$2,768.
- (4) Does not include a law enforcement training supplement of \$600.

Exhibit J-6

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,525,732	\$ 336,596	\$ 0	\$ 0	\$ 0	\$ 36,075
Trustee's Collections - Prior Year	116,766	27,729	0	0	0	2,971
Trustee's Collections - Bankruptcy	227	34	0	0	0	30
Circuit/Clerk & Master Collections - Prior Years	25,163	6,128	0	0	0	657
Interest and Penalty	20,601	4,163	0	0	0	1,100
Pick-up Taxes	2,365	525	0	0	0	56
Payments in-Lieu-of Taxes - T.V.A.	7,502	1,312	0	0	0	701
Payments in-Lieu-of Taxes - Other	2,563	568	0	0	0	61
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Hotel/Motel Tax	0	0	0	0	0	0
Wheel Tax	145,997	0	0	0	0	0
Litigation Tax - General	48,464	0	0	0	0	0
Litigation Tax - Special Purpose	10,290	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Litigation Tax - Victim/Offender Mediation Center	1,651	0	0	0	0	0
Litigation Tax - Courtroom Security	2	0	0	0	0	0
Business Tax	109,322	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
Other County Local Option Taxes	48,468	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	67,664	0	0	0	0	0
Wholesale Beer Tax	76,517	76,523	0	0	0	0
Interstate Telecommunications Tax	850	0	0	0	0	0
Total Local Taxes	\$ 2,210,144	\$ 453,578	\$ 0	\$ 0	\$ 0	\$ 41,651
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 551	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	2,220	0	0	0	0	0
Total Licenses and Permits	\$ 2,220	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	\$ 2,771	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	14,990	0	0	0	0	0
Officers Costs	4,598	0	0	0	0	0
Drug Control Fines	11,026	0	6,241	0	0	0
Drug Court Fees	2,809	0	0	0	0	0
Jail Fees	2,663	0	0	0	0	0
DUI Treatment Fines	1,425	0	0	0	0	0
Data Entry Fee - Circuit Court	310	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	20,293	0	0	0	0	0
Fines for Littering	200	0	0	0	0	0
Officers Costs	18,862	0	0	0	0	0
Game and Fish Fines	1,244	0	0	0	0	0
Drug Control Fines	2,380	0	2,656	0	0	0
Drug Court Fees	6,066	0	0	0	0	0
Jail Fees	14,564	0	0	0	0	0
Interpreter Fees	27,810	0	0	0	0	0
DUI Treatment Fines	5,420	0	0	0	0	0
Data Entry Fee - General Sessions Court	3,573	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	446	0	0	0	0	0
Officers Costs	950	0	0	0	0	0
Interpreter Fees	450	0	0	0	0	0
Data Entry Fee - Juvenile Court	166	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	4,052	0	0	0	0	0

(Continued)

Exhibit J-6

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Chancery Court (Cont.)</u>						
Data Entry Fee - Chancery Court	\$ 1,077	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Fines, Forfeitures, and Penalties	0	0	14,044	0	0	0
Proceeds from Confiscated Property	\$ 145,574	\$ 0	\$ 22,941	\$ 0	\$ 0	\$ 0
Total Fines, Forfeitures, and Penalties	\$ 146,651	\$ 0	\$ 22,941	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
<u>Water Sales</u>	\$ 3,245	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees</u>						
Copy Fees	20	0	0	0	0	0
Library Fees	7,171	0	0	0	0	0
Telephone Commissions	25,846	0	0	0	0	0
Vending Machine Collections	336	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	2,768	0
Data Processing Fee - Register	5,420	0	0	0	0	0
Data Processing Fee - Sheriff	1,778	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,050	0	0	0	0	0
Data Processing Fee - County Clerk	154	0	0	0	0	0
<u>Other Charges for Services</u>	665	0	0	0	0	168
Other Charges for Services	\$ 45,685	\$ 0	\$ 0	\$ 0	\$ 2,768	\$ 168
Total Charges for Current Services	\$ 45,685	\$ 0	\$ 0	\$ 0	\$ 2,768	\$ 168
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 41,349	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	0	0	0	0	0	0
Commissary Sales	9,604	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	16,437
Sale of Recycled Materials	0	40,726	0	0	0	2,258
Retirees' Insurance Payments	0	0	0	0	0	17

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Miscellaneous Refunds	\$ 23,049	\$ 0	\$ 0	\$ 0	\$ 0	\$ 146
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	42,638
Damages Recovered from Individuals	0	0	0	0	0	75
Contributions and Gifts	1,800	0	0	0	0	0
Total Other Local Revenues	\$ 34,453	\$ 82,075	\$ 0	\$ 0	\$ 0	\$ 61,571
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 164,909	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	43,452	0	0	0	0	0
General Sessions Court Clerk	114,224	0	0	0	0	0
Clerk and Master	70,273	0	0	0	0	0
Juvenile Court Clerk	24,163	0	0	0	0	0
Register	50,335	0	0	0	0	0
Sheriff	13,377	0	0	0	0	0
Trustee	187,740	0	0	0	0	0
Total Fees Received from County Officials	\$ 668,473	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
On-Behalf Contributions for OPEB	3,591	0	0	0	0	0
Other General Government Grants	11,311	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	5,400	0	0	0	0	0
Health and Welfare Grants	77,734	0	0	0	0	0
<u>Health Department Programs</u>						
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	247,086

(Continued)

Exhibit J-6

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants (Cont.)</u>						
Litter Program	\$ 30,135	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other State Revenues</u>						
Income Tax	30,818	0	0	0	0	0
Resort District Sales Tax	65,018	0	0	65,018	0	0
Beer Tax	18,724	0	0	0	0	0
Alcoholic Beverage Tax	52,820	0	0	0	0	0
State Revenue Sharing - T.V.A.	500,663	145,354	0	0	0	0
Prisoner Transportation	3,250	0	0	0	0	0
Contracted Prisoner Boarding	293,440	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,966,676
Petroleum Special Tax	0	0	0	0	0	13,526
Registrar's Salary Supplement	15,164	0	0	0	0	0
Total State of Tennessee	\$ 1,117,068	\$ 145,354	\$ 0	\$ 65,018	\$ 0	\$ 2,227,288
<u>Federal Government</u>						
Federal Through State						
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,068,311
Other Federal through State	7,886	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	0	0	0	0	260,442
Total Federal Government	\$ 7,886	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,328,753
<u>Other Governments and Citizens Groups</u>						
Other Governments						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 4,232,154	\$ 681,007	\$ 22,941	\$ 65,018	\$ 2,768	\$ 3,659,431

(Continued)

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	General Capital Projects	Community Development/Industrial Park	Highway Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 481,329	\$ 0	\$ 0	\$ 0	\$ 2,379,732	
Trustee's Collections - Prior Year	39,613	0	0	0	187,079	
Trustee's Collections - Bankruptcy	132	0	0	0	423	
Circuit/Clerk & Master Collections - Prior Years	7,838	0	0	0	39,786	
Interest and Penalty	7,989	0	0	0	33,853	
Pick-up Taxes	749	0	0	0	3,695	
Payments in-Lieu-of Taxes - T.V.A.	3,646	0	0	0	13,161	
Payments in-Lieu-of Taxes - Other	13,478	0	0	0	16,670	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	899,699	0	0	0	899,699	
Hotel/Motel Tax	0	0	12,843	0	12,843	
Wheel Tax	437,992	0	0	0	583,989	
Litigation Tax - General	0	0	0	0	48,464	
Litigation Tax - Special Purpose	0	0	0	0	10,290	
Litigation Tax - Jail, Workhouse, or Courthouse	49,070	0	0	0	49,070	
Litigation Tax - Victim/Offender Mediation Center	0	0	0	0	1,651	
Litigation Tax - Courtroom Security	0	0	0	0	2	
Business Tax	0	0	0	0	109,322	
Mineral Severance Tax	0	0	0	0	46,446	
Other County Local Option Taxes	0	0	0	0	48,468	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	67,664	
Wholesale Beer Tax	0	0	0	0	153,040	
Interstate Telecommunications Tax	0	0	0	0	850	
Total Local Taxes	\$ 1,941,535	\$ 0	\$ 12,843	\$ 46,446	\$ 4,706,197	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 551	
Cable TV Franchise	0	3,538	0	0	3,538	

(Continued)

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	General Capital Projects	Community Development/Industrial Park	Highway Capital Projects	
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	0 \$	0 \$	0 \$	0 \$	0 \$	2,220
Total Licenses and Permits	0 \$	3,538 \$	0 \$	0 \$	0 \$	6,309
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	0 \$	0 \$	0 \$	0 \$	0 \$	14,990
Officers Costs	0	0	0	0	0	4,598
Drug Control Fines	0	0	0	0	0	17,267
Drug Court Fees	0	0	0	0	0	2,809
Jail Fees	0	0	0	0	0	2,663
DUI Treatment Fines	0	0	0	0	0	1,425
Data Entry Fee - Circuit Court	0	0	0	0	0	310
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	20,293
Fines for Littering	0	0	0	0	0	200
Officers Costs	0	0	0	0	0	18,862
Game and Fish Fines	0	0	0	0	0	1,244
Drug Control Fines	0	0	0	0	0	5,236
Drug Court Fees	0	0	0	0	0	6,066
Jail Fees	0	0	0	0	0	14,564
Interpreter Fees	0	0	0	0	0	27,810
DUI Treatment Fines	0	0	0	0	0	5,420
Data Entry Fee - General Sessions Court	0	0	0	0	0	3,573
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	446
Officers Costs	0	0	0	0	0	950
Interpreter Fees	0	0	0	0	0	450
Data Entry Fee - Juvenile Court	0	0	0	0	0	166
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	4,052

(Continued)

Exhibit J-6

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	General Capital Projects	Community Development/Industrial Park	Highway Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Chancery Court (Cont.)</u>						
Data Entry Fee - Chancery Court	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,077
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	14,044
Proceeds from Confiscated Property	0	0	0	0	0	168,515
<u>Total Fines, Forfeitures, and Penalties</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 168,515
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
<u>Water Sales</u>						
<u>Fees</u>						
Copy Fees	0	0	0	0	0	20
Library Fees	0	0	0	0	0	7,171
Telephone Commissions	0	0	0	0	0	25,846
Vending Machine Collections	0	0	0	0	0	336
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	2,768
Data Processing Fee - Register	0	0	0	0	0	5,420
Data Processing Fee - Sheriff	0	0	0	0	0	1,778
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	1,050
Data Processing Fee - County Clerk	0	0	0	0	0	154
<u>Other Charges for Services</u>						
Other Charges for Services	0	0	0	0	0	833
<u>Total Charges for Current Services</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 48,621
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	0	0	0	0	0	83,977
Lease/Rentals	150,000	42,628	12,000	0	0	162,000
Commissary Sales	0	0	0	0	0	9,604
Sale of Gasoline	0	0	0	0	0	16,437
Sale of Recycled Materials	0	0	0	0	0	42,984
Retirees' Insurance Payments	0	0	0	0	0	17

(Continued)

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	General Capital Projects	Community Development/Industrial Park	Highway Capital Projects	
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Miscellaneous Refunds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,195
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	42,638
Damages Recovered from Individuals	0	0	0	0	0	75
Contributions and Gifts	0	0	0	0	0	1,800
Total Other Local Revenues	\$ 150,000	\$ 42,628	\$ 12,000	\$ 0	\$ 0	\$ 382,727
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 164,909
Circuit Court Clerk	0	0	0	0	0	43,452
General Sessions Court Clerk	0	0	0	0	0	114,224
Clerk and Master	0	0	0	0	0	70,273
Juvenile Court Clerk	0	0	0	0	0	24,163
Register	0	0	0	0	0	50,335
Sheriff	0	0	0	0	0	13,377
Trustee	0	0	0	0	0	187,740
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 668,473
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
On-Behalf Contributions for OPEB	0	0	0	0	0	3,591
Other General Government Grants	0	0	0	0	0	11,311
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	5,400
Health and Welfare Grants						
Health Department Programs	0	0	0	0	0	77,734
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	247,086

(Continued)

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	General Capital Projects	Community Development/Industrial Park	Highway Capital Projects	
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants (Cont.)</u>						
Litter Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,135
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	30,818
Resort District Sales Tax	0	0	0	0	0	130,036
Beer Tax	0	0	0	0	0	18,724
Alcoholic Beverage Tax	0	0	0	0	0	52,820
State Revenue Sharing - T.V.A.	161,504	0	0	0	0	807,521
Prisoner Transportation	0	0	0	0	0	3,250
Contracted Prisoner Boarding	0	0	0	0	0	293,440
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,966,676
Petroleum Special Tax	0	0	0	0	0	13,526
Registrar's Salary Supplement	0	0	0	0	0	15,164
Total State of Tennessee	\$ 161,504	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,716,232
<u>Federal Government</u>						
<u>Federal Through State</u>						
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,068,311
Other Federal through State	0	0	329,375	0	0	337,361
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	0	51,125	0	0	311,567
Total Federal Government	\$ 0	\$ 0	\$ 380,500	\$ 0	\$ 0	\$ 1,717,239
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 349,334	\$ 0	\$ 17,065	\$ 0	\$ 0	\$ 366,399
Total Other Governments and Citizens Groups	\$ 349,334	\$ 0	\$ 17,065	\$ 0	\$ 0	\$ 366,399
Total	\$ 2,602,373	\$ 46,166	\$ 422,408	\$ 46,446	\$ 11,780,712	

Exhibit J-7

Wayne County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Wayne County School Department
For the Year Ended June 30, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,450,500	\$ 0	\$ 0	\$ 1,450,500
Trustee's Collections - Prior Year	129,775	0	0	129,775
Trustee's Collections - Bankruptcy	123	0	0	123
Circuit/Clerk & Master Collections - Prior Years	28,670	0	0	28,670
Interest and Penalty	19,730	0	0	19,730
Pick-up Taxes	2,454	0	0	2,454
Payments in-Lieu-of Taxes - T.V.A.	128,296	0	0	128,296
Payments in-Lieu-of Taxes - Other	6,492	0	0	6,492
<u>County Local Option Taxes</u>				
Local Option Sales Tax	624,193	0	0	624,193
Other County Local Option Taxes	24,600	0	0	24,600
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,358	0	0	1,358
Total Local Taxes	\$ 2,416,191	\$ 0	\$ 0	\$ 2,416,191
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 518	\$ 0	\$ 0	\$ 518
Total Licenses and Permits	\$ 518	\$ 0	\$ 0	\$ 518
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 181,138	\$ 181,138
Lunch Payments - Adults	0	0	40,922	40,922
Income from Breakfast	0	0	30,191	30,191
Special Milk Sales	0	0	3,167	3,167
A la carte Sales	0	0	89,674	89,674
Receipts from Individual Schools	41,626	0	2,428	44,054
Total Charges for Current Services	\$ 41,626	\$ 0	\$ 347,520	\$ 389,146
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 205	\$ 205
Lease/Rentals	6,739	0	0	6,739
Sale of Materials and Supplies	415	0	0	415
Refund of Telecommunication and Internet Fees (E-Rate)	35,657	0	0	35,657
Miscellaneous Refunds	5,404	0	0	5,404
Total Other Local Revenues	\$ 48,215	\$ 0	\$ 205	\$ 48,420
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 91,687	\$ 0	\$ 0	\$ 91,687
<u>State Education Funds</u>				
Basic Education Program	11,457,970	0	0	11,457,970
Basic Education Program - ARRA	1,397,106	0	0	1,397,106
Early Childhood Education	943,828	0	0	943,828

(Continued)

Exhibit J-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
School Food Service	\$ 0	\$ 0	\$ 13,453	\$ 13,453
Energy Efficient School Initiative	10,002	0	0	10,002
Driver Education	11,853	0	0	11,853
Other State Education Funds	231,918	0	0	231,918
Coordinated School Health - ARRA	89,859	0	0	89,859
Internet Connectivity - ARRA	7,199	0	0	7,199
Family Resource Centers - ARRA	33,300	0	0	33,300
Statewide Student Management System (SSMS) - ARRA	6,346	0	0	6,346
Career Ladder Program	161,730	0	0	161,730
Career Ladder - Extended Contract - ARRA	76,541	0	0	76,541
<u>Other State Revenues</u>				
Other State Grants	25,970	0	0	25,970
Safe Schools - ARRA	8,600	0	0	8,600
Total State of Tennessee	\$ 14,553,909	\$ 0	\$ 13,453	\$ 14,567,362
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 624,939	\$ 624,939
USDA - Commodities	0	0	79,825	79,825
Breakfast	0	0	249,887	249,887
USDA - Other	0	0	6,995	6,995
Adult Education State Grant Program	77,911	0	0	77,911
Vocational Education - Basic Grants to States	0	131,372	0	131,372
Community Based Organizations	124,204	0	0	124,204
Title I Grants to Local Education Agencies	0	820,820	0	820,820
Special Education - Grants to States	31,981	986,295	0	1,018,276
Special Education Preschool Grants	0	14,587	0	14,587
Safe and Drug-free Schools - State Grants	0	5,443	0	5,443
Rural Education	0	76,879	0	76,879
Eisenhower Professional Development State Grants	0	121,087	0	121,087
Race to the Top - ARRA	0	106,883	0	106,883
Other Federal through State	363,928	461,239	0	825,167
Total Federal Government	\$ 598,024	\$ 2,724,605	\$ 961,646	\$ 4,284,275
Total	\$ 17,658,483	\$ 2,724,605	\$ 1,322,824	\$ 21,705,912

Exhibit J-8

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

General Fund

General Government

County Commission

Other Salaries and Wages	\$	1,500	
Board and Committee Members Fees		8,325	
In-Service Training		165	
Social Security		490	
State Retirement		111	
Employee and Dependent Insurance		45	
Unemployment Compensation		53	
Employer Medicare		122	
Advertising		867	
Audit Services		5,053	
Communication		6,078	
Dues and Memberships		1,355	
Legal Services		23,943	
Legal Notices, Recording, and Court Costs		32	
Postal Charges		22,799	
Printing, Stationery, and Forms		353	
Travel		573	
Other Supplies and Materials		1,404	
Liability Insurance		149,564	
Premiums on Corporate Surety Bonds		355	
Other Charges		1,930	
Total County Commission			\$ 225,117

County Mayor/Executive

County Official/Administrative Officer	\$	66,702
Accountants/Bookkeepers		19,120
Purchasing Personnel		19,120
Longevity Pay		700
Other Salaries and Wages		3,398
In-Service Training		30
Social Security		6,699
State Retirement		7,821
Employee and Dependent Insurance		675
Unemployment Compensation		281
Employer Medicare		1,567
Communication		7,370
Data Processing Services		9,789
Printing, Stationery, and Forms		476
Travel		356
Gasoline		176

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Other Supplies and Materials	\$	167	
Premiums on Corporate Surety Bonds		703	
Other Charges		<u>1,070</u>	
Total County Mayor/Executive	\$		146,220

Election Commission

County Official/Administrative Officer	\$	51,976	
Part-time Personnel		15,589	
Longevity Pay		125	
Election Commission		2,825	
Election Workers		18,103	
In-Service Training		1,412	
Social Security		4,493	
State Retirement		4,361	
Employee and Dependent Insurance		320	
Unemployment Compensation		419	
Employer Medicare		1,051	
Advertising		1,816	
Communication		1,215	
Data Processing Services		12,862	
Dues and Memberships		375	
Maintenance and Repair Services - Equipment		220	
Printing, Stationery, and Forms		533	
Rentals		1,059	
Travel		1,744	
Other Charges		<u>69</u>	
Total Election Commission			120,567

Register of Deeds

County Official/Administrative Officer	\$	57,751
Clerical Personnel		19,120
Part-time Personnel		1,740
Longevity Pay		250
Social Security		4,885
State Retirement		5,730
Employee and Dependent Insurance		455
Unemployment Compensation		150
Employer Medicare		1,143
Communication		1,816
Data Processing Services		6,317

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Dues and Memberships	\$	512	
Maintenance and Repair Services - Office Equipment		255	
Printing, Stationery, and Forms		2,352	
Rentals		126	
Office Supplies		194	
Other Supplies and Materials		185	
Premiums on Corporate Surety Bonds		377	
Office Equipment		11,002	
Total Register of Deeds			\$ 114,360

County Buildings

Supervisor/Director	\$	23,463	
Custodial Personnel		21,520	
Maintenance Personnel		17,978	
Longevity Pay		1,125	
Other Per Diem and Fees		1,192	
Social Security		3,977	
State Retirement		3,999	
Employee and Dependent Insurance		915	
Unemployment Compensation		546	
Employer Medicare		930	
Contracts with Private Agencies		13,812	
Maintenance and Repair Services - Buildings		6,826	
Maintenance and Repair Services - Equipment		2,271	
Maintenance and Repair Services - Vehicles		1,530	
Travel		720	
Custodial Supplies		5,113	
Electricity		50,735	
Gasoline		3,392	
Uniforms		1,100	
Water and Sewer		6,997	
Other Supplies and Materials		298	
Other Charges		100	
Total County Buildings			168,539

Other General Administration

Contracts with Private Agencies	\$	974	
Dues and Memberships		6,090	
Maintenance and Repair Services - Office Equipment		2,930	
Office Supplies		14,532	
Total Other General Administration			24,526

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		45,385	
Part-time Personnel		518	
Longevity Pay		1,650	
Board and Committee Members Fees		1,050	
Social Security		5,959	
State Retirement		5,821	
Employee and Dependent Insurance		715	
Unemployment Compensation		368	
Employer Medicare		1,502	
Communication		530	
Contracts with Government Agencies		7,352	
Contracts with Private Agencies		2,910	
Printing, Stationery, and Forms		93	
Rentals		44	
Travel		770	
Other Charges		201	
Total Property Assessor's Office			\$ 132,619

Reappraisal Program

Contracts with Private Agencies	\$	7,218	
Data Processing Services		2,150	
Total Reappraisal Program			9,368

County Trustee's Office

County Official/Administrative Officer	\$	57,751
Clerical Personnel		38,226
Part-time Personnel		735
Longevity Pay		325
Social Security		6,027
State Retirement		7,223
Employee and Dependent Insurance		675
Unemployment Compensation		252
Employer Medicare		1,410
Advertising		582
Communication		1,532
Data Processing Services		5,893
Dues and Memberships		507
Printing, Stationery, and Forms		1,135
Rentals		106

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Other Supplies and Materials	\$	200	
Premiums on Corporate Surety Bonds		3,642	
Office Equipment		<u>1,521</u>	
Total County Trustee's Office	\$		127,742

County Clerk's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		38,304	
Part-time Personnel		747	
Longevity Pay		450	
Social Security		6,019	
State Retirement		7,166	
Employee and Dependent Insurance		690	
Unemployment Compensation		263	
Employer Medicare		1,408	
Advertising		21	
Communication		1,405	
Dues and Memberships		100	
Licenses		1,430	
Maintenance Agreements		10,407	
Printing, Stationery, and Forms		470	
Rentals		91	
Other Supplies and Materials		40	
Premiums on Corporate Surety Bonds		1,144	
Office Equipment		<u>5,100</u>	
Total County Clerk's Office			133,006

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751
Deputy(ies)		48,215
Longevity Pay		600
Board and Committee Members Fees		14
Jury and Witness Expense		15,727
Social Security		6,594
State Retirement		7,928
Employee and Dependent Insurance		945
Unemployment Compensation		374
Employer Medicare		1,542
Communication		3,209

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Contracts with Other Public Agencies	\$	1,667	
Data Processing Services		7,642	
Maintenance and Repair Services - Office Equipment		50	
Printing, Stationery, and Forms		1,218	
Rentals		104	
Other Supplies and Materials		1,050	
Premiums on Corporate Surety Bonds		422	
Office Equipment		<u>1,225</u>	
Total Circuit Court	\$		156,277

General Sessions Court

Judge(s)	\$	82,324	
Secretary(ies)		19,875	
Attendants		37,371	
Longevity Pay		1,850	
In-Service Training		557	
Social Security		8,813	
State Retirement		9,156	
Employee and Dependent Insurance		1,005	
Unemployment Compensation		378	
Employer Medicare		2,061	
Communication		1,700	
Contracts with Private Agencies		2	
Data Processing Services		3,927	
Dues and Memberships		460	
Printing, Stationery, and Forms		1,139	
Rentals		131	
Travel		2,687	
Uniforms		28	
Premiums on Corporate Surety Bonds		100	
In Service/Staff Development		68	
Other Charges		741	
Office Equipment		<u>1,762</u>	
Total General Sessions Court			176,135

Drug Court

Drug Treatment	\$	<u>11,023</u>	
Total Drug Court			11,023

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		29,468	
Longevity Pay		2,050	
Social Security		5,462	
State Retirement		6,386	
Employee and Dependent Insurance		525	
Unemployment Compensation		270	
Employer Medicare		1,277	
Advertising		282	
Communication		1,819	
Data Processing Services		7,554	
Dues and Memberships		60	
Printing, Stationery, and Forms		2,428	
Rentals		64	
Other Supplies and Materials		127	
Office Equipment		831	
Total Chancery Court			\$ 116,354

Juvenile Court

Youth Service Officer(s)	\$	24,907	
Clerical Personnel		19,120	
Longevity Pay		400	
In-Service Training		726	
Social Security		2,737	
State Retirement		3,314	
Employee and Dependent Insurance		360	
Unemployment Compensation		227	
Employer Medicare		640	
Contracts with Private Agencies		7,140	
Data Processing Services		2,592	
Rentals		28	
Travel		321	
Total Juvenile Court			62,512

Judicial Commissioners

County Official/Administrative Officer	\$	48,001
Longevity Pay		275
Overtime Pay		396
In-Service Training		428
Social Security		3,040

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners (Cont.)

State Retirement	\$	3,643	
Employee and Dependent Insurance		360	
Unemployment Compensation		252	
Employer Medicare		711	
Dues and Memberships		70	
Travel		375	
Total Judicial Commissioners			\$ 57,551

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	63,527
Supervisor/Director		38,789
Deputy(ies)		275,258
Investigator(s)		68,316
Sergeant(s)		56,661
Salary Supplements		7,200
Temporary Personnel		4,736
Educational Incentive - Other County Employees		3,000
Longevity Pay		2,600
In-Service Training		17,716
Social Security		32,697
State Retirement		36,482
Employee and Dependent Insurance		4,770
Unemployment Compensation		2,030
Employer Medicare		7,647
Advertising		629
Communication		10,822
Contracts with Private Agencies		1,241
Data Processing Services		2,130
Dues and Memberships		2,000
Maintenance and Repair Services - Buildings		204
Maintenance and Repair Services - Equipment		12,348
Maintenance and Repair Services - Office Equipment		871
Maintenance and Repair Services - Vehicles		47,114
Printing, Stationery, and Forms		3,886
Travel		3,460
Data Processing Supplies		3,481
Gasoline		74,164
Law Enforcement Supplies		7,090
Office Supplies		11,105

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Uniforms	\$	28,776	
Other Supplies and Materials		3,499	
Premiums on Corporate Surety Bonds		4,373	
Other Charges		13,794	
Data Processing Equipment		271	
Law Enforcement Equipment		11,959	
Motor Vehicles		52,337	
Office Equipment		24,813	
Other Equipment		22,495	
Total Sheriff's Department			\$ 964,291

Jail

Supervisor/Director	\$	28,490
Medical Personnel		15,052
Dispatchers/Radio Operators		123,313
Guards		353,059
Clerical Personnel		8,471
Longevity Pay		2,700
Other Salaries and Wages		29,920
Social Security		35,042
State Retirement		31,025
Employee and Dependent Insurance		7,686
Unemployment Compensation		4,791
Employer Medicare		8,195
Advertising		40
Communication		18,826
Contracts with Government Agencies		108,912
Maintenance and Repair Services - Buildings		8,673
Maintenance and Repair Services - Equipment		3,775
Printing, Stationery, and Forms		8
Rentals		44
Transportation - Other than Students		6,500
Custodial Supplies		10,664
Drugs and Medical Supplies		183,338
Electricity		44,200
Food Supplies		85,491
Office Supplies		4,662
Prisoners Clothing		158
Uniforms		150
Water and Sewer		29,404

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Other Supplies and Materials	\$	719	
Other Charges		2,587	
Law Enforcement Equipment		10,725	
Total Jail			\$ 1,166,620

Rural Fire Protection

Maintenance and Repair Services - Equipment	\$	3,473	
Maintenance and Repair Services - Vehicles		18,545	
Fuel Oil		2,727	
Gasoline		13,482	
Liability Insurance		43,491	
Other Equipment		9,250	
Total Rural Fire Protection			90,968

Other Emergency Management

Longevity Pay	\$	200	
Other Salaries and Wages		13,399	
Social Security		843	
State Retirement		1,010	
Employee and Dependent Insurance		275	
Unemployment Compensation		105	
Employer Medicare		197	
Advertising		29	
Communication		24,552	
Travel		386	
Electricity		2,864	
Office Supplies		89	
Water and Sewer		492	
Other Charges		9,482	
Other Equipment		35,496	
Total Other Emergency Management			89,419

County Coroner/Medical Examiner

Social Security	\$	158	
Unemployment Compensation		36	
Employer Medicare		37	
Medical and Dental Services		22,439	
Total County Coroner/Medical Examiner			22,670

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety

Communication	\$ 2,357	
Total Other Public Safety		\$ 2,357

Public Health and Welfare

Local Health Center

Custodial Personnel	\$ 4,500	
Social Security	279	
Unemployment Compensation	63	
Employer Medicare	65	
Advertising	159	
Communication	3,622	
Contracts with Government Agencies	18,115	
Dues and Memberships	200	
Maintenance and Repair Services - Buildings	168	
Maintenance and Repair Services - Equipment	83	
Custodial Supplies	275	
Electricity	9,902	
Water and Sewer	622	
Other Supplies and Materials	69	
Other Charges	2,110	
Other Equipment	1,115	
Total Local Health Center		41,347

Alcohol and Drug Programs

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

Other Local Health Services

Longevity Pay	\$ 450	
Other Salaries and Wages	63,105	
Social Security	3,910	
State Retirement	3,743	
Employee and Dependent Insurance	630	
Unemployment Compensation	492	
Employer Medicare	914	
Travel	3,081	
Other Supplies and Materials	12,461	
Total Other Local Health Services		88,786

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Regional Mental Health Center

Contributions	\$ 9,000	
Total Regional Mental Health Center		\$ 9,000

Other Local Welfare Services

Contributions	\$ 9,100	
Total Other Local Welfare Services		9,100

Other Waste Collection

Truck Drivers	\$ 33,522	
Laborers	13,398	
Longevity Pay	2,250	
Social Security	3,010	
State Retirement	3,607	
Employee and Dependent Insurance	540	
Unemployment Compensation	378	
Employer Medicare	704	
Total Other Waste Collection		57,409

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Supervisor/Director	\$ 32,885	
Deputy(ies)	14,429	
Part-time Personnel	52,027	
Longevity Pay	2,275	
In-Service Training	620	
Social Security	6,363	
State Retirement	2,583	
Employee and Dependent Insurance	1,530	
Unemployment Compensation	883	
Employer Medicare	1,488	
Communication	4,926	
Data Processing Services	1,275	
Dues and Memberships	135	
Maintenance and Repair Services - Buildings	5,839	
Maintenance and Repair Services - Office Equipment	440	
Matching Share	5,500	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Postal Charges	\$	801	
Travel		1,339	
Electricity		6,137	
Library Books/Media		14,350	
Periodicals		576	
Water and Sewer		1,308	
Other Supplies and Materials		704	
Other Charges		333	
Data Processing Equipment		5,500	
Office Equipment		2,050	
Other Equipment		528	
Total Libraries			\$ 166,824

Other Social, Cultural, and Recreational

Communication	\$	1,406	
Contributions		16,000	
Total Other Social, Cultural, and Recreational			17,406

Agriculture and Natural Resources

Agriculture Extension Service

Custodial Personnel	\$	2,700	
Longevity Pay		4,150	
Other Salaries and Wages		35,886	
Social Security		1,293	
State Retirement		1,824	
Unemployment Compensation		96	
Employer Medicare		620	
Communication		2,053	
Dues and Memberships		270	
Matching Share		735	
Other Contracted Services		370	
Electricity		1,849	
Water and Sewer		1,281	
Other Supplies and Materials		3,164	
Total Agriculture Extension Service			56,291

Forest Service

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

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Clerical Personnel	\$	20,800	
Social Security		1,290	
State Retirement		1,545	
Employee and Dependent Insurance		200	
Unemployment Compensation		128	
Employer Medicare		302	
Contributions		5,304	
Rentals		3,000	
Total Soil Conservation			\$ 32,569

Other Operations

Other Economic and Community Development

Contributions	\$	43,400	
Total Other Economic and Community Development			43,400

Veterans' Services

Supervisor/Director	\$	4,941	
Social Security		306	
Unemployment Compensation		69	
Employer Medicare		72	
Communication		810	
Maintenance and Repair Services - Vehicles		210	
Travel		212	
Gasoline		70	
Other Supplies and Materials		160	
Total Veterans' Services			6,850

Other Charges

Workers' Compensation Insurance	\$	81,624	
Total Other Charges			81,624

Contributions to Other Agencies

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

Employee Benefits

On-Behalf Payments to OPEB	\$	3,591	
Total Employee Benefits			3,591

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Trustee's Commission	\$	48,806	
Other Charges		<u>1,843</u>	
Total Miscellaneous	\$		50,649

Highways

Litter and Trash Collection

Foremen	\$	18,475	
Longevity Pay		700	
Social Security		1,280	
Handling Charges and Administrative Costs		1,500	
State Retirement		1,534	
Employee and Dependent Insurance		210	
Unemployment Compensation		135	
Employer Medicare		299	
Maintenance and Repair Services - Vehicles		2,059	
Travel		254	
Gasoline		5,964	
Instructional Supplies and Materials		6,492	
Other Supplies and Materials		<u>1,579</u>	
Total Litter and Trash Collection			40,481

Support Services

Other Programs

Teachers	\$	6,500	
Social Security		403	
State Retirement		483	
Unemployment Compensation		24	
Employer Medicare		94	
Other Supplies and Materials		<u>2,946</u>	
Total Other Programs			<u>10,450</u>

Total General Fund \$ 4,878,718

Solid Waste/Sanitation Fund

Public Health and Welfare

Landfill Operation and Maintenance

Contracts with Private Agencies	\$	4,275	
Fertilizer, Lime, and Seed		<u>1,855</u>	
Total Landfill Operation and Maintenance	\$		6,130

(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Other Waste Disposal

Supervisor/Director	\$	30,632	
Salary Supplements		750	
Longevity Pay		3,300	
Overtime Pay		4,196	
Other Salaries and Wages		152,964	
In-Service Training		275	
Other Per Diem and Fees		907	
Social Security		10,437	
State Retirement		10,081	
Employee and Dependent Insurance		2,355	
Unemployment Compensation		1,560	
Employer Medicare		2,793	
Other Fringe Benefits		709	
Advertising		827	
Communication		3,238	
Contracts with Private Agencies		379,446	
Evaluation and Testing		600	
Maintenance and Repair Services - Buildings		2,459	
Maintenance and Repair Services - Equipment		19,256	
Maintenance and Repair Services - Vehicles		19,109	
Travel		294	
Permits		1,500	
Crushed Stone		40	
Custodial Supplies		4,544	
Electricity		7,050	
Fuel Oil		5,860	
Gasoline		19,198	
Office Supplies		19	
Uniforms		5,982	
Water and Sewer		606	
Other Supplies and Materials		2,798	
Trustee's Commission		10,101	
Other Charges		1,985	
Solid Waste Equipment		12,550	
Total Other Waste Disposal			\$ 718,421
Total Solid Waste/Sanitation Fund			\$ 724,551

(Continued)

Exhibit J-8

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

Drug Control Fund

Public Safety

Drug Enforcement

Advertising	\$	60	
Communication		1,252	
Maintenance and Repair Services - Vehicles		669	
Veterinary Services		141	
Animal Food and Supplies		917	
Other Supplies and Materials		10,465	
Trustee's Commission		244	
Other Charges		4,159	
Law Enforcement Equipment		2,657	
Motor Vehicles		19,068	
Total Drug Enforcement			\$ 39,632

Total Drug Control Fund \$ 39,632

Other Special Revenue Fund

Other Operations

Tourism

Supervisor/Director	\$	19,843	
Longevity Pay		100	
Other Salaries and Wages		7,800	
Social Security		1,705	
Employee and Dependent Insurance		30	
Unemployment Compensation		235	
Employer Medicare		399	
Advertising		1,100	
Contributions		10,468	
Utilities		2,881	
Other Supplies and Materials		3,646	
Trustee's Commission		697	
Total Tourism			\$ 48,904

Tourism-Resort District

Contributions	\$	15,328	
Total Tourism-Resort District			15,328

Total Other Special Revenue Fund 64,232

(Continued)

Exhibit J-8

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

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 2,768	
Total Chancery Court		\$ 2,768

Total Constitutional Officers - Fees Fund \$ 2,768

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 65,156	
Secretary(ies)	69,340	
Board and Committee Members Fees	500	
Social Security	8,248	
State Retirement	9,837	
Employee and Dependent Insurance	1,445	
Unemployment Compensation	1,241	
Employer Medicare	1,929	
Dues and Memberships	3,143	
Freight Expenses	76	
Legal Notices, Recording, and Court Costs	68	
Maintenance and Repair Services - Buildings	667	
Postal Charges	325	
Printing, Stationery, and Forms	203	
Other Contracted Services	16,004	
Custodial Supplies	1,172	
Office Supplies	3,535	
Other Supplies and Materials	929	
Premiums on Corporate Surety Bonds	1,265	
Other Charges	1,282	
Data Processing Equipment	2,293	
Total Administration		\$ 188,658

Highway and Bridge Maintenance

Foremen	\$ 77,531
Equipment Operators	178,064
Truck Drivers	167,409
Laborers	106,685
Social Security	32,664
State Retirement	31,125
Unemployment Compensation	8,381
Employer Medicare	7,639

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Freight Expenses	\$	184	
Other Contracted Services		3,445	
Asphalt - Cold Mix		49,472	
Asphalt - Liquid		217,947	
Concrete		1,189	
Crushed Stone		221,539	
General Construction Materials		751	
Pipe		31,065	
Pipe - Metal		15,501	
Road Signs		5,214	
Small Tools		2,350	
Wood Products		4,807	
Other Supplies and Materials		4,686	
Other Charges		439	
Total Highway and Bridge Maintenance			\$ 1,168,087

Operation and Maintenance of Equipment

Foremen	\$	13,681	
Mechanic(s)		96,445	
Social Security		6,818	
State Retirement		7,971	
Unemployment Compensation		1,421	
Employer Medicare		1,594	
Freight Expenses		1,289	
Maintenance and Repair Services - Equipment		5,704	
Maintenance and Repair Services - Vehicles		1,882	
Disposal Fees		63	
Diesel Fuel		175,334	
Equipment Parts - Light		9,011	
Equipment and Machinery Parts		53,904	
Garage Supplies		6,404	
Gasoline		48,625	
Lubricants		13,486	
Small Tools		2,245	
Tires and Tubes		29,885	
Other Supplies and Materials		2,595	
Other Charges		515	
Total Operation and Maintenance of Equipment			478,872

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Communication	\$	9,240	
Electricity		5,686	
Food Supplies		6,981	
Utilities		1,289	
Water and Sewer		637	
Liability Insurance		41,762	
Trustee's Commission		20,503	
Liability Claims		2,000	
Other Charges		2,484	
Total Other Charges			\$ 90,582

Employee Benefits

Workers' Compensation Insurance	\$	48,190	
Total Employee Benefits			48,190

Capital Outlay

Engineering Services	\$	18,441	
Bridge Construction		222,310	
Highway Equipment		190,450	
Motor Vehicles		3,975	
Total Capital Outlay			435,176

Total Highway/Public Works Fund \$ 2,409,565

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	307,552	
Principal on Notes		258,315	
Total General Government			\$ 565,867

Highways and Streets

Principal on Bonds	\$	39,150	
Total Highways and Streets			39,150

Education

Principal on Bonds	\$	882,200	
Total Education			882,200

(Continued)

Exhibit J-8

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 435,932	
Interest on Notes	23,022	
Total General Government		\$ 458,954

Highways and Streets

Interest on Bonds	\$ 49,623	
Total Highways and Streets		49,623

Education

Interest on Bonds	\$ 624,683	
Total Education		624,683

Other Debt Service

General Government

Fiscal Agent Charges	\$ 5,000	
Operating Lease Payments	165,145	
Trustee's Commission	28,017	
Other Debt Service	890	
Total General Government		199,052

Highways and Streets

Fiscal Agent Charges	\$ 5,000	
Total Highways and Streets		5,000

Education

Fiscal Agent Charges	\$ 5,000	
Other Debt Service	1,000	
Total Education		6,000

Total General Debt Service Fund \$ 2,830,529

General Capital Projects Fund

Capital Projects

General Administration Projects

Maintenance and Repair Services - Office Equipment	\$ 3,860	
Electricity	35,706	
Water and Sewer	13,932	
Trustee's Commission	688	
Total General Administration Projects		\$ 54,186

(Continued)

Exhibit J-8

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Administration of Justice Projects

Building Construction	\$ 1,076,807	
Total Administration of Justice Projects		\$ 1,076,807

Public Safety Projects

Building Construction	\$ 2,288,216	
Total Public Safety Projects		<u>2,288,216</u>

Total General Capital Projects Fund		\$ 3,419,209
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Community Development/Industrial Park Fund

Other Operations

Airport

Contributions	\$ 10,000	
Total Airport		\$ 10,000

Capital Projects

General Administration Projects

Contributions	\$ 51,760	
Fiscal Agent Charges	7,500	
Legal Services	950	
Maintenance and Repair Services - Buildings	15,997	
Trustee's Commission	248	
Other Charges	<u>270</u>	
Total General Administration Projects		76,725

Social, Cultural, and Recreation Projects

Consultants	\$ 21,546	
Other Construction	<u>307,736</u>	
Total Social, Cultural, and Recreation Projects		329,282

Public Utility Projects

Engineering Services	\$ 60,566	
Other Construction	<u>90,817</u>	
Total Public Utility Projects		151,383

Highway and Street Capital Projects

Road Signs	\$ 2,825	
Total Highway and Street Capital Projects		<u>2,825</u>

Total Community Development/Industrial Park Fund		570,215
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(Continued)

Exhibit J-8

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

<u>Highway Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Highway and Street Capital Projects</u>		
Trustee's Commission	\$ 464	
Highway Equipment	<u>3,275</u>	
Total Highway and Street Capital Projects		<u>\$ 3,739</u>
Total Highway Capital Projects Fund		<u>\$ 3,739</u>
Total Governmental Funds - Primary Government		<u>\$ 14,943,158</u>

Exhibit J-9

Wayne County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Wayne County School Department
For the Year Ended June 30, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	6,016,876	
Career Ladder Program		101,952	
Career Ladder Extended Contracts		72,012	
Homebound Teachers		6,737	
Clerical Personnel		2,762	
Educational Assistants		188,522	
Other Salaries and Wages		163,760	
Certified Substitute Teachers		48,513	
Non-certified Substitute Teachers		89,656	
Social Security		376,345	
State Retirement		581,887	
Medical Insurance		727,871	
Unemployment Compensation		25,406	
Employer Medicare		89,188	
Other Contracted Services		18,407	
Instructional Supplies and Materials		138,986	
Textbooks		148,348	
Other Supplies and Materials		38,908	
Other Charges		16,390	
Regular Instruction Equipment		130,022	
Total Regular Instruction Program			\$ 8,982,548

Alternative Instruction Program

Teachers	\$	51,879	
Social Security		2,896	
State Retirement		4,695	
Medical Insurance		5,436	
Unemployment Compensation		151	
Employer Medicare		677	
Other Supplies and Materials		338	
Total Alternative Instruction Program			66,072

Special Education Program

Teachers	\$	646,377
Career Ladder Program		4,000
Homebound Teachers		8,222
Educational Assistants		49,322
Certified Substitute Teachers		1,661
Non-certified Substitute Teachers		8,129

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Social Security	\$	41,814	
State Retirement		63,187	
Medical Insurance		48,878	
Unemployment Compensation		2,935	
Employer Medicare		9,793	
Other Contracted Services		24,394	
Instructional Supplies and Materials		6,764	
Other Supplies and Materials		75	
Total Special Education Program	\$		915,551

Vocational Education Program

Teachers	\$	394,222	
Career Ladder Program		5,000	
Certified Substitute Teachers		6,141	
Non-certified Substitute Teachers		1,700	
Social Security		23,198	
State Retirement		35,947	
Medical Insurance		39,052	
Unemployment Compensation		1,489	
Employer Medicare		5,457	
Instructional Supplies and Materials		12,927	
Other Supplies and Materials		2,200	
Vocational Instruction Equipment		11,907	
Total Vocational Education Program			539,240

Adult Education Program

Teachers	\$	18,954	
Social Security		871	
State Retirement		675	
Medical Insurance		1,831	
Unemployment Compensation		175	
Employer Medicare		204	
Other Contracted Services		6,974	
Instructional Supplies and Materials		848	
Other Charges		22,197	
Total Adult Education Program			52,729

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	24,520	
Social Security		1,326	
State Retirement		2,219	
Medical Insurance		5,037	
Unemployment Compensation		58	
Employer Medicare		310	
Total Attendance			\$ 33,470

Health Services

Medical Personnel	\$	32,998	
Other Salaries and Wages		63,378	
Social Security		5,358	
State Retirement		7,591	
Medical Insurance		9,057	
Unemployment Compensation		795	
Employer Medicare		1,253	
Travel		1,054	
Drugs and Medical Supplies		1,964	
Total Health Services			123,448

Other Student Support

Guidance Personnel	\$	233,202	
Social Workers		15,144	
Other Salaries and Wages		66,061	
Social Security		18,254	
State Retirement		28,371	
Medical Insurance		22,894	
Unemployment Compensation		947	
Employer Medicare		4,268	
Evaluation and Testing		5,712	
Postal Charges		2,000	
Travel		5,620	
Other Contracted Services		5,777	
Other Supplies and Materials		20,185	
In Service/Staff Development		6,679	
Other Charges		6,125	
Other Equipment		1,673	
Total Other Student Support			442,912

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	59,763	
Career Ladder Program		4,500	
Career Ladder Extended Contracts		16,000	
Librarians		257,110	
Instructional Computer Personnel		57,570	
Social Security		22,736	
State Retirement		35,669	
Medical Insurance		30,072	
Unemployment Compensation		1,115	
Employer Medicare		5,317	
Communication		966	
Postal Charges		850	
Travel		3,521	
Other Contracted Services		32	
Library Books/Media		29,698	
Other Supplies and Materials		904	
In Service/Staff Development		1,153	
Other Equipment		21,725	
Total Regular Instruction Program			\$ 548,701

Special Education Program

Supervisor/Director	\$	67,864	
Psychological Personnel		63,448	
Assessment Personnel		69,729	
Social Security		11,435	
State Retirement		17,471	
Medical Insurance		12,730	
Unemployment Compensation		501	
Employer Medicare		2,674	
Travel		2,727	
Total Special Education Program			248,579

Vocational Education Program

Supervisor/Director	\$	61,513	
Secretary(ies)		13,488	
Other Salaries and Wages		14,846	
Social Security		5,554	
State Retirement		7,530	
Medical Insurance		893	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Unemployment Compensation	\$	345	
Employer Medicare		1,299	
Travel		1,247	
Other Charges		3,959	
Total Vocational Education Program			\$ 110,674

Adult Programs

Supervisor/Director	\$	51,668	
Career Ladder Program		1,000	
Other Salaries and Wages		13,680	
Social Security		3,667	
State Retirement		6,652	
Medical Insurance		11,841	
Unemployment Compensation		194	
Employer Medicare		858	
Travel		964	
Other Supplies and Materials		151	
In Service/Staff Development		437	
Total Adult Programs			91,112

Other Programs

On-Behalf Payments to OPEB	\$	91,687	
Total Other Programs			91,687

Board of Education

Board and Committee Members Fees	\$	8,400	
Social Security		469	
Unemployment Compensation		118	
Employer Medicare		110	
Audit Services		19,000	
Dues and Memberships		7,120	
Legal Services		4,000	
Travel		700	
Refunds		8,776	
Trustee's Commission		73,648	
Workers' Compensation Insurance		81,415	
In Service/Staff Development		55	
Other Charges		3,445	
Total Board of Education			207,256

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools

County Official/Administrative Officer	\$	98,984	
Secretary(ies)		16,309	
Social Security		6,029	
State Retirement		8,830	
Medical Insurance		6,510	
Unemployment Compensation		233	
Employer Medicare		1,410	
Communication		9,555	
Dues and Memberships		1,241	
Maintenance and Repair Services - Equipment		104	
Travel		613	
Office Supplies		587	
Other Supplies and Materials		1,947	
Total Director of Schools			\$ 152,352

Office of the Principal

Principals	\$	415,090	
Career Ladder Program		4,000	
Secretary(ies)		93,635	
Social Security		30,762	
State Retirement		43,962	
Medical Insurance		16,659	
Unemployment Compensation		1,743	
Employer Medicare		7,194	
Communication		8,300	
Dues and Memberships		4,375	
Office Supplies		912	
Other Supplies and Materials		599	
Total Office of the Principal			627,231

Fiscal Services

Accountants/Bookkeepers	\$	25,725	
Other Salaries and Wages		3,340	
Social Security		1,562	
State Retirement		1,900	
Medical Insurance		12,720	
Unemployment Compensation		65	
Employer Medicare		365	
Data Processing Services		6,177	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Data Processing Supplies	\$	3,654	
Office Supplies		162	
Total Fiscal Services			\$ 55,670

Operation of Plant

Custodial Personnel	\$	301,389	
Other Salaries and Wages		2,170	
Social Security		18,431	
State Retirement		18,077	
Medical Insurance		7,385	
Unemployment Compensation		3,033	
Employer Medicare		4,310	
Other Contracted Services		84,112	
Custodial Supplies		55,833	
Electricity		605,754	
Natural Gas		139,436	
Water and Sewer		44,228	
Other Supplies and Materials		8,761	
Building and Contents Insurance		114,772	
Total Operation of Plant			1,407,691

Maintenance of Plant

Maintenance Personnel	\$	111,804	
Social Security		7,006	
State Retirement		8,799	
Medical Insurance		1,417	
Unemployment Compensation		468	
Employer Medicare		1,638	
Communication		660	
Maintenance and Repair Services - Buildings		293,788	
Maintenance and Repair Services - Equipment		37,819	
Maintenance and Repair Services - Vehicles		302	
Other Contracted Services		1,735	
Gasoline		3,068	
Other Supplies and Materials		2,210	
Other Charges		513	
Total Maintenance of Plant			471,227

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Mechanic(s)	\$	89,018	
Bus Drivers		412,029	
Other Salaries and Wages		18,765	
Social Security		30,608	
State Retirement		35,971	
Medical Insurance		19,194	
Unemployment Compensation		4,940	
Employer Medicare		7,227	
Communication		1,566	
Maintenance and Repair Services - Equipment		22	
Medical and Dental Services		3,273	
Other Contracted Services		9,663	
Diesel Fuel		161,590	
Garage Supplies		5,733	
Gasoline		20,204	
Lubricants		3,458	
Tires and Tubes		18,113	
Vehicle Parts		45,661	
Other Supplies and Materials		815	
In Service/Staff Development		844	
Other Charges		4,185	
Regular Instruction Equipment		2,777	
Transportation Equipment		232,025	
Total Transportation			\$ 1,127,681

Operation of Non-Instructional Services

Food Service

Maintenance and Repair Services - Equipment	\$	215	
Total Food Service			215

Community Services

Teachers	\$	57,333	
Social Security		3,446	
State Retirement		5,189	
Medical Insurance		2,688	
Unemployment Compensation		201	
Employer Medicare		806	
Travel		814	
Total Community Services			70,477

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education

Supervisor/Director	\$	30,972	
Teachers		390,425	
Clerical Personnel		3,344	
Educational Assistants		249,688	
Other Salaries and Wages		119,127	
Certified Substitute Teachers		464	
Non-certified Substitute Teachers		11,298	
Social Security		47,568	
State Retirement		64,858	
Medical Insurance		39,511	
Unemployment Compensation		4,935	
Employer Medicare		11,158	
Travel		5,772	
Other Contracted Services		232	
Instructional Supplies and Materials		7,998	
Other Supplies and Materials		22,940	
In Service/Staff Development		1,953	
Other Charges		22,647	
Other Equipment		2,513	
Total Early Childhood Education			\$ 1,037,403

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	200,000	
Total Education			200,000

Total General Purpose School Fund \$ 17,603,926

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	921,814
Educational Assistants		42,633
Other Salaries and Wages		713
Certified Substitute Teachers		2,958
Non-certified Substitute Teachers		17,087
Social Security		56,384
State Retirement		86,728
Medical Insurance		57,482

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Unemployment Compensation	\$	3,071	
Employer Medicare		13,204	
Other Contracted Services		25,775	
Instructional Supplies and Materials		42,863	
Textbooks		1,861	
Other Charges		2,841	
Regular Instruction Equipment		23,750	
Total Regular Instruction Program			\$ 1,299,164

Special Education Program

Teachers	\$	252,241	
Educational Assistants		226,422	
Other Salaries and Wages		769	
Certified Substitute Teachers		8,266	
Non-certified Substitute Teachers		17,704	
Social Security		31,807	
State Retirement		41,410	
Medical Insurance		15,329	
Unemployment Compensation		3,314	
Employer Medicare		7,446	
Contracts with Private Agencies		58,240	
Maintenance and Repair Services - Equipment		2,977	
Other Contracted Services		31,978	
Instructional Supplies and Materials		11,425	
Textbooks		2,135	
Other Supplies and Materials		28,177	
Special Education Equipment		24,426	
Total Special Education Program			764,066

Vocational Education Program

Instructional Supplies and Materials	\$	726	
Vocational Instruction Equipment		114,123	
Total Vocational Education Program			114,849

Adult Education Program

Teachers	\$	40,818	
Clerical Personnel		1,000	
Other Salaries and Wages		17,891	
Social Security		3,482	

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

State Retirement	\$	4,933	
Medical Insurance		3,363	
Unemployment Compensation		241	
Employer Medicare		814	
Other Contracted Services		3,750	
Other Supplies and Materials		17,094	
Other Charges		4,094	
Total Adult Education Program			\$ 97,480

Support Services

Other Student Support

Guidance Personnel	\$	54,560	
Bus Drivers		262	
Other Salaries and Wages		5,590	
Social Security		3,203	
State Retirement		4,845	
Medical Insurance		6,491	
Unemployment Compensation		134	
Employer Medicare		749	
Travel		15,138	
Other Contracted Services		250	
Other Supplies and Materials		1,526	
In Service/Staff Development		1,695	
Other Charges		382	
Other Equipment		736	
Total Other Student Support			95,561

Regular Instruction Program

Supervisor/Director	\$	30,972	
Clerical Personnel		9,315	
Other Salaries and Wages		29,470	
Certified Substitute Teachers		373	
Non-certified Substitute Teachers		1,365	
Social Security		4,370	
State Retirement		6,287	
Medical Insurance		3,412	
Unemployment Compensation		198	
Employer Medicare		977	
Maintenance and Repair Services - Equipment		591	

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Travel	\$	22,643	
Other Supplies and Materials		4,578	
In Service/Staff Development		29,748	
Other Equipment		2,294	
Total Regular Instruction Program			\$ 146,593

Special Education Program

Supervisor/Director	\$	902	
Assessment Personnel		38,883	
Secretary(ies)		13,014	
Social Security		3,499	
State Retirement		4,886	
Medical Insurance		3,143	
Unemployment Compensation		184	
Employer Medicare		818	
Communication		2,186	
Consultants		44	
Postal Charges		371	
Travel		18,588	
Other Supplies and Materials		6,559	
In Service/Staff Development		2,488	
Total Special Education Program			95,565

Vocational Education Program

Travel	\$	1,000	
Total Vocational Education Program			1,000

Transportation

Bus Drivers	\$	2,028	
Social Security		461	
State Retirement		570	
Unemployment Compensation		57	
Employer Medicare		122	
Total Transportation			3,238

Total School Federal Projects Fund \$ 2,617,516

(Continued)

Exhibit J-9

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	39,193	
Cafeteria Personnel		389,555	
Other Salaries and Wages		8,969	
Social Security		26,158	
State Retirement		28,703	
Medical Insurance		10,431	
Unemployment Compensation		4,878	
Employer Medicare		6,120	
Communication		2,971	
Maintenance and Repair Services - Equipment		15,677	
Travel		2,447	
Other Contracted Services		12,276	
Food Preparation Supplies		57,616	
Food Supplies		740,168	
Office Supplies		1,637	
USDA - Commodities		79,825	
Other Supplies and Materials		1,910	
Trustee's Commission		2	
Other Charges		4,924	
Food Service Equipment		11,505	
Total Food Service			\$ 1,444,965

Total Central Cafeteria Fund \$ 1,444,965

Total Governmental Funds - Wayne County School Department \$ 21,666,407

Exhibit J-10

Wayne 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	\$ 431,981
Total Cash Receipts	<u>\$ 431,981</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 427,661
Trustee's Commission	4,320
Total Cash Disbursements	<u>\$ 431,981</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash, July 1, 2010	<u>0</u>
 Cash, June 30, 2011	 <u>\$ 0</u>

SINGLE AUDIT SECTION

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

September 29, 2011

Wayne County Executive and
Board of County Commissioners
Wayne 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 Wayne County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Wayne County's basic financial statements and have issued our report thereon dated September 29, 2011. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Wayne County Retirement Facilities (composed of the Wayne County Assisted Living Facility and the Wayne County Nursing Home) and the Wayne 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 Wayne 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 Wayne County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Wayne 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: 11.05, 11.08, and 11.10. 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

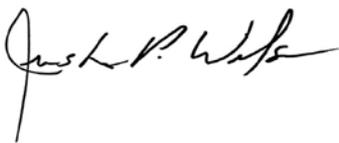
As part of obtaining reasonable assurance about whether Wayne County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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, 11.04, 11.06, 11.07, and 11.09.

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

Wayne 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 Wayne 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, director of schools, commissioner of highways, County Commission, Board of Education, others within Wayne 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

September 29, 2011

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

To the County Executive and Board of County Commissioners:

Compliance

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

In our opinion, Wayne 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. However, the results of our audit procedures disclosed instances of noncompliance with those requirements in the Twenty-first Century Community Learning Center Program (CFDA No. 84.287), a nonmajor federal program, which are required to be reported in accordance with OMB Circular A-133 and are described in the accompanying Schedule of Findings and Questioned Costs as items 11.01 and 11.11.

Internal Control Over Compliance

The management of Wayne 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 Wayne 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 Wayne 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

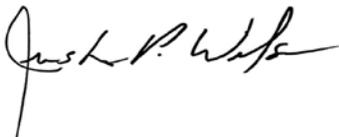
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wayne County as of and for the year ended June 30, 2011, and have issued our report thereon dated September 29, 2011. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Wayne County Emergency Communications District and the Wayne County Retirement

Facilities (composed of the Wayne County Nursing Home and the Wayne County Assisted Living Facility), 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.

Wayne 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 Wayne 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, director of schools, commissioner of highways, County Commission, Board of Education, others within Wayne County, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Wayne 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:			
Direct Programs:			
Rural Business Enterprise Grants	10.769	N/A	\$ 51,125
Emergency Watershed Protection Program	10.923	N/A	260,442
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	249,887
National School Lunch Program	10.555	N/A	631,934 (4)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	79,825 (4)
Total U.S. Department of Agriculture			<u>\$ 1,273,213</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-08-50	\$ 329,375
Total U.S. Department of Housing and Urban Development			<u>\$ 329,375</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Enforcing Underage Drinking Laws Program	16.727	Z-08-073535-00	\$ 40,386
Total U.S. Department of Justice			<u>\$ 40,386</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	\$ 77,911
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	594,178
Title I Grants to Local Educational Agencies - Recovery Act	84.389	N/A	169,439
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	709,725
Special Education - Preschool Grants	84.173	N/A	14,803
Special Education - Grants to States - Recovery Act	84.391	N/A	244,503
Vocational Education - Basic Grants to States	84.048	N/A	131,396
Safe and Drug-free Schools and Communities	84.186	(2)	6,812
Even Start State Educational Agencies	84.213	(2)	97,479
Twenty-first Century Community Learning Centers	84.287	(2)	200,000
Educational Technology Cluster:			
Educational Technology State Grants	84.318	(2)	3,486
Educational Technology State Grants - Recovery Act	84.386	(2)	20,000
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	GG-08-21816-00	100,300
Rural Education	84.358	N/A	60,291
Improving Teacher Quality State Grants	84.367	N/A	148,851
Education for Homeless Children and Youth - Recovery Act	84.387	(2)	822
State Fiscal Stabilization Funds Cluster:			
State Fiscal Stabilization Funds - Education State Grants - Recovery Act	84.394	(2)	1,397,106
State Fiscal Stabilization Funds - Government Services - Recovery Act	84.397	(2)	221,845
State Fiscal Stabilization Funds - Race-to-the-Top Incentive Grants, Recovery Act	84.395	(2)	108,613
Education Jobs Fund	84.410	(2)	339,099
Total U.S. Department of Education			<u>\$ 4,646,659</u>

(Continued)

Wayne 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 Health and Human Services:			
Passed-through State Department of Education:			
ARRA - Temporary Assistance for Needy Families	93.558	(2)	\$ 23,242
Total U.S. Department of Health and Human Services			<u>\$ 23,242</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(3)	\$ 1,068,311
Emergency Management Performance Grants	97.042	34101-0000004459	7,986
Total U.S. Department of Homeland Security			<u>\$ 1,076,297</u>
Total Expenditures of Federal Awards			<u>\$ 7,389,172</u>
<u>State Grants</u>		<u>Contract Number</u>	
Rural Local Health Services - State Department of Health	N/A	GG-11-32070-00	\$ 77,734
Litter Program - State Department of Transportation	N/A	(2)	30,135
Early Childhood Education - State Department of Education	N/A	(2)	943,828
Adult Basic Education - State Department of Education	N/A	(2)	25,970
Energy Efficient Schools Initiative - State Department of Education	N/A	(2)	10,002
Lottery for Education Afterschool Program - State Department of Education	N/A	(2)	229,500
Rural Library Laptop Labs - Tennessee Secretary of State	N/A	(2)	11,311
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	(2)	<u>9,000</u>
Total State Grants			<u>\$ 1,337,480</u>

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

- (1) - Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
 (2) - Information not available.
 (3) - 34101-0000006487: \$912,365; 34101-0000006971: \$155,946.
 (4) - Total for CFDA No. 10.555 is \$711,759.

Wayne 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 are findings from the Annual Financial Report for Wayne County, Tennessee, for the year ended June 30, 2010, which have not been corrected.

OFFICE OF TRUSTEE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.04	156	The trustee did not require a depository to adequately collateralize funds

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.07	158	Duties were not segregated adequately in the Offices of County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; and Register

WAYNE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

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 Wayne County disclosed significant deficiencies in internal control. None of these deficiencies were considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Wayne 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 Home Investment Partnership Program (CFDA No. 14.239); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Grants to States Recovery Act, and Special Education – Preschool Grants (CFDA Nos. 84.027, 84.391, and 84.173); the State Fiscal Stabilization Funds Cluster: State Fiscal Stabilization Funds – Education State Grants Recovery Act and State Fiscal Stabilization Funds – Government Services Recovery Act (CFDA Nos. 84.394 and 84.397); the Education Jobs Fund (CFDA No. 84.410); and Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Wayne 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 former director of schools and the sheriff provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 11.01 **THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN THE USE OF FEDERAL TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTER FUNDS**
(Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)

On July 5, 2011, the state Department of Education, Office of Internal Audit released a monitoring report on the Twenty-first Century Community Learning Center Program (CFDA No. 84.287), a nonmajor federal program, in Wayne County for the fiscal years ended June 30, 2010, and 2011. The results of that monitoring disclosed the following deficiencies and unallowable costs:

- A. The School Department filed claims for reimbursement in excess of actual grant expenditures for the year ended June 30, 2010. During the year, the School Department incurred expenditures of \$197,875 for the Twenty-first Century Community Learning Center Program. However, the School Department filed claims for reimbursement, and received reimbursement for the entire \$200,000, which had been budgeted as the maximum grant award. Since there is no carryover provision for this grant, any amount not spent within the allotted time period is forfeited. The School Department has subsequently repaid the \$2,125 excess reimbursement received to the state Department of Education from the School Federal Projects Fund.
- B. The School Department used Twenty-first Century Community Learning Center funds for unallowable costs. The School Department spent \$4,175 to paint the gymnasium at the Collinwood Middle School. General maintenance expenditures such as this should not be made from program funds. Additionally, the School Department paid \$390 for drug testing employees who did not provide services to the Twenty-first Century Community Learning Center Program. The School Department has subsequently repaid the \$4,565 in unallowable costs to the state Department of Education from the General Purpose School Fund.
- C. The School Department had not fully complied with OMB Circular A-87 requirements for salary and benefit cost allocation. An employee whose work schedule was split between supervision of federal programs and work to benefit the school district's transportation and attendance functions had 50 percent of his salary charged to the Twenty-first Century Community

Learning Center Program. OMB Circular A-87 requires that salary and benefits be allocated between cost objectives. An employee who is paid partially with federal funds is required to prepare a personnel activity report documenting the amount of time spent on each cost objective on at least a monthly basis. The employee did not prepare the necessary personnel activity reports, but stated that he spent 25 percent of his time on transportation, 25 percent on attendance, and the rest as the Twenty-first Century Community Learning Center Program and Lottery for Education After-School Program coordinator. Since these are two separate programs with two discrete funding sources, charging 50 percent of his salary to the Twenty-first Century Community Learning Center Program was inappropriate. The School Department has subsequently made the necessary accounting adjustments to correct the employee's salary allocation between the Twenty-first Century Community Learning Center Program and Lottery for Education After-School Program.

This report, along with management's responses and corrective action plans, may be obtained from the state Department of Education, Office of Internal Audit, 6th Floor, Andrew Johnson Tower, 710 James Robertson Parkway, Nashville, TN 37243-3075.

FINDING 11.02 THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN THE USE OF STATE LOTTERY FOR EDUCATION AFTER-SCHOOL PROGRAM FUNDS
(Noncompliance Under *Government Auditing Standards*)

On July 5, 2011, the state Department of Education, Office of Internal Audit released a monitoring report on the Lottery for Education After-School Program in Wayne County for the fiscal years ended June 30, 2010, and 2011. The results of that monitoring disclosed unallowable costs totaling \$2,086 from the expenditure of Lottery for Education After-School Program funds used to pay various expenses of several other grants. The School Department has subsequently repaid the \$2,086 in unallowable costs to the state Department of Education from the General Purpose School Fund.

This report, along with management's responses and corrective action plans, may be obtained from the state Department of Education, Office of Internal Audit, 6th Floor, Andrew Johnson Tower, 710 James Robertson Parkway, Nashville, TN 37243-3075.

FINDING 11.03 EXPENDITURES EXCEEDED APPROPRIATIONS
(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations approved by the County Commission as noted below:

- A. Total expenditures of the Central Cafeteria Fund exceeded total appropriations approved by the County Commission by \$66,261.

- B. Salary line-items for the food service supervisor and cafeteria personnel exceeded appropriations by \$3,755 and \$7,555, respectively.

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.”

The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will not exceed appropriations that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

These deficiencies exist because management failed to stay within the spending 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 – FORMER DIRECTOR OF SCHOOLS – WANDA SHELTON

My contract as director ended June 15, 2011. Therefore, I was not present to monitor the budget following that date.

OFFICE OF TRUSTEE

FINDING 11.04 **THE TRUSTEE DID NOT REQUIRE A DEPOSITORY TO ADEQUATELY COLLATERALIZE FUNDS** (Noncompliance Under *Government Auditing Standards*)

The trustee did not require a depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2011, deposits at one depository exceeded FDIC coverage and collateral securities by \$14,264. Section 5-8-201, *Tennessee Code Annotated*, provides for county officials to require any bank that is a depository of county funds to deposit collateral security equal to 105 percent of funds exceeding FDIC coverage into an escrow account in a second bank. This deficiency is the result of management's failure to correct the finding in the prior-year audit report. The failure to adequately collateralize funds could result in a loss for the county.

RECOMMENDATION

The trustee should require all depositories to pledge sufficient securities to protect county funds exceeding FDIC coverage as required by state statute.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

FINDING 11.05 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**

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

All employees operated from the same cash drawer in the Office of Circuit, General Sessions, and Juvenile Courts Clerk. 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 would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency in internal controls was the result of a lack of management oversight over risks related to safeguarding assets.

RECOMMENDATION

The clerk should assign each employee their own cash drawer.

FINDING 11.06 **THE OFFICE DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION**

(Noncompliance Under *Government Auditing Standards*)

In some instances, the clerk did not deposit funds within three days of collection. Section 5-8-207, *Tennessee Code Annotated*, requires county officials to deposit public funds to the office bank account within three days of collection. This deficiency is the result of a lack of management oversight. The delay in depositing funds increases the risks of fraud and misappropriation.

RECOMMENDATION

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

FINDING 11.07 THE CLERK DID NOT REQUIRE A DEPOSITORY TO ADEQUATELY COLLATERALIZE FUNDS
(Noncompliance Under *Government Auditing Standards*)

The circuit court clerk did not require a depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At December 31, 2010, deposits exceeded FDIC coverage and collateral securities pledged by \$62,162. Section 5-8-201, *Tennessee Code Annotated*, provides for county officials to require any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of such county funds. This deficiency is the result of a lack of management oversight. The failure to adequately collateralize funds could result in a loss for the county.

RECOMMENDATION

The clerk should require all depositories to pledge sufficient securities to protect county funds exceeding FDIC coverage as required by state statute.

OFFICE OF CLERK AND MASTER

FINDING 11.08 MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

All 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 would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency in internal controls was the result of a lack of management oversight over risks related to safeguarding assets.

RECOMMENDATION

The clerk should assign each employee their own cash drawer.

OFFICE OF SHERIFF

FINDING 11.09 **A CASH SHORTAGE OF \$6,261.87 EXISTED IN THE OFFICE AS OF JUNE 30, 2011**

(Noncompliance Under *Government Auditing Standards*)

At June 30, 2011, the office had a cash shortage of \$6,261.87 from the sale of a surplus vehicle. This cash shortage resulted from sale proceeds being receipted but not being deposited to the official bank account or being accounted for otherwise.

On January 31, 2011, the office sold a 2007 Ford Explorer XLT through an internet auction site for \$5,825 plus the transaction fee of \$436.87 charged by the auction site. The purchaser arrived at the Sheriff's Office on February 4, 2011, to take possession of the vehicle. A deputy handled the transaction for the Sheriff's Office, and the receptionist wrote a receipt for \$6,261.87 for the transaction coded as "cash".

During our examination, it was determined that the receipt of \$6,261.87 was neither deposited to the bank account nor recorded in the official cash journal. A search of the office failed to discover the missing money. The deputy first stated that he received the payment in the form of a check and that he contacted the issuer's bank and verified sufficient funds. Subsequently, the deputy stated that he did not remember whether the payment was cash or check. The receptionist stated that she wrote the receipt upon the instruction of the deputy, without ever counting or even seeing the actual funds. She had been hired as the receptionist in January 2011 and was new to the position.

The sheriff contacted the purchaser who stated that he had given the deputy the payment in cash, contained in an envelope, and that the deputy had placed the envelope in an orange bank bag without counting the money. Sheriff Wilson confirmed that the office does use orange bank bags. The sheriff subsequently contacted the Tennessee Bureau of Investigation (TBI) and filed a fraud report with the state Comptroller's Office. The matter is currently under investigation by the TBI.

It should be noted that after the discovery of the missing sale proceeds, a check totaling \$436.87 was written to GovDeals from the county's General Fund for payment of the transaction fee. It should also be noted that due to a dispute over the stated versus actual mileage on the car, the sheriff and the deputy decided to refund \$650 of the purchase price. The deputy obtained a check totaling \$650 from the county's General Fund made payable to the purchaser. Therefore, this sale has cost Wayne County \$6,261.87 in missing sale proceeds, \$436.87 for the transaction fee, and \$650 for the refund to the buyer for a total of \$7,348.74

Our examination identified the following internal control deficiencies, which resulted from a lack of management oversight over risks related to safeguarding assets:

- A. Collections were received by one employee and receipted by another employee who neither had possession of nor counted the money.

- B. The receipt for the sale of the vehicle was not included in the official cash journal. The official cash journal is the office's control record and should reflect all financial activity.
- C. The sale proceeds were not deposited to the bank or subsequently remitted to the county trustee for deposit into the county's General Fund within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*.
- D. Vehicle mileage details were not reviewed for accuracy on the internet auction website.
- E. Management did not make any attempt to determine if the funds were posted to the official cash journal or deposited to the official bank account.

This shortage has been reviewed with the district attorney general and the county executive.

RECOMMENDATION

Officials should take steps to liquidate the cash shortage of \$6,261.87. Receipts should be written by the employee who takes possession of and counts the funds. All receipts should be posted to the official cash journal and deposited to the bank account within three days of collection. Auction details should be reviewed for accuracy prior to the date of sale. Management should provide more oversight to ensure that assets are properly safeguarded.

MANAGEMENT'S RESPONSE – SHERIFF

The cash shortage in my office was a result of employee theft or gross negligence. I strongly feel it was theft. My office went as far as we could then turned the case over to the Tennessee Bureau of Investigation. We also involved the Michigan State Police. To date the money has not been recovered. This will be presented to the October Wayne County Grand Jury. The responsible party, the deputy handling the transaction, is no longer employed. We have turned this matter over to our insurance company, and I feel we will be reimbursed. I am still not satisfied with the end results; however, we have gone as far as we can go.

All the safe guards mentioned in the finding were in place, but they were not followed.

OTHER FINDING AND RECOMMENDATION

FINDING 11.10 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; AND REGISTER

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

Duties were not segregated adequately among the officials and employees in the Offices of County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; and Register. Employees responsible for maintaining the accounting records in the offices 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.

BEST PRACTICES

The Division of County Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Wayne County.

ITEM 1. WAYNE COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

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

ITEM 2. WAYNE COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE

Wayne County does not have an Audit Committee. An Audit Committee can 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. County officials should establish an Audit Committee as a best practice.

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

<u>Federal Agency</u>	<u>Finding Number</u>	<u>Federal CFDA Number</u>	<u>Criteria</u>	<u>Explanation</u>	<u>Amount Questioned</u>
U.S. Department of Education Passed-through State Department of Education: Twenty-first Century Community Learning Center	11.11	84.287	Circular A-133, Section 500(d)(1)	<p>Noncompliance - See Finding 11.01 \$ 6,690</p> <p>A. The School Department filed claims for reimbursement in excess of actual program expenditures for the year ending June 30, 2010, resulting in questioned costs of \$2,125.</p> <p>B. The School Department charged the Twenty-first Century Community Learning Center grant \$4,565 for expenses that were not program related.</p> <p>C. The School Department had not fully complied with OMB Circular A-87 requirements for salary and benefit cost allocation. An employee's work schedule was split between supervision of federal programs and work to benefit the school district's attendance and transportation functions. OMB Circular A-87 requires that salary and benefits be allocated between cost objectives. However, the employee did not prepare the required personnel activity reports documenting the amount of time spent on each cost objective. Fifty percent of the employee's salary was charged to the Twenty-first Century Community Learning Center grant.</p>	6,690

WAYNE COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2011

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

There were audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

Director of Schools – Corrective Action Plan for Current-Year's Findings

FINDINGS 11.01 and 11.11

Contact person: Gailand Grinder, Director of Schools

Corrective action plan: This report, along with management's responses and corrective action plans, may be obtained from the state Department of Education, Office of Internal Audit, 6th Floor, Andrew Johnson Tower, 710 James Robertson Parkway, Nashville, TN 37243-3075.

Anticipated completion date: FYE 2012