
ANNUAL FINANCIAL REPORT WHITE COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



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

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

***DIVISION OF COUNTY AUDIT
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State Auditors***

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

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

Scope

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

Results

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

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

Findings and Best Practice

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

OFFICES OF COUNTY EXECUTIVE AND FINANCE DIRECTOR

- ◆ The county executive entered into a construction agreement that was neither adequately documented nor approved by the finance director and the County Commission.
- ◆ A material audit adjustment was required in the Solid Waste Disposal Fund for proper financial statement presentation.
- ◆ The Solid Waste Department's software did not have adequate application controls.

OFFICE OF REGISTER

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

BEST PRACTICE

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

INTRODUCTORY SECTION

White County Officials

June 30, 2011

Officials

Herd Sullivan, County Executive
Clay Parker, Road Superintendent
Sandra Crouch, Director of Schools
Brenda Officer, Trustee
Paytina Miller, Assessor of Property
Connie Jolley, County Clerk
Beverly Templeton, Circuit and General Sessions Courts Clerk
Gena Brock, Clerk and Master
Gary Brodgen, Register
Oddie Shoupe, Sheriff
Mark Farley, Finance Director

Board of County Commissioners

Terry Alley, Chairman
Andy Alley
Jerry Austin
Wallace Austin
Paul Bailey
Marion Bumbalough
Hank Clark

Joe England
Diane Haston
Al Klee
B.K. Luna
Matt McBride
Bruce Null
Denny Wayne Robinson

Financial Management Committee

Paul Bailey, Chairman
Herd Sullivan, County Executive
Clay Parker, Road Superintendent
Sandra Crouch, Director of Schools

Andy Alley
Wallace Austin
Joe England

Board of Education

Gary Sparkman, Chairman
Ed Cantrell
Donna Jones
Richard McBride

Kenneth Robinson
Rebecca Tubb
Janet Webb

FINANCIAL SECTION



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

September 22, 2011

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

To the County Executive and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of White County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise White County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of White County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We 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 White County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the White County Emergency Communications District, which should be included to conform

with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the White County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of White 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, the business-type activities, each major fund, and the aggregate remaining fund information of White County, Tennessee, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated, September 22, 2011, on our consideration of White County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in Note V.B., White 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.

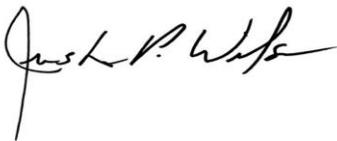
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 61 through 69 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 White 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 White County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the White County School Department (a discretely presented component unit), and the miscellaneous schedules 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 of the name.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government			Component Unit
	Governmental	Business-type	Total	White
	Activities	Activities		County School Department
<u>ASSETS</u>				
Cash	\$ 240,830	\$ 93,905	\$ 334,735	\$ 707
Equity in Pooled Cash and Investments	4,316,157	598,742	4,914,899	19,388,099
Accounts Receivable	1,681,795	94,417	1,776,212	0
Allowance for Uncollectibles	(605,526)	0	(605,526)	0
Due from Other Governments	681,881	3,000	684,881	1,404,221
Due from Component Unit	56,497	0	56,497	0
Property Taxes Receivable	4,490,677	0	4,490,677	4,154,925
Allowance for Uncollectible Property Taxes	(150,900)	0	(150,900)	(139,617)
Notes Receivable - Long-term	482,874	0	482,874	0
Deferred Charges - Debt Issuance Costs	142,693	0	142,693	0
Capital Assets:				
Assets Not Depreciated:				
Land	1,004,978	580,078	1,585,056	693,842
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	7,852,340	866,693	8,719,033	18,968,599
Infrastructure	4,882,602	0	4,882,602	0
Other Capital Assets	918,240	427,621	1,345,861	727,131
Total Assets	<u>\$ 25,995,138</u>	<u>\$ 2,664,456</u>	<u>\$ 28,659,594</u>	<u>\$ 45,197,907</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 65,802	\$ 10,754	\$ 76,556	\$ 1,540
Accrued Payroll	0	0	0	4,652
Payroll Deductions Payable	0	0	0	377,848
Accrued Interest Payable	42,498	0	42,498	0
Due to Litigants, Heirs, and Others	10,007	0	10,007	0
Due to State of Tennessee	2,239	0	2,239	0
Due to Primary Government	0	0	0	56,497
Deferred Revenue - Current Property Taxes	4,171,144	0	4,171,144	3,859,283
Unamortized Premium on Debt	77,374	0	77,374	0
Noncurrent Liabilities:				
Due Within One Year	1,372,857	206,826	1,579,683	60,070
Due in More Than One Year	10,528,572	716,251	11,244,823	455,521
Total Liabilities	<u>\$ 16,270,493</u>	<u>\$ 933,831</u>	<u>\$ 17,204,324</u>	<u>\$ 4,815,411</u>
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 8,648,079	\$ 1,202,361	\$ 9,850,440	\$ 0
Invested in Capital Assets	0	0	0	20,389,572
Restricted for:				
Industrial/Economic Development	559,201	0	559,201	0
Local Purpose Tax	1,161,690	0	1,161,690	0
Drug Control	52,117	0	52,117	0
Highway/Public Works	972,529	0	972,529	0
Debt Service	1,067,601	0	1,067,601	0
School Federal Projects	0	0	0	642,153
Central Cafeteria	0	0	0	625,732
Other Purposes	1,135,473	0	1,135,473	11,563,814
Unrestricted	(3,872,045)	528,264	(3,343,781)	7,161,225
Total Net Assets	<u>\$ 9,724,645</u>	<u>\$ 1,730,625</u>	<u>\$ 11,455,270</u>	<u>\$ 40,382,496</u>

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

Exhibit B

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets										Component Unit	
	Program Revenues					Primary Government						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total		
Primary Government:												
Governmental Activities:												
General Government	\$ 1,189,351	\$ 362,425	\$ 272,624	\$ 0	\$ (554,302)	\$ 0	\$ (554,302)	\$ 0	\$ (554,302)	\$ 0	\$ 0	White County School Department
Finance	813,437	603,778	0	0	(209,659)	0	(209,659)	0	(209,659)	0	0	
Administration of Justice	708,420	449,394	0	0	(259,026)	0	(259,026)	0	(259,026)	0	0	
Public Safety	3,636,069	1,111,145	37,213	0	(2,487,711)	0	(2,487,711)	0	(2,487,711)	0	0	
Public Health and Welfare	1,417,446	1,379,180	195,538	0	157,272	0	157,272	0	157,272	0	0	
Social, Cultural, and Recreational Services	433,053	0	0	0	(433,053)	0	(433,053)	0	(433,053)	0	0	
Agriculture and Natural Resources	98,072	0	0	0	(98,072)	0	(98,072)	0	(98,072)	0	0	
Other Operations	625,164	0	0	0	(625,164)	0	(625,164)	0	(625,164)	0	0	
Highways/Public Works	1,795,390	0	1,656,128	181,233	41,971	0	41,971	0	41,971	0	0	
Interest on Long-term Debt	483,624	0	0	0	(483,624)	0	(483,624)	0	(483,624)	0	0	
Other Debt Service	33,987	0	0	0	(33,987)	0	(33,987)	0	(33,987)	0	0	
Total Governmental Activities	\$ 11,234,013	\$ 3,905,922	\$ 2,161,503	\$ 181,233	\$ (4,985,355)	\$ 0	\$ (4,985,355)	\$ 0	\$ (4,985,355)	\$ 0	\$ 0	
Business-type Activities:												
Solid Waste Disposal	\$ 1,119,189	\$ 1,233,898	\$ 19,353	\$ 0	\$ 0	\$ 134,062	\$ 134,062	\$ 0	\$ 134,062	\$ 134,062	\$ 0	
Total Primary Government	\$ 12,353,202	\$ 5,139,820	\$ 2,180,856	\$ 181,233	\$ (4,985,355)	\$ 134,062	\$ (4,851,293)	\$ 134,062	\$ (4,851,293)	\$ 134,062	\$ 0	
Component Unit:												
White County School Department	\$ 29,674,780	\$ 651,824	\$ 4,889,263	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (24,133,693)	

(Continued)

Exhibit B

White County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government-		Total			
					Governmental Activities	Business-type Activities				
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes						\$ 4,021,127	\$ 0	\$ 4,021,127	\$	3,167,000
Property Taxes Levied for Debt Service						323,878	0	323,878		0
Local Option Sales Taxes						1,138,315	0	1,138,315		1,353,834
Litigation Tax - General						62,088	0	62,088		0
Litigation Tax - Special Purpose						48,800	0	48,800		0
Wholesale Beer Tax						151,722	0	151,722		0
Mineral Severance Tax						53,328	0	53,328		0
Business Tax						172,670	0	172,670		0
Other Local Taxes						41,301	0	41,301		3,753
Grants and Contributions Not Restricted to Specific Programs						503,359	0	503,359		21,463,090
Unrestricted Investment Earnings						83,948	0	83,948		1,241
Sale of Equipment						2,913	0	2,913		6,657
Premium Amortization						8,694	0	8,694		0
Miscellaneous						69,457	0	69,457		41,997
Total General Revenues						\$ 6,681,600	\$ 0	\$ 6,681,600	\$	26,037,572
Insurance Recovery						\$ 15,456	\$ 0	\$ 15,456	\$	30,840
Change in Net Assets						\$ 1,711,701	\$ 134,062	\$ 1,845,763	\$	1,934,719
Net Assets, July 1, 2010						8,012,944	1,596,563	9,609,507		38,447,777
Net Assets, June 30, 2011						\$ 9,724,645	\$ 1,730,625	\$ 11,455,270	\$	40,382,496

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

Exhibit C-1

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Local Purpose Tax	Highway / Public Works	General Debt Service	Other Governmental Funds	Nonmajor Funds		
						Other Governmental Funds	Other Governmental Funds	
ASSETS								
Cash	\$ 92,823	\$ 0	\$ 0	\$ 0	\$ 148,007	\$ 0	\$ 240,830	
Equity in Pooled Cash and Investments	1,489,908	1,126,984	659,311	901,857	138,097	0	4,316,157	
Accounts Receivable	1,679,372	0	0	0	2,423	0	1,681,795	
Allowance for Uncollectibles	(605,526)	0	0	0	0	0	(605,526)	
Due from Other Governments	194,819	34,706	313,218	139,138	0	0	681,881	
Due from Other Funds	150,076	0	0	0	0	0	150,076	
Due from Component Units	0	0	0	56,497	0	0	56,497	
Property Taxes Receivable	4,154,925	0	0	335,752	0	0	4,490,677	
Allowance for Uncollectible Property Taxes	(139,617)	0	0	(11,283)	0	0	(150,900)	
Notes Receivable - Long-term	0	0	0	0	482,874	0	482,874	
Total Assets	\$ 7,016,780	\$ 1,161,690	\$ 972,529	\$ 1,421,961	\$ 771,401	\$ 0	\$ 11,344,361	

LIABILITIES AND FUND BALANCES

Liabilities								
Accounts Payable	\$ 65,802	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 65,802	
Due to Other Funds	0	0	0	0	150,076	0	150,076	
Due to State of Tennessee	2,239	0	0	0	0	0	2,239	
Due to Litigants, Heirs, and Others	0	0	0	0	10,007	0	10,007	
Deferred Revenue - Current Property Taxes	3,859,283	0	0	311,861	0	0	4,171,144	
Deferred Revenue - Delinquent Property Taxes	153,694	0	0	12,420	0	0	166,114	
Other Deferred Revenues	963,335	17,353	147,921	69,512	0	0	1,198,121	
Total Liabilities	\$ 5,044,353	\$ 17,353	\$ 147,921	\$ 393,793	\$ 160,083	\$ 0	\$ 5,763,503	
Fund Balances								
Restricted:								
Restricted for General Government	\$ 53,481	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 53,481	
Restricted for Finance	5,136	0	0	0	0	0	5,136	

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Local Purpose Tax	Highway / Public Works	General Debt Service	Other		
					Governmental Funds	Governmental Funds	
\$	95,007	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	95,007
Restricted for Administration of Justice	0	0	0	0	52,117	0	52,117
Restricted for Public Safety	0	0	0	0	559,201	0	559,201
Restricted for Other Operations	0	0	787,339	0	0	0	787,339
Restricted for Highways/Public Works	0	0	0	0	0	0	0
Committed:							
Committed for Public Safety	146,013	0	0	0	0	0	146,013
Committed for Debt Service	0	0	0	1,028,168	0	0	1,028,168
Committed for Other Purposes	0	1,144,337	0	0	0	0	1,144,337
Assigned:							
Assigned for General Government	19,114	0	0	0	0	0	19,114
Assigned for Finance	7,972	0	0	0	0	0	7,972
Assigned for Administration of Justice	3,150	0	0	0	0	0	3,150
Assigned for Public Safety	61,641	0	0	0	0	0	61,641
Assigned for Public Health and Welfare	2,675	0	0	0	0	0	2,675
Assigned for Social, Cultural, and Recreational Services	12,363	0	0	0	0	0	12,363
Assigned for Other Operations	728,921	0	0	0	0	0	728,921
Assigned for Highways/Public Works	0	0	37,269	0	0	0	37,269
Unassigned	836,954	0	0	0	0	0	836,954
Total Fund Balances	\$ 1,972,427	\$ 1,144,337	\$ 824,608	\$ 1,028,168	\$ 611,318	\$ 0	\$ 5,580,358
Total Liabilities and Fund Balances	\$ 7,016,780	\$ 1,161,690	\$ 972,529	\$ 1,421,961	\$ 771,401	\$ 0	\$ 11,344,361

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

Exhibit C-2

White County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Assets
June 30, 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)		\$	5,580,858
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,004,978	
Add: buildings and improvements net of accumulated depreciation		7,852,340	
Add: infrastructure net of accumulated depreciation		4,882,602	
Add: other capital assets net of accumulated depreciation		<u>918,240</u>	14,658,160
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(11,130,000)	
Less: notes payable		(771,429)	
Less: other deferred revenue - premium on debt		(77,374)	
Add: deferred charges - debt issuance charges		142,693	
Less: accrued interest on bonds and notes		<u>(42,498)</u>	(11,878,608)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>1,364,235</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>9,724,645</u></u>

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

Exhibit C-3

White 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	Local Purpose Tax	Highway / Public Works	General Debt Service	Other	Governmental Funds	
<u>Revenues</u>							
Local Taxes	\$ 4,630,756	\$ 206,798	\$ 53,328	\$ 1,173,635	\$ 0	\$ 0	\$ 6,064,517
Licenses and Permits	77,845	0	0	0	0	0	77,845
Fines, Forfeitures, and Penalties	118,990	0	0	0	44,504	0	163,494
Charges for Current Services	1,228,441	0	0	0	1,029	0	1,229,470
Other Local Revenues	144,128	0	48,601	76,171	14,312	0	283,212
Fees Received from County Officials	1,004,022	0	0	0	0	0	1,004,022
State of Tennessee	1,516,620	0	1,819,008	25,757	0	0	3,361,385
Federal Government	58,795	0	0	0	0	0	58,795
Other Governments and Citizens Groups	394,316	0	0	106,497	0	0	500,813
Total Revenues	\$ 9,173,913	\$ 206,798	\$ 1,920,937	\$ 1,382,060	\$ 59,845	\$ 0	\$ 12,743,553
<u>Expenditures</u>							
Current:							
General Government	\$ 1,095,016	\$ 0	\$ 0	\$ 0	\$ 1,029	\$ 0	\$ 1,096,045
Finance	813,437	0	0	0	0	0	813,437
Administration of Justice	708,420	0	0	0	0	0	708,420
Public Safety	3,535,025	0	0	0	35,886	0	3,570,911
Public Health and Welfare	1,419,402	0	0	0	0	0	1,419,402
Social, Cultural, and Recreational Services	433,053	0	0	0	0	0	433,053
Agriculture and Natural Resources	98,072	0	0	0	0	0	98,072
Other Operations	1,129,814	2,046	0	0	417	0	1,132,277
Highways	0	0	1,909,608	0	0	0	1,909,608
Debt Service:							
Principal on Debt	0	0	0	1,566,191	0	0	1,566,191
Interest on Debt	0	0	0	529,510	0	0	529,510
Other Debt Service	0	0	0	17,954	0	0	17,954
Total Expenditures	\$ 9,232,239	\$ 2,046	\$ 1,909,608	\$ 2,113,655	\$ 37,332	\$ 0	\$ 13,294,880

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Local Purpose Tax	Highway / Public Works	General Debt Service	Other Governmental Funds		
Excess (Deficiency) of Revenues Over Expenditures	\$ (58,326)	\$ 204,752	\$ 11,329	\$ (731,595)	\$ 22,513	\$	(551,327)
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 15,456	\$ 0	\$ 0	\$ 0	\$ 0	\$	15,456
Transfers In	11,000	0	0	200,000	0	0	211,000
Transfers Out	0	(200,000)	(11,000)	0	0	0	(211,000)
Total Other Financing Sources (Uses)	\$ 26,456	\$ (200,000)	\$ (11,000)	\$ 200,000	\$ 0	\$	15,456
Net Change in Fund Balances	\$ (31,870)	\$ 4,752	\$ 329	\$ (531,595)	\$ 22,513	\$	(535,871)
Fund Balance, July 1, 2010	2,004,297	1,139,585	824,279	1,559,763	588,805		6,116,729
Fund Balance, June 30, 2011	\$ 1,972,427	\$ 1,144,337	\$ 824,608	\$ 1,028,168	\$ 611,318	\$	5,580,858

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

Exhibit C-4

White County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 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)		\$ (535,871)
(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	\$ 1,081,633	
Less: current-year depreciation expense	<u>(616,314)</u>	465,319
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: loss on disposal of capital assets	\$ (496)	
Less: decrease of revenue for the sale or insurance recovery of disposed assets	<u>(3,000)</u>	(3,496)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2011	\$ 1,364,235	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(1,183,224)</u>	181,011
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Add: principal payments on notes	\$ 576,191	
Add: principal payments on bonds	990,000	
Add: premium on debt proceeds	8,694	
Less: deferred debt issuance costs	<u>(16,033)</u>	1,558,852
(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		<u>45,886</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,711,701</u>

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

Exhibit D-1

White County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2011

Business-type
 Activities -
 Enterprise
 Fund

 Solid Waste
 Disposal Fund

ASSETS

Current Assets:

Cash	\$	93,905
Equity in Pooled Cash and Investments		598,742
Accounts Receivable		94,417
Due from Other Governments		3,000
Total Current Assets	\$	<u>790,064</u>

Noncurrent Assets:

Capital Assets (Net of Accumulated Depreciation):		
Land	\$	580,078
Buildings and Improvements		866,693
Other Capital Assets		427,621
Total Noncurrent Assets	\$	<u>1,874,392</u>

Total Assets

\$ 2,664,456

LIABILITIES

Current Liabilities:

Accounts Payable	\$	10,754
Total Current Liabilities	\$	<u>10,754</u>

Noncurrent Liabilities:

Due Within One Year	\$	206,826
Due in More Than One Year		716,251
Total Noncurrent Liabilities	\$	<u>923,077</u>

Total Liabilities

\$ 933,831

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$	1,202,361
Unrestricted		<u>528,264</u>
Total Net Assets	\$	<u><u>1,730,625</u></u>

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

Exhibit D-2

White County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Fund <u>Solid Waste Disposal Fund</u>
<u>Operating Revenues</u>	
Charges for Current Services	\$ 1,191,024
Other Local Revenues	42,874
Total Operating Revenues	<u>\$ 1,233,898</u>
<u>Operating Expenses</u>	
Public Health and Welfare	\$ 975,355
Depreciation	98,827
Miscellaneous	10,929
Total Operating Expenses	<u>\$ 1,085,111</u>
Operating Income (Loss)	<u>\$ 148,787</u>
<u>Nonoperating Revenues (Expenses)</u>	
Grants	\$ 19,353
Interest on Notes	(34,078)
Total Nonoperating Revenues (Expenses)	<u>\$ (14,725)</u>
Net Income	\$ 134,062
Net Assets, June 30, 2010	<u>1,596,563</u>
Net Assets, June 30, 2011	<u><u>\$ 1,730,625</u></u>

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

Exhibit D-3

White County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2011

	<u>Business-type Activities - Enterprise Fund</u> <u>Solid Waste Disposal Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 1,229,481
Payments to Suppliers	(533,495)
Payments to Employees	(418,731)
Other Payments	(10,929)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 266,326</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Grants Received	\$ 16,353
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 16,353</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	\$ (23,500)
Principal Paid on Capital Outlay Notes	(141,967)
Interest Paid on Capital Outlay Notes	(34,078)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (199,545)</u>
Net Increase (Decrease) in Cash	\$ 83,134
Cash, July 1, 2010	<u>609,513</u>
Cash, June 30, 2011	<u>\$ 692,647</u>
<u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 148,787
Adjustment to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	98,827
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(4,417)
Increase (Decrease) in Accounts Payable	5,108
Increase (Decrease) in Landfill Closure/Postclosure Care Costs	<u>18,021</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 266,326</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 93,905
Equity in Pooled Cash and Investments per Net Assets	<u>598,742</u>
	<u>\$ 692,647</u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 434,049
Due from Other Governments	<u>258,185</u>
Total Assets	<u>\$ 692,234</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 258,185
Due to Litigants, Heirs, and Others	<u>434,049</u>
Total Liabilities	<u>\$ 692,234</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

The White County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the White County School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of

the White County Emergency Communications District were not available in time for inclusion as previously mentioned. Complete financial statements of the White County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The White County School Department component unit only reports governmental activities in the government-wide financial statements.

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

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

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

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

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

Fund financial statements of White County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. White County only reports one proprietary fund, a major enterprise fund.

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

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

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

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

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

White County reports the following major governmental funds:

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

Local Purpose Tax Fund – This special revenue fund accounts for local sales tax collections, which 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.

White County reports the following major proprietary fund:

Solid Waste Disposal Fund – This fund accounts for the county’s solid waste landfill operations.

Additionally, White County reports the following fund type:

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

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

Central Cafeteria Fund – This special revenue fund is used to account for the cafeteria operations in each of the schools. Grant funds and collections from food sales are the foundational revenues of this fund.

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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 White County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. White County and the 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 at the end of the fiscal year is referred to as due to/from other funds.

All ambulance service and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.76 percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also

defer revenue recognition in connection with resources that have been received, but not yet earned.

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

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

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

Most payables are disaggregated on the face of the financial statements.

3. Capital Assets

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

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

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

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

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

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

4. Compensated Absences

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

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

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

The School Department's policy allows employees to accumulate sick days at varying rates depending upon their position. All professional personnel (teachers) of the School Department are allowed to

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

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

Vested or accumulated vacation leave is accrued when incurred in proprietary funds using the accrual basis of accounting. White County's proprietary fund did not have a policy for accruing vested or accumulated vacation leave when it was incurred. However, these amounts would be immaterial to the financial statements of White County.

5. Long-term Obligations

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In 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, landfill closure and postclosure costs, and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. Net Assets and Fund Equity

In the government-wide financial statements and the proprietary fund in the fund financial statements, equity is classified as net assets and displayed in three components:

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

On the government-wide Statement of Net Assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$1,135,473, with the primary restriction being for an airport sewer project (\$639,708). For the discretely presented School Department, the account balance in Restricted for Other Purposes (\$11,563,814) consists of restrictions for various programs.

As of June 30, 2011, White County has \$5,863,750 in outstanding debt for capital purposes for the discretely presented White County School Department. This debt is a liability of White County; however, the capital assets acquired are reported in the financial statements of the School Department. Therefore, White County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report 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, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted or committed (excluding stabilization arrangements). The county’s Financial Management 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 White County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

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

Discretely Presented White County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

At June 30, 2011, White County and the White County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government		
Major Funds:		
General	Airport Sewer Project	\$ 639,708
Highway	Highway Equipment	37,189
School Department:		
Major Funds:		
General Purpose School	Math Books	77,929
"	Classroom Furniture	22,000
"	Light Fixture Retrofit	30,650
"	Cleaning Services	20,000
Central Cafeteria	Cafeteria Equipment	34,974

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured

amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

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

The county had no pooled or nonpooled investments as of June 30, 2011.

B. Notes Receivable

Notes receivable in the Industrial/Economic Development Fund resulted from loans issued by the county to local industries in the current and prior years.

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	\$ 1,004,978	\$ 0	\$ 0	\$ 1,004,978
Total Capital Assets				
Not Depreciated	\$ 1,004,978	\$ 0	\$ 0	\$ 1,004,978

Governmental Activities (Cont.):

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets				
Depreciated:				
Buildings and				
Improvements	\$ 10,974,291	\$ 175,003	\$ 0	\$ 11,149,294
Infrastructure	4,637,528	756,045	0	5,393,573
Other Capital Assets	2,878,081	150,585	(50,925)	2,977,741
Total Capital Assets				
Depreciated	<u>\$ 18,489,900</u>	<u>\$ 1,081,633</u>	<u>\$ (50,925)</u>	<u>\$ 19,520,608</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 3,027,641	\$ 269,313	\$ 0	\$ 3,296,954
Infrastructure	382,983	127,988	0	510,971
Other Capital Assets	1,887,917	219,013	(47,429)	2,059,501
Total Accumulated				
Depreciation	<u>\$ 5,298,541</u>	<u>\$ 616,314</u>	<u>\$ (47,429)</u>	<u>\$ 5,867,426</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 13,191,359</u>	<u>\$ 465,319</u>	<u>\$ (3,496)</u>	<u>\$ 13,653,182</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 14,196,337</u>	<u>\$ 465,319</u>	<u>\$ (3,496)</u>	<u>\$ 14,658,160</u>

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

Governmental Activities:

General Government	\$ 268,309
Public Safety	88,693
Public Health and Welfare	60,497
Other Operations	10,021
Highways/Public Works	<u>188,794</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 616,314</u>

Business-type Activities:

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets			
Not Depreciated:			
Land	\$ 580,078	\$ 0	\$ 580,078
Total Capital Assets			
Not Depreciated	\$ 580,078	\$ 0	\$ 580,078
Capital Assets Depreciated:			
Buildings and			
Improvements	\$ 1,775,853	\$ 0	\$ 1,775,853
Other Capital Assets	1,489,102	23,500	1,512,602
Total Capital Assets			
Depreciated	\$ 3,264,955	\$ 23,500	\$ 3,288,455
Less Accumulated			
Depreciation For:			
Buildings and			
Improvements	\$ 875,089	\$ 34,071	\$ 909,160
Other Capital Assets	1,020,225	64,756	1,084,981
Total Accumulated			
Depreciation	\$ 1,895,314	\$ 98,827	\$ 1,994,141
Total Capital Assets			
Depreciated, Net	\$ 1,369,641	\$ (75,327)	\$ 1,294,314
Business-type Activities			
Capital Assets, Net	\$ 1,949,719	\$ (75,327)	\$ 1,874,392

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

Business-type Activities:

Public Health and Welfare	\$ 98,827
Total Depreciation Expense - Business-type Activities	\$ 98,827

Discretely Presented White County School Department

Governmental Activities:

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets Not Depreciated:			
Land	\$ 693,842	\$ 0	\$ 693,842
Total Capital Assets Not Depreciated	<u>\$ 693,842</u>	<u>\$ 0</u>	<u>\$ 693,842</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 28,194,323	\$ 0	\$ 28,194,323
Other Capital Assets	2,030,069	77,749	2,107,818
Total Capital Assets Depreciated	<u>\$ 30,224,392</u>	<u>\$ 77,749</u>	<u>\$ 30,302,141</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 8,527,679	\$ 698,045	\$ 9,225,724
Other Capital Assets	1,256,469	124,218	1,380,687
Total Accumulated Depreciation	<u>\$ 9,784,148</u>	<u>\$ 822,263</u>	<u>\$ 10,606,411</u>
Total Capital Assets Depreciated, Net	<u>\$ 20,440,244</u>	<u>\$ (744,514)</u>	<u>\$ 19,695,730</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 21,134,086</u></u>	<u><u>\$ (744,514)</u></u>	<u><u>\$ 20,389,572</u></u>

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

Governmental Activities:

Instruction	\$ 698,045
Support Services	124,218
Total Depreciation Expense - Governmental Activities	<u><u>\$ 822,263</u></u>

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government: General	Nonmajor governmental	\$ 150,076

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

Due to/from Primary Government and Component Units:

Receivable Fund	Payable Fund	Amount
Primary Government: General Debt Service	Component Unit: White County School Department: General Purpose School	\$ 56,497

Interfund Transfers:

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

Primary Government

Transfers Out	Transfers In	
	General Fund	General Debt Service Fund
Highway/Public Works Fund	\$ 11,000	\$ 0
Local Purpose Tax Fund	0	200,000

Discretely Presented White County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	School Federal Projects Fund
School Federal Projects Fund	\$ 17,418	\$ 0
General Purpose School Fund	0	500,000

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

them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The School Department made a one-time transfer of \$500,000 from the General Purpose School Fund to the School Federal Projects Fund to provide funds to alleviate cash flow problems often caused by reimbursable grant programs.

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

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

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

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-11</u>
General Obligation Bonds	4 to 4.4 %	\$ 1,000,000	\$ 795,000
General Obligation Bonds - Refunding	3.85 to 4.24	13,245,000	10,335,000
Capital Outlay Notes	3.84 to 4.15	1,600,000	771,429

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	\$ 1,030,000	\$ 447,860	\$ 1,477,860
2013	1,065,000	409,548	1,474,548
2014	1,095,000	370,898	1,465,898
2015	1,145,000	329,123	1,474,123
2016	1,190,000	283,323	1,473,323
2017-2021	5,330,000	641,300	5,971,300
2022-2025	275,000	30,823	305,823
Total	\$ 11,130,000	\$ 2,512,875	\$ 13,642,875

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 342,857	\$ 27,554	\$ 370,411
2013	142,857	17,786	160,643
2014	142,857	11,857	154,714
2015	142,858	5,928	148,786
Total	\$ 771,429	\$ 63,125	\$ 834,554

There is \$1,028,168 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$431, based on the 2010 federal census. Debt per capita, including bonds and notes totaled \$461, 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
Balance, July 1, 2010	\$ 12,120,000	\$ 1,347,620
Deductions	(990,000)	(576,191)
Balance, June 30, 2011	\$ 11,130,000	\$ 771,429
Balance Due Within One Year	\$ 1,030,000	\$ 342,857

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 11,901,429
Less: Balance Due Within One Year	<u>(1,372,857)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 10,528,572</u>

Solid Waste Disposal Fund (Enterprise Fund)

Capital outlay notes outstanding as of June 30, 2011, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
Capital Outlay Notes	4.48 to 4.5 %	\$ 1,628,000	\$ 672,031

The annual requirements to amortize all notes outstanding as of June 30, 2011, including interest payments, are presented in the following table:

Year Ending June 30	<u>Notes</u>		
	Principal	Interest	Total
2012	\$ 141,967	\$ 27,804	\$ 169,771
2013	141,967	21,436	163,403
2014	141,967	15,069	157,036
2015	141,967	8,701	150,668
2016	104,163	2,333	106,496
Total	<u>\$ 672,031</u>	<u>\$ 75,343</u>	<u>\$ 747,374</u>

Changes in Long-term Liabilities

Long-term liability activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2011, was as follows:

Business-type Activities:	Notes	Closure/ Postclosure Care Costs
Balance, July 1, 2010	\$ 813,998	\$ 233,025
Additions	0	18,021
Deductions	(141,967)	0
Balance, June 30, 2011	<u>\$ 672,031</u>	<u>\$ 251,046</u>
Balance Due Within One Year	<u>\$ 141,967</u>	<u>\$ 64,859</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 923,077
Less: Balance Due Within One Year	<u>(206,826)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 716,251</u>

Debt per capita of the enterprise fund for the notes totaled \$26, based on the 2010 federal census.

Discretely Presented White County School Department

Changes in Long-term Liabilities

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

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2010	\$ 182,867	\$ 354,754
Additions	80,902	239,843
Deductions	(74,481)	(268,294)
Balance, June 30, 2011	<u>\$ 189,288</u>	<u>\$ 326,303</u>
Balance Due Within One Year	<u>\$ 60,071</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 515,591
Less: Balance Due Within One Year	<u>(60,070)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 455,521</u>

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

F. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of White County. These payments are made by the state to the Medicare Supplement Plan, which 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 \$2,663. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

Discretely Presented White County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the White 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 \$86,545 and \$24,183, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Short-term Debt

White County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund (\$1,000,000) and the School Federal Projects Fund (\$150,000). These notes were necessary to provide temporary operating funds before current collections. Short-term debt activity for the year ended June 30, 2011, was as follows:

	Balance 7-1-10	Issued	Paid	Balance 6-30-11
Tax Anticipation Notes	\$ 0	\$ 1,150,000	\$ (1,150,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

White County and the discretely presented White County School Department participate 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 county and the School Department pay annual premiums to the TN-RMT for their general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

White County offers its general government employees a select benefits limited health plan purchased through a commercial carrier. This is a fully insured fixed rate limited plan in which all employees are eligible to participate; however, pre-65 age retirees are not allowed to remain on the program. Settled claims have not exceeded this commercial coverage.

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

B. Accounting Change

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

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. White County and the White County School Department have implemented provisions of this statement in the financial statements of this report for its governmental funds.

C. Subsequent Event

In August 2011, the White County Commission passed a resolution to create an Audit Committee.

D. Contingent Liabilities

The attorney representing White County was not aware of pending or threatened litigation involving the county or any of its departments.

The county executive entered into an agreement, which allowed a private contractor to build a speculative industrial building on land owned by the county at the Airport Industrial Park. The contractor would retain ownership of the building and work with the White County Chamber of Commerce, Highlands Initiative, and other organizations to market the building to industries. The agreement stipulates that if the building is not sold within two years following its completion, White County will purchase the building at construction cost plus eight percent. County officials estimate the cost of the building construction at \$500,000. More details of this agreement are included in the Schedule of Findings and Questioned Costs.

E. Change in Administration

On August 31, 2010, Abner Graham left the Office of Road Superintendent and was succeeded by Clay Parker.

F. Landfill Closure and Postclosure Care Costs

White County has active permits on file with the state Department of Environment and Conservation for a sanitary landfill and a demolition landfill. The county has provided financial assurances for estimated closure and postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require White County to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$251,046 reported as landfill closure and postclosure care liability at June 30, 2011, represents the cumulative amount reported to date based on the use of 16 percent of the estimated capacity of the landfill. The county will recognize the remaining estimated costs of \$1,317,991 for closure and postclosure care as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2011. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. Joint Venture

The Upper Cumberland Regional Airport was established as a joint venture between White County, Putnam County, the City of Cookeville, and the City of Sparta. The Upper Cumberland Regional Airport operates the regional airport for the two-county area. The five-member board of the airport is comprised of one member appointed by each of the four participating governments with the fifth member of the board being the chief executive of one of the participating governments. This fifth board position serves a one-year term and rotates among the four participating governments in a prescribed order. Each participant retains a 25 percent ownership in the airport; however, the participant does not retain an equity interest in the airport. During the year ended June 30, 2011, the county contributed \$28,000 to the operations of the airport. Complete financial statements for the Upper Cumberland Regional Airport can be obtained from the Upper Cumberland Regional Airport's administrative office at 750 Airport Road, Sparta, Tennessee 38583-8077, or from the County Clerk's Office at the White County Courthouse.

H. Jointly Governed Organization

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

I. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Plan Description

Employees of White County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in

state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as White County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

White 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 6.03 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 \$525,396 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 six years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$525,396	100%	\$0
6-30-10	373,405	100	0
6-30-09	358,874	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 85.25 percent funded. The actuarial accrued liability for benefits was \$15 million, and the actuarial value of assets was \$12 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 \$8 million, and the ratio of the UAAL to the covered payroll was 28.07 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 White County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available

to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salary 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 \$1,299,956, \$898,552, and \$883,658, respectively, equal to the required contributions for each year.

2. Deferred Compensation

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

J. Other Postemployment Benefits (OPEB)

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. The White County School Department provides postretirement benefits, in accordance with contract provisions, to certified employees who retire from the School Department. The School Department pays each retiree \$1,500 per year until the retiree is eligible for Medicare. This benefit is available to employees who retire after July 1, 1998, with a minimum of 30 years service. During the year examined, 42 retirees met those eligibility requirements, and the School Department contributed \$268,294 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	<u>Local Education Group Plan</u>
ARC	\$ 239,000
Interest on the NPO	15,964
Adjustment to the ARC	<u>(15,121)</u>
Annual OPEB cost	\$ 239,843
Amount of contribution	<u>(268,294)</u>
Increase/decrease in NPO	\$ (28,451)
Net OPEB obligation, 7-1-10	<u>354,754</u>
Net OPEB obligation, 6-30-11	<u>\$ 326,303</u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Education Group	\$ 338,386	43 %	\$ 353,671
6-30-10	"	229,840	100	354,754
6-30-11	"	239,843	112	326,303

Funded Status and Funding Progress

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

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-10
Actuarial accrued liability (AAL)	\$ 2,477,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,477,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 10,363,587
UAAL as a % of covered payroll	24%

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.

K. Office of Central Accounting and Budgeting

Office of Director of Finance

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

L. Purchasing Law

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by him to serve as the county purchasing agent. The finance director serves as the purchasing agent for White County. All purchase orders are issued by the Finance Department. Purchases exceeding \$10,000 are required to be competitively bid.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

White County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 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	\$ 4,630,756	\$ 0	\$ 0	\$ 4,630,756	\$ 4,618,500	\$ 4,618,500	\$ 12,256
Licenses and Permits	77,845	0	0	77,845	64,000	64,000	13,845
Fines, Forfeitures, and Penalties	118,990	0	0	118,990	133,100	122,965	(3,975)
Charges for Current Services	1,228,441	0	0	1,228,441	1,064,400	1,111,686	116,755
Other Local Revenues	144,128	0	0	144,128	187,000	188,236	(44,108)
Fees Received from County Officials	1,004,022	0	0	1,004,022	923,000	933,135	70,887
State of Tennessee	1,516,620	0	0	1,516,620	2,305,050	2,703,098	(1,186,478)
Federal Government	58,795	0	0	58,795	60,000	82,622	(23,827)
Other Governments and Citizens Groups	394,316	0	0	394,316	344,141	357,141	37,175
Total Revenues	\$ 9,173,913	\$ 0	\$ 0	\$ 9,173,913	\$ 9,699,191	\$ 10,181,383	\$ (1,007,470)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 65,646	\$ 0	\$ 0	\$ 65,646	\$ 66,621	\$ 66,621	\$ 975
County Mayor/Executive	141,824	0	0	141,824	142,874	142,874	1,050
County Attorney	25,010	0	0	25,010	25,000	25,326	316
Election Commission	152,372	(585)	495	152,282	158,890	159,890	7,608
Register of Deeds	184,217	(12,773)	4,357	175,801	181,347	188,405	12,604
Development	11,250	0	0	11,250	15,500	15,500	4,250
County Buildings	425,908	(2,119)	6,925	430,114	490,556	490,230	60,116
Other General Administration	36,758	0	7,240	43,998	55,000	57,663	13,665
Preservation of Records	52,631	(249)	97	52,479	58,356	58,356	5,877
<u>Finance</u>							
Accounting and Budgeting	219,773	(12,564)	6,618	213,827	231,145	231,145	17,318
Property Assessor's Office	198,461	(850)	0	197,611	209,899	209,899	12,288

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	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>Finance (Cont.)</u>							
Reappraisal Program	\$ 29,577	\$ (31)	\$ 443	\$ 29,989	\$ 38,603	\$ 38,603	\$ 8,614
County Trustee's Office	160,494	(1,050)	660	160,104	167,464	167,464	7,360
County Clerk's Office	205,132	0	250	205,382	216,751	216,751	11,369
<u>Administration of Justice</u>							
Circuit Court	291,681	0	0	291,681	313,328	313,328	21,647
General Sessions Court	197,091	(58)	0	197,033	199,621	201,282	4,249
Drug Court	22,053	0	0	22,053	35,000	35,000	12,947
Chancery Court	136,624	(843)	3,150	138,931	149,267	149,267	10,336
Judicial Commissioners	46,934	0	0	46,934	48,336	48,336	1,402
Other Administration of Justice	14,037	0	0	14,037	19,600	19,600	5,563
<u>Public Safety</u>							
Sheriff's Department	1,448,063	(5,228)	26,719	1,469,554	1,359,804	1,472,454	2,900
Special Patrols	77,403	(354)	0	77,049	99,460	99,460	22,411
Traffic Control	25,032	0	0	25,032	0	25,032	0
Jail	1,637,753	(15,399)	23,720	1,646,074	1,570,960	1,672,029	25,955
Juvenile Services	50,435	0	0	50,435	50,538	50,538	103
Fire Prevention and Control	110,747	0	10,000	120,747	144,500	144,500	23,753
Civil Defense	17,020	(2,838)	763	14,945	25,500	25,500	10,555
Rescue Squad	9,000	0	0	9,000	9,000	9,000	0
County Coroner/Medical Examiner	48,581	0	0	48,581	30,000	50,000	1,419
Other Public Safety	110,991	(493)	439	110,937	220,950	220,950	110,013
<u>Public Health and Welfare</u>							
Local Health Center	193,802	0	142	193,944	149,570	272,440	78,496
Rabies and Animal Control	39,854	(8,050)	140	31,944	56,357	56,357	24,413

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	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>Public Health and Welfare (Cont.)</u>							
Ambulance/Emergency Medical Services	\$ 1,140,927	\$ (21,007)	\$ 493	\$ 1,120,413	\$ 1,098,917	\$ 1,146,203	\$ 25,790
Crippled Children Services	3,484	0	0	3,484	4,720	4,720	1,236
Other Local Health Services	827	0	0	827	1,250	1,250	423
General Welfare Assistance	2,400	0	0	2,400	4,800	4,800	2,400
Other Local Welfare Services	0	0	0	0	1,250	1,250	1,250
Sanitation Education/Information	38,108	0	1,900	40,008	41,010	41,010	1,002
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	145,047	(530)	660	145,177	192,910	192,910	47,733
Libraries	192,497	0	0	192,497	167,620	194,242	1,745
Parks and Fair Boards	67,509	(7,100)	11,703	72,112	91,000	123,500	51,388
Other Social, Cultural, and Recreational	28,000	0	0	28,000	28,000	28,000	0
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	74,821	0	0	74,821	80,310	80,310	5,489
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	21,251	0	0	21,251	21,251	21,251	0
<u>Other Operations</u>							
Tourism	6,000	0	0	6,000	6,000	6,000	0
Industrial Development	614,560	(355,668)	679,708	938,600	1,346,649	1,351,649	413,049
Housing and Urban Development	0	0	44,203	44,203	50,000	50,000	5,797
Airport	28,000	0	0	28,000	28,000	28,000	0
Veterans' Services	38,878	(696)	225	38,407	40,549	40,549	2,142
Other Charges	280,422	(3,318)	4,786	281,890	292,059	292,059	10,169
Contributions to Other Agencies	30,143	0	0	30,143	38,130	38,130	7,987
Employee Benefits	26,896	0	0	26,896	30,000	30,000	3,104

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	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>Other Operations (Cont.)</u>							
Miscellaneous	\$ 104,915	\$ 0	\$ 0	\$ 104,915	\$ 120,000	\$ 120,000	\$ 15,085
Total Expenditures	\$ 9,232,239	\$ (451,803)	\$ 835,836	\$ 9,616,272	\$ 10,226,222	\$ 10,731,633	\$ 1,115,361
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ (58,326)	\$ 451,803	\$ (835,836)	\$ (442,359)	\$ (527,031)	\$ (550,250)	\$ 107,891
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 200,000	\$ 200,000	\$ (200,000)
Insurance Recovery	15,456	0	0	15,456	15,000	15,000	456
Transfers In	11,000	0	0	11,000	224,000	211,000	(200,000)
Total Other Financing Sources (Uses)	\$ 26,456	\$ 0	\$ 0	\$ 26,456	\$ 439,000	\$ 426,000	\$ (399,544)
Net Change in Fund Balance	\$ (31,870)	\$ 451,803	\$ (835,836)	\$ (415,903)	\$ (88,031)	\$ (124,250)	\$ (291,653)
Fund Balance, July 1, 2010	2,004,297	(451,803)	0	1,552,494	1,728,658	1,728,658	(176,164)
Fund Balance, June 30, 2011	\$ 1,972,427	\$ 0	\$ (835,836)	\$ 1,136,591	\$ 1,640,627	\$ 1,604,408	\$ (467,817)

Exhibit F-2

White County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Local Purpose Tax Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 206,798	\$ 190,000	\$ 190,000	\$ 16,798
Total Revenues	\$ 206,798	\$ 190,000	\$ 190,000	\$ 16,798
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 2,046	\$ 3,000	\$ 3,000	\$ 954
Total Expenditures	\$ 2,046	\$ 3,000	\$ 3,000	\$ 954
Excess (Deficiency) of Revenues Over Expenditures	\$ 204,752	\$ 187,000	\$ 187,000	\$ 17,752
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (200,000)	\$ (400,000)	\$ (400,000)	\$ 200,000
Total Other Financing Sources (Uses)	\$ (200,000)	\$ (400,000)	\$ (400,000)	\$ 200,000
Net Change in Fund Balance	\$ 4,752	\$ (213,000)	\$ (213,000)	\$ 217,752
Fund Balance, July 1, 2010	1,139,585	1,139,464	1,139,464	121
Fund Balance, June 30, 2011	\$ 1,144,337	\$ 926,464	\$ 926,464	\$ 217,873

Exhibit F-3

White County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 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	\$ 53,328	\$ 0	\$ 0	\$ 53,328	\$ 90,000	\$ 90,000	\$ (36,672)
Other Local Revenues	48,601	0	0	48,601	35,000	35,000	13,601
State of Tennessee	1,819,008	0	0	1,819,008	1,957,745	1,957,745	(138,737)
Total Revenues	\$ 1,920,937	\$ 0	\$ 0	\$ 1,920,937	\$ 2,082,745	\$ 2,082,745	\$ (161,808)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 140,402	\$ 0	\$ 0	\$ 140,402	\$ 153,862	\$ 153,862	\$ 13,460
Highway and Bridge Maintenance	991,962	(271)	80	991,771	1,084,983	1,084,983	93,212
Operation and Maintenance of Equipment	201,075	(563)	0	200,512	220,000	220,000	19,488
Other Charges	100,690	0	0	100,690	109,600	109,600	8,910
Employee Benefits	0	0	0	0	10,000	10,000	10,000
Capital Outlay	475,479	(48,637)	37,189	464,031	490,900	490,900	26,869
Total Expenditures	\$ 1,909,608	\$ (49,471)	\$ 37,269	\$ 1,897,406	\$ 2,069,345	\$ 2,069,345	\$ 171,939
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,329	\$ 49,471	\$ (37,269)	\$ 23,531	\$ 13,400	\$ 13,400	\$ 10,131
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (11,000)	\$ 0	\$ 0	\$ (11,000)	\$ (11,000)	\$ (11,000)	\$ 0
Total Other Financing Sources (Uses)	\$ (11,000)	\$ 0	\$ 0	\$ (11,000)	\$ (11,000)	\$ (11,000)	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 329	\$ 49,471	\$ (37,269)	\$ 12,531	\$ 2,400	\$ 2,400	\$ 10,131
	824,279	(49,471)	0	774,808	766,553	766,553	8,255
Fund Balance, June 30, 2011	\$ 824,608	\$ 0	\$ (37,269)	\$ 787,339	\$ 768,953	\$ 768,953	\$ 18,386

Exhibit F-4

White County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented White 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	\$ 12,421	\$ 14,570	\$ 2,149	85.25 %	\$ 7,654	28.07 %
7-1-07	11,547	12,548	1,001	92.02	7,072	14.15

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

Exhibit F-5

White County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented White 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	\$ 4,869	\$ 4,869	0 %	\$ 10,015	49 %
"	7-1-09	0	2,397	2,397	0	10,364	23
"	7-1-10	0	2,477	2,477	0	10,364	24

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the White County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

At June 30, 2011, White County reported the following significant encumbrances in the General and major special revenue funds:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Airport Sewer Project	\$ 639,708
Highway/Public Works	Highway Equipment	37,189

**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.

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

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

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

Exhibit G-1

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

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Industrial / Economic Development	Drug Control	Constitu- tional Officers - Fees	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 148,007	\$ 148,007
Equity in Pooled Cash and Investments	76,327	61,770	0	138,097
Accounts Receivable	0	354	2,069	2,423
Notes Receivable - Long-term	482,874	0	0	482,874
Total Assets	<u>\$ 559,201</u>	<u>\$ 62,124</u>	<u>\$ 150,076</u>	<u>\$ 771,401</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Due to Other Funds	\$ 0	\$ 0	\$ 150,076	\$ 150,076
Due to Litigants, Heirs, and Others	0	10,007	0	10,007
Total Liabilities	<u>\$ 0</u>	<u>\$ 10,007</u>	<u>\$ 150,076</u>	<u>\$ 160,083</u>
<u>Fund Balances</u>				
Restricted:				
Restricted for Public Safety	\$ 0	\$ 52,117	\$ 0	\$ 52,117
Restricted for Other Operations	559,201	0	0	559,201
Total Fund Balances	<u>\$ 559,201</u>	<u>\$ 52,117</u>	<u>\$ 0</u>	<u>\$ 611,318</u>
Total Liabilities and Fund Balances	<u>\$ 559,201</u>	<u>\$ 62,124</u>	<u>\$ 150,076</u>	<u>\$ 771,401</u>

Exhibit G-2

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

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Industrial / Economic Development	Drug Control	Constitu- tional Officers - Fees	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 0	\$ 44,504	\$ 0	\$ 44,504
Charges for Current Services	0	0	1,029	1,029
Other Local Revenues	7,777	6,535	0	14,312
Total Revenues	<u>\$ 7,777</u>	<u>\$ 51,039</u>	<u>\$ 1,029</u>	<u>\$ 59,845</u>
<u>Expenditures</u>				
Current:				
General Government	\$ 0	\$ 0	\$ 1,029	\$ 1,029
Public Safety	0	35,886	0	35,886
Other Operations	0	417	0	417
Total Expenditures	<u>\$ 0</u>	<u>\$ 36,303</u>	<u>\$ 1,029</u>	<u>\$ 37,332</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 7,777</u>	<u>\$ 14,736</u>	<u>\$ 0</u>	<u>\$ 22,513</u>
Net Change in Fund Balances	\$ 7,777	\$ 14,736	\$ 0	\$ 22,513
Fund Balance, July 1, 2010	<u>551,424</u>	<u>37,381</u>	<u>0</u>	<u>588,805</u>
Fund Balance, June 30, 2011	<u>\$ 559,201</u>	<u>\$ 52,117</u>	<u>\$ 0</u>	<u>\$ 611,318</u>

Exhibit G-3

White County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Industrial/Economic Development Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 7,777	\$ 10,000	\$ 10,000	\$ (2,223)
Total Revenues	\$ 7,777	\$ 10,000	\$ 10,000	\$ (2,223)
Total Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,777	\$ 10,000	\$ 10,000	\$ (2,223)
Net Change in Fund Balance	\$ 7,777	\$ 10,000	\$ 10,000	\$ (2,223)
Fund Balance, July 1, 2010	551,424	551,424	551,424	0
Fund Balance, June 30, 2011	\$ 559,201	\$ 561,424	\$ 561,424	\$ (2,223)

Exhibit G-4

White County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 44,504	\$ 50,000	\$ 50,000	\$ (5,496)
Other Local Revenues	6,535	1,000	1,000	5,535
State of Tennessee	0	10,000	10,000	(10,000)
Total Revenues	<u>\$ 51,039</u>	<u>\$ 61,000</u>	<u>\$ 61,000</u>	<u>\$ (9,961)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 35,886	\$ 66,216	\$ 66,216	\$ 30,330
<u>Other Operations</u>				
Miscellaneous	417	750	750	333
Total Expenditures	<u>\$ 36,303</u>	<u>\$ 66,966</u>	<u>\$ 66,966</u>	<u>\$ 30,663</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 14,736</u>	<u>\$ (5,966)</u>	<u>\$ (5,966)</u>	<u>\$ 20,702</u>
Net Change in Fund Balance	\$ 14,736	\$ (5,966)	\$ (5,966)	\$ 20,702
Fund Balance, July 1, 2010	<u>37,381</u>	<u>43,049</u>	<u>43,049</u>	<u>(5,668)</u>
Fund Balance, June 30, 2011	<u><u>\$ 52,117</u></u>	<u><u>\$ 37,083</u></u>	<u><u>\$ 37,083</u></u>	<u><u>\$ 15,034</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 H

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,173,635	\$ 1,111,000	\$ 1,111,000	\$ 62,635
Other Local Revenues	76,171	200,000	200,000	(123,829)
State of Tennessee	25,757	20,000	20,000	5,757
Other Governments and Citizens Groups	106,497	50,000	50,000	56,497
Total Revenues	<u>\$ 1,382,060</u>	<u>\$ 1,381,000</u>	<u>\$ 1,381,000</u>	<u>\$ 1,060</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 760,441	\$ 760,441	\$ 760,441	\$ 0
Highways and Streets	267,000	267,000	267,000	0
Education	538,750	538,750	538,750	0
<u>Interest on Debt</u>				
General Government	269,634	269,643	269,643	9
Highways and Streets	10,331	10,344	10,344	13
Education	249,545	249,548	249,548	3
<u>Other Debt Service</u>				
General Government	17,954	27,000	27,000	9,046
Total Expenditures	<u>\$ 2,113,655</u>	<u>\$ 2,122,726</u>	<u>\$ 2,122,726</u>	<u>\$ 9,071</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (731,595)</u>	<u>\$ (741,726)</u>	<u>\$ (741,726)</u>	<u>\$ 10,131</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 200,000	\$ 450,000	\$ 450,000	\$ (250,000)
Total Other Financing Sources (Uses)	<u>\$ 200,000</u>	<u>\$ 450,000</u>	<u>\$ 450,000</u>	<u>\$ (250,000)</u>
Net Change in Fund Balance	\$ (531,595)	\$ (291,726)	\$ (291,726)	\$ (239,869)
Fund Balance, July 1, 2010	<u>1,559,763</u>	<u>1,562,983</u>	<u>1,562,983</u>	<u>(3,220)</u>
Fund Balance, June 30, 2011	<u><u>\$ 1,028,168</u></u>	<u><u>\$ 1,271,257</u></u>	<u><u>\$ 1,271,257</u></u>	<u><u>\$ (243,089)</u></u>

Fiduciary Funds

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

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

Community Development - Agency Fund – The Community Development - Agency Fund is used to account for transactions related to pass-through community development grant funds.

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

Exhibit I-1

White 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	\$ 434,049	\$ 434,049
Due from Other Governments	258,185	0	258,185
Total Assets	<u>\$ 258,185</u>	<u>\$ 434,049</u>	<u>\$ 692,234</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 258,185	\$ 0	\$ 258,185
Due to Litigants, Heirs, and Others	0	434,049	434,049
Total Liabilities	<u>\$ 258,185</u>	<u>\$ 434,049</u>	<u>\$ 692,234</u>

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,579,935	\$ 1,579,935	\$ 0
Due from Other Governments	277,959	258,185	277,959	258,185
Total Assets	\$ 277,959	\$ 1,838,120	\$ 1,857,894	\$ 258,185
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 277,959	\$ 1,838,120	\$ 1,857,894	\$ 258,185
Total Liabilities	\$ 277,959	\$ 1,838,120	\$ 1,857,894	\$ 258,185
<u>Community Development - Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 263,812	\$ 263,812	\$ 0
Total Assets	\$ 0	\$ 263,812	\$ 263,812	\$ 0
<u>Liabilities</u>				
Contracts Payable	\$ 0	\$ 263,812	\$ 263,812	\$ 0
Total Liabilities	\$ 0	\$ 263,812	\$ 263,812	\$ 0
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 500,339	\$ 3,487,164	\$ 3,553,454	\$ 434,049
Total Assets	\$ 500,339	\$ 3,487,164	\$ 3,553,454	\$ 434,049
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 500,339	\$ 3,487,164	\$ 3,553,454	\$ 434,049
Total Liabilities	\$ 500,339	\$ 3,487,164	\$ 3,553,454	\$ 434,049
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 500,339	\$ 3,487,164	\$ 3,553,454	\$ 434,049
Equity in Pooled Cash and Investments	0	263,812	263,812	0
Due from Other Governments	277,959	258,185	277,959	258,185
Total Assets	\$ 778,298	\$ 4,009,161	\$ 4,095,225	\$ 692,234
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 277,959	\$ 1,838,120	\$ 1,857,894	\$ 258,185
Contracts Payable	0	263,812	263,812	0
Due to Litigants, Heirs, and Others	500,339	3,487,164	3,553,454	434,049
Total Liabilities	\$ 778,298	\$ 5,589,096	\$ 5,675,160	\$ 692,234

White County School Department

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

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 J-1

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

Functions/Programs	Program Revenues		Expenses	Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions		Total	Governmental Activities
Governmental Activities:					
Instruction	\$ 18,957,242	\$ 3,030,831	\$ 275	\$ (15,926,136)	
Support Services	8,451,535	511,253	85,858	(7,854,424)	
Operation of Non-Instructional Services	2,209,506	1,347,179	565,691	(296,636)	
Other Debt Service	56,497	0	0	(56,497)	
Total Governmental Activities	\$ 29,674,780	\$ 4,889,263	\$ 651,824	\$ (24,133,693)	
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 3,167,000	
Local Option Sales Taxes				1,353,834	
Other Local Taxes				3,753	
Grants and Contributions Not Restricted to Specific Programs				21,463,090	
Unrestricted Investment Earnings				1,241	
Sale of Equipment				41,997	
Miscellaneous				6,657	
Total General Revenues				\$ 26,037,572	
Insurance Recovery				\$ 30,840	
Change in Net Assets				\$ 1,934,719	
Net Assets, July 1, 2010				38,447,777	
Net Assets, June 30, 2011				\$ 40,382,496	

Exhibit J-2

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

	Major Funds			Total Govern- mental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 707	\$ 707
Equity in Pooled Cash and Investments	18,421,059	345,796	621,244	19,388,099
Due from Other Governments	1,103,138	296,357	4,726	1,404,221
Property Taxes Receivable	4,154,925	0	0	4,154,925
Allowance for Uncollectible Property Taxes	(139,617)	0	0	(139,617)
Total Assets	\$ 23,539,505	\$ 642,153	\$ 626,677	\$ 24,808,335
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 595	\$ 0	\$ 945	\$ 1,540
Accrued Payroll	4,652	0	0	4,652
Payroll Deductions Payable	377,848	0	0	377,848
Due to Primary Government	56,497	0	0	56,497
Deferred Revenue - Current Property Taxes	3,859,283	0	0	3,859,283
Deferred Revenue - Delinquent Property Taxes	153,694	0	0	153,694
Other Deferred Revenues	112,892	0	0	112,892
Total Liabilities	\$ 4,565,461	\$ 0	\$ 945	\$ 4,566,406
<u>Fund Balances</u>				
Restricted:				
Restricted for Education	\$ 535,280	\$ 142,153	\$ 0	\$ 677,433
Restricted for Operation of Non-Instructional Services	0	0	590,758	590,758
Committed:				
Committed for Education	10,977,508	0	0	10,977,508
Assigned:				
Assigned for Education	0	500,000	0	500,000
Assigned for Support Services	51,026	0	0	51,026
Assigned for Operation of Non-Instructional Services	0	0	34,974	34,974
Unassigned	7,410,230	0	0	7,410,230
Total Fund Balances	\$ 18,974,044	\$ 642,153	\$ 625,732	\$ 20,241,929
Total Liabilities and Fund Balances	\$ 23,539,505	\$ 642,153	\$ 626,677	\$ 24,808,335

Exhibit J-3

White County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented White County School Department
June 30, 2011

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 20,241,929
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 693,842	
Add: buildings and improvements net of accumulated depreciation	18,968,599	
Add: other capital assets net of accumulated depreciation	<u>727,131</u>	20,389,572
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: compensated absences payable	\$ (189,288)	
Less: other postemployment benefits liability	<u>(326,303)</u>	(515,591)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>266,586</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 40,382,496</u></u>

Exhibit J-4

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

	Major Funds			Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>Revenues</u>				
Local Taxes	\$ 4,554,762	\$ 0	\$ 0	\$ 4,554,762
Licenses and Permits	2,702	0	0	2,702
Charges for Current Services	62,679	0	565,691	628,370
Other Local Revenues	41,684	0	11,811	53,495
State of Tennessee	20,334,478	0	23,203	20,357,681
Federal Government	199,395	4,413,773	1,323,976	5,937,144
Other Governments and Citizens Groups	19,854	0	0	19,854
Total Revenues	<u>\$ 25,215,554</u>	<u>\$ 4,413,773</u>	<u>\$ 1,924,681</u>	<u>\$ 31,554,008</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 15,307,839	\$ 2,817,380	\$ 0	\$ 18,125,219
Support Services	6,716,354	1,630,603	0	8,346,957
Operation of Non-Instructional Services	365,850	0	1,838,784	2,204,634
Capital Outlay	218,989	0	0	218,989
Debt Service:				
Principal on Debt	56,497	0	0	56,497
Total Expenditures	<u>\$ 22,665,529</u>	<u>\$ 4,447,983</u>	<u>\$ 1,838,784</u>	<u>\$ 28,952,296</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,550,025</u>	<u>\$ (34,210)</u>	<u>\$ 85,897</u>	<u>\$ 2,601,712</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 30,840	\$ 0	\$ 0	\$ 30,840
Transfers In	17,418	500,000	0	517,418
Transfers Out	(500,000)	(17,418)	0	(517,418)
Total Other Financing Sources (Uses)	<u>\$ (451,742)</u>	<u>\$ 482,582</u>	<u>\$ 0</u>	<u>\$ 30,840</u>
Net Change in Fund Balances	\$ 2,098,283	\$ 448,372	\$ 85,897	\$ 2,632,552
Fund Balance, July 1, 2010	<u>16,875,761</u>	<u>193,781</u>	<u>539,835</u>	<u>17,609,377</u>
Fund Balance, June 30, 2011	<u>\$ 18,974,044</u>	<u>\$ 642,153</u>	<u>\$ 625,732</u>	<u>\$ 20,241,929</u>

Exhibit J-5

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

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 2,632,552
<p>(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:</p>		
Add: capital assets purchased in the current period	\$ 77,749	
Less: current-year depreciation expense	<u>(822,263)</u>	(744,514)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2011	\$ 266,586	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(241,935)</u>	24,651
<p>(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.</p>		
Change in other postemployment benefits liability	\$ 28,451	
Change in compensated absences payable	<u>(6,421)</u>	<u>22,030</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,934,719</u>

Exhibit J-6

White County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented White County School Department
General Purpose School Fund
For the Year Ended June 30, 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	\$ 4,554,762	\$ 0	\$ 0	\$ 4,554,762	\$ 4,702,500	\$ 4,702,500	\$ (147,738)
Licenses and Permits	2,702	0	0	2,702	3,200	3,200	(498)
Charges for Current Services	62,679	0	0	62,679	69,800	69,800	(7,121)
Other Local Revenues	41,684	0	0	41,684	20,100	20,100	21,584
State of Tennessee	20,334,478	0	0	20,334,478	20,098,550	20,297,402	37,076
Federal Government	199,395	0	0	199,395	244,038	251,738	(52,343)
Other Governments and Citizens Groups	19,854	0	0	19,854	0	0	19,854
<u>Total Revenues</u>	<u>\$ 25,215,554</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,215,554</u>	<u>\$ 25,138,188</u>	<u>\$ 25,344,740</u>	<u>\$ (129,186)</u>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 13,203,944	\$ (31,451)	\$ 115,182	\$ 13,287,675	\$ 14,756,193	\$ 14,687,263	\$ 1,399,588
Special Education Program	1,388,614	0	0	1,388,614	1,449,935	1,449,935	61,321
Vocational Education Program	659,427	0	0	659,427	681,850	681,850	22,423
Adult Education Program	55,854	0	0	55,854	104,600	112,300	56,446
<u>Support Services</u>							
Attendance	72,406	0	0	72,406	72,660	72,660	254
Health Services	165,618	(53)	0	165,565	174,460	174,460	8,895
Other Student Support	109,722	0	1,188	110,910	678,400	678,400	567,490
Regular Instruction Program	758,796	(146)	0	758,650	792,420	792,420	33,770
Special Education Program	94,590	0	0	94,590	95,590	95,590	1,000
Vocational Education Program	60,416	0	0	60,416	62,615	62,615	2,199
Adult Programs	82,150	0	0	82,150	84,335	84,335	2,185
Other Programs	110,728	0	0	110,728	0	110,728	0

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	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>Support Services (Cont.)</u>							
Board of Education	\$ 372,420	\$ 0	\$ 0	\$ 372,420	\$ 405,380	\$ 405,380	\$ 32,960
Director of Schools	115,582	0	2,200	117,782	128,000	128,000	10,218
Office of the Principal	1,258,425	0	0	1,258,425	1,297,224	1,297,224	38,799
Fiscal Services	118,371	(2,360)	3,565	119,576	110,715	123,715	4,139
Operation of Plant	1,906,810	(6,241)	2,000	1,902,569	2,211,515	2,211,515	308,946
Maintenance of Plant	413,219	(8,522)	5,714	410,411	444,802	444,802	34,391
Transportation	1,077,101	(700)	8,321	1,084,722	1,207,985	1,207,985	123,263
<u>Operation of Non-Instructional Services</u>							
Community Services	69,476	0	0	69,476	95,635	95,635	26,159
Early Childhood Education	296,374	0	0	296,374	297,310	297,310	936
<u>Capital Outlay</u>							
Regular Capital Outlay	218,989	(15,920)	114,232	317,301	345,000	433,124	115,823
<u>Principal on Debt</u>							
Education	56,497	0	0	56,497	250,000	250,000	193,503
Total Expenditures	\$ 22,665,529	\$ (65,393)	\$ 252,402	\$ 22,852,538	\$ 25,746,624	\$ 25,897,246	\$ 3,044,708
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,550,025	\$ 65,393	\$ (252,402)	\$ 2,363,016	\$ (608,436)	\$ (552,506)	\$ 2,915,522
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 30,840	\$ 0	\$ 0	\$ 30,840	\$ 0	\$ 0	\$ 30,840
Transfers In	17,418	0	0	17,418	50,000	50,000	(32,582)
Transfers Out	(500,000)	0	0	(500,000)	(13,000)	(500,000)	0
Total Other Financing Sources (Uses)	\$ (451,742)	\$ 0	\$ 0	\$ (451,742)	\$ 37,000	\$ (450,000)	\$ (1,742)

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 2,098,283	\$ 65,393	\$ (252,402)	\$ 1,911,274	\$ (571,436)	\$ (1,002,506)	\$ 2,913,780
Fund Balance, July 1, 2010	16,875,761	(65,393)	0	16,810,368	17,549,095	17,549,095	(738,727)
Fund Balance, June 30, 2011	\$ 18,974,044	\$ 0	\$ (252,402)	\$ 18,721,642	\$ 16,977,659	\$ 16,546,589	\$ 2,175,053

Exhibit J-7

White County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented White County School Department
School Federal Projects Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 4,413,773	\$ 5,413,647	\$ 5,479,350	\$ (1,065,577)
Total Revenues	\$ 4,413,773	\$ 5,413,647	\$ 5,479,350	\$ (1,065,577)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,974,132	\$ 2,748,438	\$ 2,709,049	\$ 734,917
Special Education Program	778,235	1,021,776	1,153,473	375,238
Vocational Education Program	65,013	63,564	65,013	0
<u>Support Services</u>				
Other Student Support	655,768	701,496	712,419	56,651
Regular Instruction Program	664,355	748,693	744,313	79,958
Special Education Program	191,103	239,120	239,120	48,017
Vocational Education Program	0	200	200	200
Transportation	119,377	67,489	120,918	1,541
Total Expenditures	\$ 4,447,983	\$ 5,590,776	\$ 5,744,505	\$ 1,296,522
Excess (Deficiency) of Revenues Over Expenditures	\$ (34,210)	\$ (177,129)	\$ (265,155)	\$ 230,945
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 500,000	\$ 0	\$ 0	\$ 500,000
Transfers Out	(17,418)	(16,654)	(23,314)	5,896
Total Other Financing Sources (Uses)	\$ 482,582	\$ (16,654)	\$ (23,314)	\$ 505,896
Net Change in Fund Balance	\$ 448,372	\$ (193,783)	\$ (288,469)	\$ 736,841
Fund Balance, July 1, 2010	193,781	193,783	288,469	(94,688)
Fund Balance, June 30, 2011	\$ 642,153	\$ 0	\$ 0	\$ 642,153

Exhibit J-8

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 565,691	\$ 0	\$ 565,691	\$ 709,000	\$ 709,000	\$ (143,309)
Other Local Revenues	11,811	0	11,811	11,000	11,000	811
State of Tennessee	23,203	0	23,203	53,700	24,000	(797)
Federal Government	1,323,976	0	1,323,976	1,271,000	1,300,700	23,276
Total Revenues	\$ 1,924,681	\$ 0	\$ 1,924,681	\$ 2,044,700	\$ 2,044,700	\$ (120,019)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 1,838,784	\$ 34,974	\$ 1,873,758	\$ 2,048,300	\$ 2,048,300	\$ 174,542
Total Expenditures	\$ 1,838,784	\$ 34,974	\$ 1,873,758	\$ 2,048,300	\$ 2,048,300	\$ 174,542
Excess (Deficiency) of Revenues Over Expenditures	\$ 85,897	\$ (34,974)	\$ 50,923	\$ (3,600)	\$ (3,600)	\$ 54,523
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 85,897	\$ (34,974)	\$ 50,923	\$ (3,600)	\$ (3,600)	\$ 54,523
	539,835	0	539,835	539,833	539,833	2
Fund Balance, June 30, 2011	\$ 625,732	\$ (34,974)	\$ 590,758	\$ 536,233	\$ 536,233	\$ 54,525

MISCELLANEOUS SCHEDULES

Exhibit K-1

White 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	
<u>NOTES PAYABLE</u>								
<u>Governmental Activities</u>								
<u>Payable through General Debt Service Fund</u>								
Patrol Cars/Ambulances/Road Improvements	\$ 700,000	3.95 %	8-30-07	8-30-10	\$ 233,334	\$ 233,334	\$ 0	
Industrial Development Land	1,000,000	4.15	6-11-08	6-1-15	714,286	142,857	571,429	
Public Safety Vehicles/Road Improvements	600,000	3.84	8-28-08	8-28-11	400,000	200,000	200,000	
Total Governmental Activities					\$ 1,347,620	\$ 576,191	\$ 771,429	
<u>Business-type Activities</u>								
<u>Payable through Solid Waste Disposal Fund</u>								
Landfill Improvements and Vehicles	1,250,000	4.48	12-1-03	12-1-15	\$ 624,998	\$ 104,167	\$ 520,831	
Compactor	378,000	4.5	6-21-05	6-21-15	189,000	37,800	151,200	
Total Business-type Activities					\$ 813,998	\$ 141,967	\$ 672,031	
Total Notes Payable					\$ 2,161,618	\$ 718,158	\$ 1,443,460	
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Library	1,000,000	4 to 4.4	6-15-05	6-15-25	\$ 840,000	\$ 45,000	\$ 795,000	
School Refunding, Series 2008	5,120,000	3.85	9-17-08	6-1-20	4,355,000	370,000	3,985,000	
School/Judicial Complex Refunding, Series 2008A	8,125,000	4.24	12-2-08	6-1-20	6,925,000	575,000	6,350,000	
Total Bonds Payable					\$ 12,120,000	\$ 990,000	\$ 11,130,000	

Exhibit K-2

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

Governmental Activities

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 342,857	\$ 27,554	\$ 370,411
2013	142,857	17,786	160,643
2014	142,857	11,857	154,714
2015	142,858	5,928	148,786
Total	\$ 771,429	\$ 63,125	\$ 834,554

Business-type Activities

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 141,967	\$ 27,804	\$ 169,771
2013	141,967	21,436	163,403
2014	141,967	15,069	157,036
2015	141,967	8,701	150,668
2016	104,163	2,333	106,496
Total	\$ 672,031	\$ 75,343	\$ 747,374

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 1,030,000	\$ 447,860	\$ 1,477,860
2013	1,065,000	409,548	1,474,548
2014	1,095,000	370,898	1,465,898
2015	1,145,000	329,123	1,474,123
2016	1,190,000	283,323	1,473,323
2017	1,240,000	235,723	1,475,723
2018	1,290,000	185,027	1,475,027
2019	1,340,000	131,388	1,471,388
2020	1,400,000	74,640	1,474,640
2021	60,000	14,520	74,520
2022	65,000	11,970	76,970
2023	65,000	9,175	74,175
2024	70,000	6,380	76,380
2025	75,000	3,300	78,300
Total	\$ 11,130,000	\$ 2,512,875	\$ 13,642,875

Exhibit K-3

White County, Tennessee
Schedule of Notes Receivable
For the Year Ended June 30, 2011

Description	Debtor	Original Amount of Notes	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-11
<u>Industrial/Economic Development Fund</u>						
Industrial Development						
"	Norcom, Inc.	\$ 27,552	11-07	11-14	5%	\$ 14,976
"	Casual Apparel	80,288	10-03	9-10	2	34,667 (1)
"	K & V Automotive	80,000	5-04	5-11	2	38,975 (2)
"	Dunn & Bybee	90,000	11-04	11-12	3	7,073
"	Casual Apparel	25,000	10-06	10-13	5	17,895
"	Jackson Kayak	250,000	12-08	12-15	2	164,701
"	CLS Molding	15,950	5-09	5-16	2	11,434
"	S&S Screw	90,000	9-10	9-18	2	79,934
"	CLS Molding	40,000	2-11	2-18	2	38,219
"	Jackson Kayak	75,000	6-11	6-18	2	75,000
Total						<u>\$ 482,874</u>

(1) This loan was delinquent at June 30, 2011, and Casual Apparel made no payments on this loan during the year. County officials are reviewing possible options to seek repayment.

(2) This loan was delinquent at June 30, 2011; however, K & V Automotive is making reduced payments on the loan.

Exhibit K-4

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Highway/Public Works	General	Finance Department services	\$ 11,000
Local Purpose Tax	General Debt Service	Debt Retirement	<u>200,000</u>
Total Transfers Primary Government			<u>\$ 211,000</u>
<u>DISCRETELY PRESENTED WHITE COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 17,418
General Purpose School	School Federal Projects	Operations	<u>500,000</u>
Total Transfers Discretely Presented White County School Department			<u>\$ 517,418</u>

Exhibit K-5

White County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented White County School Department
For the Year Ended June 30, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 71,322	\$ 50,000	Auto Owners Insurance Company
Road Superintendent:				
Abner Graham (7-1-10 through 8-31-10)	Section 8-24-102, TCA	11,716	100,000	RLI Insurance Company
Clay Parker (9-1-10 through 6-30-11)	Section 8-24-102, TCA	56,211	100,000	Auto Owners Insurance Company
Director of Schools	State Board of Education and White County Board of Education			
Trustee	Section 8-24-102, TCA	86,000 (1)	50,000	Auto Owners Insurance Company
Assessor of Property	Section 8-24-102, TCA	61,751	832,000	"
Finance Director	Section 8-24-102, TCA	61,751	10,000	"
County Clerk	County Commission	61,751	50,000	"
Circuit Court Clerk	Section 8-24-102, TCA	61,751	50,000	RLI Insurance Company
Clerk and Master	Section 8-24-102, TCA	61,751	50,000	"
Register	Section 8-24-102, TCA	61,751	75,000	Auto Owners Insurance Company
Sheriff	Section 8-24-102, TCA	61,751	25,000	RLI Insurance Company
		67,927 (2)	50,000	"
Employee Dishonesty Bond Coverage:				
General County and Highway Employees			150,000	Tennessee Risk Management Trust
School Department Employees			150,000	"

- (1) Includes chief executive officer training supplement of \$1,000.
(2) Does not include a law enforcement training supplement of \$600.

Exhibit K-6

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

	Special Revenue Funds							Debt Service Fund
	General	Industrial/ Economic Development	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 3,740,867	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 302,286	\$ 4,043,153
Trustee's Collections - Prior Year	152,508	0	0	0	0	0	10,943	163,451
Circuit/Clerk & Master Collections - Prior Years	69,789	0	0	0	0	0	5,322	75,111
Interest and Penalty	25,952	0	0	0	0	0	1,981	27,933
Payments in-Lieu-of Taxes - Other	20,531	0	0	0	0	0	1,659	22,190
<u>County Local Option Taxes</u>								
Local Option Sales Tax	103,397	0	206,798	0	0	0	839,555	1,149,750
Hotel/Motel Tax	9,856	0	0	0	0	0	7,925	17,781
Litigation Tax - General	62,088	0	0	0	0	0	0	62,088
Litigation Tax - Special Purpose	48,800	0	0	0	0	0	0	48,800
Litigation Tax - Jail, Workhouse, or Courthouse	23,520	0	0	0	0	0	0	23,520
Business Tax	172,670	0	0	0	0	0	0	172,670
Mineral Severance Tax	0	0	0	0	0	53,328	0	53,328
<u>Statutory Local Taxes</u>								
Bank Excise Tax	49,056	0	0	0	0	0	3,964	53,020
Wholesale Beer Tax	151,722	0	0	0	0	0	0	151,722
Total Local Taxes	\$ 4,630,756	\$ 0	\$ 206,798	\$ 0	\$ 0	\$ 53,328	\$ 1,173,635	\$ 6,064,517
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Cable TV Franchise	\$ 73,613	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 73,613
<u>Permits</u>								
Beer Permits	4,132	0	0	0	0	0	0	4,132
Other Permits	100	0	0	0	0	0	0	100
Total Licenses and Permits	\$ 77,845	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 77,845
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 15,383	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,383
Officers Costs	5,650	0	0	0	0	0	0	5,650

(Continued)

Exhibit K-6

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Industrial/ Economic Development	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>Circuit Court (Cont.)</u>									
Drug Control Fines	\$ 228	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 228	
Drug Court Fees	1,252	0	0	0	0	0	0	1,252	
DUI Treatment Fines	2,759	0	0	0	0	0	0	2,759	
Data Entry Fee - Circuit Court	488	0	0	0	0	0	0	488	
Courtroom Security Fee	2,522	0	0	0	0	0	0	2,522	
<u>General Sessions Court</u>									
Fines	36,508	0	0	0	0	0	0	36,508	
Officers Costs	34,710	0	0	0	0	0	0	34,710	
Game and Fish Fines	316	0	0	0	0	0	0	316	
Drug Control Fines	238	0	0	0	0	0	0	238	
Drug Court Fees	1,384	0	0	0	0	0	0	1,384	
DUI Treatment Fines	3,117	0	0	0	0	0	0	3,117	
Data Entry Fee - General Sessions Court	5,820	0	0	0	0	0	0	5,820	
Courtroom Security Fee	1,558	0	0	0	0	0	0	1,558	
<u>Chancery Court</u>									
Officers Costs	1,769	0	0	0	0	0	0	1,769	
Data Entry Fee - Chancery Court	1,320	0	0	0	0	0	0	1,320	
<u>Other Courts - In-county</u>									
Drug Control Fines	0	0	0	16,251	0	0	0	16,251	
Jail Fees	3,728	0	0	0	0	0	0	3,728	
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	240	0	0	28,253	0	0	0	28,493	
Total Fines, Forfeitures, and Penalties	\$ 118,990	\$ 0	\$ 0	\$ 44,504	\$ 0	\$ 0	\$ 0	\$ 163,494	
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Past Due Collections - Ambulance Fees	\$ 1,203,361	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,203,361	
<u>Constitutional Officers' Fees and Commissions</u>									
Data Processing Fee - Register	0	0	0	0	1,029	0	0	1,029	
	8,090	0	0	0	0	0	0	8,090	

(Continued)

Exhibit K-6

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

	Special Revenue Funds							Debt Service Fund
	General	Industrial/ Economic Development	Local Purpose Tax	Drug Control	Consti- tional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Charges for Current Services (Cont.)</u>								
<u>Fees (Cont.)</u>								
Data Processing Fee - Sheriff	\$ 11,108	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,108
Sexual Offender Registration Fees - Sheriff	3,150	0	0	0	0	0	0	3,150
Data Processing Fee - County Clerk	2,732	0	0	0	0	0	0	2,732
Total Charges for Current Services	\$ 1,228,441	\$ 0	\$ 0	\$ 0	\$ 1,029	\$ 0	\$ 0	\$ 1,229,470
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 0	\$ 7,777	\$ 0	\$ 0	\$ 0	\$ 0	\$ 76,171	\$ 83,948
Lease/Rentals	2,600	0	0	0	0	0	0	2,600
Commissary Sales	39,849	0	0	0	0	0	0	39,849
Sale of Maps	75,000	0	0	0	0	0	0	75,000
Sale of Recycled Materials	3,294	0	0	0	0	670	0	3,964
Miscellaneous Refunds	16,861	0	0	6,035	0	47,431	0	70,327
<u>Nonrecurring Items</u>								
Sale of Equipment	2,413	0	0	0	0	500	0	2,913
Damages Recovered from Individuals	2,130	0	0	0	0	0	0	2,130
Contributions and Gifts	1,981	0	0	500	0	0	0	2,481
Total Other Local Revenues	\$ 144,128	\$ 7,777	\$ 0	\$ 6,535	\$ 0	\$ 48,601	\$ 76,171	\$ 283,212
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 312,781	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 312,781
Circuit Court Clerk	64,336	0	0	0	0	0	0	64,336
General Sessions Court Clerk	169,100	0	0	0	0	0	0	169,100
Clerk and Master	71,957	0	0	0	0	0	0	71,957
Register	87,647	0	0	0	0	0	0	87,647
Sheriff	9,936	0	0	0	0	0	0	9,936
Trustee	288,265	0	0	0	0	0	0	288,265
Total Fees Received from County Officials	\$ 1,004,022	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,004,022

(Continued)

Exhibit K-6

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Industrial/ Economic Development	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service		
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	9,000	0	0	0	0	0	0	0	9,000
On-Behalf Contributions for OPEB	2,663	0	0	0	0	0	0	0	2,663
Other General Government Grants	15,138	0	0	0	0	0	0	0	15,138
<u>Public Safety Grants</u>									
Drug Control Grants	7,652	0	0	0	0	0	0	0	7,652
<u>Health and Welfare Grants</u>									
Health Department Programs	122,870	0	0	0	0	0	0	0	122,870
Other Health and Welfare Grants	10,216	0	0	0	0	0	0	0	10,216
<u>Public Works Grants</u>									
State Aid Program	0	0	0	0	0	181,233	0	0	181,233
Litter Program	28,697	0	0	0	0	0	0	0	28,697
<u>Other State Revenues</u>									
Flood Control	1,131	0	0	0	0	0	0	0	1,131
Income Tax	41,920	0	0	0	0	0	0	0	41,920
Beer Tax	18,724	0	0	0	0	0	0	0	18,724
Alcoholic Beverage Tax	45,279	0	0	0	0	0	0	0	45,279
State Revenue Sharing - T.V.A.	318,740	0	0	0	0	0	0	0	344,497
Contracted Prisoner Boarding	874,869	0	0	0	0	0	25,757	0	874,869
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,616,841	0	0	1,616,841
Petroleum Special Tax	0	0	0	0	0	20,934	0	0	20,934
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0	15,164
Other State Grants	2,500	0	0	0	0	0	0	0	2,500
Other State Revenues	2,057	0	0	0	0	0	0	0	2,057
Total State of Tennessee	\$ 1,516,620	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,819,008	\$ 25,757	\$ 3,361,385	
<u>Federal Government</u>									
<u>Federal Through State</u>									
ARRA Grant No. 3	17,486	0	0	0	0	0	0	0	17,486
Other Federal through State	11,748	0	0	0	0	0	0	0	11,748

(Continued)

Exhibit K-6

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

	Special Revenue Funds							Debt Service Fund
	General	Industrial/ Economic Development	Local Purpose Tax	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Federal Government (Cont.)</u>								
<u>Direct Federal Revenue</u>								
Other Direct Federal Revenue	\$ 29,561	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,561
Total Federal Government	\$ 58,795	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 58,795
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	\$ 143,740	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 143,740
Contributions	14,012	0	0	0	0	0	106,497	120,509
Contracted Services	110,314	0	0	0	0	0	0	110,314
<u>Citizens Groups</u>								
Donations	18,782	0	0	0	0	0	0	18,782
Other	107,468	0	0	0	0	0	0	107,468
Total Other Governments and Citizens Groups	\$ 394,316	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 106,497	\$ 500,813
<u>Total</u>	\$ 9,173,913	\$ 7,777	\$ 206,798	\$ 51,039	\$ 1,029	\$ 1,920,937	\$ 1,382,060	\$ 12,743,553

Exhibit K-7

White County, Tennessee
 Schedule of Detailed Revenues -
All Governmental Fund Types
 Discretely Presented White 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	\$ 2,947,844	\$ 0	\$ 0	\$ 2,947,844
Trustee's Collections - Prior Year	102,934	0	0	102,934
Circuit/Clerk & Master Collections - Prior Years	55,820	0	0	55,820
Interest and Penalty	20,748	0	0	20,748
Payments in-Lieu-of Taxes - Other	16,176	0	0	16,176
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,368,837	0	0	1,368,837
<u>Statutory Local Taxes</u>				
Bank Excise Tax	38,650	0	0	38,650
Interstate Telecommunications Tax	3,753	0	0	3,753
Total Local Taxes	\$ 4,554,762	\$ 0	\$ 0	\$ 4,554,762
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,860	\$ 0	\$ 0	\$ 1,860
<u>Permits</u>				
Other Permits	842	0	0	842
Total Licenses and Permits	\$ 2,702	\$ 0	\$ 0	\$ 2,702
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Summer School	\$ 275	\$ 0	\$ 0	\$ 275
Lunch Payments - Children	0	0	311,317	311,317
Lunch Payments - Adults	0	0	49,940	49,940
Income from Breakfast	0	0	30,663	30,663
A la carte Sales	0	0	173,771	173,771
Receipts from Individual Schools	48,920	0	0	48,920
TBI Criminal Background Fees	3,950	0	0	3,950
<u>Other Charges for Services</u>				
Other Charges for Services	9,534	0	0	9,534
Total Charges for Current Services	\$ 62,679	\$ 0	\$ 565,691	\$ 628,370
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 1,241	\$ 1,241
Lease/Rentals	3,600	0	0	3,600
Refund of Telecommunication and Internet Fees (E-Rate)	17,257	0	0	17,257
Miscellaneous Refunds	3,744	0	10,570	14,314
<u>Nonrecurring Items</u>				
Sale of Equipment	6,657	0	0	6,657
Damages Recovered from Individuals	230	0	0	230
<u>Other Local Revenues</u>				
Other Local Revenues	10,196	0	0	10,196
Total Other Local Revenues	\$ 41,684	\$ 0	\$ 11,811	\$ 53,495
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 110,728	\$ 0	\$ 0	\$ 110,728

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 17,083,289	\$ 0	\$ 0	\$ 17,083,289
Basic Education Program - ARRA	2,004,567	0	0	2,004,567
Early Childhood Education	295,807	0	0	295,807
School Food Service	0	0	23,203	23,203
Driver Education	827	0	0	827
Other State Education Funds	39,901	0	0	39,901
Coordinated School Health - ARRA	102,255	0	0	102,255
Family Resource Centers - ARRA	33,300	0	0	33,300
Statewide Student Management System (SSMS) - ARRA	10,104	0	0	10,104
Career Ladder Program	191,330	0	0	191,330
Career Ladder - Extended Contract - ARRA	98,467	0	0	98,467
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	251,129	0	0	251,129
Other State Grants	88,124	0	0	88,124
Safe Schools - ARRA	23,800	0	0	23,800
Other State Revenues	850	0	0	850
Total State of Tennessee	\$ 20,334,478	\$ 0	\$ 23,203	\$ 20,357,681
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,013,002	\$ 1,013,002
Breakfast	0	0	245,910	245,910
USDA - Other	0	0	35,311	35,311
Adult Education State Grant Program	91,183	0	0	91,183
Vocational Education - Basic Grants to States	0	74,645	0	74,645
Title I Grants to Local Education Agencies	0	1,660,042	0	1,660,042
Special Education - Grants to States	0	1,039,882	0	1,039,882
Special Education Preschool Grants	0	17,418	0	17,418
Safe and Drug-free Schools - State Grants	0	178,646	0	178,646
Rural Education	0	98,773	0	98,773
Eisenhower Professional Development State Grants	0	220,737	0	220,737
Job Training Partnership Act	15,000	0	0	15,000
Race to the Top - ARRA	0	359,360	0	359,360
Other Federal through State	34,038	764,270	29,753	828,061
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	59,174	0	0	59,174
Total Federal Government	\$ 199,395	\$ 4,413,773	\$ 1,323,976	\$ 5,937,144
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contracted Services	\$ 19,854	\$ 0	\$ 0	\$ 19,854
Total Other Governments and Citizens Groups	\$ 19,854	\$ 0	\$ 0	\$ 19,854
Total	\$ 25,215,554	\$ 4,413,773	\$ 1,924,681	\$ 31,554,008

Exhibit K-8

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	42,000	
Other Per Diem and Fees		1,250	
Social Security		2,682	
State Retirement		16	
Employer Medicare		627	
Advertising		2,162	
Audit Services		9,000	
Dues and Memberships		3,250	
Travel		1,894	
Other Supplies and Materials		<u>2,765</u>	
Total County Commission	\$		65,646

County Mayor/Executive

County Official/Administrative Officer	\$	71,322	
Assistant(s)		32,176	
Social Security		6,342	
State Retirement		6,241	
Employer Medicare		1,483	
Communication		2,234	
Dues and Memberships		1,250	
Maintenance Agreements		3,398	
Postal Charges		3,711	
Travel		6,897	
Office Supplies		4,638	
Office Equipment		<u>2,132</u>	
Total County Mayor/Executive			141,824

County Attorney

County Official/Administrative Officer	\$	22,000	
Social Security		1,364	
State Retirement		1,327	
Employer Medicare		<u>319</u>	
Total County Attorney			25,010

Election Commission

County Official/Administrative Officer	\$	50,119	
Assistant(s)		23,449	
Election Commission		6,450	
Election Workers		27,371	
Social Security		<u>2,975</u>	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

State Retirement	\$	4,436	
Employer Medicare		1,301	
Communication		1,023	
Legal Notices, Recording, and Court Costs		4,520	
Maintenance and Repair Services - Office Equipment		1,307	
Postal Charges		1,792	
Travel		2,658	
Office Supplies		1,127	
Other Supplies and Materials		6,009	
Data Processing Equipment		17,395	
Furniture and Fixtures		440	
Total Election Commission			\$ 152,372

Register of Deeds

County Official/Administrative Officer	\$	61,751	
Assistant(s)		30,941	
Deputy(ies)		29,640	
Social Security		7,585	
State Retirement		7,086	
Employer Medicare		1,774	
Communication		900	
Dues and Memberships		551	
Maintenance and Repair Services - Office Equipment		29,393	
Postal Charges		614	
Travel		2,248	
Office Supplies		4,676	
Data Processing Equipment		7,058	
Total Register of Deeds			184,217

Development

Other Contracted Services	\$	11,250	
Total Development			11,250

County Buildings

Custodial Personnel	\$	51,796	
Other Salaries and Wages		7,223	
Social Security		3,593	
State Retirement		2,642	
Employer Medicare		860	
Maintenance and Repair Services - Buildings		70,282	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Maintenance and Repair Services - Equipment	\$	11,157	
Rentals		7,800	
Utilities		75,247	
Other Supplies and Materials		16,242	
Building and Contents Insurance		115,892	
Workers' Compensation Insurance		51,014	
Motor Vehicles		11,560	
Total County Buildings			\$ 425,308

Other General Administration

On-Behalf Payments to OPEB	\$	2,663	
Building Improvements		34,095	
Total Other General Administration			36,758

Preservation of Records

Supervisor/Director	\$	28,623	
Other Salaries and Wages		8,320	
Social Security		2,290	
State Retirement		1,080	
Employer Medicare		536	
Communication		2,410	
Other Supplies and Materials		9,372	
Total Preservation of Records			52,631

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	61,751	
Assistant(s)		83,935	
Social Security		9,032	
State Retirement		8,675	
Employer Medicare		2,112	
Accounting Services		2,687	
Advertising		963	
Communication		3,857	
Postal Charges		7,625	
Travel		1,584	
Other Contracted Services		1,864	
Office Supplies		12,469	
Data Processing Equipment		22,584	
Office Equipment		635	
Total Accounting and Budgeting			219,773

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office

County Official/Administrative Officer	\$	61,751	
Assistant(s)		56,807	
Deputy(ies)		29,640	
Board and Committee Members Fees		2,157	
Social Security		9,155	
State Retirement		8,802	
Employer Medicare		2,141	
Communication		773	
Data Processing Services		1,409	
Dues and Memberships		1,071	
Postal Charges		945	
Travel		1,313	
Other Contracted Services		19,021	
Office Supplies		2,223	
Premiums on Corporate Surety Bonds		50	
In Service/Staff Development		728	
Office Equipment		475	
Total Property Assessor's Office	\$		198,461

Reappraisal Program

Secretary(ies)	\$	21,705	
Social Security		1,346	
Employer Medicare		315	
Data Processing Services		4,102	
Other Contracted Services		1,577	
Office Supplies		532	
Total Reappraisal Program			29,577

County Trustee's Office

County Official/Administrative Officer	\$	61,751	
Assistant(s)		29,153	
Deputy(ies)		30,057	
Social Security		7,467	
State Retirement		7,166	
Employer Medicare		1,746	
Advertising		266	
Communication		1,046	
Dues and Memberships		446	
Postal Charges		6,462	
Travel		1,000	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Office Supplies	\$	1,177	
Premiums on Corporate Surety Bonds		5,401	
Data Processing Equipment		7,356	
Total County Trustee's Office			\$ 160,494

County Clerk's Office

County Official/Administrative Officer	\$	61,751	
Assistant(s)		78,925	
Deputy(ies)		29,526	
Social Security		10,552	
State Retirement		10,042	
Employer Medicare		2,468	
Communication		1,605	
Dues and Memberships		526	
Postal Charges		3,400	
Travel		209	
Office Supplies		2,737	
Premiums on Corporate Surety Bonds		400	
Data Processing Equipment		2,991	
Total County Clerk's Office			205,132

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,751	
Assistant(s)		130,566	
Deputy(ies)		29,640	
Social Security		13,546	
State Retirement		13,384	
Medical Insurance		2,050	
Employer Medicare		3,168	
Communication		3,180	
Dues and Memberships		961	
Maintenance and Repair Services - Office Equipment		4,272	
Postal Charges		2,008	
Travel		260	
Office Supplies		14,590	
In Service/Staff Development		320	
Data Processing Equipment		10,031	
Office Equipment		1,954	
Total Circuit Court			291,681

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Judge(s)	\$	138,811	
Secretary(ies)		32,176	
Social Security		8,707	
State Retirement		10,310	
Employer Medicare		2,479	
Communication		1,627	
Dues and Memberships		400	
Travel		973	
Office Supplies		1,608	
Total General Sessions Court			\$ 197,091

Drug Court

Contracts with Government Agencies	\$	21,795	
Other Supplies and Materials		258	
Total Drug Court			22,053

Chancery Court

County Official/Administrative Officer	\$	61,751	
Assistant(s)		12,780	
Deputy(ies)		29,640	
Social Security		6,459	
State Retirement		5,511	
Employer Medicare		1,510	
Communication		610	
Dues and Memberships		561	
Postal Charges		6,470	
Travel		585	
Office Supplies		2,851	
Data Processing Equipment		4,422	
Office Equipment		3,474	
Total Chancery Court			136,624

Judicial Commissioners

County Official/Administrative Officer	\$	42,111	
Social Security		2,611	
Employer Medicare		611	
Other Supplies and Materials		1,601	
Total Judicial Commissioners			46,934

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice

Other Salaries and Wages	\$	600	
Jury and Witness Expense		13,437	
Total Other Administration of Justice			\$ 14,037

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,927	
Deputy(ies)		931,366	
Secretary(ies)		28,683	
Other Salaries and Wages		27,807	
Social Security		64,018	
State Retirement		58,355	
Medical Insurance		2,400	
Employer Medicare		14,966	
Communication		15,271	
Dues and Memberships		1,800	
Maintenance and Repair Services - Vehicles		17,470	
Other Contracted Services		5,658	
Gasoline		109,980	
Uniforms		10,499	
Other Supplies and Materials		25,713	
Premiums on Corporate Surety Bonds		812	
In Service/Staff Development		4,215	
Other Charges		1,487	
Data Processing Equipment		18,441	
Law Enforcement Equipment		5,967	
Motor Vehicles		35,228	
Total Sheriff's Department			1,448,063

Special Patrols

Other Salaries and Wages	\$	65,625	
Social Security		4,069	
State Retirement		2,158	
Employer Medicare		952	
Communication		1,091	
Office Supplies		172	
Other Supplies and Materials		1,707	
Other Charges		1,629	
Total Special Patrols			77,403

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Traffic Control

Overtime Pay	\$	17,620	
Social Security		1,093	
State Retirement		1,063	
Employer Medicare		256	
Law Enforcement Equipment		5,000	
Total Traffic Control			\$ 25,032

Jail

Supervisor/Director	\$	35,939	
Guards		704,226	
Clerical Personnel		28,683	
Cafeteria Personnel		26,484	
Other Salaries and Wages		25,942	
Social Security		53,219	
State Retirement		50,380	
Employer Medicare		12,447	
Contracts with Other Public Agencies		2,480	
Maintenance Agreements		4,824	
Medical and Dental Services		197,815	
Food Supplies		265,108	
Uniforms		8,194	
Utilities		181,059	
Other Supplies and Materials		33,906	
In Service/Staff Development		3,148	
Law Enforcement Equipment		3,899	
Total Jail			1,637,753

Juvenile Services

Other Salaries and Wages	\$	41,548	
Social Security		2,576	
State Retirement		2,505	
Employer Medicare		602	
Communication		405	
Travel		2,779	
Office Supplies		20	
Total Juvenile Services			50,435

Fire Prevention and Control

Contracts with Government Agencies	\$	5,000	
Contributions		105,075	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Other Supplies and Materials	\$ 672	
Total Fire Prevention and Control		\$ 110,747

Civil Defense

Contracts with Private Agencies	\$ 4,500	
Other Supplies and Materials	12,105	
Other Capital Outlay	415	
Total Civil Defense		17,020

Rescue Squad

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

County Coroner/Medical Examiner

Medical Personnel	\$ 48,581	
Total County Coroner/Medical Examiner		48,581

Other Public Safety

Contracts with Other Public Agencies	\$ 100,000	
Road Signs	10,991	
Total Other Public Safety		110,991

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$ 3,256	
Social Security	202	
Employer Medicare	47	
Communication	2,241	
Contracts with Government Agencies	39,080	
Maintenance and Repair Services - Buildings	10,942	
Travel	869	
Utilities	10,006	
Other Supplies and Materials	1,728	
Other Charges	2,746	
Building Improvements	122,685	
Total Local Health Center		193,802

Rabies and Animal Control

Other Salaries and Wages	\$ 21,424	
Social Security	1,328	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

State Retirement	\$	1,292	
Employer Medicare		311	
Communication		1,136	
Other Supplies and Materials		14,163	
Other Construction		200	
Total Rabies and Animal Control			\$ 39,854

Ambulance/Emergency Medical Services

County Official/Administrative Officer	\$	50,265	
Paraprofessionals		519,009	
Part-time Personnel		76,016	
Overtime Pay		106,564	
Other Salaries and Wages		10,031	
Social Security		46,964	
State Retirement		41,446	
Medical Insurance		2,400	
Employer Medicare		10,979	
Communication		4,290	
Dues and Memberships		460	
Laundry Service		3,834	
Maintenance and Repair Services - Buildings		6,651	
Maintenance and Repair Services - Vehicles		17,263	
Postal Charges		176	
Other Contracted Services		7,482	
Diesel Fuel		49,006	
Drugs and Medical Supplies		67,401	
Office Supplies		3,309	
Uniforms		8,466	
Utilities		6,582	
In Service/Staff Development		5,762	
Motor Vehicles		67,650	
Other Equipment		28,921	
Total Ambulance/Emergency Medical Services			1,140,927

Crippled Children Services

Contracts with Government Agencies	\$	3,484	
Total Crippled Children Services			3,484

Other Local Health Services

Contracts with Government Agencies	\$	827	
Total Other Local Health Services			827

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

General Welfare Assistance

Pauper Burials	\$ 2,400	
Total General Welfare Assistance		\$ 2,400

Sanitation Education/Information

Other Salaries and Wages	\$ 28,000	
Social Security	1,736	
State Retirement	1,156	
Employer Medicare	406	
Kindergarten Textbooks	6,675	
Other Supplies and Materials	135	
Total Sanitation Education/Information		38,108

Social, Cultural, and Recreational Services

Senior Citizens Assistance

County Official/Administrative Officer	\$ 35,343	
Other Salaries and Wages	67,648	
Social Security	6,385	
State Retirement	5,581	
Employer Medicare	1,493	
Communication	1,699	
Maintenance and Repair Services - Buildings	407	
Postal Charges	449	
Other Contracted Services	4,903	
Utilities	20,210	
Building and Contents Insurance	929	
Total Senior Citizens Assistance		145,047

Libraries

Librarians	\$ 40,844
Clerical Personnel	62,460
Social Security	6,395
State Retirement	4,539
Medical Insurance	350
Employer Medicare	1,496
Communication	4,995
Janitorial Services	3,800
Maintenance Agreements	5,193
Postal Charges	2,486
Printing, Stationery, and Forms	292
Library Books/Media	7,822

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Office Supplies	\$	2,776	
Utilities		24,826	
In Service/Staff Development		790	
Building Improvements		17,505	
Data Processing Equipment		5,928	
Total Libraries			\$ 192,497

Parks and Fair Boards

Other Contracted Services	\$	40,005	
Other Supplies and Materials		10,502	
Other Construction		17,002	
Total Parks and Fair Boards			67,509

Other Social, Cultural, and Recreational

Contributions	\$	28,000	
Total Other Social, Cultural, and Recreational			28,000

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	46,917	
Other Fringe Benefits		10,415	
Communication		2,089	
Contributions		6,000	
Utilities		3,779	
Data Processing Equipment		5,621	
Total Agriculture Extension Service			74,821

Forest Service

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

Soil Conservation

Secretary(ies)	\$	18,253	
Social Security		1,132	
State Retirement		1,101	
Employer Medicare		265	
Contributions		500	
Total Soil Conservation			21,251

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations

Tourism

Other Charges	\$ 6,000	
Total Tourism		\$ 6,000

Industrial Development

Contributions	\$ 30,000	
Other Supplies and Materials	8,065	
Other Charges	14,690	
Highway Construction	355,668	
Site Development	29,293	
Other Construction	176,844	
Total Industrial Development		614,560

Airport

Maintenance Agreements	\$ 28,000	
Total Airport		28,000

Veterans' Services

Supervisor/Director	\$ 25,071	
Other Salaries and Wages	3,675	
Social Security	1,782	
State Retirement	1,611	
Employer Medicare	417	
Communication	1,479	
Postal Charges	328	
Travel	945	
Office Supplies	3,120	
Data Processing Equipment	450	
Total Veterans' Services		38,878

Other Charges

Supervisor/Director	\$ 41,763
Mechanic(s)	55,037
Clerical Personnel	22,871
Social Security	7,385
State Retirement	7,216
Medical Insurance	1,200
Employer Medicare	1,727
Communication	1,522
Other Contracted Services	4,951
Equipment Parts - Heavy	79,643

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Garage Supplies	\$ 6,433	
Lubricants	11,151	
Office Supplies	1,109	
Small Tools	1,082	
Tires and Tubes	23,134	
Utilities	12,258	
Other Equipment	<u>1,940</u>	
Total Other Charges		\$ 280,422

Contributions to Other Agencies

Contributions	\$ 24,724	
Other Contracted Services	<u>5,419</u>	
Total Contributions to Other Agencies		30,143

Employee Benefits

Unemployment Compensation	\$ <u>26,896</u>	
Total Employee Benefits		26,896

Miscellaneous

Trustee's Commission	\$ <u>104,915</u>	
Total Miscellaneous		<u>104,915</u>

Total General Fund \$ 9,232,239

Local Purpose Tax Fund

Other Operations

Miscellaneous

Trustee's Commission	\$ <u>2,046</u>	
Total Miscellaneous		<u>\$ 2,046</u>

Total Local Purpose Tax Fund 2,046

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$ 18,000	
Other Supplies and Materials	7,870	
Law Enforcement Equipment	<u>10,016</u>	
Total Drug Enforcement		\$ 35,886

(Continued)

Exhibit K-8

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

Drug Control Fund (Cont.)

Other Operations

Miscellaneous

Trustee's Commission	\$ 417	
Total Miscellaneous	<u>417</u>	\$ 417

Total Drug Control Fund \$ 36,303

Constitutional Officers - Fees Fund

General Government

Other General Administration

Constitutional Officers' Operating Expenses	\$ 1,029	
Total Other General Administration	<u>1,029</u>	\$ 1,029

Total Constitutional Officers - Fees Fund 1,029

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 67,927	
Accountants/Bookkeepers	27,739	
Secretary(ies)	23,858	
Other Salaries and Wages	265	
Social Security	7,438	
State Retirement	6,934	
Employer Medicare	1,737	
Dues and Memberships	2,595	
Postal Charges	55	
Office Supplies	132	
Other Charges	<u>1,722</u>	
Total Administration		\$ 140,402

Highway and Bridge Maintenance

Foremen	\$ 87,643
Equipment Operators - Heavy	203,510
Equipment Operators - Light	200,668
Truck Drivers	24,434
Laborers	34,450
Other Salaries and Wages	16,106
Social Security	34,725
State Retirement	32,471
Medical Insurance	12,922
Employer Medicare	8,121

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Other Contracted Services	\$	12,118	
Asphalt - Hot Mix		257,892	
Asphalt - Liquid		19,464	
General Construction Materials		1,756	
Pipe - Metal		6,069	
Road Signs		3,307	
Salt		5,117	
Gravel and Chert		31,189	
Total Highway and Bridge Maintenance			\$ 991,962

Operation and Maintenance of Equipment

Maintenance and Repair Services - Equipment	\$	62,478	
Maintenance and Repair Services - Vehicles		35,000	
Diesel Fuel		60,219	
Gasoline		43,378	
Total Operation and Maintenance of Equipment			201,075

Other Charges

Communication	\$	2,023	
Electricity		3,792	
Water and Sewer		163	
Premiums on Corporate Surety Bonds		792	
Trustee's Commission		16,920	
Vehicle and Equipment Insurance		40,000	
Workers' Compensation Insurance		37,000	
Total Other Charges			100,690

Capital Outlay

Bridge Construction	\$	132,940	
Communication Equipment		600	
Highway Equipment		111,031	
State Aid Projects		230,908	
Total Capital Outlay			475,479

Total Highway/Public Works Fund \$ 1,909,608

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	451,250	
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(Continued)

Exhibit K-8

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Principal on Debt (Cont.)</u>		
<u>General Government (Cont.)</u>		
Principal on Notes	<u>\$ 309,191</u>	
Total General Government		\$ 760,441
 <u>Highways and Streets</u>		
Principal on Notes	<u>\$ 267,000</u>	
Total Highways and Streets		267,000
 <u>Education</u>		
Principal on Bonds	<u>\$ 538,750</u>	
Total Education		538,750
 <u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Bonds	\$ 234,215	
Interest on Notes	<u>35,419</u>	
Total General Government		269,634
 <u>Highways and Streets</u>		
Interest on Notes	<u>\$ 10,331</u>	
Total Highways and Streets		10,331
 <u>Education</u>		
Interest on Bonds	<u>\$ 249,545</u>	
Total Education		249,545
 <u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 16,013	
Other Debt Service	<u>1,941</u>	
Total General Government		<u>17,954</u>
Total General Debt Service Fund		<u>\$ 2,113,655</u>
Total Governmental Funds - Primary Government		<u>\$ 13,294,880</u>

Exhibit K-9

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 8,391,076	
Career Ladder Program	99,500	
Career Ladder Extended Contracts	61,400	
Homebound Teachers	6,133	
Educational Assistants	463,808	
Certified Substitute Teachers	100,000	
Non-certified Substitute Teachers	96,061	
Social Security	668,238	
State Retirement	981,048	
Medical Insurance	1,462,890	
Unemployment Compensation	25,254	
Employer Medicare	156,611	
Maintenance and Repair Services - Equipment	8,265	
Instructional Supplies and Materials	345,255	
Textbooks	241,730	
Other Supplies and Materials	850	
Fee Waivers	7,555	
Other Charges	50,286	
Regular Instruction Equipment	37,984	
Total Regular Instruction Program	\$ 13,203,944	

Special Education Program

Teachers	\$ 1,000,290	
Career Ladder Program	25,000	
Homebound Teachers	28,778	
Educational Assistants	25,325	
Certified Substitute Teachers	80	
Non-certified Substitute Teachers	1,592	
Social Security	63,739	
State Retirement	95,180	
Medical Insurance	129,091	
Employer Medicare	15,056	
Instructional Supplies and Materials	4,483	
Total Special Education Program	1,388,614	

Vocational Education Program

Teachers	\$ 467,708
Career Ladder Program	5,500
Non-certified Substitute Teachers	1,240

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Social Security	\$	28,205	
State Retirement		42,836	
Medical Insurance		78,790	
Employer Medicare		6,596	
Maintenance and Repair Services - Equipment		2,652	
Travel		750	
Instructional Supplies and Materials		25,000	
Other Supplies and Materials		150	
Total Vocational Education Program			\$ 659,427

Adult Education Program

Teachers	\$	33,921	
Other Salaries and Wages		7,511	
Social Security		910	
State Retirement		618	
Employer Medicare		601	
Instructional Supplies and Materials		12,293	
Total Adult Education Program			55,854

Support Services

Attendance

Supervisor/Director	\$	55,895	
Career Ladder Program		1,000	
Social Security		3,491	
State Retirement		5,149	
Medical Insurance		5,555	
Employer Medicare		816	
Travel		500	
Total Attendance			72,406

Health Services

Medical Personnel	\$	38,550	
Other Salaries and Wages		65,487	
Social Security		6,121	
State Retirement		7,438	
Medical Insurance		9,330	
Employer Medicare		1,432	
Travel		429	
Drugs and Medical Supplies		4,000	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Other Supplies and Materials	\$	30,264	
Other Charges		<u>2,567</u>	
Total Health Services			\$ 165,618

Other Student Support

Career Ladder Program	\$	6,000	
Guidance Personnel		1,984	
Social Security		495	
State Retirement		723	
Employer Medicare		116	
Evaluation and Testing		26,112	
Other Contracted Services		<u>74,292</u>	
Total Other Student Support			109,722

Regular Instruction Program

Supervisor/Director	\$	131,070	
Career Ladder Program		12,000	
Career Ladder Extended Contracts		8,000	
Librarians		318,500	
Instructional Computer Personnel		60,695	
Educational Assistants		12,981	
Social Security		32,959	
State Retirement		48,559	
Medical Insurance		56,931	
Employer Medicare		7,708	
Travel		6,479	
Other Contracted Services		770	
Library Books/Media		51,990	
In Service/Staff Development		9,146	
Other Charges		<u>1,008</u>	
Total Regular Instruction Program			758,796

Special Education Program

Supervisor/Director	\$	61,900	
Career Ladder Program		1,000	
Clerical Personnel		10,442	
Social Security		4,307	
State Retirement		6,322	
Medical Insurance		8,612	

(Continued)

Exhibit K-9

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

<u>General Purpose School Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Special Education Program (Cont.)</u>		
Employer Medicare	\$ 1,007	
Travel	1,000	
Total Special Education Program		\$ 94,590
 <u>Vocational Education Program</u>		
Supervisor/Director	\$ 26,475	
Secretary(ies)	18,986	
Social Security	2,815	
State Retirement	3,530	
Medical Insurance	2,771	
Employer Medicare	658	
Travel	331	
In Service/Staff Development	4,850	
Total Vocational Education Program		60,416
 <u>Adult Programs</u>		
Supervisor/Director	\$ 49,386	
Career Ladder Program	1,000	
Clerical Personnel	3,000	
Social Security	3,031	
State Retirement	4,741	
Medical Insurance	8,693	
Employer Medicare	709	
Travel	984	
Other Contracted Services	7,200	
Other Supplies and Materials	508	
In Service/Staff Development	2,898	
Total Adult Programs		82,150
 <u>Other Programs</u>		
On-Behalf Payments to OPEB	\$ 110,728	
Total Other Programs		110,728
 <u>Board of Education</u>		
Board and Committee Members Fees	\$ 16,140	
In-Service Training	15,000	
Social Security	1,000	
Employer Medicare	235	
Payments to Retirees	63,000	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Audit Services	\$	6,000	
Dues and Memberships		8,553	
Liability Insurance		32,721	
Premiums on Corporate Surety Bonds		1,794	
Trustee's Commission		121,133	
Workers' Compensation Insurance		102,524	
Criminal Investigation of Applicants - TBI		4,320	
Total Board of Education			\$ 372,420

Director of Schools

County Official/Administrative Officer	\$	85,000	
Career Ladder Program		1,000	
Social Security		5,325	
State Retirement		7,783	
Medical Insurance		5,542	
Employer Medicare		1,245	
Communication		4,718	
Dues and Memberships		1,945	
Postal Charges		2,200	
Travel		824	
Total Director of Schools			115,582

Office of the Principal

Principals	\$	482,000	
Career Ladder Program		9,000	
Accountants/Bookkeepers		43,666	
Career Ladder Extended Contracts		14,000	
Assistant Principals		293,295	
Secretary(ies)		153,638	
Other Salaries and Wages		14,226	
Social Security		61,383	
State Retirement		84,590	
Medical Insurance		72,963	
Employer Medicare		14,356	
Communication		14,058	
Dues and Memberships		1,250	
Total Office of the Principal			1,258,425

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Supervisor/Director	\$	38,579	
Secretary(ies)		22,785	
Clerical Personnel		22,785	
Social Security		4,890	
State Retirement		5,074	
Medical Insurance		3,600	
Employer Medicare		1,144	
Contributions		13,000	
Maintenance and Repair Services - Equipment		2,164	
Travel		41	
Office Supplies		3,729	
In Service/Staff Development		580	
Total Fiscal Services			\$ 118,371

Operation of Plant

Custodial Personnel	\$	586,103	
Other Salaries and Wages		2,401	
Social Security		35,187	
State Retirement		33,387	
Medical Insurance		10,872	
Employer Medicare		8,424	
Other Contracted Services		102,000	
Electricity		726,952	
Natural Gas		167,834	
Water and Sewer		59,975	
Other Supplies and Materials		70,478	
Boiler Insurance		5,370	
Building and Contents Insurance		97,827	
Total Operation of Plant			1,906,810

Maintenance of Plant

Supervisor/Director	\$	6,559	
Maintenance Personnel		148,622	
Social Security		9,593	
State Retirement		8,869	
Medical Insurance		1,100	
Employer Medicare		2,243	
Pest Control		5,597	
Other Contracted Services		14,905	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Other Supplies and Materials	\$	145,808	
Other Charges		7,614	
Maintenance Equipment		62,309	
Total Maintenance of Plant			\$ 413,219

Transportation

Supervisor/Director	\$	45,260	
Mechanic(s)		68,295	
Bus Drivers		424,318	
Other Salaries and Wages		28,646	
Social Security		34,535	
State Retirement		33,148	
Medical Insurance		9,550	
Employer Medicare		8,077	
Communication		3,869	
Medical and Dental Services		2,740	
Tow-in Services		350	
Other Contracted Services		594	
Diesel Fuel		162,720	
Garage Supplies		3,822	
Gasoline		30,428	
Lubricants		7,117	
Tires and Tubes		9,784	
Vehicle Parts		61,539	
Vehicle and Equipment Insurance		26,848	
In Service/Staff Development		776	
Other Charges		6,348	
Transportation Equipment		108,337	
Total Transportation			1,077,101

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	34,775
Educational Assistants		12,576
Social Security		2,924
State Retirement		3,153
Medical Insurance		5,543
Employer Medicare		684
Travel		399

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Other Supplies and Materials	\$ 7,419	
Other Charges	2,003	
Total Community Services		\$ 69,476

Early Childhood Education

Teachers	\$ 158,182	
Educational Assistants	50,740	
Social Security	12,802	
State Retirement	17,118	
Medical Insurance	33,581	
Employer Medicare	2,994	
Instructional Supplies and Materials	20,957	
Total Early Childhood Education		296,374

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$ 16,270	
Building Improvements	202,719	
Total Regular Capital Outlay		218,989

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$ 56,497	
Total Education		56,497

Total General Purpose School Fund \$ 22,665,529

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,026,984
Educational Assistants	234,899
Other Salaries and Wages	1,500
Social Security	76,483
State Retirement	107,278
Medical Insurance	120,986
Unemployment Compensation	5,322
Employer Medicare	17,984
Instructional Supplies and Materials	240,960

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Other Supplies and Materials	\$	2,993	
Other Charges		4,700	
Regular Instruction Equipment		134,043	
Total Regular Instruction Program			\$ 1,974,132

Special Education Program

Teachers	\$	155,025	
Educational Assistants		369,555	
Speech Pathologist		42,165	
Other Salaries and Wages		31,889	
Social Security		35,770	
State Retirement		40,869	
Medical Insurance		34,230	
Unemployment Compensation		1,625	
Employer Medicare		8,340	
Maintenance and Repair Services - Equipment		2,000	
Other Contracted Services		34,304	
Instructional Supplies and Materials		10,992	
Special Education Equipment		11,471	
Total Special Education Program			778,235

Vocational Education Program

Teachers	\$	16,545	
Social Security		1,020	
State Retirement		1,497	
Medical Insurance		1,680	
Employer Medicare		238	
Other Supplies and Materials		4,332	
Vocational Instruction Equipment		39,701	
Total Vocational Education Program			65,013

Support Services

Other Student Support

Guidance Personnel	\$	443,360	
Bus Drivers		244	
Other Salaries and Wages		32,177	
Social Security		27,985	
State Retirement		42,292	
Medical Insurance		65,022	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Unemployment Compensation	\$	363	
Employer Medicare		6,546	
Travel		4,462	
Other Contracted Services		1,300	
In Service/Staff Development		1,200	
Other Charges		30,817	
Total Other Student Support			\$ 655,768

Regular Instruction Program

Supervisor/Director	\$	73,313	
Clerical Personnel		10,442	
Other Salaries and Wages		150,846	
In-Service Training		110	
Social Security		12,455	
State Retirement		16,707	
Medical Insurance		19,952	
Employer Medicare		3,230	
Travel		2,489	
Other Contracted Services		37,276	
Other Supplies and Materials		38,145	
In Service/Staff Development		120,460	
Other Charges		178,930	
Total Regular Instruction Program			664,355

Special Education Program

Psychological Personnel	\$	126,107	
Assessment Personnel		4,424	
Social Security		7,348	
State Retirement		11,680	
Medical Insurance		28,169	
Employer Medicare		1,719	
Maintenance and Repair Services - Equipment		1,255	
Travel		8,399	
In Service/Staff Development		2,002	
Total Special Education Program			191,103

Transportation

Bus Drivers	\$	56,040	
Social Security		3,406	

(Continued)

Exhibit K-9

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

<u>School Federal Projects Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Transportation (Cont.)</u>		
State Retirement	\$ 3,375	
Medical Insurance	1,150	
Employer Medicare	822	
Contracts with Parents	2,884	
Transportation Equipment	51,700	
Total Transportation		\$ 119,377
Total School Federal Projects Fund		\$ 4,447,983
<u>Central Cafeteria Fund</u>		
<u>Operation of Non-Instructional Services</u>		
<u>Food Service</u>		
Supervisor/Director	\$ 41,000	
Clerical Personnel	20,855	
Cafeteria Personnel	634,596	
Temporary Personnel	19,767	
Part-time Personnel	5,879	
Other Salaries and Wages	3,801	
Social Security	44,259	
State Retirement	36,081	
Medical Insurance	12,032	
Unemployment Compensation	2,126	
Employer Medicare	10,351	
Communication	4,510	
Maintenance and Repair Services - Equipment	29,646	
Transportation - Other than Students	12,357	
Travel	700	
Food Preparation Supplies	104,173	
Food Supplies	713,108	
Other Supplies and Materials	70,391	
In Service/Staff Development	2,000	
Other Charges	24,439	
Food Service Equipment	46,713	
Total Food Service		\$ 1,838,784
Total Central Cafeteria Fund		1,838,784
Total Governmental Funds - White County School Department		\$ 28,952,296

Exhibit K-10

White County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund
For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Fund Solid Waste Disposal Fund
<hr/>	
<u>Revenues</u>	
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Solid Waste Disposal Fees	\$ 1,191,024
<u>Other Local Revenues</u>	
Sale of Recycled Materials	42,862
Miscellaneous Refunds	12
Total Operating Revenues	<u>\$ 1,233,898</u>
 Nonoperating Revenues	
<u>Other Local Revenues</u>	
Other State Grants	\$ 19,353
Total Nonoperating Revenues	<u>\$ 19,353</u>
 Total Revenues	<u>\$ 1,253,251</u>
 <u>Expenses</u>	
<u>Operating Expenses</u>	
<u>Public Health and Welfare</u>	
<u>Landfill Operation and Maintenance</u>	
Supervisor/Director	\$ 45,099
Other Salaries and Wages	330,470
Social Security	18,923
State Retirement	13,344
Medical Insurance	4,384
Employer Medicare	5,331
Other Fringe Benefits	1,180
Communication	7,252
Maintenance and Repair Service - Equipment	92,290
Travel	1,886
Permits	90,897
Other Contracted Services	34,180
Diesel Fuel	135,477
Gasoline	26,656
Lubricants	12,121
Office Supplies	1,843
Utilities	20,124
Other Supplies and Materials	36,191
Building and Contents Insurance	17,000
Trustee's Commission	10,929
Workers' Compensation Insurance	15,000
Depreciation	98,827
Landfill Closure/Postclosure Care Costs	18,021
Data Processing Equipment	241
Site Development	23,572
Other Equipment	23,873
Total Operating Expenses	<u>\$ 1,085,111</u>

Exhibit K-11

White County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2011

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,579,935
	<hr/>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,564,136
Trustee's Commission	15,799
Total Cash Disbursements	<hr/> \$ 1,579,935 <hr/>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2010	<hr/> 0 <hr/>
Cash Balance, June 30, 2011	<hr/> \$ 0 <hr/> <hr/>

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 22, 2011

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

To the County Executive and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of White County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise White County's basic financial statements and have issued our report thereon dated September 22, 2011. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the White 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 White County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of White County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of White County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the following deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 11.02.

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. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 11.01(A), 11.03, and 11.04.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether White County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 11.01(B,C).

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

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

This report is intended solely for the information and use of management, the county executive, road superintendent, director of schools, County Commission, Board of Education, Financial Management Committee, others within White County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a large initial "J" and a long horizontal stroke at the end.

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 22, 2011

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

To the County Executive and Board of County Commissioners:

We have audited the compliance of White County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. White County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of White County's management. Our responsibility is to express an opinion on White County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about White County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our

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

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

Internal Control Over Compliance

The management of White County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered White County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 White 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of White County as of and for the year ended June 30, 2011, and have issued our report thereon dated September 22, 2011. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the White County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to

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

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

This report is intended solely for the information and use of management, the county executive, road superintendent, director of schools, County Commission, Board of Education, Financial Management Committee, others within White County, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a long, vertical descender on the first letter.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

White 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	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Community Facilities Loans and Grants	10.766	N/A	\$ 6,728
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	245,910
National School Lunch Program	10.555	N/A	1,048,313 (3)
Fresh Fruits and Vegetable Program	10.582	N/A	29,753
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	20,331 (3)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	N/A	122,870
Total U.S. Department of Agriculture			<u>\$ 1,473,905</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Home Investment Partnership Program	14.239	(2)	<u>\$ 263,812</u>
U.S. Department of Justice:			
Direct Program:			
Bullet Proof Vest Partnership Program	16.607	N/A	<u>\$ 584</u>
U.S. Department of Labor:			
Passed-through Upper Cumberland Human Resource Agency:			
WIA Youth Activities	17.259	(2)	<u>\$ 15,000</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(2)	<u>\$ 10,748</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	\$ 91,183
Passed-through State Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	1,173,694
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	457,792
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	905,647
Special Education - Grants to States, Recovery Act	84.391	N/A	225,018
Special Education - Preschool Grants	84.173	N/A	2,670
Special Education - Preschool Grants, Recovery Act	84.392	N/A	4,149
Career and Technical Education - Basic Grants to States	84.048	N/A	74,646
Twenty-first Century Community Learning Centers	84.287	(2)	335,730
Education Technology State Grants	84.318	(2)	3,651
Rural Education	84.358	(2)	98,773
Improving Teacher Quality State Grants	84.367	(2)	220,737
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	N/A	2,004,567
State Fiscal Stabilization Fund - Government Service, Recovery Act	84.397	(4)	267,926
State Fiscal Stabilization Fund - Race-to-the-Top			
Incentive Grants, Recovery Act	84.395	(2)	359,360
Federal Jobs Fund	84.410	(2)	603,534
Total U.S. Department of Education			<u>\$ 6,829,077</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Election Assistance Commission: Passed-through Tennessee Secretary of State: Help America Vote Act Requirements Payment	90.401	(2)	\$ 1,000
U.S. Department of Health and Human Services: Passed-through State Department of Health and Human Services: Temporary Assistance for Needy Families	93.558	(2)	\$ 34,038
Total Expenditures of Federal Awards			\$ 8,628,164

<u>State Grants</u>		<u>Contract Number</u>	
Adult Education - State Department of Labor and Workforce Development	N/A	(2)	\$ 30,394
Drug Court Grant - State Office of Criminal Justice Programs	N/A	Z-05-025515-00	7,652
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	295,807
Public Computing Center Grant - State Department of Economic and Community Development	N/A	(2)	15,138
High Schools That Work - State Department of Education	N/A	(2)	5,000
Juvenile Justice - State Commission on Children and Youth	N/A	(2)	9,000
Litter Grant - State Department of Transportation	N/A	Z-09-212811-00	28,697
Local Health Services - State Department of Health	N/A	(5)	10,216
TSLA Technology Grant - Tennessee Secretary of State	N/A	(2)	2,500
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	19,353
Total State Grants			\$ 423,757

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,068,644.
- (4) Coordinated School Health - \$102,255; Family Resource Center - \$33,300; Statewide Student Management Systems - \$10,104; Career Ladder - Extended Contract - \$98,467; Safe Schools - \$23,800.
- (5) Z-10-219830-01: \$6,770; GG-11-31874-XX: \$3,446.

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

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

OFFICE OF FINANCE DIRECTOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.01	143	The Solid Waste Department's software did not have adequate application controls

WHITE 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, the business-type activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of White County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of White County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555); the Title I, Part A Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Education Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education - Grants to States, Special Education - Grants to States, Recovery Act, Special Education – Preschool Grants, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.391, 84.173, and 84.392); the Twenty-first Century Community Learning Centers (CFDA No. 84.287); the State Fiscal Stabilization Fund Cluster: Education State Grants, Recovery Act and Government Service, Recovery Act (CFDA Nos. 84.394 and 84.397); the State Fiscal Stabilization Fund - Race to the Top Incentive Grants, Recovery Program (CFDA No. 84.395); and the Federal Jobs Fund (CFDA No. 84.410) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. White County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The finance director provided written responses on certain findings, which are included in this report. Other management officials did not provide responses for inclusion in this report.

OFFICES OF COUNTY EXECUTIVE AND FINANCE DIRECTOR

FINDING 11.01 **DEFICIENCIES WERE NOTED IN A CONSTRUCTION AGREEMENT ENTERED INTO BY THE COUNTY EXECUTIVE**
(A. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; B. and C. – Noncompliance Under *Government Auditing Standards*)

The county executive entered into an agreement that allowed a private contractor to build a speculative industrial building on land owned by the county at the Airport Industrial Park. The agreement provided that the contractor would retain ownership of the building and work with the White County Chamber of Commerce, Highlands Initiative, and other organizations to market the building to industries. Also, the agreement stipulated that if the building is not sold within two years following its completion, White County will purchase the building at construction cost plus eight percent.

Our examination revealed the following deficiencies related to this agreement:

- A. This agreement was not documented adequately by the county.
 - 1. The only documentation presented to us of this agreement consisted of two letters: one from the contractor explaining the terms of the agreement and one from the county executive stating the acceptance of the terms. No formal written contract was provided to us.
 - 2. According to county officials, construction of this building was completed in early 2011. The county has not required the contractor to provide documentation of the actual costs of construction to identify the potential liability to the county if the building is not sold within the agreed time period.
 - 3. County officials stated that informal requests for proposals had been made to selected contractors, and two proposals had been received. However, no formal bid process or public request for proposals were utilized, and no documentation was provided of the proposals received or the selection method used. The failure to solicit competitive bids could result in the county paying more than the most competitive price.
- B. This agreement was not approved by the county finance director as required by Section 5-21-118, *Tennessee Code Annotated (TCA)*. This statute provides

that the finance director act as the county purchasing agent and approve contracts for building construction and any other county obligations.

- C. This agreement, which created a potential future liability to the county estimated to be in excess of \$500,000, was not approved by the County Commission as required by state statute. Section 5-9-401, *TCA*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” There is some evidence to indicate that the County Commission may have been aware of the existence of this agreement; however, no formal action was ever taken by the County Commission to approve this potential liability.

RECOMMENDATION

County officials should formally document all contracts in writing. The county should require the contractor to furnish documentation of the actual cost of construction as evidence of a potential future liability. Also, the county should review the proposal process to determine if the most competitive price was obtained. Furthermore, county officials should obtain the approval of the finance director and the County Commission prior to entering into contracts as required by state statutes.

MANAGEMENT’S RESPONSE – FINANCE DIRECTOR

We recognize that in the future we need to better document all transactions. While the county executive did not formally advertise this project, he did solicit various individuals to make proposals, and in consultation with others made what we believed to be the best choice. Although there was no formal vote taken by the County Commission, various discussions were held in public meetings, and votes were taken, which implied consent.

FINDING 11.02 **A MATERIAL AUDIT ADJUSTMENT WAS REQUIRED IN THE SOLID WASTE DISPOSAL FUND FOR PROPER FINANCIAL STATEMENT PRESENTATION**

(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2011, the accounts receivable general ledger account balance in the Solid Waste Disposal Fund was not materially correct, and an audit adjustment of \$94,417 was required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require White County to have adequate internal controls over the maintenance of its accounting records. Therefore, the county’s financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. Although it is permissible for us, as the external auditors, to assist the county in preparing its financial statements, it is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which

are used to prepare the financial statements, including the related notes. We presented an audit adjustment to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

White County should have appropriate processes in place to ensure that its general ledgers are materially correct.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

Management will record all receivables as required by accounting standards.

FINDING 11.03 **THE SOLID WASTE DEPARTMENT'S SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Users of the software application in the Solid Waste Department could alter previously issued receipts. If proper edit procedures are followed within the software, these alterations are recorded in an audit log. However, the software would allow users to circumvent these edit procedures, which would not leave an audit trail of the alterations. Since the vendor did not design the system with adequate controls, inappropriate system activity could occur. Sound business practices dictate that proper application controls be implemented. This deficiency is also a result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Management should contact the software vendor concerning the addition of controls to the software application that would provide an audit trail for any changes to receipts. These controls would help to ensure the reliability and integrity of the information maintained by the system.

OFFICE OF REGISTER

FINDING 11.04 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Employees of the office operated from the same cash drawer. 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 that 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 register 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 register should assign each employee their own cash drawer.

BEST PRACTICE

WHITE COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE

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

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

Subsequent to June 30, 2011, the County Commission passed a resolution to create an Audit Committee.

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

There were no findings and questioned costs for federal awards.

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

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