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# ANNUAL FINANCIAL REPORT WARREN COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2012



**ANNUAL FINANCIAL REPORT**  
**WARREN COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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

*DIVISION OF LOCAL GOVERNMENT AUDIT*  
*JAMES R. ARNETTE*  
*Director*

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*Audit Manager*

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*Auditor 4*

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*KELLEY J. McNEAL, CPA, CGFM*  
*State Auditors*

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

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***Audit Highlights***  
Annual Financial Report  
Warren County, Tennessee  
For the Year Ended June 30, 2012

***Scope***

We have audited the basic financial statements of Warren County as of and for the year ended June 30, 2012.

***Results***

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

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

***Findings and Best Practice***

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

**OFFICE OF COUNTY EXECUTIVE**

- ◆ The actual fund balance of the General Fund exceeded the estimated beginning fund balance by a material amount.
- ◆ Competitive bids were not solicited for the purchase of insurance.
- ◆ The Animal Control Department had deficiencies in the maintenance of records.
- ◆ A cash shortage of \$20,791.67 existed at the Warren County Memorial Airport as of September 30, 2011.

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**OFFICES OF COUNTY EXECUTIVE AND TRUSTEE**

- ◆ Numerous reconciling differences between the county executive's and the trustee's funds' cash balances were not corrected.

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**OFFICE OF TRUSTEE**

- ◆ Delinquent tax collections were not prorated accurately.
-

**OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS  
CLERK**

- ◆ The accounting software did not identify the user who processed transactions.
- 

**OFFICE OF CLERK AND MASTER**

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

**OFFICES OF SUPERINTENDENT OF ROADS, COUNTY CLERK, CLERK  
AND MASTER, REGISTER, AND SHERIFF**

- ◆ Duties were not segregated adequately.
- 

**BEST PRACTICE**

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

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# INTRODUCTORY SECTION

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# Warren County Officials

## June 30, 2012

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### **Officials**

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

### **Board of County Commissioners**

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

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

### **Purchasing Commission**

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

Gary Prater  
Herschel Wells

### **Board of Education**

Scott Holmes, Chairman  
Mike Adamson  
Linda Blair

Jeff Lee  
Bob Young  
William Zechman

## Warren County Officials (Cont.)

### **Financial Management Committee**

John Pelham, County Executive, Chairman  
Levie Glenn, Superintendent of Roads  
Dr. Jerry Hale, Director of Schools  
Terry Bell

Carl Bouldin  
Wayne Copeland  
Herschel Wells

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**FINANCIAL SECTION**

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

**INDEPENDENT AUDITOR'S REPORT**

January 10, 2013

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

To the County Executive and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Warren County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Warren County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Warren County Emergency Communications District, which represent three percent and two percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Warren County Emergency Communications District, is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Warren County, Tennessee, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

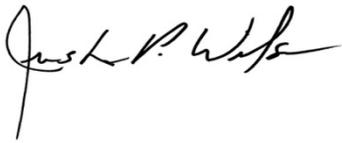
In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2013, on our consideration of Warren County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 22 and the budgetary comparison, pension, and other postemployment benefits information on pages 78 through 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Warren County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Warren County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Warren County School Department (a discretely presented component unit), and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent initial "J" and "W".

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

**Warren County, Tennessee  
Management's Discussion and Analysis  
For the Year Ended June 30, 2012**

As management of Warren County, we offer readers of the Warren County financial statements this narrative overview and analysis of the financial activities of the county for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial report.

**Financial Highlights**

**Primary Government**

- The assets of Warren County exceeded its liabilities at the close of the fiscal year by \$38,884,712 (net assets).
- The Primary Government's total net assets decreased by \$8,303,508.
- As of the close of the fiscal year, Warren County's governmental funds reported combined ending fund balances of \$16,883,294. At the end of the fiscal year, unassigned fund balance for the General Fund was \$3,120,714 or 27 percent of total General Fund expenditures.
- Warren County's total long-term debt decreased by \$3,652,436 during the fiscal year due to payments made on debt obligations for Warren County.

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

- The assets of the Warren County School Department exceeded its liabilities at the close of the fiscal year by \$53,049,867 (net assets).
- As of the close of the fiscal year, the School Department's combined ending fund balances were \$7,905,383. The Education Department of the State of Tennessee places restrictions on how fund balances may be used, generally limiting the use of unassigned fund balance to capital purchases and other non-recurring expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Warren County's basic financial statements. The county's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

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

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

The government-wide financial statements include not only Warren County (known as the primary government), but also the legally separate Warren County School Department (a discretely presented component unit) for which Warren County is financially accountable. The Warren County Emergency Communications District also meets the criteria for a discretely presented component unit, and their financial statements are included within the government-wide statements.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the

long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

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

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

## **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Warren County, the Primary Government's assets

exceeded liabilities by \$38,884,712, and the discretely presented Warren County School Department's assets exceeded liabilities by \$53,049,867 at the close of the fiscal year.

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

As of June 30, 2012, Warren County had outstanding debt totaling \$17,124,746 for capital purposes for the Warren County Board of Education, with the capital assets being reported in the financial statements of the Warren County Board of Education. However, Warren County has incurred the related liability, significantly decreasing its unrestricted net assets without a corresponding increase in the county's capital assets.

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

The following schedules provide a summary of Warren County's and the Warren County School Department's Net Assets and Statement of Activities for the fiscal year ending June 30, 2012:

Table 1

WARREN COUNTY, TENNESSEE  
NET ASSETS

	Warren County		Component Unit	
	Primary Government		Warren County School Department	
	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012
Current and Other Assets	\$ 43,989,263	\$ 34,250,796	\$ 14,013,803	\$ 12,979,494
Capital Assets	43,646,904	42,627,407	38,866,999	48,060,589
Total Assets	<u>\$ 87,636,167</u>	<u>\$ 76,878,203</u>	<u>\$ 52,880,802</u>	<u>\$ 61,040,083</u>
Long-term Liabilities	\$ 24,685,664	\$ 21,442,528	\$ 2,948,100	\$ 2,934,819
Other Liabilities	15,762,283	16,550,963	4,729,918	5,055,397
Total Liabilities	<u>\$ 40,447,947</u>	<u>\$ 37,993,491</u>	<u>\$ 7,678,018</u>	<u>\$ 7,990,216</u>
Net Assets:				
Invested in Capital Assets,				
Net of Related Debt	\$ 35,994,851	\$ 35,485,069	\$ 38,866,999	\$ 48,060,589
Restricted	29,528,515	8,017,514	7,502,240	1,595,232
Unrestricted	<u>(18,335,146)</u>	<u>(4,617,871)</u>	<u>(1,166,455)</u>	<u>3,394,046</u>
Total Net Assets	<u>\$ 47,188,220</u>	<u>\$ 38,884,712</u>	<u>\$ 45,202,784</u>	<u>\$ 53,049,867</u>

Table 2

WARREN COUNTY, TENNESSEE  
STATEMENT OF ACTIVITIES

	Warren County		Component Unit	
	Primary Government		Warren County School Department	
	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012
Revenues:				
Program Revenues:				
Charges for Services	\$ 5,960,070	\$ 5,977,751	\$ 954,656	\$ 983,605
Operating Grants and Contributions	4,182,443	3,788,704	13,540,089	7,697,267
Capital Grants and Contributions	593,822	535,563	0	9,944,231
General Revenues:				
Property Taxes	9,294,786	9,407,588	3,966,766	3,668,023
Other Taxes	1,957,272	2,057,590	7,333,190	7,615,748
Grants and Contributions Not				
Restricted for Specific Purposes	1,328,450	1,262,801	32,821,921	33,189,651
Miscellaneous	167,487	103,370	226,790	114,968
Special Item - Tax Credit Bond Rebate	197,872	450,864	0	0
Unrestricted Investment Earnings	725,853	333,548	7,770	4,406
Total Revenues	<u>\$ 24,408,055</u>	<u>\$ 23,917,779</u>	<u>\$ 58,851,182</u>	<u>\$ 63,217,899</u>
Expenses:				
General Government	\$ 1,166,246	\$ 1,391,146	\$ 0	\$ 0
Finance	1,133,357	1,256,456	0	0
Administration of Justice	1,287,468	1,407,749	0	0
Public Safety	5,173,935	5,724,247	0	0
Public Health and Welfare	4,100,437	4,951,609	0	0
Social, Cultural, and Recreational	135,343	132,950	0	0
Agriculture and Natural Resources	207,874	189,664	0	0
Other Operations	3,396,891	1,732,447	0	0
Highways/Public Works	2,805,346	3,298,150	0	0
Education (Self-Insurance)	563,910	1,027,971	0	0
Education (Contributions to Component Units)	5,628,648	9,878,912	0	0
Education	0	0	55,015,144	55,370,816
Emergency Communications District	0	0	0	0
Interest on Long-term Debt	1,331,819	1,162,781	0	0
Other Debt Service	102,141	67,205	0	0
Total Expenses	<u>\$ 27,033,415</u>	<u>\$ 32,221,287</u>	<u>\$ 55,015,144</u>	<u>\$ 55,370,816</u>
Increase (Decrease) in Net Assets	\$ (2,625,360)	\$ (8,303,508)	\$ 3,836,038	\$ 7,847,083
Net Assets, July 1	47,983,182	47,188,220	41,366,746	45,202,784
Prior-period Adjustment	1,830,398	0	0	0
Net Assets, June 30	<u>\$ 47,188,220</u>	<u>\$ 38,884,712</u>	<u>\$ 45,202,784</u>	<u>\$ 53,049,867</u>

A portion of Warren County's and the discretely presented Warren County School Department's net assets represents resources that are subject to restrictions on how they may be used. The remaining balances of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

### **Financial Analysis of the Government's Funds**

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

**Governmental funds.** The focus of Warren County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Warren County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, Warren County's governmental funds reported combined ending fund balances of \$16,883,294. Classifications of fund balance may consist of the following: Nonspendable, Restricted, Committed, Assigned, or Unassigned.

The General Fund is the chief operating fund of Warren County. At the end of the fiscal year, unassigned fund balance of the General Fund was \$3,120,714, while total fund balance was \$4,147,395. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 27 percent of total General Fund expenditures, while total fund balance represents 36 percent of that same amount.

The fund balance of Warren County's General Fund increased by \$1,676,652 during the fiscal year.

The General Debt Service Fund has a total fund balance of \$8,595,447, all of which is restricted or committed for the payment of debt service.

### **General Fund Budgetary Highlights**

The difference between the original budget expenditures and the final amended budget expenditures in the General Fund was a \$942,034 net increase in appropriations and can be briefly summarized as follows:

- \$91,240 in decreases allocated to General Administration
- \$207,240 in increases allocated to Finance
- \$19,600 in increases allocated to Administration of Justice
- \$282,000 in increases allocated to Public Safety
- \$400,000 in increases allocated to Public Health and Welfare
- \$100 in increases allocated to Agriculture and Natural Resources
- \$124,334 in increases allocated to Other Operations

The increase of \$942,034 was to be funded from miscellaneous increases in various revenue accounts, including but not limited to, charges for services, grant proceeds, accrued interest, miscellaneous decreases in various expenditure accounts, and fund equity. During the year, revenues and expenditures were less than budgetary estimates; therefore, the ending fund balance at June 30, 2012, exceeded the budgeted estimated fund balance.

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

**Capital assets.** The investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads, highways, and bridges. Warren County's investment in capital assets for its governmental activities as of June 30, 2012, totaled \$35,485,069 (net of accumulated depreciation and related debt). The Warren County School Department's investment in capital assets as of June 30, 2012, was \$48,060,589. The related debt for schools is carried in governmental activities.

Major capital assets events during fiscal year 2011-12 included the following:

- Purchasing a Batwing Rotary Cutter – Airport - \$23,793
- Hangar Roof Removal and Replacement – Airport - \$93,300
- Purchasing Four New Vehicles – Sheriff's Department - \$95,455

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

### **Long-term Debt**

At the end of the fiscal year, Warren County had total long-term debt outstanding of \$24,126,502. This amount comprises debt backed by the full faith and credit of the government. In addition to the debt, the county long-term obligations include compensated absences and other postemployment benefits liability.

Warren County's total debt decreased by \$3,652,436 during fiscal year 2011-12.

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

Warren County maintains an A3 rating from Moody's and an A+ rating from Standard and Poor's for general obligation debt.

A schedule of all outstanding debt as of June 30, 2012, for Warren County follows:

Table 3

WARREN COUNTY, TENNESSEE  
OUTSTANDING DEBT

Primary Government	June 30, 2011	June 30, 2012
2010 Qualified School Construction Bonds	\$ 9,300,000	\$ 8,816,412
2010 Build America Bonds	6,000,000	6,000,000
2010 Series General Obligation Refunding Bonds	6,475,000	6,475,000
2009 USDA Bonds - Ambulance	203,759	0
2008 Series School Refunding Bonds	2,420,000	2,000,000
2003 Series Public Works Refunding Bonds	370,000	190,000
2001 Series School Refunding Bonds	1,945,000	0
2012 Capital Outlay Notes	0	133,333
2011 Capital Outlay Notes	1,023,513	511,757
2010 Capital Outlay Notes	41,666	0
<b>Total Outstanding Debt</b>	<b>\$ 27,778,938</b>	<b>\$ 24,126,502</b>

**Economic Factors and Next Year’s Budgets and Rates**

On July 16, 2012, Warren County adopted a budget for the fiscal year ending June 30, 2013. Many factors were considered when adopting this budget including a continued elevated unemployment rate, limited interest earnings, the prolonged slow-down in the housing market, and a decrease in sales tax collections.

At the end of the 2011-12 fiscal year, unassigned fund balance in the General Fund increased to \$3,120,714 from unassigned fund balance of \$1,741,954 in fiscal year 2010-11. The Warren County legislative body approved the tax rate of \$1.9955 in regular session on July 16, 2012, for fiscal year 2012-13 allocated as follows:

Fund	Tax Rate
General	\$ 0.7705
Solid Waste/Sanitation	0.0400
Ambulance Service	0.1000
Highway/Public Works	0.0800
General Purpose School	0.5730
General Debt Service	0.4320
<b>Total</b>	<b>\$ 1.9955</b>

**Request for Information**

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

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# **BASIC FINANCIAL STATEMENTS**

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Exhibit A

Warren County, Tennessee  
Statement of Net Assets  
June 30, 2012

	Primary Governmental Activities	Component Units	
		Warren County School Department	Warren County Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 731,701	\$ 1,080	\$ 430,557
Equity in Pooled Cash and Investments	20,371,901	7,288,346	0
Inventories	0	64,563	0
Accounts Receivable	1,605,027	3,882	31,608
Allowance for Uncollectibles	(336,605)	0	0
Due from Other Governments	642,399	1,745,045	53,412
Due from Component Units	59,379	0	0
Property Taxes Receivable	9,961,331	4,005,138	0
Allowance for Uncollectible Property Taxes	(324,272)	(128,560)	0
Notes Receivable - Current	414,612	0	0
Notes Receivable - Long-term	918,841	0	0
Deferred Charges - Debt Issuance Cost	206,482	0	0
Assets Not Depreciated:			
Land	2,044,877	1,929,936	14,085
Intangible Assets	6,201,919	0	0
Construction in Progress	0	15,212,254	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	8,425,994	29,395,507	958,687
Infrastructure	22,749,095	0	0
Other Capital Assets	3,205,522	1,522,892	231,022
Mapping Costs - Net of Amortization	0	0	14,932
Total Assets	<u>\$ 76,878,203</u>	<u>\$ 61,040,083</u>	<u>\$ 1,734,303</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 279,957	\$ 4,829	\$ 10,732
Accrued Payroll	180,997	0	15,896
Payroll Deductions Payable	3,356	534,872	0
Claims and Judgments Payable	3,398,830	0	0
Accrued Interest Payable	85,877	0	597
Deferred Revenue - Current Property Taxes	9,216,415	3,712,482	0
Noncurrent Liabilities:			
Due Within One Year	3,385,531	803,214	99,911
Due in More Than One Year (net of deferred amount on refunding and unamortized premiums on debt)	21,442,528	2,934,819	483,645
Total Liabilities	<u>\$ 37,993,491</u>	<u>\$ 7,990,216</u>	<u>\$ 610,781</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units	
		Warren County School Department	Warren County Emergency Communications District
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	\$ 35,485,069	\$ 0	\$ 638,842
Invested in Capital Assets	0	48,060,589	0
Restricted for:			
Drug Control	237,649	0	0
District Attorney General	19,288	0	0
Highway/Public Works	2,101,286	0	0
School Federal Projects	0	66,349	0
Central Cafeteria	0	1,323,323	0
Debt Service	4,078,657	0	0
General Capital Projects	627,129	0	0
Education Capital Projects	0	18,355	0
Other Purposes	953,505	187,205	0
Unrestricted	<u>(4,617,871)</u>	<u>3,394,046</u>	<u>484,680</u>
Total Net Assets	<u>\$ 38,884,712</u>	<u>\$ 53,049,867</u>	<u>\$ 1,123,522</u>

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

Exhibit B

Warren County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets														
	Program Revenues					Component Units									
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total	Warren County School Department	Warren County Emergency Communications District								
Primary Government:															
Governmental Activities:															
General Government	\$ 1,391,146	\$ 386,328	\$ 221,124	\$ 0	\$ (783,694)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	1,256,456	1,006,270	0	0	(250,186)	0	0	0	0	0	0	0	0	0	0
Administration of Justice	1,407,749	934,107	12,300	0	(461,342)	0	0	0	0	0	0	0	0	0	0
Public Safety	5,724,247	1,095,177	231,834	6,000	(4,391,236)	0	0	0	0	0	0	0	0	0	0
Public Health and Welfare	4,951,609	1,835,574	1,221,838	0	(1,894,197)	0	0	0	0	0	0	0	0	0	0
Social, Cultural, and Recreational Services	132,950	0	0	0	(132,950)	0	0	0	0	0	0	0	0	0	0
Agriculture and Natural Resources	189,664	0	0	0	(189,664)	0	0	0	0	0	0	0	0	0	0
Other Operations	1,732,447	316,016	156,142	0	(1,260,289)	0	0	0	0	0	0	0	0	0	0
Highways/Public Works	3,298,150	0	1,763,902	529,563	(1,004,685)	0	0	0	0	0	0	0	0	0	0
Education (Self-Insurance)	1,027,971	404,279	0	0	(623,692)	0	0	0	0	0	0	0	0	0	0
Education (Contributions)	9,878,912	0	0	0	(9,878,912)	0	0	0	0	0	0	0	0	0	0
Interest on Long-term Debt	1,162,781	0	0	0	(1,162,781)	0	0	0	0	0	0	0	0	0	0
Other Debt Service	67,205	0	181,564	0	114,359	0	0	0	0	0	0	0	0	0	0
Total Primary Government	\$ 32,221,287	\$ 5,977,751	\$ 3,788,704	\$ 535,563	\$ (21,919,269)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:															
School Department	\$ 55,370,816	\$ 983,605	\$ 7,697,267	\$ 9,944,231	\$ 0	\$ (36,745,713)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Emergency Communications District	997,806	433,640	195,042	0	0	0	0	0	0	0	0	0	0	0	(369,124)
Total Component Units	\$ 56,368,622	\$ 1,417,245	\$ 7,892,309	\$ 9,944,231	\$ 0	\$ (36,745,713)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (369,124)

(Continued)

Exhibit B

Warren County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Expenses	Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities		Component Units		
						Warren County School Department	Warren County Emergency Communications District	
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes				\$ 8,455,353	\$ 3,668,023	\$	0	0
Property Taxes Levied for Debt Service				952,235	0		0	0
Local Option Sales Taxes				243,573	7,615,748		0	0
Wheel Tax				1,040,981	0		0	0
Litigation Taxes				201,413	0		0	0
Business Tax				280,912	0		0	0
Wholesale Beer Tax				197,336	0		0	0
Other Local Taxes				93,375	0		0	0
Grants and Contributions Not Restricted to Specific Programs				1,262,801	33,189,651		474,523	
Unrestricted Investment Earnings				333,548	4,406		4,152	
Miscellaneous				103,370	114,968		9,950	
Special Item - Tax Credit on Bond Rebate				450,864	0		0	
Total General Revenues				\$ 13,615,761	\$ 44,592,796	\$	488,625	
Change in Net Assets				\$ (8,303,508)	\$ 7,847,083	\$	119,501	
Net Assets, July 1, 2011				47,188,220	45,202,784		1,004,021	
Net Assets, June 30, 2012				\$ 38,884,712	\$ 53,049,867	\$	1,123,522	

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

Exhibit C-1

Warren County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2012

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Education Capital Projects - Morrison	Other Governmental Funds		
Cash	\$ 325	\$ 0	\$ 0	\$ 0	\$ 543,497	\$ 174,898	\$ 718,720	
Equity in Pooled Cash and Investments	3,971,660	564,686	1,766,017	7,018,099	29	1,013,542	14,334,033	
Accounts Receivable	69,324	1,299,256	0	219,177	0	17,270	1,605,027	
Allowance for Uncollectibles	(1,200)	(335,405)	0	0	0	0	(336,605)	
Due from Other Governments	278,462	158	318,171	41,376	0	4,232	642,399	
Due from Other Funds	7,911	0	292	0	0	0	8,203	
Due from Component Units	59,379	0	0	0	0	0	59,379	
Property Taxes Receivable	5,522,646	691,778	559,919	2,907,029	0	279,959	9,961,331	
Allowance for Uncollectible Property Taxes	(211,008)	(20,433)	(18,154)	(65,600)	0	(9,077)	(324,272)	
Notes Receivable - Current	0	0	0	414,612	0	0	414,612	
Notes Receivable - Long-term	0	0	0	918,841	0	0	918,841	
<b>Total Assets</b>	<b>\$ 9,697,499</b>	<b>\$ 2,200,040</b>	<b>\$ 2,626,245</b>	<b>\$ 11,453,534</b>	<b>\$ 543,526</b>	<b>\$ 1,480,824</b>	<b>\$ 28,001,668</b>	

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

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

Fund Balances  
Restricted:  
Restricted for General Government  
Restricted for Administration of Justice  
Restricted for Public Safety

\$ 96,418	\$ 163,086	\$ 6,637	\$ 0	\$ 0	\$ 0	\$ 13,816	\$ 279,957
135,387	38,335	0	0	0	0	7,275	180,997
2,486	870	0	0	0	0	0	3,356
292	0	0	0	0	0	7,911	8,203
4,992,090	647,903	518,322	2,798,939	0	0	259,161	9,216,415
293,316	21,518	21,518	39,001	0	0	10,759	386,112
30,115	845,598	147,474	20,147	0	0	0	1,043,334
<b>\$ 5,550,104</b>	<b>\$ 1,717,310</b>	<b>\$ 693,951</b>	<b>\$ 2,858,087</b>	<b>\$ 0</b>	<b>\$ 298,922</b>	<b>\$ 11,118,374</b>	

\$ 667,208	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 667,208
262,406	0	0	0	0	0	19,288	281,694
15,738	0	0	0	0	0	237,649	253,387

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Education Capital Projects - Morrison	Other Governmental Funds	
\$	8,153	0	0	0	0	83,603	91,756
	0	0	1,932,294	0	0	0	1,932,294
	0	0	0	4,087,009	0	0	4,087,009
	0	0	0	0	543,526	0	543,526
	0	0	0	0	0	14,551	14,551
	0	0	0	0	0	90,803	90,803
	0	0	0	0	0	75,734	75,734
	72,576	0	0	0	0	0	72,576
	0	482,730	0	0	0	660,274	1,143,004
	0	0	0	4,508,438	0	0	4,508,438
	600	0	0	0	0	0	600
	3,120,714	0	0	0	0	0	3,120,714
\$	4,147,395	482,730	1,932,294	8,595,447	543,526	1,181,902	16,883,294
\$	9,697,499	2,200,040	2,626,245	11,453,534	543,526	1,480,824	28,001,668

LIABILITIES AND FUND BALANCES (CONT.)

Fund Balances (Cont.)

Restricted (Cont.):

Restricted for Other Operations  
 Restricted for Highways/Public Works  
 Restricted for Debt Service  
 Restricted for Capital Projects  
 Committed:  
 Committed for General Government  
 Committed for Finance  
 Committed for Administration of Justice  
 Committed for Public Safety  
 Committed for Public Health and Welfare  
 Committed for Debt Service

Assigned:

Assigned for General Government  
 Unassigned

Total Fund Balances

Total Liabilities and Fund Balances

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

Exhibit C-2

Warren County, Tennessee  
Reconciliation of the Balance Sheet of Governmental  
Funds to the Statement of Net Assets  
June 30, 2012

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)		\$ 16,883,294
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,044,877	
Add: intangibles	6,201,919	
Add: buildings and improvements net of accumulated depreciation	8,425,994	
Add: infrastructure net of accumulated depreciation	22,749,095	
Add: other capital assets net of accumulated depreciation	<u>3,205,522</u>	42,627,407
(2) The internal service fund is used by management to charge the cost of liability and workers' compensation insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		2,652,019
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (645,090)	
Less: bonds payable	(23,481,412)	
Add: deferred amount on refunding	18,377	
Add: deferred charges - debt issuance costs	206,482	
Less: compensated absences payable	(241,234)	
Less: other postemployment benefits liability	(276,058)	
Less: accrued interest on bonds	(85,877)	
Less: other deferred revenue - premium on debt	<u>(202,642)</u>	(24,707,454)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,429,446</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 38,884,712</u>

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

Exhibit C-3

Warren County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2012

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Education Capital Projects - Morrison	Other		
						Governmental Funds	Governmental Funds	
<b>Revenues</b>								
Local Taxes	\$ 8,127,428	\$ 578,445	\$ 622,102	\$ 2,331,694	\$ 0	\$ 401,806	\$ 12,061,475	
Licenses and Permits	205,352	0	0	0	0	0	205,352	
Fines, Forfeitures, and Penalties	248,839	0	0	0	0	109,213	358,052	
Charges for Current Services	108,950	1,757,285	3,530	0	0	1,015,372	2,885,137	
Other Local Revenues	434,194	0	2,302	291,782	7,169	75,021	810,468	
Fees Received from County Officials	764,408	0	0	0	0	0	764,408	
State of Tennessee	1,966,099	1,883	2,324,434	0	0	468,290	4,760,706	
Federal Government	860,269	21,000	0	0	0	0	881,269	
Other Governments and Citizens Groups	221,124	0	0	181,564	0	1,500	404,188	
<b>Total Revenues</b>	<b>\$ 12,936,663</b>	<b>\$ 2,358,613</b>	<b>\$ 2,952,368</b>	<b>\$ 2,805,040</b>	<b>\$ 7,169</b>	<b>\$ 2,071,202</b>	<b>\$ 23,131,055</b>	
<b>Expenditures</b>								
Current:								
General Government	\$ 1,317,209	0	0	0	0	0	1,453,850	
Finance	564,497	0	0	0	0	457,567	1,022,064	
Administration of Justice	768,484	0	0	0	0	378,683	1,147,167	
Public Safety	5,166,713	70,770	0	0	0	49,003	5,286,486	
Public Health and Welfare	1,047,809	2,746,950	0	0	0	949,658	4,744,417	
Social, Cultural, and Recreational Services	132,950	0	0	0	0	0	132,950	
Agriculture and Natural Resources	187,626	0	0	0	0	0	187,626	
Other Operations	2,274,723	0	0	0	0	0	2,274,723	
Highways	0	0	2,406,868	0	0	0	2,406,868	
Debt Service:								
Principal on Debt	0	0	0	3,852,436	0	0	3,852,436	
Interest on Debt	0	0	0	1,167,522	0	0	1,167,522	
Other Debt Service	0	0	0	49,350	0	0	49,350	
Capital Projects - Donated	0	0	0	0	7,674,698	2,204,214	9,878,912	
<b>Total Expenditures</b>	<b>\$ 11,460,011</b>	<b>\$ 2,817,720</b>	<b>\$ 2,406,868</b>	<b>\$ 5,069,308</b>	<b>\$ 7,674,698</b>	<b>\$ 4,175,766</b>	<b>\$ 33,604,371</b>	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 1,476,652</b>	<b>\$ (459,107)</b>	<b>\$ 545,500</b>	<b>\$ (2,264,268)</b>	<b>\$ (7,667,529)</b>	<b>\$ (2,104,564)</b>	<b>\$ (10,473,316)</b>	

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Education Capital Projects - Morrison	Other Governmental Funds	Governmental Funds	
<u>Other Financing Sources (Uses)</u>								
Notes Issued	\$ 200,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 200,000
Total Other Financing Sources (Uses)	\$ 200,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 200,000
Net Change in Fund Balances	\$ 1,676,652	\$ (459,107)	\$ 545,500	\$ (2,264,268)	\$ (7,667,529)	\$ (2,104,564)	\$ (10,273,316)	
Fund Balance, July 1, 2011	2,470,743	941,837	1,386,794	10,859,715	8,211,055	3,286,466	27,156,610	
Fund Balance, June 30, 2012	\$ 4,147,395	\$ 482,730	\$ 1,932,294	\$ 8,595,447	\$ 543,526	\$ 1,181,902	\$ 16,883,294	

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

Exhibit C-4

Warren County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2012

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)		\$ (10,273,316)
(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	\$ 424,032	
Less: current-year depreciation expense	<u>(1,441,618)</u>	(1,017,586)
(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	\$ (717)	
Less: proceeds from the sale of capital assets	<u>(1,194)</u>	(1,911)
(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, 2012	\$ 1,429,446	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(1,105,485)</u>	323,961
(4) The issuance of long-term debt (e.g., bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Less: note proceeds	\$ (200,000)	
Add: change in premium on debt issuances	27,254	
Add: principal payments on notes	620,089	
Add: principal payments on bonds	3,232,347	
Less: change in deferred debt issuance costs	(14,986)	
Less: change in deferred amount on refunding debt	<u>(2,869)</u>	3,661,835
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in accrued interest payable	\$ 4,741	
Change in compensated absences payable	(1,865)	
Change in other postemployment benefits liability	<u>(67,874)</u>	(64,998)
(6) The internal service fund is used by management to charge the cost of liability and workers' compensation insurance to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>(931,493)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (8,303,508)</u>

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

Exhibit D-1

Warren County, Tennessee  
Statement of Net Assets  
Proprietary Fund  
June 30, 2012

	<u>Governmental Activities - Internal Service Fund Self-Insurance Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 12,981
Equity in Pooled Cash and Investments	6,037,868
Total Assets	<u>\$ 6,050,849</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Claims and Judgments Payable	\$ 3,398,830
Total Liabilities	<u>\$ 3,398,830</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 2,652,019</u>
Total Net Assets	<u><u>\$ 2,652,019</u></u>

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

Exhibit D-2

Warren County, Tennessee  
Statement of Revenues, Expenses, and  
Changes in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2012

	Governmental Activities - Internal Service Fund <u>Self-Insurance Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 869,813
Total Operating Revenues	<u>\$ 869,813</u>
<u>Operating Expenses</u>	
Other Contracted Services	\$ 65,915
Boiler Insurance	10,360
Building and Contents Insurance	137,184
Liability Insurance	78,423
Workers' Compensation Insurance	87,703
Other Self-Insured Claims	1,449,446
Other Charges	4,699
Total Operating Expenses	<u>\$ 1,833,730</u>
Operating Income (Loss)	<u>\$ (963,917)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 32,424
Total Nonoperating Revenue	<u>\$ 32,424</u>
Change in Net Assets	\$ (931,493)
Net Assets, July 1, 2011	<u>3,583,512</u>
Net Assets, June 30, 2012	<u><u>\$ 2,652,019</u></u>

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

Exhibit D-3

Warren County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2012

	Governmental Activities - Internal Service Fund
	<u>Self-Insurance Fund</u>
<u>Cash Flows from Operating Activities</u>	
Self-Insurance Premiums/Contributions	\$ 869,813
Other Contracted Services	(65,915)
Insurance Premiums	(313,670)
Other Self-Insured Claims	(468,228)
Other Charges	(4,699)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 17,301</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 32,815
Net Cash Provided By (Used In) Investing Activities	<u>\$ 32,815</u>
Net Increase (Decrease) in Cash	\$ 50,116
Cash, July 1, 2011	<u>6,000,733</u>
Cash, June 30, 2012	<u>\$ 6,050,849</u>
<u>Reconciliation of Net Operating Income to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (963,917)
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Change in Assets and Liabilities:	
Increase (Decrease) in Claims and Judgments Payable	<u>981,218</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 17,301</u>
<u>Reconciliation of Cash with the Statement of Net Assets</u>	
Cash Per Net Assets	\$ 12,981
Equity in Pooled Cash and Investments Per Net Assets	<u>6,037,868</u>
Cash, June 30, 2012	<u>\$ 6,050,849</u>

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

Exhibit E

Warren County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,814,098
Equity in Pooled Cash and Investments	15,500
Due from Other Governments	<u>324,391</u>
Total Assets	<u>\$ 3,153,989</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 324,391
Due to Litigants, Heirs, and Others	2,814,098
Due to State of Tennessee	522
Due to Joint Ventures	<u>14,978</u>
Total Liabilities	<u>\$ 3,153,989</u>

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

**WARREN COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2012**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

Warren County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Warren County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

The Warren County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Warren County, and the Warren County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Warren County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Warren County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

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

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Warren County does not have any business-type activities to report. Likewise, the primary government is to be reported separately from certain legally separate component units for which the primary government is financially accountable. The Warren County School Department component unit only reports governmental activities in the government-wide financial statements.

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

Warren County issues all debt for the discretely presented Warren County School Department. During the year ended June 30, 2012, debt proceeds of \$9,878,912 were contributed by the county to the School Department. The remaining debt proceeds are being held in the Education Capital Projects Fund – Morrison and contributed to the School Department as needed for school construction.

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

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

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

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

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

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

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to

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

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

Warren County reports the following major governmental funds:

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

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

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

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

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

Additionally, Warren County reports the following fund types:

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

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

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

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

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

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

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

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Warren County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Warren County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

**2. Receivables and Payables**

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

All ambulance and property tax receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for

uncollectible property taxes is equal to 1.73 percent of total taxes levied.

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

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

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

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

Most payables are disaggregated on the face of the financial statements. Claims and judgments payable totaling \$3,398,830 are discussed in Note V.A., Risk Management.

### **3. Inventories**

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

4. **Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the primary government as assets with an initial, individual cost of \$10,000 or more. Capital assets are defined by the Warren County School Department as assets with an initial, individual cost of \$25,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25 - 40
Other Capital Assets	5 - 20
Infrastructure:	
Roads	25 - 50
Bridges	75

5. **Compensated Absences**

The county's vacation policy does not allow for the accumulation of unused vacation days beyond the employee's anniversary date. Sick leave policies vary from department to department. Employees of the general government may accumulate unlimited sick leave days based upon earning one day per month. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded. The general policy of the Highway Department allows for the accumulation of unlimited sick leave days based upon earning one day per month. Any unused accumulated sick leave would be paid to the employee when employment with the Highway Department ceases. The amount of unused sick leave for Highway

Department employees at June 30, 2012, is not considered material and is not presented in the county's financial statements. The general policy of the Ambulance Service allows full-time employees to earn and accumulate paid time off, which may be used as vacation and/or sick leave. Employees earn paid time off at rates based on length of employment. Employees are allowed to accumulate up to one year's worth of paid time off.

General policy of the discretely presented Warren County School Department does not allow for the accumulation of vacation days beyond the calendar year-end. All professional personnel (teachers) are allowed to accumulate unlimited sick leave days. Professional personnel enrolled in the Tennessee Consolidated Retirement System can be paid \$40 a day for up to 240 days if the Board of Education is notified by June 30 of their plans to retire. Any sick leave over 240 days is applied toward the employee's retirement service. All non-professional employees are paid for all sick leave upon termination of employment. A liability for sick leave pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirement.

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

**6. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

**7. Net Assets and Fund Equity**

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

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

On the government-wide Statement of Net Assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$953,505, with the primary restrictions being for: (1) alcohol and drug treatment (\$190,875); (2) litter enforcement awards (\$8,153); (3) drug court (\$71,530); (4) sexual offender registration (\$15,738); and (5) tax credit bond rebate (\$648,736). On the government-wide Statement of Net Assets (Exhibit A), the account Restricted for Other Purposes for the discretely presented School Department consists of various restrictions totaling \$187,205 with the primary restrictions being for: (1) drivers' education (\$96,927); (2) career ladder extended contract (\$30,621); and (3) career ladder (\$17,843)

As of June 30, 2012, Warren County had \$17,124,746 in outstanding debt for capital purposes for the discretely presented Warren County School Department. This debt is a liability of Warren County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Warren County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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.

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 nor committed (excluding stabilization arrangements). The County Commission has authorized the county's Budget/Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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 Warren County School Department**

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

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

**Primary Government**

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

**Discretely Presented Warren County School Department**

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

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

**A. Budgetary Information**

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be

sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

At June 30, 2012, the discretely presented Warren County School Department reported the following significant encumbrances:

Funds	Description	Amount
School Department:		
Major Fund:		
General Purpose School	Books	\$ 207,405
"	Furniture	150,130
"	Cables	48,780
"	Electric and Plumbing Upgrades	45,000
"	Educational Materials	30,800
"	Turning Lane for Morrison	15,245
"	Sewer Improvements	14,332
Central Cafeteria	Cafeteria Equipment	69,758
"	Software	13,671

**B. The Actual Fund Balance Exceeded the Estimated Beginning Fund Balance by a Material Amount**

The General Fund's actual beginning fund balance at July 1, 2011, was \$2,470,743; however, the estimated fund balance reflected in the county's budget was \$1,065,642. Therefore, the actual fund balance exceeded the estimated fund balance presented to the County Commission during the budget process by \$1,405,101.

C. **A Cash Shortage of \$20,791.67 Existed at the Warren County Memorial Airport as of September 30, 2011**

On September 11, 2012, our office issued a special investigative report on the Warren County Memorial Airport for the period July 1, 2007, through September 30, 2011. This report disclosed receipts issued that were not deposited with the county trustee, unpaid hangar rentals, and the use of aircraft fuel used for personal benefit resulting in a cash shortage of \$20,791.67, as of September 30, 2011. This report is available at [www.tn.gov/comptroller](http://www.tn.gov/comptroller).

D. **Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations in the Alcohol and Drug Programs major appropriation category (the legal level of control) in the General Fund by \$1,036.

IV. **DETAILED NOTES ON ALL FUNDS**

A. **Deposits and Investments**

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

**Deposits**

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

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with

collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

**Investments**

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

**Investment Balances.** As of June 30, 2012, Warren County had the following investments carried at cost. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Warren County and the discretely presented Warren County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity (days)	Cost
State Treasurer's Investment Pool	6 to 164	\$ 572,170

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

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Warren County has no investment policy that would further limit its investment choices. As of

June 30, 2012, Warren County's investment in the State Treasurer's Investment Pool was unrated.

**B. Notes Receivable**

An agreement between Warren County and the West Warren-Viola Utility District requires the utility district to repay the county for principal and interest paid by the county on bonded debt for improvements made to water and sewer lines in the industrial park. The utility is required to remit 70 percent of certain industrial park revenues until this debt is repaid. As of June 30, 2012, the outstanding balance was \$1,333,453. This amount has been reflected in the financial statements of this report as Notes Receivable – Current (\$414,612) and Notes Receivable – Long-term (\$918,841) in the General Debt Service Fund.

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2012, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 2,037,288	\$ 9,500	\$ 1,911	\$ 2,044,877
Intangible Assets	6,201,919	0	0	6,201,919
Construction in Progress	779,146	0	779,146	0
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 9,018,353</b>	<b>\$ 9,500</b>	<b>\$ 781,057</b>	<b>\$ 8,246,796</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 10,218,911	\$ 93,300	\$ 0	\$ 10,312,211
Roads and Bridges	38,401,235	981,129	0	39,382,364
Other Capital Assets	7,005,981	119,249	0	7,125,230
<b>Total Capital Assets Depreciated</b>	<b>\$ 55,626,127</b>	<b>\$ 1,193,678</b>	<b>\$ 0</b>	<b>\$ 56,819,805</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,693,164	\$ 193,053	\$ 0	\$ 1,886,217
Roads and Bridges	15,786,983	846,286	0	16,633,269
Other Capital Assets	3,517,429	402,279	0	3,919,708
<b>Total Accumulated Depreciation</b>	<b>\$ 20,997,576</b>	<b>\$ 1,441,618</b>	<b>\$ 0</b>	<b>\$ 22,439,194</b>

**Governmental Activities (Cont.):**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Total Capital Assets Depreciated, Net	\$ 34,628,551	\$ (247,940)	\$ 0	\$ 34,380,611
Governmental Activities Capital Assets, Net	\$ 43,646,904	\$ (238,440)	\$ 781,057	\$ 42,627,407

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

**Governmental Activities:**

General Government	\$ 38,418
Finance	3,155
Administration of Justice	11,678
Public Safety	235,898
Public Health and Welfare	169,163
Other Operations	44,759
Highways/Public Works	<u>938,547</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,441,618</u>

**Discretely Presented Warren County School Department**

**Governmental Activities:**

	Balance 7-1-11	Increases	Balance 6-30-12
Capital Assets Not Depreciated:			
Land	\$ 1,916,420	\$ 13,516	\$ 1,929,936
Construction in Progress	4,421,613	10,790,641	15,212,254
Total Capital Assets Not Depreciated	<u>\$ 6,338,033</u>	<u>\$ 10,804,157</u>	<u>\$ 17,142,190</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 59,582,651	\$ 0	\$ 59,582,651
Other Capital Assets	4,549,872	25,061	4,574,933
Total Capital Assets Depreciated	<u>\$ 64,132,523</u>	<u>\$ 25,061</u>	<u>\$ 64,157,584</u>

**Governmental Activities (Cont.):**

	Balance 7-1-11	Increases	Balance 6-30-12
Less Accumulated Depreciation For: Buildings and Improvements	\$ 28,899,856	\$ 1,287,288	\$ 30,187,144
Other Capital Assets	2,703,701	348,340	3,052,041
Total Accumulated Depreciation	\$ 31,603,557	\$ 1,635,628	\$ 33,239,185
Total Capital Assets Depreciated, Net	\$ 32,528,966	\$ (1,610,567)	\$ 30,918,399
Governmental Activities Capital Assets, Net	\$ 38,866,999	\$ 9,193,590	\$ 48,060,589

There were no decreases in capital assets to report during the year ended June 30, 2012.

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

**Governmental Activities:**

Instruction	\$ 1,287,288
Support Services	<u>348,340</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,635,628</u>

**D. Construction Commitments**

At June 30, 2012, the discretely presented Warren County School Department had uncompleted construction contracts of approximately \$891,304 in the Education Capital Projects Fund for construction of Morrison Elementary. Funding for these future expenditures has been received and is in the discretely presented Education Capital Projects Fund and the primary government's Education Capital Projects Fund – Morrison. The remaining expenditures will be paid by the General Purpose School Fund.

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

The composition of interfund balances as of June 30, 2012, was as follows:

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 7,911
Highway/Public Works	General	292

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

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

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Component Unit:	
	General Purpose School	\$ 59,379

The receivable in the General Fund was in transit from the General Purpose School Fund at June 30, 2012.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2012, consisted of the following amounts:

**Discretely Presented Warren County School Department**

Transfers Out	Transfers In	
	General Purpose School Fund	Education Capital Projects Fund
School Federal Projects Fund	\$ 6,762	\$ 0
General Purpose School Fund	0	550,000

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

**F. Long-term Debt**

**Primary Government**

**General Obligation Bonds and Notes**

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 20 years for bonds and up to three years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2012, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	0 to 5.45 %	6-1-30	\$ 15,300,000	\$ 14,816,412
General Obligation Bonds Refunding	2 to 4	6-1-22	11,750,000	8,665,000
Capital Outlay Notes	2 to 2.99	6-30-14	1,735,269	645,090

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2012, including interest payments, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 578,424	\$ 17,721	\$ 596,145
2014	66,666	1,688	68,354
Total	\$ 645,090	\$ 19,409	\$ 664,499

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 2,650,305	\$ 1,030,521	\$ 3,680,826
2014	1,770,306	963,772	2,734,078
2015	1,455,305	929,171	2,384,476
2016	1,485,306	902,787	2,388,093
2017	1,520,305	874,796	2,395,101
2018-2022	8,176,528	3,802,920	11,979,448
2023-2027	4,963,651	2,939,925	7,903,576
2028-2030	1,459,706	197,615	1,657,321
Total	<u>\$ 23,481,412</u>	<u>\$ 11,641,507</u>	<u>\$ 35,122,919</u>

There is \$8,595,447 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$589, based on the 2010 federal census. Debt per capita, including bonds and notes totaled \$606, based on the 2010 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

##### Governmental Activities:

	Bonds	Notes
Balance, July 1, 2011	\$ 26,713,759	\$ 1,065,179
Additions	0	200,000
Reductions	(3,232,347)	(620,089)
Balance, June 30, 2012	<u>\$ 23,481,412</u>	<u>\$ 645,090</u>
Balance Due Within One Year	<u>\$ 2,650,305</u>	<u>\$ 578,424</u>

	Other	
	Compensated Absences	Postemployment Benefits
Balance, July 1, 2011	\$ 239,369	\$ 208,184
Additions	325,932	71,488
Reductions	(324,067)	(3,614)
Balance, June 30, 2012	<u>\$ 241,234</u>	<u>\$ 276,058</u>
Balance Due Within One Year	<u>\$ 156,802</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 24,643,794
Less: Balance Due Within One Year	(3,385,531)
Add: Unamortized Premium on Debt	202,642
Less: Deferred Amount on Refunding	<u>(18,377)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 21,442,528</u></u>

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

Defeasance of Prior-year Debt

In prior years, Warren County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2012, the following outstanding bonds are considered defeased:

	<u>Amount</u>
2005 Public Improvements - Centertown School	\$ 2,050,000

**Discretely Presented Warren County School Department**

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Warren County School Department for the year ended June 30, 2012, was as follows:

	Compensated Absences	Other Postemployment Benefits
	<u>                    </u>	<u>                    </u>
Balance, July 1, 2011	\$ 2,332,547	\$ 1,082,062
Additions	803,215	637,339
Reductions	(971,302)	(145,828)
	<u>                    </u>	<u>                    </u>
Balance, June 30, 2012	<u>\$ 2,164,460</u>	<u>\$ 1,573,573</u>
	<u>                    </u>	<u>                    </u>
Balance Due Within One Year	<u>\$ 803,214</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 3,738,033
Less: Balance Due Within One Year	<u>(803,214)</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,934,819</u>
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Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Warren County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2012, were \$160,266 and \$42,574, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**V. OTHER INFORMATION**

**A. Risk Management**

**Primary Government**

Warren County's risk of loss relating to property, general liability, automobile liability, and workers' compensation are covered through a self-insurance program, and by the purchase of commercial insurance to cover losses exceeding certain limits. The county is self-insured for individual property losses up to \$350,000. The county carries excess commercial coverage on buildings and contents totaling \$182,117,099. The county is self-insured up to the liability limits of \$300,000 per person, \$700,000 per occurrence for bodily injury, and \$100,000 for property damage. Warren County self-insures workers' compensation losses of \$350,000 per accident or disease with an aggregate liability of \$1 million. The county carries commercial liability insurance coverage for losses up to \$10 million, with a \$350,000 deductible. Warren County maintains the Self-Insurance Fund, which is shown as an internal service fund, to account for transactions pertaining to the county's self-insured group liability and property plans. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The fund

establishes the claims liabilities based on estimates of the ultimate cost of claims that have been incurred but not settled, and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current- year Claims and Estimates	Payments	Balance at Fiscal Year-end
2010-2011	\$ 2,503,312	\$ 422,222	\$ (507,922)	\$ 2,417,612
2011-2012	2,417,612	1,449,446	(468,228)	3,398,830

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

**Discretely Presented Warren County School Department**

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

**B. Subsequent Events**

On June 30, 2012, Dr. Jerry Hale left the Office of Director of Schools and was succeeded by John R. Cox.

On August 31, 2012, Carolyn Miller left the Office of Assessor of Property and was succeeded by Beth Woodley Martin.

On December 14, 2012, the county issued capital outlay notes of \$135,000 for Sheriff's Department vehicles and related equipment.

**C. Contingent Liabilities**

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

**D. Joint Ventures**

The Industrial Development Board of McMinnville-Warren County is a joint venture in which the county and the City of McMinnville participate for the purpose of industrial recruitment. The Industrial Development Board is governed by a nine-member board from the private sector appointed by the participating governments. During the year ended June 30, 2012, the county paid \$150,000 to the Industrial Development Board of McMinnville-Warren County.

The Warren County Joint Economic and Community Development Board is a joint venture created by an interlocal agreement between Warren County, and the cities of McMinnville, Morrison, Centertown, and Viola to foster communication relative to economic and community development between and among governmental entities, industry, and private citizens. The board is governed by a 12-member board established by the interlocal agreement. During the year ended June 30, 2012, the county did not make a contribution to the Warren County Joint Economic and Community Development Board.

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

Administrative Offices:

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

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

**E. Jointly Governed Organization**

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

**F. Retirement Commitments**

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

**Plan Description**

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

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

**Funding Policy**

Warren County 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, 2012, was 13.48 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, 2012, the county’s annual pension cost of \$1,852,354 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 three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was six years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$1,852,354	100%	\$0
6-30-11	1,716,723	100	0
6-30-10	1,943,320	100	0

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the plan was 98.56 percent funded. The actuarial accrued liability for benefits was \$35.05 million, and the actuarial value of assets was \$34.54 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.51 million. The covered payroll (annual payroll of active employees covered by the plan) was \$14.16 million, and the ratio of the UAAL to the covered payroll was 3.57 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.

## SCHOOL TEACHERS

### **Plan Description**

The Warren County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2012, 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, 2012, 2011, and 2010, were \$2,216,446, \$2,158,943, and \$1,469,609, respectively, equal to the required contributions for each year.

## **2. Deferred Compensation**

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

### **G. Other Postemployment Benefits (OPEB)**

#### Plan Description

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

#### Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for retirees ranges from ten to 55 percent based on the years of service.

During the year ended June 30, 2012, the county and the discretely presented School Department contributed \$3,614 and \$145,828, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 72,000	\$ 640,000
Interest on the NPO	8,327	43,282
Adjustment to the ARC	(8,839)	(45,943)
Annual OPEB cost	\$ 71,488	\$ 637,339
Amount of contribution	(3,614)	(145,828)
Increase/decrease in NPO	\$ 67,874	\$ 491,511
Net OPEB obligation, 7-1-11	208,184	1,082,062
Net OPEB obligation, 6-30-12	\$ 276,058	\$ 1,573,573

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Government Group	\$ 90,089	7 %	\$ 120,789
6-30-11	"	94,287	7	208,184
6-30-12	"	71,488	5	276,184
6-30-10	Local Education Group	382,421	37	837,357
6-30-11	"	399,990	39	1,082,062
6-30-12	"	637,339	23	1,573,573

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 455,000	\$ 6,437,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 455,000	\$ 6,437,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 7,164,948	\$ 24,301,019
UAAL as a % of covered payroll	6%	26%

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, 2011, actuarial valuation for the Local Government and Local Education plans, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent for fiscal year 2012. The trend rate will decrease to 8.75 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a 2.5 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.

### **H. Office of Central Accounting, Budgeting, and Purchasing**

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

### **I. Purchasing Laws**

#### Office of County Executive

Purchasing procedures for this office are governed by Chapter 16, Private Acts of 1951, as amended. This act provides for a Purchasing Commission comprised of two members elected by the County Commission: the director of accounts, who serves as chairperson, and the county executive, who serves as an ex-officio member. This act provides for the Purchasing Commission to

purchase all supplies and materials and further requires the various departments to file a purchase requisition with the commission. Purchases of less than \$5,000 may be made or approved by the Purchasing Commission chairperson. Purchases exceeding \$5,000 are required to be approved by the Purchasing Commission based on publicly advertised competitive bids.

#### Office of Superintendent of Roads

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

#### Office of Director of Schools

Purchasing procedures for the discretely presented Warren County School Department are governed by Chapter 16, Private Acts of 1951 and purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. Competitive bids are solicited through newspaper advertisement on all purchases exceeding \$5,000.

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

### **A. Summary of Significant Accounting Policies**

The financial statements of the Warren County Emergency Communication District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (ARB) opinions issued on or before November 10, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. As an pronouncements issued after November 30, 1989. The district has elected not to apply those pronouncements.

#### **1. Reporting Entity**

The Warren County Emergency Communications District was established in October 1990, and began operations in February 1995. The district is to provide a simplified means of securing emergency services by telephone within Warren County, Tennessee. Members of the district's Board of Directors are appointed by the Warren County Commission. In evaluating how to define the district, for financial

reporting purposes, management has considered all potential component units. The criteria for including organizations within the reporting entity, as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The district must obtain County Commission approval before the issuance of debt, and the County Commission has the ability to adjust the district's service charges. Based upon the application of these criteria, it was determined that the Warren County Emergency Communications District is a component unit of Warren County, Tennessee.

**2. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurements made, regardless of the measurement focus applied. The district uses the accrual basis of accounting, under which revenues are recognized when earned, and expenses are recognized when the liability is incurred.

**3. Cash and Cash Equivalents**

The district considers all highly liquid investments (including restricted cash) with an original maturity of three months or less from date of purchase to be cash equivalents.

**4. Depreciation and Amortization**

The district computes depreciation and amortization using the straight-line method.

**5. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**6. Capitalized Interest**

Interest is capitalized in connection with the construction of major facilities. The construction period interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life.

**7. Compensated Absences**

The district provides vacation to full time employees after one year of service. Full time employees receive one week's vacation during the first two years of service, two weeks for three to five years of service, three weeks for six to ten years of service, and four weeks for over ten years of service. Any unused vacation benefit is payable upon termination of employment. Compensated absences are paid from the district's general revenues.

**8. Operating Revenues and Expenses**

Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, non-capital financing, or investing activities.

**9. Restricted and Unrestricted Resources**

When both restricted and unrestricted resources are available for use, it is the district's policy to use restricted resources first, then unrestricted resources as they are needed.

**10. Advertising**

It is the district's policy to expense advertising costs as incurred.

**B. Credit Risks - Deposits**

Various state statutes restrict the types of deposits available to the district. Deposits are limited to bank demand deposits, certificates of deposit, governmental overnight repurchase accounts, and the state Local Government Investment Pool (LGIP).

**C. Deposits**

It is the district's policy for deposits to be 105 percent secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. At year end, the district had bank balances totaling \$433,663 with a carrying amount of \$430,357. Of this amount, \$203,600 was invested in a certificate of deposit, which bears interest at 1.5 percent annually. The district also had \$200 petty cash.

**D. Advertising Costs**

The amount of advertising cost expensed for the year was \$112.

**E. Property and Equipment**

Additions to property and equipment are recorded at cost or, if contributed property, at their estimated fair values at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of property and equipment is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income. The capitalization threshold is \$1,500.

Depreciation of all exhaustible capital assets is recorded in the Statement of Revenues, Expenses, and Changes in Net Assets, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Assets</u>	<u>Years</u>		
Buildings and Improvements	10 - 40		
Communication Equipment	5 - 10		
Furniture and Fixtures	5 - 10		

	Balance 7-1-11	Increases	Balance 6-30-12
Capital Assets Not Depreciated:			
Land	\$ 14,085	\$ 0	\$ 14,085
Total Capital Assets Not Depreciated	<u>\$ 14,085</u>	<u>\$ 0</u>	<u>\$ 14,085</u>
Capital Assets Depreciated:			
Paving	\$ 9,883	\$ 0	\$ 9,883
Building	1,131,739	0	1,131,739
Communications Equipment	762,468	49,753	812,221
Office Furniture and Fixtures	19,516	0	19,516
Vehicles	22,715	0	22,715
Total Capital Assets Depreciated	<u>\$ 1,946,321</u>	<u>\$ 49,753</u>	<u>\$ 1,996,074</u>
Less Accumulated Depreciation For:			
Paving	\$ 9,883	\$ 0	\$ 9,883
Building	142,878	30,174	173,052
Communications Equipment	504,519	79,471	583,990
Office Furniture and Fixtures	15,894	831	16,725
Vehicles	20,065	2,650	22,715
Total Accumulated Depreciation	<u>\$ 693,239</u>	<u>\$ 113,126</u>	<u>\$ 806,365</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,253,082</u>	<u>\$ (63,373)</u>	<u>\$ 1,189,709</u>
Capital Assets, Net	<u>\$ 1,267,167</u>	<u>\$ (63,373)</u>	<u>\$ 1,203,794</u>

**F. Mapping Costs**

Mapping costs are recorded at cost. The monthly mapping maintenance fees are being expensed monthly since the service is in operation. The original cost of mapping the county was capitalized and is being amortized over a period of ten years by the straight-line method. Amortization for the year totaled \$3,209.

**G. Notes Payable**

The district has a note payable at the end of the year with First National Bank. This note matures August 22, 2018, and bears interest at 4.5 percent. Principal and interest are paid in monthly payments of \$8,755. This note is secured by a UCC on the revenues of the district. This note was used to finance the construction of a new building to house the district's operations. The balance on this note at June 30, 2012, was \$564,952.

Governmental Activities:

	<u>Notes</u>
Balance, July 1, 2011	\$ 642,505
Reductions	<u>(77,553)</u>
Balance, June 30, 2012	<u>\$ 564,952</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 81,307	\$ 23,756	\$ 105,063
2014	85,042	20,021	105,063
2015	88,949	16,114	105,063
2016	93,004	12,059	105,063
2017	97,308	7,755	105,063
2018-2019	119,342	3,232	122,574
Total	<u>\$ 564,952</u>	<u>\$ 82,937</u>	<u>\$ 647,889</u>

**H. Employee Pension**

**Plan Description**

Employees of the Warren County Emergency Communications District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the

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

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

### **Funding Policy**

The district requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 1.3 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2012, the district's annual pension cost of \$4,378 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 three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent

annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was six years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$ 4,378	100 %	\$ 0
6-30-11	5,459	100	0
6-30-10	4,605	100	0

### Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 97.74 percent funded. The actuarial accrued liability for benefits was \$.41 million, and the actuarial value of assets was \$.4 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.01 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.33 million, and the ratio of the UAAL to the covered payroll was 2.78 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.

#### **I. Lease**

DTC Wireless leases tower space for \$750 per month, this lease is for five years and began March 1, 2003. Verizon Wireless also rents tower space. Tower rental income for the year was \$9,750.

#### **J. Risk Financing Activities**

It is the policy of the Warren County Emergency Communications District to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty, emergency service management liability, workers' compensation, and public officials' misconduct. Settled claims have not exceeded this commercial coverage since operations of the district began.

**K. Expenditures in Excess of Appropriations**

The district had several line item expenditures that exceeded appropriations. The excess ranged from \$2 to \$9,469.

**L. Commitments**

The district has committed to installing an IP911 system. The district had deposited \$46,694 with Emergitech Inc., and will have to pay another \$46,694 when the system is completely installed.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Warren County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 8,127,428	\$ 7,526,359	\$ 7,556,359	\$ 571,069
Licenses and Permits	205,352	154,000	154,000	51,352
Fines, Forfeitures, and Penalties	248,839	188,845	188,845	59,994
Charges for Current Services	108,950	36,470	36,470	72,480
Other Local Revenues	434,194	455,325	455,325	(21,131)
Fees Received from County Officials	764,408	795,000	795,000	(30,592)
State of Tennessee	1,966,099	2,881,161	3,183,296	(1,217,197)
Federal Government	860,269	62,300	582,199	278,070
Other Governments and Citizens Groups	221,124	200,000	200,000	21,124
<b>Total Revenues</b>	<b>\$ 12,936,663</b>	<b>\$ 12,299,460</b>	<b>\$ 13,151,494</b>	<b>\$ (214,831)</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 176,893	\$ 226,700	\$ 226,700	\$ 49,807
Board of Equalization	6,259	11,400	11,400	5,141
County Mayor/Executive	126,502	128,594	128,594	2,092
County Attorney	169,421	400,000	267,760	98,339
Election Commission	210,961	270,012	270,012	59,051
Register of Deeds	7,754	8,000	8,000	246
Development	322	500	500	178
Planning	12,559	15,480	15,480	2,921
Codes Compliance	47,015	51,088	51,088	4,073
County Buildings	155,145	200,773	200,773	45,628
Other Facilities	213,333	185,692	225,692	12,359
Other General Administration	190,097	258,500	258,500	68,403
Preservation of Records	948	0	1,000	52
<u>Finance</u>				
Accounting and Budgeting	267,864	166,693	373,933	106,069
Purchasing	1,892	4,000	4,000	2,108
Property Assessor's Office	275,261	292,617	292,617	17,356
County Trustee's Office	19,480	33,500	33,500	14,020
<u>Administration of Justice</u>				
Circuit Court	45,617	94,357	94,357	48,740
General Sessions Court	228,424	231,989	231,989	3,565
Drug Court	78,237	88,836	88,836	10,599
Chancery Court	178,566	181,771	186,371	7,805
Juvenile Court	138,237	138,799	138,799	562
Judicial Commissioners	84,403	96,460	96,460	12,057
Victims Assistance Programs	15,000	0	15,000	0
<u>Public Safety</u>				
Sheriff's Department	2,508,487	2,445,377	2,592,377	83,890
Administration of the Sexual Offender Registry	2,682	3,000	3,000	318
Jail	2,489,279	2,494,948	2,629,948	140,669

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety (Cont.)</u>				
Juvenile Services	\$ 16,415	\$ 50,000	\$ 50,000	\$ 33,585
County Coroner/Medical Examiner	1,850	6,000	6,000	4,150
Other Public Safety	148,000	153,000	153,000	5,000
<u>Public Health and Welfare</u>				
Local Health Center	67,424	73,554	73,554	6,130
Rabies and Animal Control	59,405	83,001	83,001	23,596
Alcohol and Drug Programs	53,782	52,746	52,746	(1,036)
Other Local Health Services	552,254	741,900	741,900	189,646
Regional Mental Health Center	4,750	4,750	4,750	0
Appropriation to State	52,203	52,203	52,203	0
General Welfare Assistance	2,660	3,000	3,000	340
Other Local Welfare Services	187,250	0	400,000	212,750
Other Public Health and Welfare	68,081	74,943	74,943	6,862
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	12,000	12,000	12,000	0
Libraries	116,000	116,000	116,000	0
Parks and Fair Boards	4,950	5,000	5,000	50
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	104,162	112,479	112,579	8,417
Forest Service	2,000	2,000	2,000	0
Soil Conservation	81,464	82,154	82,154	690
<u>Other Operations</u>				
Tourism	30,000	6,750	31,750	1,750
Industrial Development	750,000	750,000	750,000	0
Airport	675,842	2,040,497	2,040,497	1,364,655
Veterans' Services	21,999	24,143	24,143	2,144
Other Charges	455,394	495,000	495,000	39,606
Contributions to Other Agencies	5,500	5,500	5,500	0
Employee Benefits	228,761	305,000	305,000	76,239
ARRA Grant # 1	0	0	1,150	1,150
ARRA Grant # 4	3,251	0	3,285	34
ARRA Grant # 6	94,899	0	94,899	0
Miscellaneous	9,077	45,000	45,000	35,923
Total Expenditures	<u>\$ 11,460,011</u>	<u>\$ 13,325,706</u>	<u>\$ 14,267,740</u>	<u>\$ 2,807,729</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,476,652</u>	<u>\$ (1,026,246)</u>	<u>\$ (1,116,246)</u>	<u>\$ 2,592,898</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 200,000	\$ 125,000	\$ 200,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 200,000</u>	<u>\$ 125,000</u>	<u>\$ 200,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 1,676,652	\$ (901,246)	\$ (916,246)	\$ 2,592,898
Fund Balance, July 1, 2011	<u>2,470,743</u>	<u>1,065,642</u>	<u>1,065,642</u>	<u>1,405,101</u>
Fund Balance, June 30, 2012	<u>\$ 4,147,395</u>	<u>\$ 164,396</u>	<u>\$ 149,396</u>	<u>\$ 3,997,999</u>

Exhibit F-2

Warren County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Ambulance Service Fund  
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 578,445	\$ 550,555	\$ 577,055	\$ 1,390
Licenses and Permits	0	5,000	5,000	(5,000)
Charges for Current Services	1,757,285	1,600,000	1,800,000	(42,715)
State of Tennessee	1,883	0	0	1,883
Federal Government	21,000	18,350	18,350	2,650
Total Revenues	<u>\$ 2,358,613</u>	<u>\$ 2,173,905</u>	<u>\$ 2,400,405</u>	<u>\$ (41,792)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Civil Defense	\$ 44,860	\$ 68,430	\$ 68,430	\$ 23,570
Rescue Squad	25,910	25,910	25,910	0
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	2,746,950	2,600,627	2,827,127	80,177
Total Expenditures	<u>\$ 2,817,720</u>	<u>\$ 2,694,967</u>	<u>\$ 2,921,467</u>	<u>\$ 103,747</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (459,107)</u>	<u>\$ (521,062)</u>	<u>\$ (521,062)</u>	<u>\$ 61,955</u>
Net Change in Fund Balance	\$ (459,107)	\$ (521,062)	\$ (521,062)	\$ 61,955
Fund Balance, July 1, 2011	941,837	648,468	648,468	293,369
Fund Balance, June 30, 2012	<u>\$ 482,730</u>	<u>\$ 127,406</u>	<u>\$ 127,406</u>	<u>\$ 355,324</u>

Exhibit F-3

Warren County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 622,102	\$ 0	\$ 622,102	\$ 594,573	\$ 599,823	\$ 22,279
Charges for Current Services	3,530	0	3,530	0	0	3,530
Other Local Revenues	2,302	0	2,302	1,000	1,000	1,302
State of Tennessee	2,324,434	0	2,324,434	1,774,309	1,774,309	550,125
Total Revenues	\$ 2,952,368	\$ 0	\$ 2,952,368	\$ 2,369,882	\$ 2,375,132	\$ 577,236
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 156,953	\$ 0	\$ 156,953	\$ 201,884	\$ 201,884	\$ 44,931
Highway and Bridge Maintenance	1,209,555	0	1,209,555	1,711,250	1,711,250	501,695
Operation and Maintenance of Equipment	184,578	0	184,578	215,500	215,500	30,922
Other Charges	133,350	0	133,350	175,350	175,350	42,000
Employee Benefits	138,680	0	138,680	164,900	164,900	26,220
Capital Outlay	583,752	(475,486)	108,266	155,500	155,500	47,234
Total Expenditures	\$ 2,406,868	\$ (475,486)	\$ 1,931,382	\$ 2,624,384	\$ 2,624,384	\$ 693,002
Excess (Deficiency) of Revenues Over Expenditures	\$ 545,500	\$ 475,486	\$ 1,020,986	\$ (254,502)	\$ (249,252)	\$ 1,270,238
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 545,500	\$ 475,486	\$ 1,020,986	\$ (254,502)	\$ (249,252)	\$ 1,270,238
	1,386,794	(475,486)	911,308	670,296	670,296	241,012
Fund Balance, June 30, 2012	\$ 1,932,294	\$ 0	\$ 1,932,294	\$ 415,794	\$ 421,044	\$ 1,511,250

Exhibit F-4

Warren County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Warren County School Department  
June 30, 2012

(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)
7-1-11	\$ 35,540	\$ 35,046	\$ 506	98.56%	\$ 14,157	3.57%
7-1-09	27,159	27,868	709	97.46	12,757	5.56
7-1-07	25,119	26,003	884	96.60	11,342	7.79

Exhibit F-5

Warren County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Discretely Presented Warren County Emergency Communications District  
June 30, 2012

(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)
7-1-07	\$ 248	\$ 264	\$ 16	93.94 %	\$ 170	9.41 %
7-1-09	292	305	13	95.71	273	4.79
7-1-11	404	414	9	97.74	325	2.87

Exhibit F-6

Warren County, Tennessee  
 Schedule of Funding Progress – Other Postemployment Benefit Plans  
Primary Government and Discretely Presented Warren County School Department  
June 30, 2012

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Government Group	7-1-09	\$ 0	\$ 575	\$ 575	0 %	\$ 3,556	16 %
"	7-1-10	0	620	620	0	3,857	16
"	7-1-11	0	455	455	0	7,165	6
Local Education Group	7-1-09	0	4,421	4,421	0	13,842	32
"	7-1-10	0	4,570	4,570	0	15,267	30
"	7-1-11	0	6,437	6,437	0	24,301	26

**WARREN COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2012**

**A. BUDGETARY INFORMATION**

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

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

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

**B. THE ACTUAL FUND BALANCE EXCEEDED THE ESTIMATED BEGINNING FUND BALANCE BY A MATERIAL AMOUNT**

The General Fund's actual beginning fund balance at July 1, 2011, was \$2,470,743; however, the estimated fund balance reflected in the county's budget was \$1,065,642. Therefore, the actual fund balance exceeded the estimated fund balance presented to the County Commission during the budget process by \$1,405,101.

**C. A CASH SHORTAGE OF \$20,791.67 EXISTED AT THE WARREN COUNTY MEMORIAL AIRPORT AS OF SEPTEMBER 30, 2011**

On September 11, 2012, our office issued a special investigative report on the Warren County Memorial Airport for the period July 1, 2007, through September 30, 2011. This report disclosed receipts issued that were not deposited with the county trustee, unpaid hangar rentals, and the use of aircraft fuel used for personal benefit resulting in a cash shortage of \$20,791.67 as of September 30, 2011. This report is available at [www.tn.gov/comptroller](http://www.tn.gov/comptroller).

**D. EXPENDITURES EXCEEDED APPROPRIATIONS**

Expenditures exceeded appropriations in the Alcohol and Drug Programs major appropriation category (the legal level of control) in the General Fund by \$1,036.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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

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

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

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

# Capital Projects Funds

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

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

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

Exhibit G-1

Warren County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2012

	Special Revenue Funds					Total
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Other Capital Projects	
\$	0	0	0	174,898	0	174,898
Equity in Pooled Cash and Investments	673,002	237,649	19,288	0	83,603	1,013,542
Accounts Receivable	3,169	0	0	14,101	0	17,270
Due to Other Governments	4,232	0	0	0	0	4,232
Property Taxes Receivable	279,959	0	0	0	0	279,959
Allowance for Uncollectible Property Taxes	(9,077)	0	0	0	0	(9,077)
Total Assets	\$ 951,285	\$ 237,649	\$ 19,288	\$ 188,999	\$ 83,603	\$ 1,480,824

ASSETS

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

LIABILITIES AND FUND BALANCES

	Special Revenue Funds					Total
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Other Capital Projects	
\$	13,816	0	0	0	0	13,816
Accounts Payable	7,275	0	0	0	0	7,275
Accrued Payroll	0	0	0	7,911	0	7,911
Due to Other Funds	259,161	0	0	0	0	259,161
Deferred Revenue - Current Property Taxes	10,759	0	0	0	0	10,759
Deferred Revenue - Delinquent Property Taxes	291,011	0	0	7,911	0	298,922
Total Liabilities	\$ 291,011	\$ 0	\$ 0	\$ 7,911	\$ 0	\$ 298,922

	Special Revenue Funds					Total
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Other Capital Projects	
\$	0	0	19,288	0	0	19,288
Restricted for Administration of Justice	0	237,649	0	0	0	237,649
Restricted for Public Safety	0	0	0	0	0	0
Restricted for Other Operations	0	0	0	0	83,603	83,603
Committed:						
Committed for General Government	0	0	0	14,551	0	14,551
Committed for Finance	0	0	0	90,803	0	90,803
Committed for Administration of Justice	0	0	0	75,734	0	75,734
Committed for Public Health and Welfare	660,274	0	0	0	0	660,274
Total Fund Balances	\$ 660,274	\$ 237,649	\$ 19,288	\$ 181,088	\$ 83,603	\$ 1,181,902

Total Liabilities and Fund Balances	\$ 951,285	\$ 237,649	\$ 19,288	\$ 188,999	\$ 83,603	\$ 1,480,824
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Liabilities  
 Accounts Payable  
 Accrued Payroll  
 Due to Other Funds  
 Deferred Revenue - Current Property Taxes  
 Deferred Revenue - Delinquent Property Taxes  
 Total Liabilities  
 Fund Balances  
 Restricted:  
 Restricted for Administration of Justice  
 Restricted for Public Safety  
 Restricted for Other Operations  
 Committed:  
 Committed for General Government  
 Committed for Finance  
 Committed for Administration of Justice  
 Committed for Public Health and Welfare  
 Total Fund Balances  
 Total Liabilities and Fund Balances

Exhibit G-2

Warren County, Tennessee  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2012

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Total	Education Capital Projects - Dibrell	Other Capital Projects	Total	
<u>Revenues</u>									
Local Taxes	\$ 401,806	\$ 0	\$ 0	\$ 0	\$ 401,806	\$ 0	\$ 0	\$ 0	\$ 401,806
Fines, Forfeitures, and Penalties	0	100,562	8,651	0	109,213	0	0	0	109,213
Charges for Current Services	1,167	0	0	1,014,205	1,015,372	0	0	0	1,015,372
Other Local Revenues	72,848	0	0	0	72,848	2,084	89	2,173	75,021
State of Tennessee	468,290	0	0	0	468,290	0	0	0	468,290
Other Governments and Citizens Groups	0	1,500	0	0	1,500	0	0	0	1,500
Total Revenues	\$ 944,111	\$ 102,062	\$ 8,651	\$ 1,014,205	\$ 2,069,029	\$ 2,084	\$ 89	\$ 2,173	\$ 2,071,202
<u>Expenditures</u>									
Current:									
General Government	\$ 0	\$ 0	\$ 0	\$ 136,641	\$ 136,641	\$ 0	\$ 0	\$ 0	\$ 136,641
Finance	0	0	0	457,567	457,567	0	0	0	457,567
Administration of Justice	0	0	8,746	369,937	378,683	0	0	0	378,683
Public Safety	0	49,003	0	0	49,003	0	0	0	49,003
Public Health and Welfare	939,829	9,829	0	0	949,658	0	0	0	949,658
Capital Projects - Donated	0	0	0	0	0	2,204,214	0	2,204,214	2,204,214
Total Expenditures	\$ 939,829	\$ 58,832	\$ 8,746	\$ 964,145	\$ 1,971,552	\$ 2,204,214	\$ 0	\$ 2,204,214	\$ 4,175,766
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,282	\$ 43,230	\$ (95)	\$ 50,060	\$ 97,477	\$ (2,202,130)	\$ 89	\$ (2,202,041)	\$ (2,104,564)
Net Change in Fund Balances	\$ 4,282	\$ 43,230	\$ (95)	\$ 50,060	\$ 97,477	\$ (2,202,130)	\$ 89	\$ (2,202,041)	\$ (2,104,564)
Fund Balance, July 1, 2011	655,992	194,419	19,383	131,028	1,000,822	2,202,130	83,514	2,285,644	3,286,466
Fund Balance, June 30, 2012	\$ 660,274	\$ 237,649	\$ 19,288	\$ 181,088	\$ 1,098,299	\$ 0	\$ 83,603	\$ 83,603	\$ 1,181,902

Exhibit G-3

Warren County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 401,806	\$ 374,527	\$ 374,527	\$ 27,279
Charges for Current Services	1,167	2,000	2,000	(833)
Other Local Revenues	72,848	40,000	40,000	32,848
State of Tennessee	468,290	380,000	380,000	88,290
Total Revenues	<u>\$ 944,111</u>	<u>\$ 796,527</u>	<u>\$ 796,527</u>	<u>\$ 147,584</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 261,104	\$ 359,956	\$ 359,956	\$ 98,852
Convenience Centers	651,582	713,449	713,449	61,867
Other Waste Disposal	27,143	46,000	46,000	18,857
Total Expenditures	<u>\$ 939,829</u>	<u>\$ 1,119,405</u>	<u>\$ 1,119,405</u>	<u>\$ 179,576</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 4,282</u>	<u>\$ (322,878)</u>	<u>\$ (322,878)</u>	<u>\$ 327,160</u>
Net Change in Fund Balance	\$ 4,282	\$ (322,878)	\$ (322,878)	\$ 327,160
Fund Balance, July 1, 2011	<u>655,992</u>	<u>436,435</u>	<u>436,435</u>	<u>219,557</u>
Fund Balance, June 30, 2012	<u><u>\$ 660,274</u></u>	<u><u>\$ 113,557</u></u>	<u><u>\$ 113,557</u></u>	<u><u>\$ 546,717</u></u>

Exhibit G-4

Warren County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 100,562	\$ 100,000	\$ 100,000	\$ 562
Other Governments and Citizens Groups	1,500	15,000	15,000	(13,500)
Total Revenues	<u>\$ 102,062</u>	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ (12,938)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 49,003	\$ 84,000	\$ 84,000	\$ 34,997
<u>Public Health and Welfare</u>				
Alcohol and Drug Programs	9,829	16,500	16,500	6,671
Total Expenditures	<u>\$ 58,832</u>	<u>\$ 100,500</u>	<u>\$ 100,500</u>	<u>\$ 41,668</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 43,230</u>	<u>\$ 14,500</u>	<u>\$ 14,500</u>	<u>\$ 28,730</u>
Net Change in Fund Balance	\$ 43,230	\$ 14,500	\$ 14,500	\$ 28,730
Fund Balance, July 1, 2011	<u>194,419</u>	<u>153,184</u>	<u>153,184</u>	<u>41,235</u>
Fund Balance, June 30, 2012	<u><u>\$ 237,649</u></u>	<u><u>\$ 167,684</u></u>	<u><u>\$ 167,684</u></u>	<u><u>\$ 69,965</u></u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit H

Warren County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,331,694	\$ 2,021,162	\$ 2,191,162	\$ 140,532
Other Local Revenues	291,782	400,000	400,000	(108,218)
Federal Government	0	450,000	450,000	(450,000)
Other Governments and Citizens Groups	181,564	421,000	421,000	(239,436)
Total Revenues	<u>\$ 2,805,040</u>	<u>\$ 3,292,162</u>	<u>\$ 3,462,162</u>	<u>\$ (657,122)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 648,644	\$ 492,000	\$ 697,000	\$ 48,356
Highways and Streets	46,871	47,000	47,000	129
Education	3,156,921	3,160,000	3,205,000	48,079
<u>Interest on Debt</u>				
General Government	254,888	283,000	283,000	28,112
Highways and Streets	2,626	5,000	5,000	2,374
Education	910,008	831,000	948,560	38,552
<u>Other Debt Service</u>				
General Government	41,910	125,000	125,000	83,090
Education	7,440	0	7,440	0
Total Expenditures	<u>\$ 5,069,308</u>	<u>\$ 4,943,000</u>	<u>\$ 5,318,000</u>	<u>\$ 248,692</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,264,268)</u>	<u>\$ (1,650,838)</u>	<u>\$ (1,855,838)</u>	<u>\$ (408,430)</u>
Net Change in Fund Balance	\$ (2,264,268)	\$ (1,650,838)	\$ (1,855,838)	\$ (408,430)
Fund Balance, July 1, 2011	10,859,715	10,699,635	10,699,635	160,080
Fund Balance, June 30, 2012	<u>\$ 8,595,447</u>	<u>\$ 9,048,797</u>	<u>\$ 8,843,797</u>	<u>\$ (248,350)</u>

# Fiduciary Funds

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

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

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

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

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

Warren County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2012

	Agency Funds				Total
	Cities - Sales Tax	Community Develop- ment - Agency	Constitu- tional Officers - Agency	Judicial District Drug	
\$	0 \$	0 \$	2,814,098 \$	0 \$	2,814,098
	0	522	0	14,978	15,500
	324,391	0	0	0	324,391
<b>Total Assets</b>	<b>\$ 324,391</b>	<b>\$ 522</b>	<b>\$ 2,814,098</b>	<b>\$ 14,978</b>	<b>\$ 3,153,989</b>
<u>ASSETS</u>					
Cash					
Equity in Pooled Cash and Investments					
Due from Other Governments					
<b>Total Assets</b>	<b>\$ 324,391</b>	<b>\$ 522</b>	<b>\$ 2,814,098</b>	<b>\$ 14,978</b>	<b>\$ 3,153,989</b>
<u>LIABILITIES</u>					
Due to Other Taxing Units					
Due to Litigants, Heirs, and Others					
Due to State of Tennessee					
Due to Joint Ventures					
<b>Total Liabilities</b>	<b>\$ 324,391</b>	<b>\$ 522</b>	<b>\$ 2,814,098</b>	<b>\$ 14,978</b>	<b>\$ 3,153,989</b>

## Exhibit I-2

Warren County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,891,703	\$ 1,891,703	\$ 0
Due from Other Governments	315,263	324,391	315,263	324,391
Total Assets	\$ 315,263	\$ 2,216,094	\$ 2,206,966	\$ 324,391
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 315,263	\$ 2,216,094	\$ 2,206,966	\$ 324,391
Total Liabilities	\$ 315,263	\$ 2,216,094	\$ 2,206,966	\$ 324,391
<u>Community Development - Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 522	\$ 0	\$ 0	\$ 522
Total Assets	\$ 522	\$ 0	\$ 0	\$ 522
<u>Liabilities</u>				
Due to State of Tennessee	\$ 522	\$ 0	\$ 0	\$ 522
Total Liabilities	\$ 522	\$ 0	\$ 0	\$ 522
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,987,595	\$ 8,664,986	\$ 7,838,483	\$ 2,814,098
Total Assets	\$ 1,987,595	\$ 8,664,986	\$ 7,838,483	\$ 2,814,098
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,987,595	\$ 8,664,986	\$ 7,838,483	\$ 2,814,098
Total Liabilities	\$ 1,987,595	\$ 8,664,986	\$ 7,838,483	\$ 2,814,098
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 9,211	\$ 13,540	\$ 7,773	\$ 14,978
Total Assets	\$ 9,211	\$ 13,540	\$ 7,773	\$ 14,978
<u>Liabilities</u>				
Due to Joint Ventures	\$ 9,211	\$ 13,540	\$ 7,773	\$ 14,978
Total Liabilities	\$ 9,211	\$ 13,540	\$ 7,773	\$ 14,978

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,987,595	\$ 8,664,986	\$ 7,838,483	\$ 2,814,098
Equity in Pooled Cash and Investments	9,733	1,905,243	1,899,476	15,500
Due from Other Governments	315,263	324,391	315,263	324,391
Total Assets	<u>\$ 2,312,591</u>	<u>\$ 10,894,620</u>	<u>\$ 10,053,222</u>	<u>\$ 3,153,989</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 315,263	\$ 2,216,094	\$ 2,206,966	\$ 324,391
Due to Litigants, Heirs, and Others	1,987,595	8,664,986	7,838,483	2,814,098
Due to State of Tennessee	522	0	0	522
Due to Joint Ventures	9,211	13,540	7,773	14,978
Total Liabilities	<u>\$ 2,312,591</u>	<u>\$ 10,894,620</u>	<u>\$ 10,053,222</u>	<u>\$ 3,153,989</u>

# Warren County School Department

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

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

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

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department.

Exhibit J-1

Warren County, Tennessee  
Statement of Activities  
Discretely Presented Warren County School Department  
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:				
Instruction	\$ 34,027,141	\$ 230,019	\$ 4,995,036	\$ 9,944,231
Support Services	16,689,643	27,130	199,612	0
Operation of Non-Instructional Services	4,654,032	726,456	2,502,619	0
Total Governmental Activities	\$ 55,370,816	\$ 983,605	\$ 7,697,267	\$ 9,944,231
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 3,668,023
Local Option Sales Taxes				7,615,748
Grants and Contributions Not Restricted to Specific Programs				33,189,651
Unrestricted Investment Earnings				4,406
Miscellaneous				114,968
Total General Revenues				\$ 44,592,796
Change in Net Assets				\$ 7,847,083
Net Assets, July 1, 2011				45,202,784
Net Assets, June 30, 2012				\$ 53,049,867

Exhibit J-2

Warren County, Tennessee  
 Balance Sheet - Governmental Funds  
 Discretely Presented Warren County School Department  
 June 30, 2012

	Major Funds				Total Govern- mental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 1,080	\$ 0	\$ 1,080
Equity in Pooled Cash and Investments	5,292,132	10,332	1,417,527	568,355	7,288,346
Inventories	0	0	64,563	0	64,563
Accounts Receivable	3,693	0	189	0	3,882
Due from Other Governments	1,674,253	58,282	12,510	0	1,745,045
Property Taxes Receivable	4,005,138	0	0	0	4,005,138
Allowance for Uncollectible Property Taxes	(128,560)	0	0	0	(128,560)
<b>Total Assets</b>	<b>\$ 10,846,656</b>	<b>\$ 68,614</b>	<b>\$ 1,495,869</b>	<b>\$ 568,355</b>	<b>\$ 12,979,494</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 810	\$ 130	\$ 3,889	\$ 0	\$ 4,829
Payroll Deductions Payable	532,737	2,135	0	0	534,872
Deferred Revenue - Current Property Taxes	3,712,482	0	0	0	3,712,482
Deferred Revenue - Delinquent Property Taxes	150,625	0	0	0	150,625
Other Deferred Revenues	671,303	0	0	0	671,303
<b>Total Liabilities</b>	<b>\$ 5,067,957</b>	<b>\$ 2,265</b>	<b>\$ 3,889</b>	<b>\$ 0</b>	<b>\$ 5,074,111</b>
<u>Fund Balances</u>					
Nonspendable:					
Inventory	\$ 0	\$ 0	\$ 64,563	\$ 0	\$ 64,563
Restricted:					
Restricted for Education	187,205	66,219	1,427,417	0	1,680,841
Restricted for Capital Outlay	0	0	0	18,355	18,355
Committed:					
Committed for Education	4,108,348	0	0	0	4,108,348
Committed for Capital Outlay	0	0	0	550,000	550,000
Assigned:					
Assigned for Education	674,481	130	0	0	674,611
Unassigned	808,665	0	0	0	808,665
<b>Total Fund Balances</b>	<b>\$ 5,778,699</b>	<b>\$ 66,349</b>	<b>\$ 1,491,980</b>	<b>\$ 568,355</b>	<b>\$ 7,905,383</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,846,656</b>	<b>\$ 68,614</b>	<b>\$ 1,495,869</b>	<b>\$ 568,355</b>	<b>\$ 12,979,494</b>

Exhibit J-3

Warren County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Warren County School Department  
June 30, 2012

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)		\$ 7,905,383
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,929,936	
Add: construction in progress	15,212,254	
Add: buildings and improvements net of accumulated depreciation	29,395,507	
Add: other capital assets net of accumulated depreciation	<u>1,522,892</u>	48,060,589
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: compensated absences payable	\$ (2,164,460)	
Less: other postemployment benefits liability	<u>(1,573,573)</u>	(3,738,033)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>821,928</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 53,049,867</u></u>

Exhibit J-4

Warren County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Warren County School Department  
For the Year Ended June 30, 2012

	Major Funds				Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>Revenues</u>					
Local Taxes	\$ 11,496,456	\$ 0	\$ 0	\$ 0	\$ 11,496,456
Charges for Current Services	218,856	0	726,456	0	945,312
Other Local Revenues	166,842	0	12,677	0	179,519
State of Tennessee	32,249,322	0	32,279	0	32,281,601
Federal Government	209,324	5,730,077	2,470,340	0	8,409,741
Other Governments and Citizens Groups	0	0	0	9,878,912	9,878,912
<b>Total Revenues</b>	<b>\$ 44,340,800</b>	<b>\$ 5,730,077</b>	<b>\$ 3,241,752</b>	<b>\$ 9,878,912</b>	<b>\$ 63,191,541</b>
<u>Expenditures</u>					
Current:					
Instruction	\$ 26,711,756	\$ 4,165,396	\$ 0	\$ 0	\$ 30,877,152
Support Services	14,914,041	1,619,404	0	0	16,533,445
Operation of Non-Instructional Services	780,287	0	3,837,026	0	4,617,313
Capital Outlay	1,939,041	0	0	0	1,939,041
Capital Projects	0	0	0	10,274,031	10,274,031
<b>Total Expenditures</b>	<b>\$ 44,345,125</b>	<b>\$ 5,784,800</b>	<b>\$ 3,837,026</b>	<b>\$ 10,274,031</b>	<b>\$ 64,240,982</b>
Excess (Deficiency) of Revenues Over Expenditures					
	\$ (4,325)	\$ (54,723)	\$ (595,274)	\$ (395,119)	\$ (1,049,441)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 6,762	\$ 0	\$ 0	\$ 550,000	\$ 556,762
Transfers Out	(550,000)	(6,762)	0	0	(556,762)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (543,238)</b>	<b>\$ (6,762)</b>	<b>\$ 0</b>	<b>\$ 550,000</b>	<b>\$ 0</b>
Net Change in Fund Balances					
Fund Balance, July 1, 2011	\$ 6,326,262	\$ 127,834	\$ 2,087,254	\$ 413,474	\$ 8,954,824
<b>Fund Balance, June 30, 2012</b>	<b>\$ 5,778,699</b>	<b>\$ 66,349</b>	<b>\$ 1,491,980</b>	<b>\$ 568,355</b>	<b>\$ 7,905,383</b>

Exhibit J-5

Warren County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Warren County School Department  
For the Year Ended June 30, 2012

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)		\$ (1,049,441)
(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	\$ 10,829,218	
Less: current-year depreciation expense	<u>(1,635,628)</u>	9,193,590
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$ 821,928	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(795,570)</u>	26,358
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ 168,087	
Change in other postemployment benefits liability	<u>(491,511)</u>	<u>(323,424)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 7,847,083</u>

Exhibit J-6

Warren County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Warren County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 11,496,456	\$ 0	\$ 0	\$ 11,496,456	\$ 11,571,878	\$ 11,571,878	\$ (75,422)
Charges for Current Services	218,856	0	0	218,856	369,800	369,800	(150,944)
Other Local Revenues	166,842	0	0	166,842	131,000	131,000	35,842
State of Tennessee	32,249,322	0	0	32,249,322	31,773,601	32,003,978	245,344
Federal Government	209,324	0	0	209,324	222,400	241,163	(31,839)
Total Revenues	\$ 44,340,800	\$ 0	\$ 0	\$ 44,340,800	\$ 44,068,679	\$ 44,317,819	\$ 22,981
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 21,379,939	(199,322)	233,363	\$ 21,413,980	\$ 21,497,100	\$ 21,491,301	\$ 77,321
Alternative Instruction Program	279,425	0	0	279,425	288,400	294,200	14,775
Special Education Program	3,174,958	0	0	3,174,958	3,181,700	3,181,700	6,742
Vocational Education Program	1,759,571	(4,636)	0	1,754,935	2,026,000	2,026,000	271,065
Adult Education Program	117,863	0	0	117,863	157,400	157,400	39,537
<u>Support Services</u>							
Attendance	516,220	(33,262)	765	483,723	564,300	564,300	80,577
Health Services	808,268	0	0	808,268	900,700	900,700	92,432
Other Student Support	1,705,846	(37,175)	63,220	1,731,891	1,856,400	1,856,400	124,509
Regular Instruction Program	1,073,752	0	0	1,073,752	1,285,900	1,285,900	212,148
Alternative Instruction Program	87,730	0	0	87,730	93,100	93,100	5,370
Special Education Program	474,607	0	0	474,607	471,800	492,100	17,493
Vocational Education Program	90,830	0	0	90,830	120,000	120,000	29,170
Other Programs	202,840	0	0	202,840	0	202,840	0
Board of Education	790,846	(7,000)	7,760	791,606	922,100	922,100	130,494

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Director of Schools	\$ 188,677	\$ 0	\$ 0	\$ 188,677	\$ 200,900	\$ 200,900	\$ 12,223
Office of the Principal	1,937,814	(10,584)	7,554	1,934,784	2,002,900	2,002,900	68,116
Fiscal Services	704,419	(9,211)	215	695,423	546,000	726,000	30,577
Operation of Plant	3,416,705	(15,014)	4,115	3,405,806	3,748,800	3,748,800	342,994
Maintenance of Plant	1,344,336	(24,041)	21,587	1,341,882	1,454,200	1,454,200	112,318
Transportation	1,571,151	(44,734)	0	1,526,417	1,700,000	1,700,000	173,583
<u>Operation of Non-Instructional Services</u>							
Food Service	1,171	0	0	1,171	1,400	1,400	229
Community Services	102,571	(408)	0	102,163	134,800	134,800	32,637
Early Childhood Education	676,545	0	0	676,545	658,000	684,000	7,455
Capital Outlay							
Regular Capital Outlay	1,939,041	(1,048,225)	335,902	1,226,718	1,500,000	1,600,000	373,282
Total Expenditures	\$ 44,345,125	\$ (1,433,612)	\$ 674,481	\$ 43,585,994	\$ 45,311,900	\$ 45,841,041	\$ 2,255,047
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (4,325)	\$ 1,433,612	\$ (674,481)	\$ 754,806	\$ (1,243,221)	\$ (1,523,222)	\$ 2,278,028
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 6,762	\$ 0	\$ 0	\$ 6,762	\$ 10,000	\$ 10,000	\$ (3,238)
Transfers Out	(550,000)	0	0	(550,000)	(180,000)	(550,000)	0
Total Other Financing Sources (Uses)	\$ (543,238)	\$ 0	\$ 0	\$ (543,238)	\$ (170,000)	\$ (540,000)	\$ (3,238)
Net Change in Fund Balance	\$ (547,563)	\$ 1,433,612	\$ (674,481)	\$ 211,568	\$ (1,413,221)	\$ (2,063,222)	\$ 2,274,790
Fund Balance, July 1, 2011	6,326,262	(1,433,612)	0	4,892,650	5,789,411	5,789,411	(896,761)
Fund Balance, June 30, 2012	\$ 5,778,699	\$ 0	\$ (674,481)	\$ 5,104,218	\$ 4,376,190	\$ 3,726,189	\$ 1,378,029

Exhibit J-7

Warren County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Warren County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 5,730,077	\$ 0	\$ 0	\$ 5,730,077	\$ 5,548,073	\$ 6,623,824	\$ (893,747)
Total Revenues	\$ 5,730,077	\$ 0	\$ 0	\$ 5,730,077	\$ 5,548,073	\$ 6,623,824	\$ (893,747)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,493,142	\$ (13,340)	\$ 0	\$ 2,479,802	\$ 2,096,836	\$ 2,906,062	\$ 426,260
Special Education Program	1,582,865	(39,599)	0	1,543,266	1,413,273	1,667,914	124,648
Vocational Education Program	89,389	0	0	89,389	96,359	89,389	0
<u>Support Services</u>							
Other Student Support	47,466	(4,279)	0	43,187	43,516	51,517	8,330
Regular Instruction Program	721,111	(255)	0	720,856	1,065,476	1,059,137	338,281
Special Education Program	839,160	(3,259)	130	836,031	831,519	929,354	93,323
Vocational Education Program	3,088	0	0	3,088	5,207	3,088	0
Transportation	8,579	0	0	8,579	20,394	21,100	12,521
Total Expenditures	\$ 5,784,800	\$ (60,732)	\$ 130	\$ 5,724,198	\$ 5,572,580	\$ 6,727,561	\$ 1,003,363
Excess (Deficiency) of Revenues Over Expenditures	\$ (54,723)	\$ 60,732	\$ (130)	\$ 5,879	\$ (24,507)	\$ (103,737)	\$ 109,616
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 159,664	\$ 192,492	\$ (192,492)
Transfers Out	(6,762)	0	0	(6,762)	(135,157)	(155,470)	148,708
Total Other Financing Sources (Uses)	\$ (6,762)	\$ 0	\$ 0	\$ (6,762)	\$ 24,507	\$ 37,022	\$ (43,784)
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (61,485)	\$ 60,732	\$ (130)	\$ (883)	\$ 0	\$ (66,715)	\$ 65,832
Fund Balance, July 1, 2011	127,834	(60,732)	0	67,102	172,117	172,117	(105,015)
Fund Balance, June 30, 2012	\$ 66,349	\$ 0	\$ (130)	\$ 66,219	\$ 172,117	\$ 105,402	\$ (39,183)

Exhibit J-8

Warren County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Discretely Presented Warren County School Department  
 Central Cafeteria Fund  
 For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Charges for Current Services	\$ 726,456	\$ 0	\$ 0	\$ 726,456	\$ 767,000	\$ 767,000	\$ (40,544)
Other Local Revenues	12,677	0	0	12,677	16,300	16,300	(3,623)
State of Tennessee	32,279	0	0	32,279	33,000	33,000	(721)
Federal Government	2,470,340	0	0	2,470,340	2,070,000	2,240,000	230,340
<b>Total Revenues</b>	<b>\$ 3,241,752</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,241,752</b>	<b>\$ 2,886,300</b>	<b>\$ 3,056,300</b>	<b>\$ 185,452</b>
<b>Expenditures</b>							
Operation of Non-Instructional Services							
Food Service	\$ 3,837,026	\$ (300,000)	\$ 92,640	\$ 3,629,666	\$ 3,431,000	\$ 3,676,929	\$ 47,263
<b>Total Expenditures</b>	<b>\$ 3,837,026</b>	<b>\$ (300,000)</b>	<b>\$ 92,640</b>	<b>\$ 3,629,666</b>	<b>\$ 3,431,000</b>	<b>\$ 3,676,929</b>	<b>\$ 47,263</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (595,274)</b>	<b>\$ 300,000</b>	<b>\$ (92,640)</b>	<b>\$ (387,914)</b>	<b>\$ (544,700)</b>	<b>\$ (620,629)</b>	<b>\$ 232,715</b>
<b>Net Change in Fund Balance Fund Balance, July 1, 2011</b>	<b>\$ (595,274)</b>	<b>\$ 300,000</b>	<b>\$ (92,640)</b>	<b>\$ (387,914)</b>	<b>\$ (544,700)</b>	<b>\$ (620,629)</b>	<b>\$ 232,715</b>
	2,087,254	(300,000)	0	1,787,254	1,897,668	1,897,668	(110,414)
<b>Fund Balance, June 30, 2012</b>	<b>\$ 1,491,980</b>	<b>\$ 0</b>	<b>\$ (92,640)</b>	<b>\$ 1,399,340</b>	<b>\$ 1,352,968</b>	<b>\$ 1,277,039</b>	<b>\$ 122,301</b>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Warren County, Tennessee  
Schedule of Changes in Long-term Notes and Bonds  
For the Year Ended June 30, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
<b>NOTES PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Sheriff Vehicles	\$ 125,000	2.8 to 3.5 %	2-17-10	6-30-12	\$ 41,666	\$ 0	41,666	\$ 0
Sewer System - Jail	159,500	2.99	7-23-10	6-30-13	106,333	0	53,167	53,166
School Buses	175,000	2.99	7-23-10	6-30-13	116,667	0	58,333	58,334
Sanitation Truck	130,156	2.76	2-3-11	6-30-13	86,771	0	43,385	43,386
Ambulance Changeovers	180,000	2.76	2-3-11	6-30-13	120,000	0	60,000	60,000
Harrison Ferry Road Repairs	140,613	2.76	2-3-11	6-30-13	93,742	0	46,871	46,871
Dibrell Elementary	750,000	2.76	2-3-11	6-30-13	500,000	0	250,000	250,000
Sheriff Vehicles	125,000	2.64	12-30-11	6-30-14	0	125,000	41,667	83,333
Office Equipment	75,000	2 to 2.35	5-17-12	6-30-14	0	75,000	25,000	50,000
Total Notes Payable					\$ 1,065,179	\$ 200,000	\$ 620,089	\$ 645,090
<b>BONDS PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
School Refunding	15,350,000	2.55 to 5	9-1-01	6-1-12	\$ 1,945,000	\$ 0	1,945,000	\$ 0
Public Works Refunding	1,485,000	2 to 3.5	12-29-03	6-1-13	370,000	0	180,000	190,000
School Refunding, Series 2008	3,790,000	3 to 3.5	4-24-08	6-1-14	2,420,000	0	420,000	2,000,000
USDA Bonds - Ambulances	226,000	4.5	6-5-09	11-21-11	203,759	0	203,759	0
General Obligation Refunding, Series 2010	6,475,000	2 to 4	2-10-10	6-1-22	6,475,000	0	0	6,475,000
Build America Bonds, Series 2010B	6,000,000	2.35 to 5.45	4-15-10	6-1-30	6,000,000	0	0	6,000,000
Qualified School Construction, Series 2010	9,300,000	0	10-7-10	9-15-27	9,300,000	0	483,588	8,816,412
Total Bonds Payable					\$ 26,713,759	\$ 0	\$ 3,232,347	\$ 23,481,412

Exhibit K-2

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

Year Ending June 30	Notes		Total
	Principal	Interest	
2013	\$ 578,424	\$ 17,721	\$ 596,145
2014	66,666	1,688	68,354
Total	\$ 645,090	\$ 19,409	\$ 664,499

Year Ending June 30	Bonds		Total
	Principal	Interest	
2013	\$ 2,650,305	\$ 1,030,521	\$ 3,680,826
2014	1,770,306	963,772	2,734,078
2015	1,455,305	929,171	2,384,476
2016	1,485,306	902,787	2,388,093
2017	1,520,305	874,796	2,395,101
2018	1,555,306	841,012	2,396,318
2019	1,590,305	805,056	2,395,361
2020	1,630,306	763,554	2,393,860
2021	1,675,305	719,739	2,395,044
2022	1,725,306	673,559	2,398,865
2023	950,305	625,096	1,575,401
2024	965,306	607,707	1,573,013
2025	980,305	589,226	1,569,531
2026	995,306	569,427	1,564,733
2027	1,072,429	548,469	1,620,898
2028	504,706	119,606	624,312
2029	470,000	51,577	521,577
2030	485,000	26,432	511,432
Total	\$ 23,481,412	\$ 11,641,507	\$ 35,122,919

Exhibit K-3

Warren County, Tennessee  
Schedule of Transfers  
Discretely Presented Warren County School Department  
For the Year Ended June 30, 2012

From Fund	To Fund	Purpose	Amount
School Federal Projects	General Purpose School	Indirect costs	\$ 6,762
General Purpose School	Education Capital Projects	Construction costs	<u>550,000</u>
Total Transfers Discretely Presented Warren County School Department			<u>\$ 556,762</u>

Exhibit K-4

Warren County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Warren County School Department  
For the Year Ended June 30, 2012

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, TCA	\$ 73,866	\$ 50,000	Cincinnati Insurance Company
Superintendent of Roads	Section 8-24-102, TCA	70,350	100,000	"
Director of Accounts	County Commission	55,892	10,000	Western Surety Company
Director of Schools	State Board of Education and County Board of Education	113,546 (1)	100,000	Cincinnati Insurance Company
Trustee	Section 8-24-102, TCA	63,954	1,532,000	"
Assessor of Property	Section 8-24-102, TCA	63,954	10,000	State Farm Fire and Casualty Company
County Clerk	Section 8-24-102, TCA	63,954	50,000	Cincinnati Insurance Company
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	63,954	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	63,954 (2)	50,000	"
Register	Section 8-24-102, TCA	63,954	25,000	"
Sheriff	Section 8-24-102, TCA	70,350 (3)	50,000	Western Surety Company
Employee Dishonesty Bond Coverage:				
General County Employees			20,000	Western Surety Company
Ambulance Service Employees			50,000	American Alternative Insurance Corporation

(1) Includes a chief executive officer training supplement of \$1,000 and accrued sick leave of \$10,400.

(2) Does not include special commissioner fees of \$1,837.

(3) Does not include a law enforcement training supplement of \$600.

Exhibit K-5

Warren County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2012

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 6,657,187	\$ 240,997	\$ 481,977	\$ 0	\$ 0	\$ 0	\$ 482,422
Trustee's Collections - Prior Year	215,172	14,445	29,030	0	0	0	22,658
Trustee's Collections - Bankruptcy	2,673	160	321	0	0	0	254
Circuit/Clerk & Master Collections - Prior Years	199,521	9,022	19,495	0	0	0	15,087
Interest and Penalty	54,957	2,566	5,153	0	0	0	4,179
Payments in-Lieu-of Taxes - T.V.A.	19,363	867	1,743	0	0	0	1,360
Payments in-Lieu-of Taxes - Local Utilities	56,539	2,762	5,551	0	0	0	4,332
Payments in-Lieu-of Taxes - Other	340,065	16,613	33,388	0	0	0	26,058
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	0	0
Hotel/Motel Tax	0	0	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0	0
Litigation Tax - General	125,061	0	0	0	0	0	0
Litigation Tax - Special Purpose	9,323	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	42,949	0	0	0	0	0	0
Business Tax	310,322	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	63,965
Other County Local Option Taxes	88	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	24,360	894	1,787	0	0	0	1,787
Wholesale Beer Tax	69,848	113,480	0	0	0	0	0
Total Local Taxes	\$ 8,127,428	\$ 401,806	\$ 578,445	\$ 0	\$ 0	\$ 0	\$ 622,102
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	3,220	0	0	0	0	0	0
Cable TV Franchise	163,616	0	0	0	0	0	0
<u>Permits</u>							
Beer Permits	1,971	0	0	0	0	0	0
Building Permits	32,784	0	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Highway / Public Works
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitu- tional Officers - Fees		
<u>Licenses and Permits (Cont.)</u>								
<u>Permits (Cont.)</u>								
Other Permits	\$ 3,761	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 205,352	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 21,461	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fines for Littering	70	0	0	0	0	0	0	0
Officers Costs	18,805	0	0	0	0	0	0	0
Drug Control Fines	0	0	0	29,981	0	0	0	0
Drug Court Fees	5,134	0	0	0	0	0	0	0
Jail Fees	11,404	0	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	3,654	0	0	0
DUI Treatment Fines	2,646	0	0	0	0	0	0	0
Data Entry Fee - Circuit Court	1,002	0	0	0	0	0	0	0
Courtroom Security Fee	331	0	0	0	0	0	0	0
Victims Assistance Assessments	7,666	0	0	0	0	0	0	0
<u>General Sessions Court</u>								
Fines	29,956	0	0	0	0	0	0	0
Officers Costs	46,309	0	0	0	0	0	0	0
Game and Fish Fines	832	0	0	0	0	0	0	0
Drug Control Fines	0	0	0	4,372	0	0	0	0
Drug Court Fees	4,537	0	0	0	0	0	0	0
Jail Fees	24,891	0	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	4,997	0	0	0
DUI Treatment Fines	7,592	0	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	6,848	0	0	0	0	0	0	0
Victims Assistance Assessments	23,705	0	0	0	0	0	0	0
<u>Juvenile Court</u>								
Fines	9,138	0	0	0	0	0	0	0
Officers Costs	7,691	0	0	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Juvenile Court (Cont.)</u>							
Jail Fees	\$ 9,405	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - Juvenile Court	614	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	5,400	0	0	0	0	0	0
Data Entry Fee - Chancery Court	2,889	0	0	0	0	0	0
Courtroom Security Fee	13	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	66,209	0	0	0
Other Fines, Forfeitures, and Penalties	500	0	0	0	0	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 248,839</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 100,562</b>	<b>\$ 8,651</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Other Employee Benefit Charges/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,530
Tipping Fees	4,274	0	0	0	0	0	0
Solid Waste Disposal Fees	0	1,167	0	0	0	0	0
Patient Charges	0	0	1,757,285	0	0	0	0
Other General Service Charges	11,913	0	0	0	0	0	0
<u>Fees</u>							
Engineer Review Fees	300	0	0	0	0	0	0
Copy Fees	502	0	0	0	0	0	0
Greenbelt Late Application Fee	250	0	0	0	0	0	0
Telephone Commissions	64,576	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	1,014,205	0
Data Processing Fee - Register	11,454	0	0	0	0	0	0
Probation Fees	6,788	0	0	0	0	0	0
Data Processing Fee - Sheriff	5,143	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	3,750	0	0	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 108,950</b>	<b>\$ 1,167</b>	<b>\$ 1,757,285</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,014,205</b>	<b>\$ 3,530</b>

(Continued)

Exhibit K-5

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	107,594	0	0	0	0	0	0
Sale of Materials and Supplies	5,837	0	0	0	0	0	0
Commissary Sales	75,738	0	0	0	0	0	0
Sale of Gasoline	240,175	0	0	0	0	0	0
Sale of Recycled Materials	0	72,848	0	0	0	0	0
Miscellaneous Refunds	3,545	0	0	0	0	0	2,302
<u>Nonrecurring Items</u>							
Sale of Equipment	30	0	0	0	0	0	0
Sale of Property	1,194	0	0	0	0	0	0
Contributions and Gifts	81	0	0	0	0	0	0
Total Other Local Revenues	\$ 434,194	\$ 72,848	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,302
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
County Clerk	\$ 74,962	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	76,032	0	0	0	0	0	0
Trustee	440,275	0	0	0	0	0	0
<u>Fees in-Lieu-of Salary</u>							
Clerk and Master	162,241	0	0	0	0	0	0
Sheriff	10,898	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 764,408	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 12,300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	156,142	0	0	0	0	0	0
Solid Waste Grants	0	17,890	0	0	0	0	0
<u>Public Safety Grants</u>							
Other Public Safety Grants	50,000	0	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Highway / Public Works
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitu- tional Officers - Fees		
<u>State of Tennessee (Cont.)</u>								
<u>Health and Welfare Grants</u>								
Health Department Programs	\$ 552,235	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Health and Welfare Grants	0	0	1,883	0	0	0	0	0
<u>Public Works Grants</u>								
Bridge Program	0	0	0	0	0	0	0	529,563
Litter Program	37,295	0	0	0	0	0	0	0
<u>Other State Revenues</u>								
Income Tax	77,731	0	0	0	0	0	0	0
Beer Tax	18,421	0	0	0	0	0	0	0
Alcoholic Beverage Tax	62,019	0	0	0	0	0	0	0
Mixed Drink Tax	21,852	0	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	0	450,400	0	0	0	0	0	27,582
Contracted Prisoner Boarding	934,570	0	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0	1,740,939
Petroleum Special Tax	0	0	0	0	0	0	0	26,350
Registrar's Salary Supplement	15,373	0	0	0	0	0	0	0
Other State Grants	1,454	0	0	0	0	0	0	0
Other State Revenues	26,707	0	0	0	0	0	0	0
Total State of Tennessee	\$ 1,966,099	\$ 468,290	\$ 1,883	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,324,434
<u>Federal Government</u>								
<u>Federal Through State</u>								
Appalachian Regional Commission	\$ 25,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Law Enforcement Grants	57,819	0	0	0	0	0	0	0
Other Federal through State	27,616	0	0	0	0	0	0	0
<u>Direct Federal Revenue</u>								
Medicare	16,600	0	0	0	0	0	0	0
Tax Credit Bond Rebate	450,864	0	0	0	0	0	0	0
ARRA Grant # 6	94,899	0	0	0	0	0	0	0
Other Direct Federal Revenue	187,471	0	21,000	0	0	0	0	0
Total Federal Government	\$ 860,269	\$ 0	\$ 21,000	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works
Other Governments and Citizens Groups							
Other Governments							
Contributions	\$ 221,124	\$ 0	\$ 0	\$ 1,500	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 221,124	\$ 0	\$ 0	\$ 1,500	\$ 0	\$ 0	\$ 0
Total	\$ 12,936,663	\$ 944,111	\$ 2,358,613	\$ 102,062	\$ 8,651	\$ 1,014,205	\$ 2,952,368

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds				Total
		Education Capital Projects - Dibrell	Education Capital Projects - Morrison	Other Capital Projects		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 874,376	\$ 0	\$ 0	\$ 0	\$ 8,736,959	
Trustee's Collections - Prior Year	41,215	0	0	0	322,520	
Trustee's Collections - Bankruptcy	1,002	0	0	0	4,410	
Circuit/Clerk & Master Collections - Prior Years	28,666	0	0	0	271,791	
Interest and Penalty	7,591	0	0	0	74,446	
Payments in-Lieu-of Taxes - T.V.A.	2,465	0	0	0	25,798	
Payments in-Lieu-of Taxes - Local Utilities	7,853	0	0	0	77,037	
Payments in-Lieu-of Taxes - Other	47,231	0	0	0	463,355	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	241,766	0	0	0	241,766	
Hotel/Motel Tax	38,607	0	0	0	38,607	
Wheel Tax	1,037,683	0	0	0	1,037,683	
Litigation Tax - General	0	0	0	0	125,061	
Litigation Tax - Special Purpose	0	0	0	0	9,323	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	42,949	
Business Tax	0	0	0	0	310,322	
Mineral Severance Tax	0	0	0	0	63,965	
Other County Local Option Taxes	0	0	0	0	88	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	3,239	0	0	0	32,067	
Wholesale Beer Tax	0	0	0	0	183,328	
Total Local Taxes	\$ 2,331,694	\$ 0	\$ 0	\$ 0	\$ 12,061,475	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	3,220	
Cable TV Franchise	0	0	0	0	163,616	
<u>Permits</u>						
Beer Permits	0	0	0	0	1,971	
Building Permits	0	0	0	0	32,784	

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds				Total
		Education Capital Projects - Dibrell	Education Capital Projects - Morrison	Other Capital Projects		
<u>Licenses and Permits (Cont.)</u>						
<u>Permits (Cont.)</u>						
Other Permits	0 \$	0 \$	0 \$	0 \$	3,761	
Total Licenses and Permits	0 \$	0 \$	0 \$	0 \$	205,352	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	0 \$	0 \$	0 \$	0 \$	21,461	
Fines for Littering	0	0	0	0	70	
Officers Costs	0	0	0	0	18,805	
Drug Control Fines	0	0	0	0	29,981	
Drug Court Fees	0	0	0	0	5,134	
Jail Fees	0	0	0	0	11,404	
District Attorney General Fees	0	0	0	0	3,654	
DUI Treatment Fines	0	0	0	0	2,646	
Data Entry Fee - Circuit Court	0	0	0	0	1,002	
Courtroom Security Fee	0	0	0	0	331	
Victims Assistance Assessments	0	0	0	0	7,666	
<u>General Sessions Court</u>						
Fines	0	0	0	0	29,956	
Officers Costs	0	0	0	0	46,309	
Game and Fish Fines	0	0	0	0	832	
Drug Control Fines	0	0	0	0	4,372	
Drug Court Fees	0	0	0	0	4,537	
Jail Fees	0	0	0	0	24,891	
District Attorney General Fees	0	0	0	0	4,997	
DUI Treatment Fines	0	0	0	0	7,592	
Data Entry Fee - General Sessions Court	0	0	0	0	6,848	
Victims Assistance Assessments	0	0	0	0	23,705	
<u>Juvenile Court</u>						
Fines	0	0	0	0	9,138	
Officers Costs	0	0	0	0	7,691	

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds				Total
		Education Capital Projects - Dibrell	Education Capital Projects - Morrison	Other Capital Projects		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court (Cont.)</u>						
Jail Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,405
Data Entry Fee - Juvenile Court	0	0	0	0	0	614
Chancery Court						
Officers Costs	0	0	0	0	0	5,400
Data Entry Fee - Chancery Court	0	0	0	0	0	2,889
Courtroom Security Fee	0	0	0	0	0	13
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	66,209
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	500
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 358,052
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Other Employee Benefit Charges/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,530
Tipping Fees	0	0	0	0	0	4,274
Solid Waste Disposal Fees	0	0	0	0	0	1,167
Patient Charges	0	0	0	0	0	1,757,285
Other General Service Charges	0	0	0	0	0	11,913
<u>Fees</u>						
Engineer Review Fees	0	0	0	0	0	300
Copy Fees	0	0	0	0	0	502
Greenbelt Late Application Fee	0	0	0	0	0	250
Telephone Commissions	0	0	0	0	0	64,576
Constitutional Officers' Fees and Commissions	0	0	0	0	0	1,014,205
Data Processing Fee - Register	0	0	0	0	0	11,454
Probation Fees	0	0	0	0	0	6,788
Data Processing Fee - Sheriff	0	0	0	0	0	5,143
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	3,750
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,885,137

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds				Total
		Education Capital Projects - Dibrell	Education Capital Projects - Morrison	Other Capital Projects		
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 291,782	\$ 2,084	\$ 7,169	\$ 89	\$ 301,124	
Lease/Rentals	0	0	0	0	107,594	
Sale of Materials and Supplies	0	0	0	0	5,837	
Commissary Sales	0	0	0	0	75,738	
Sale of Gasoline	0	0	0	0	240,175	
Sale of Recycled Materials	0	0	0	0	72,848	
Miscellaneous Refunds	0	0	0	0	5,847	
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	30	
Sale of Property	0	0	0	0	1,194	
Contributions and Gifts	0	0	0	0	81	
<b>Total Other Local Revenues</b>	<b>\$ 291,782</b>	<b>\$ 2,084</b>	<b>\$ 7,169</b>	<b>\$ 89</b>	<b>\$ 810,468</b>	
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	74,962	
Circuit Court Clerk	0	0	0	0	76,032	
Trustee	0	0	0	0	440,275	
<u>Fees in-Lieu-of Salary</u>						
Clerk and Master	0	0	0	0	162,241	
Sheriff	0	0	0	0	10,898	
<b>Total Fees Received from County Officials</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 764,408</b>	
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	12,300	
Airport Maintenance Program	0	0	0	0	156,142	
Solid Waste Grants	0	0	0	0	17,890	
<u>Public Safety Grants</u>						
Other Public Safety Grants	0	0	0	0	50,000	

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	Education Capital Projects - Dibrell	Education Capital Projects - Morrison	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Health Department Programs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 552,235
Other Health and Welfare Grants	0	0	0	0	0	1,883
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	529,563
Litter Program	0	0	0	0	0	37,295
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	77,731
Beer Tax	0	0	0	0	0	18,421
Alcoholic Beverage Tax	0	0	0	0	0	62,019
Mixed Drink Tax	0	0	0	0	0	21,852
State Revenue Sharing - T.V.A.	0	0	0	0	0	477,982
Contracted Prisoner Boarding	0	0	0	0	0	934,570
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,740,939
Petroleum Special Tax	0	0	0	0	0	26,350
Registrar's Salary Supplement	0	0	0	0	0	15,373
Other State Grants	0	0	0	0	0	1,454
Other State Revenues	0	0	0	0	0	26,707
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,760,706
<u>Federal Government</u>						
<u>Federal Through State</u>						
Appalachian Regional Commission	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,000
Law Enforcement Grants	0	0	0	0	0	57,819
Other Federal through State	0	0	0	0	0	27,616
<u>Direct Federal Revenue</u>						
Medicare	0	0	0	0	0	16,600
Tax Credit Bond Rebate	0	0	0	0	0	450,864
ARRA Grant # 6	0	0	0	0	0	94,899
Other Direct Federal Revenue	0	0	0	0	0	208,471
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 881,269

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds					Total
		Education Capital Projects - Dibrell	Education Capital Projects - Morrison	Other Capital Projects			
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 181,564	0	0	0	0	\$ 404,188	
Total Other Governments and Citizens Groups	\$ 181,564	0	0	0	0	\$ 404,188	
Total	\$ 2,805,040	2,084	7,169	89	23,131,055		

Exhibit K-6

Warren County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Warren County School Department  
For the Year Ended June 30, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,376,662	\$ 0	\$ 0	\$ 0	\$ 3,376,662
Trustee's Collections - Prior Year	162,274	0	0	0	162,274
Trustee's Collections - Bankruptcy	1,764	0	0	0	1,764
Circuit/Clerk & Master Collections - Prior Years	103,429	0	0	0	103,429
Interest and Penalty	29,822	0	0	0	29,822
Payments in-Lieu-of Taxes - T.V.A.	11,310	0	0	0	11,310
Payments in-Lieu-of Taxes - Local Utilities	28,578	0	0	0	28,578
Payments in-Lieu-of Taxes - Other	186,645	0	0	0	186,645
<u>County Local Option Taxes</u>					
Local Option Sales Tax	7,583,462	0	0	0	7,583,462
<u>Statutory Local Taxes</u>					
Bank Excise Tax	12,510	0	0	0	12,510
Total Local Taxes	\$ 11,496,456	\$ 0	\$ 0	\$ 0	\$ 11,496,456
<u>Charges for Current Services</u>					
<u>Fees</u>					
Telephone Commissions	\$ 3,441	\$ 0	\$ 0	\$ 0	\$ 3,441
<u>Education Charges</u>					
Tuition - Other	108,479	0	0	0	108,479
Lunch Payments - Children	0	0	266,196	0	266,196
Lunch Payments - Adults	0	0	92,439	0	92,439
Income from Breakfast	0	0	58,087	0	58,087
A la carte Sales	0	0	309,734	0	309,734
Receipts from Individual Schools	79,806	0	0	0	79,806
<u>Other Charges for Services</u>					
Other Charges for Services	27,130	0	0	0	27,130
Total Charges for Current Services	\$ 218,856	\$ 0	\$ 726,456	\$ 0	\$ 945,312
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 4,406	\$ 0	\$ 4,406
Refund of Telecommunication and Internet Fees (E-Rate)	41,734	0	0	0	41,734
Miscellaneous Refunds	96,948	0	8,271	0	105,219
<u>Nonrecurring Items</u>					
Sale of Equipment	2,208	0	0	0	2,208
Resale of Materials - T&I House	4,100	0	0	0	4,100
Contributions and Gifts	21,852	0	0	0	21,852
Total Other Local Revenues	\$ 166,842	\$ 0	\$ 12,677	\$ 0	\$ 179,519
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 202,840	\$ 0	\$ 0	\$ 0	\$ 202,840
<u>State Education Funds</u>					
Basic Education Program	30,321,999	0	0	0	30,321,999
Early Childhood Education	683,826	0	0	0	683,826
School Food Service	0	0	32,279	0	32,279
Energy Efficient School Initiative	65,319	0	0	0	65,319
Driver Education	19,191	0	0	0	19,191

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Other State Education Funds	\$ 268,727	\$ 0	\$ 0	\$ 0	\$ 268,727
Career Ladder Program	271,362	0	0	0	271,362
Career Ladder - Extended Contract	122,267	0	0	0	122,267
Career Ladder - Extended Contract - ARRA	3,304	0	0	0	3,304
Other Vocational	156	0	0	0	156
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	279,756	0	0	0	279,756
Other State Revenues	10,575	0	0	0	10,575
Total State of Tennessee	\$ 32,249,322	\$ 0	\$ 32,279	\$ 0	\$ 32,281,601
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,652,297	\$ 0	\$ 1,652,297
USDA - Commodities	0	0	156,097	0	156,097
Breakfast	0	0	621,173	0	621,173
USDA - Other	0	0	40,773	0	40,773
Vocational Education - Basic Grants to States	0	116,095	0	0	116,095
Title I Grants to Local Education Agencies	0	1,632,600	0	0	1,632,600
Special Education - Grants to States	20,226	1,800,481	0	0	1,820,707
Special Education Preschool Grants	0	62,517	0	0	62,517
English Language Acquisition Grants	0	91,590	0	0	91,590
Rural Education	0	109,441	0	0	109,441
Education for Homeless Children and Youth	0	37,000	0	0	37,000
Eisenhower Professional Development State Grants	0	413,574	0	0	413,574
Race-to-the-Top - ARRA	0	392,025	0	0	392,025
Other Federal through State	121,893	1,074,754	0	0	1,196,647
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	67,205	0	0	0	67,205
Total Federal Government	\$ 209,324	\$ 5,730,077	\$ 2,470,340	\$ 0	\$ 8,409,741
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 9,878,912	\$ 9,878,912
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 9,878,912	\$ 9,878,912
Total	\$ 44,340,800	\$ 5,730,077	\$ 3,241,752	\$ 9,878,912	\$ 63,191,541

Exhibit K-7

Warren County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	90,055	
Social Security		5,889	
State Retirement		10,676	
Life Insurance		851	
Medical Insurance		17,971	
Audit Services		25,107	
Dues and Memberships		26,149	
Other Charges		195	
Total County Commission			\$ 176,893

Board of Equalization

Board and Committee Members Fees	\$	5,220	
Social Security		399	
Travel		640	
Total Board of Equalization			6,259

County Mayor/Executive

County Official/Administrative Officer	\$	73,866	
Secretary(ies)		28,227	
Social Security		7,292	
State Retirement		13,762	
Life Insurance		79	
Medical Insurance		2,588	
Unemployment Compensation		54	
Travel		634	
Total County Mayor/Executive			126,502

County Attorney

Legal Services	\$	169,421	
Total County Attorney			169,421

Election Commission

County Official/Administrative Officer	\$	57,559	
Secretary(ies)		46,057	
Other Salaries and Wages		3,482	
Election Commission		5,115	
Social Security		8,813	
State Retirement		14,383	
Life Insurance		119	
Medical Insurance		5,288	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Unemployment Compensation	\$	164	
Communication		2,792	
Data Processing Services		12,070	
Dues and Memberships		370	
Legal Notices, Recording, and Court Costs		3,380	
Maintenance Agreements		600	
Maintenance and Repair Services - Office Equipment		218	
Postal Charges		2,819	
Printing, Stationery, and Forms		666	
Travel		8,476	
Office Supplies		2,049	
Other Supplies and Materials		3,572	
Data Processing Equipment		3,899	
Voting Machines		29,070	
Total Election Commission			\$ 210,961

Register of Deeds

Other Contracted Services	\$	1,659	
Data Processing Supplies		6,095	
Total Register of Deeds			7,754

Development

Other Charges	\$	322	
Total Development			322

Planning

Board and Committee Members Fees	\$	1,425	
Social Security		109	
Contracts with Government Agencies		11,025	
Total Planning			12,559

Codes Compliance

County Official/Administrative Officer	\$	32,018	
In-Service Training		280	
Social Security		2,320	
State Retirement		4,316	
Life Insurance		40	
Medical Insurance		2,588	
Unemployment Compensation		54	
Communication		1,557	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Codes Compliance (Cont.)

Maintenance and Repair Services - Vehicles	\$	1,056	
Postal Charges		101	
Gasoline		1,937	
Office Supplies		748	
Total Codes Compliance			\$ 47,015

County Buildings

Custodial Personnel	\$	36,633	
Social Security		2,678	
State Retirement		1,713	
Life Insurance		40	
Medical Insurance		2,362	
Unemployment Compensation		138	
Maintenance and Repair Services - Buildings		19,015	
Custodial Supplies		9,081	
Utilities		82,148	
Other Supplies and Materials		1,337	
Total County Buildings			155,145

Other Facilities

Maintenance Personnel	\$	36,522	
Social Security		2,681	
State Retirement		4,923	
Life Insurance		40	
Medical Insurance		2,588	
Unemployment Compensation		54	
Maintenance and Repair Services - Buildings		166,525	
Total Other Facilities			213,333

Other General Administration

Communication	\$	30,256	
Data Processing Services		74,651	
Legal Notices, Recording, and Court Costs		1,412	
Maintenance Agreements		2,631	
Maintenance and Repair Services - Office Equipment		289	
Postal Charges		23,258	
Printing, Stationery, and Forms		22,617	
Other Contracted Services		1,214	
Office Supplies		30,521	
Premiums on Corporate Surety Bonds		430	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Data Processing Equipment	\$ 1,898	
Office Equipment	920	
Total Other General Administration		\$ 190,097

Preservation of Records

Other Supplies and Materials	\$ 948	
Total Preservation of Records		948

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$ 55,892	
Assistant(s)	40,788	
Accountants/Bookkeepers	65,937	
In-Service Training	890	
Social Security	11,969	
State Retirement	19,303	
Life Insurance	154	
Medical Insurance	7,650	
Unemployment Compensation	330	
Travel	834	
Office Equipment	64,117	
Total Accounting and Budgeting		267,864

Purchasing

Legal Notices, Recording, and Court Costs	\$ 1,892	
Total Purchasing		1,892

Property Assessor's Office

County Official/Administrative Officer	\$ 63,954	
Assistant(s)	132,273	
In-Service Training	54	
Social Security	14,230	
State Retirement	26,451	
Life Insurance	238	
Medical Insurance	12,938	
Unemployment Compensation	270	
Data Processing Services	16,507	
Legal Notices, Recording, and Court Costs	113	
Maintenance and Repair Services - Vehicles	405	
Postal Charges	2,029	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Gasoline	\$	2,952	
Other Supplies and Materials		2,847	
Total Property Assessor's Office			\$ 275,261

County Trustee's Office

Legal Notices, Recording, and Court Costs	\$	834	
Postal Charges		5,668	
Other Supplies and Materials		10,333	
Data Processing Equipment		2,645	
Total County Trustee's Office			19,480

Administration of Justice

Circuit Court

Jury and Witness Expense	\$	22,457	
Other Charges		22,110	
Data Processing Equipment		1,050	
Total Circuit Court			45,617

General Sessions Court

Judge(s)	\$	141,284	
Secretary(ies)		31,341	
Other Salaries and Wages		11,450	
Other Per Diem and Fees		2,200	
Social Security		11,728	
State Retirement		22,824	
Life Insurance		79	
Medical Insurance		1,350	
Unemployment Compensation		112	
Communication		1,526	
Postal Charges		289	
Travel		1,728	
Other Contracted Services		180	
Office Supplies		111	
Other Charges		1,927	
Data Processing Equipment		295	
Total General Sessions Court			228,424

Drug Court

Probation Officer(s)	\$	52,803	
Social Security		3,399	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court (Cont.)

State Retirement	\$	6,606	
Life Insurance		40	
Medical Insurance		2,588	
Unemployment Compensation		77	
Communication		522	
Contracts with Private Agencies		1,464	
Evaluation and Testing		9,984	
Travel		202	
Other Supplies and Materials		552	
Total Drug Court			\$ 78,237

Chancery Court

County Official/Administrative Officer	\$	63,954	
Clerical Personnel		68,848	
In-Service Training		195	
Social Security		9,914	
State Retirement		14,820	
Life Insurance		119	
Medical Insurance		5,175	
Unemployment Compensation		229	
Advertising		1,624	
Communication		2,133	
Postal Charges		8,930	
Printing, Stationery, and Forms		1,172	
Travel		230	
Office Supplies		993	
Other Supplies and Materials		120	
Other Charges		110	
Total Chancery Court			178,566

Juvenile Court

Youth Service Officer(s)	\$	72,055	
Other Salaries and Wages		23,909	
Other Per Diem and Fees		2,200	
Social Security		7,165	
State Retirement		12,742	
Life Insurance		119	
Medical Insurance		2,588	
Unemployment Compensation		181	
Communication		3,260	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Postal Charges	\$	579	
Travel		3,365	
Office Supplies		705	
Other Supplies and Materials		8,985	
Data Processing Equipment		384	
Total Juvenile Court			\$ 138,237

Judicial Commissioners

County Official/Administrative Officer	\$	74,781	
In-Service Training		3,128	
Social Security		5,438	
Unemployment Compensation		339	
Office Supplies		717	
Total Judicial Commissioners			84,403

Victims Assistance Programs

Remittance of Revenue Collected	\$	15,000	
Total Victims Assistance Programs			15,000

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,350	
Deputy(ies)		982,976	
Investigator(s)		272,186	
Lieutenant(s)		145,263	
Salary Supplements		24,600	
Clerical Personnel		95,093	
Overtime Pay		32,379	
Other Salaries and Wages		36,633	
In-Service Training		9,928	
Social Security		121,146	
State Retirement		217,911	
Life Insurance		3,373	
Medical Insurance		60,405	
Unemployment Compensation		2,446	
Communication		10,897	
Data Processing Services		488	
Maintenance and Repair Services - Office Equipment		5,880	
Maintenance and Repair Services - Vehicles		61,695	
Medical and Dental Services		2,955	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Postal Charges	\$	1,115	
Printing, Stationery, and Forms		2,108	
Travel		1,884	
Gasoline		177,378	
Law Enforcement Supplies		3,565	
Office Supplies		4,098	
Tires and Tubes		7,582	
Uniforms		12,005	
Communication Equipment		8,987	
Law Enforcement Equipment		10,087	
Motor Vehicles		123,074	
Total Sheriff's Department			\$ 2,508,487

Administration of the Sexual Offender Registry

Other Contracted Services	\$	2,682	
Total Administration of the Sexual Offender Registry			2,682

Jail

Supervisor/Director	\$	41,301	
Medical Personnel		117,368	
Guards		1,057,444	
Clerical Personnel		36,318	
Overtime Pay		3,281	
Other Salaries and Wages		27,856	
Social Security		92,772	
State Retirement		162,994	
Medical Insurance		62,100	
Unemployment Compensation		2,305	
Contracts with Government Agencies		120	
Evaluation and Testing		2,530	
Maintenance and Repair Services - Equipment		12,590	
Medical and Dental Services		233,010	
Pest Control		1,200	
Printing, Stationery, and Forms		904	
Custodial Supplies		51,973	
Food Preparation Supplies		15,030	
Food Supplies		386,394	
Law Enforcement Supplies		765	
Prisoners Clothing		5,343	
Utilities		159,721	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Other Supplies and Materials	\$ 15,367	
Office Equipment	593	
Total Jail		\$ 2,489,279

Juvenile Services

Other Charges	\$ 16,415	
Total Juvenile Services		16,415

County Coroner/Medical Examiner

Other Per Diem and Fees	\$ 1,850	
Total County Coroner/Medical Examiner		1,850

Other Public Safety

Contributions	\$ 148,000	
Total Other Public Safety		148,000

Public Health and Welfare

Local Health Center

Social Security	\$ 1,061	
Unemployment Compensation	59	
Communication	6,709	
Janitorial Services	13,867	
Utilities	24,586	
Other Charges	21,142	
Total Local Health Center		67,424

Rabies and Animal Control

Supervisor/Director	\$ 12,779	
Other Salaries and Wages	16,634	
In-Service Training	40	
Social Security	2,042	
State Retirement	3,569	
Life Insurance	59	
Medical Insurance	4,388	
Unemployment Compensation	76	
Communication	1,719	
Maintenance and Repair Services - Buildings	2,472	
Maintenance and Repair Services - Vehicles	1,160	
Veterinary Services	597	
Animal Food and Supplies	1,247	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Custodial Supplies	\$	940	
Drugs and Medical Supplies		951	
Gasoline		4,524	
Office Supplies		360	
Utilities		2,570	
Other Supplies and Materials		2,283	
Data Processing Equipment		172	
Other Equipment		823	
Total Rabies and Animal Control			\$ 59,405

Alcohol and Drug Programs

Probation Officer(s)	\$	15,813	
Social Security		1,210	
Unemployment Compensation		47	
Communication		1,947	
Rentals		6,000	
Travel		5,372	
Other Contracted Services		275	
Other Supplies and Materials		23,118	
Total Alcohol and Drug Programs			53,782

Other Local Health Services

Other Salaries and Wages	\$	449,774	
Social Security		33,149	
State Retirement		38,093	
Life Insurance		465	
Medical Insurance		14,962	
Unemployment Compensation		1,061	
Travel		9,052	
Other Supplies and Materials		5,698	
Total Other Local Health Services			552,254

Regional Mental Health Center

Contributions	\$	4,750	
Total Regional Mental Health Center			4,750

Appropriation to State

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

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

General Welfare Assistance

Other Charges	\$ 2,660	
Total General Welfare Assistance		\$ 2,660

Other Local Welfare Services

Probation Officer(s)	\$ 6,505	
Social Security	498	
Unemployment Compensation	39	
Communication	330	
Contracts with Private Agencies	166,577	
Travel	2,464	
Other Supplies and Materials	<u>10,837</u>	
Total Other Local Welfare Services		187,250

Other Public Health and Welfare

Social Security	\$ 888	
State Retirement	2,392	
Life Insurance	40	
Medical Insurance	2,588	
Unemployment Compensation	53	
Contracts with Government Agencies	38,120	
Contributions	<u>24,000</u>	
Total Other Public Health and Welfare		68,081

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 12,000	
Total Senior Citizens Assistance		12,000

Libraries

Contributions	\$ 116,000	
Total Libraries		116,000

Parks and Fair Boards

Contributions	\$ 4,950	
Total Parks and Fair Boards		4,950

Agriculture and Natural Resources

Agriculture Extension Service

Part-time Personnel	\$ 6,840	
Board and Committee Members Fees	250	

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Social Security	\$	523	
Unemployment Compensation		41	
Communication		2,096	
Contributions		79,457	
Travel		8,000	
Office Supplies		6,955	
Total Agriculture Extension Service			\$ 104,162

Forest Service

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

Soil Conservation

Clerical Personnel	\$	30,856	
Other Salaries and Wages		28,037	
Social Security		4,106	
State Retirement		7,938	
Life Insurance		79	
Medical Insurance		5,175	
Unemployment Compensation		108	
Contributions		4,000	
Dues and Memberships		1,165	
Total Soil Conservation			81,464

Other Operations

Tourism

Contracts with Private Agencies	\$	25,000	
Other Charges		5,000	
Total Tourism			30,000

Industrial Development

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

Airport

County Official/Administrative Officer	\$	46,076	
Other Salaries and Wages		66,295	
Social Security		8,394	
State Retirement		7,521	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Life Insurance	\$	116	
Medical Insurance		4,612	
Unemployment Compensation		357	
Communication		6,787	
Travel		1,989	
Gasoline		231,702	
Utilities		30,184	
Liability Insurance		12,075	
Other Charges		47,071	
Airport Improvement		179,370	
Land		9,500	
Maintenance Equipment		23,793	
Total Airport			\$ 675,842

Veterans' Services

Supervisor/Director	\$	15,145	
Social Security		1,159	
Unemployment Compensation		57	
Communication		789	
Other Charges		4,849	
Total Veterans' Services			21,999

Other Charges

Building and Contents Insurance	\$	18,619	
Judgments		31,000	
Liability Insurance		80,147	
Trustee's Commission		166,370	
Workers' Compensation Insurance		159,258	
Total Other Charges			455,394

Contributions to Other Agencies

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

Employee Benefits

Social Security	\$	67,075	
State Retirement		118,546	
Life Insurance		988	
Medical Insurance		40,838	
Unemployment Compensation		1,314	
Total Employee Benefits			228,761

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

ARRA Grant # 4

Investigator(s)	\$	276	
Social Security		21	
State Retirement		37	
Medical Insurance		7	
Other Supplies and Materials		2,910	
Total ARRA Grant # 4			\$ 3,251

ARRA Grant # 6

Investigator(s)	\$	76,000	
Social Security		5,850	
State Retirement		10,250	
Medical Insurance		2,700	
Unemployment Compensation		99	
Total ARRA Grant # 6			94,899

Miscellaneous

Other Supplies and Materials	\$	6,889	
Other Charges		1,203	
Right-of-Way		985	
Total Miscellaneous			9,077

Total General Fund \$ 11,460,011

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Supervisor/Director	\$	47,821
Truck Drivers		66,979
Social Security		7,241
State Retirement		7,398
Life Insurance		167
Medical Insurance		6,975
Unemployment Compensation		286
Communication		749
Contracts with Government Agencies		35,078
Laundry Service		4,911
Maintenance and Repair Services - Equipment		1,419
Maintenance and Repair Services - Vehicles		14,137
Postal Charges		89
Diesel Fuel		36,938

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Gasoline	\$	3,395	
Lubricants		1,377	
Tires and Tubes		11,928	
Utilities		1,837	
Other Supplies and Materials		2,224	
Workers' Compensation Insurance		10,155	
Total Waste Pickup			\$ 261,104

Convenience Centers

Other Salaries and Wages	\$	218,550	
Social Security		15,869	
State Retirement		7,632	
Life Insurance		156	
Medical Insurance		5,512	
Unemployment Compensation		1,116	
Communication		5,823	
Contracts with Private Agencies		327,508	
Maintenance and Repair Services - Equipment		7,047	
Rentals		6,770	
Utilities		9,980	
Workers' Compensation Insurance		17,291	
Site Development		1,800	
Solid Waste Equipment		23,323	
Other Equipment		3,205	
Total Convenience Centers			651,582

Other Waste Disposal

Liability Insurance	\$	9,894	
Trustee's Commission		11,720	
Other Charges		5,529	
Total Other Waste Disposal			27,143

Total Solid Waste/Sanitation Fund \$ 939,829

Ambulance Service Fund

Public Safety

Civil Defense

Assistant(s)	\$	8,902	
Supervisor/Director		23,519	
In-Service Training		688	

(Continued)

Exhibit K-7

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

Ambulance Service Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Social Security	\$	2,480	
State Retirement		3,007	
Life Insurance		19	
Unemployment Compensation		113	
Communication		3,115	
Maintenance and Repair Services - Vehicles		434	
Other Contracted Services		601	
Gasoline		1,254	
Office Supplies		537	
Other Supplies and Materials		191	
Total Civil Defense			\$ 44,860

Rescue Squad

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

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$	50,168	
Accountants/Bookkeepers		55,934	
Medical Personnel		1,521,652	
In-Service Training		13,869	
Social Security		120,687	
State Retirement		174,584	
Life Insurance		1,297	
Medical Insurance		48,825	
Unemployment Compensation		2,536	
Communication		19,482	
Data Processing Services		5,425	
Laundry Service		32	
Licenses		4,204	
Maintenance and Repair Services - Buildings		16,629	
Maintenance and Repair Services - Equipment		4,794	
Maintenance and Repair Services - Vehicles		38,042	
Postal Charges		3,587	
Printing, Stationery, and Forms		3,996	
Travel		2,520	
Other Contracted Services		9,985	
Custodial Supplies		6,313	
Diesel Fuel		105,675	

(Continued)

Exhibit K-7

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

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Drugs and Medical Supplies	\$	93,138	
Gasoline		4,368	
Lubricants		13,026	
Office Supplies		3,796	
Tires and Tubes		8,980	
Uniforms		15,054	
Utilities		14,400	
Other Supplies and Materials		890	
Building and Contents Insurance		559	
Liability Insurance		66,497	
Refunds		9,131	
Trustee's Commission		28,036	
Workers' Compensation Insurance		100,258	
Other Charges		3,533	
Data Processing Equipment		30,708	
Furniture and Fixtures		3,812	
Motor Vehicles		134,900	
Office Equipment		4,630	
Health Equipment		998	
Total Ambulance/Emergency Medical Services			<u>\$ 2,746,950</u>

Total Ambulance Service Fund \$ 2,817,720

Drug Control Fund

Public Safety

Drug Enforcement

Contributions	\$	500	
Confidential Drug Enforcement Payments		20,000	
Other Supplies and Materials		7,865	
Trustee's Commission		974	
Other Charges		19,664	
Total Drug Enforcement			<u>\$ 49,003</u>

Public Health and Welfare

Alcohol and Drug Programs

Other Supplies and Materials	\$	9,829	
Total Alcohol and Drug Programs			<u>9,829</u>

Total Drug Control Fund 58,832

(Continued)

Exhibit K-7

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

District Attorney General Fund

Administration of Justice

District Attorney General

Postal Charges	\$	25	
Rentals		922	
Travel		847	
Office Supplies		1,462	
Trustee's Commission		87	
In Service/Staff Development		2,624	
Other Charges		1,594	
Office Equipment		1,185	
Total District Attorney General			\$ 8,746

Total District Attorney General Fund \$ 8,746

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	136,641	
Total Register of Deeds			\$ 136,641

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	197,655	
Total County Trustee's Office			197,655

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	259,912	
Total County Clerk's Office			259,912

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$	165,644	
Total Circuit Court			165,644

General Sessions Court

Constitutional Officers' Operating Expenses	\$	181,293	
Total General Sessions Court			181,293

Juvenile Court

Constitutional Officers' Operating Expenses	\$	23,000	
Total Juvenile Court			23,000

Total Constitutional Officers - Fees Fund 964,145

(Continued)

Exhibit K-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	70,350	
Supervisor/Director		35,267	
Accountants/Bookkeepers		35,267	
Data Processing Services		6,891	
Dues and Memberships		3,133	
Postal Charges		405	
Printing, Stationery, and Forms		543	
Travel		1,079	
Office Supplies		1,442	
Other Charges		224	
Data Processing Equipment		2,352	
Total Administration			\$ 156,953

Highway and Bridge Maintenance

Equipment Operators	\$	228,266	
Truck Drivers		56,068	
Laborers		109,956	
Rentals		1,015	
Other Contracted Services		671,064	
Asphalt - Liquid		62,583	
Concrete		76	
Crushed Stone		44,402	
Other Road Supplies		1,494	
Pipe - Metal		19,592	
Road Signs		11,449	
Salt		3,590	
Total Highway and Bridge Maintenance			1,209,555

Operation and Maintenance of Equipment

Maintenance and Repair Services - Equipment	\$	19,497	
Tow-in Services		550	
Diesel Fuel		73,914	
Equipment and Machinery Parts		40,428	
Garage Supplies		3,770	
Gasoline		25,605	
Lubricants		6,349	
Tires and Tubes		14,413	
Other Charges		52	
Total Operation and Maintenance of Equipment			184,578

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Communication	\$	4,484	
Contributions		4,000	
Janitorial Services		2,657	
Maintenance and Repair Services - Buildings		1,517	
Custodial Supplies		439	
Drugs and Medical Supplies		147	
Electricity		15,787	
Food Supplies		205	
Natural Gas		889	
Water and Sewer		659	
Building and Contents Insurance		1,540	
Liability Insurance		27,670	
Trustee's Commission		29,797	
Vehicle and Equipment Insurance		4,017	
Workers' Compensation Insurance		36,862	
Other Charges		2,680	
Total Other Charges			\$ 133,350

Employee Benefits

Social Security	\$	39,842	
State Retirement		70,515	
Employee and Dependent Insurance		22,725	
Life Insurance		673	
Unemployment Compensation		4,925	
Total Employee Benefits			138,680

Capital Outlay

Engineering Services	\$	44,893	
Bridge Construction		529,563	
Communication Equipment		346	
Motor Vehicles		8,950	
Total Capital Outlay			583,752

Total Highway/Public Works Fund \$ 2,406,868

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	383,759	
Principal on Notes		264,885	
Total General Government			\$ 648,644

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Highways and Streets

Principal on Notes	\$ 46,871	
Total Highways and Streets		\$ 46,871

Education

Principal on Bonds	\$ 2,848,588	
Principal on Notes	308,333	
Total Education		3,156,921

Interest on Debt

General Government

Interest on Bonds	\$ 240,732	
Interest on Notes	14,156	
Total General Government		254,888

Highways and Streets

Interest on Notes	\$ 2,626	
Total Highways and Streets		2,626

Education

Interest on Bonds	\$ 892,544	
Interest on Notes	17,464	
Total Education		910,008

Other Debt Service

General Government

Bank Charges	\$ 5,445	
Trustee's Commission	36,465	
Total General Government		41,910

Education

Other Debt Service	\$ 7,440	
Total Education		7,440

Total General Debt Service Fund		\$ 5,069,308
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Education Capital Projects - Dibrell Fund

Capital Projects - Donated

Capital Projects Donated to School Department

Contributions	\$ 2,204,214	
Total Capital Projects Donated to School Department		\$ 2,204,214

Total Education Capital Projects - Dibrell Fund		2,204,214
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(Continued)

Exhibit K-7

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

<u>Education Capital Projects - Morrison Fund</u>		
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	<u>\$ 7,674,698</u>	
Total Capital Projects Donated to School Department		<u>\$ 7,674,698</u>
Total Education Capital Projects - Morrison Fund		<u>\$ 7,674,698</u>
Total Governmental Funds - Primary Government		<u>\$ 33,604,371</u>

Exhibit K-8

Warren County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Warren County School Department  
For the Year Ended June 30, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 14,546,701	
Career Ladder Program	178,155	
Career Ladder Extended Contracts	62,960	
Homebound Teachers	87,338	
Salary Supplements	81,180	
Educational Assistants	900,220	
Other Salaries and Wages	431,185	
Social Security	947,419	
State Retirement	1,475,656	
Medical Insurance	1,062,247	
Unemployment Compensation	31,396	
Employer Medicare	222,127	
Contracts for Substitute Teachers - Certified	378,945	
Contracts for Substitute Teachers - Non-certified	24,915	
Other Contracted Services	1,352	
Instructional Supplies and Materials	132,015	
Textbooks	170,825	
Other Supplies and Materials	24,558	
Other Charges	84,949	
Regular Instruction Equipment	535,796	
Total Regular Instruction Program		\$ 21,379,939

Alternative Instruction Program

Teachers	\$ 170,836	
Educational Assistants	52,500	
Social Security	13,056	
State Retirement	22,538	
Medical Insurance	17,096	
Unemployment Compensation	346	
Employer Medicare	3,053	
Total Alternative Instruction Program		279,425

Special Education Program

Teachers	\$ 1,792,281
Career Ladder Program	9,000
Homebound Teachers	29,312
Educational Assistants	424,568
Speech Pathologist	144,230
Other Salaries and Wages	18,400

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Social Security	\$	138,757	
State Retirement		233,392	
Medical Insurance		207,589	
Unemployment Compensation		2,712	
Employer Medicare		32,519	
Contracts for Substitute Teachers - Certified		31,066	
Contracts for Substitute Teachers - Non-certified		45,237	
Instructional Supplies and Materials		45,055	
Special Education Equipment		20,840	
Total Special Education Program			\$ 3,174,958

Vocational Education Program

Teachers	\$	1,303,973	
Career Ladder Program		6,455	
Career Ladder Extended Contracts		1,400	
Other Salaries and Wages		37,376	
Social Security		78,734	
State Retirement		123,742	
Medical Insurance		104,058	
Unemployment Compensation		1,488	
Employer Medicare		18,414	
Contracts for Substitute Teachers - Certified		30,521	
Instructional Supplies and Materials		36,396	
T&I Construction Materials		3,108	
Vocational Instruction Equipment		13,906	
Total Vocational Education Program			1,759,571

Adult Education Program

Teachers	\$	88,885	
Social Security		4,379	
State Retirement		7,993	
Medical Insurance		6,631	
Unemployment Compensation		155	
Employer Medicare		1,169	
Other Contracted Services		8,495	
Instructional Supplies and Materials		111	
Other Charges		45	
Total Adult Education Program			117,863

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	65,600	
Career Ladder Program		2,000	
Clerical Personnel		30,038	
Other Salaries and Wages		245,989	
Social Security		20,273	
State Retirement		42,437	
Medical Insurance		10,294	
Unemployment Compensation		744	
Employer Medicare		4,741	
Travel		290	
Other Contracted Services		74,369	
Other Supplies and Materials		14,742	
Attendance Equipment		4,703	
Total Attendance			\$ 516,220

Health Services

Medical Personnel	\$	404,166	
Other Salaries and Wages		221,730	
Social Security		38,569	
State Retirement		61,981	
Medical Insurance		445	
Unemployment Compensation		1,000	
Employer Medicare		9,020	
Travel		7,024	
Other Contracted Services		10,683	
Drugs and Medical Supplies		9,091	
Instructional Supplies and Materials		1,123	
Other Supplies and Materials		10,229	
Other Charges		20,200	
Health Equipment		13,007	
Total Health Services			808,268

Other Student Support

Career Ladder Program	\$	3,500	
Guidance Personnel		612,907	
Attendants		58,588	
Other Salaries and Wages		383,240	
Social Security		60,762	
State Retirement		103,663	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)  
Support Services (Cont.)

Other Student Support (Cont.)

Medical Insurance	\$	38,383	
Unemployment Compensation		1,099	
Employer Medicare		14,884	
Contracts with Government Agencies		221,124	
Evaluation and Testing		76,938	
Other Contracted Services		97,954	
Other Charges		28,518	
Other Equipment		4,286	
Total Other Student Support			\$ 1,705,846

Regular Instruction Program

Supervisor/Director	\$	312,039	
Career Ladder Program		11,500	
Career Ladder Extended Contracts		7,700	
Librarians		368,396	
Instructional Computer Personnel		71,627	
Other Salaries and Wages		12,260	
Social Security		46,265	
State Retirement		70,423	
Medical Insurance		27,597	
Unemployment Compensation		621	
Employer Medicare		10,955	
Travel		28,602	
Library Books/Media		63,706	
Other Supplies and Materials		15,196	
In Service/Staff Development		26,716	
Other Charges		149	
Total Regular Instruction Program			1,073,752

Alternative Instruction Program

Supervisor/Director	\$	52,842	
Secretary(ies)		18,706	
Social Security		4,308	
State Retirement		7,304	
Medical Insurance		3,482	
Unemployment Compensation		80	
Employer Medicare		1,008	
Total Alternative Instruction Program			87,730

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)  
Support Services (Cont.)

Special Education Program

Supervisor/Director	\$	73,197	
Career Ladder Program		4,000	
Psychological Personnel		249,176	
Career Ladder Extended Contracts		5,600	
Clerical Personnel		31,928	
Other Salaries and Wages		1,773	
Social Security		21,443	
State Retirement		31,976	
Medical Insurance		24,678	
Unemployment Compensation		231	
Employer Medicare		5,015	
Travel		10,985	
Other Contracted Services		13,907	
Other Equipment		698	
Total Special Education Program			\$ 474,607

Vocational Education Program

Supervisor/Director	\$	69,488	
Career Ladder Program		1,000	
Social Security		4,218	
State Retirement		6,379	
Medical Insurance		3,515	
Unemployment Compensation		35	
Employer Medicare		986	
Travel		432	
Other Charges		604	
Other Equipment		4,173	
Total Vocational Education Program			90,830

Other Programs

On-Behalf Payments to OPEB	\$	202,840	
Total Other Programs			202,840

Board of Education

Other Salaries and Wages	\$	50,591	
Board and Committee Members Fees		20,790	
Social Security		4,155	
State Retirement		8,850	
Medical Insurance		3,515	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)  
Support Services (Cont.)

Board of Education (Cont.)

Unemployment Compensation	\$	35	
Employer Medicare		972	
Audit Services		7,000	
Dues and Memberships		11,792	
Legal Services		4,577	
Travel		17,718	
Liability Insurance		55,208	
Premiums on Corporate Surety Bonds		1,252	
Trustee's Commission		335,445	
Workers' Compensation Insurance		245,590	
Other Charges		23,356	
Total Board of Education			\$ 790,846

Director of Schools

County Official/Administrative Officer	\$	102,146	
Career Ladder Program		1,000	
Other Salaries and Wages		10,400	
Social Security		6,909	
State Retirement		9,335	
Medical Insurance		3,515	
Unemployment Compensation		35	
Employer Medicare		1,616	
Communication		41,526	
Dues and Memberships		2,472	
Postal Charges		7,500	
Travel		2,140	
Other Charges		83	
Total Director of Schools			188,677

Office of the Principal

Principals	\$	662,157	
Career Ladder Program		10,000	
Career Ladder Extended Contracts		5,600	
Assistant Principals		377,520	
Secretary(ies)		312,182	
Other Salaries and Wages		16,582	
Social Security		81,883	
State Retirement		138,942	
Medical Insurance		71,566	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)  
Support Services (Cont.)

Office of the Principal (Cont.)

Unemployment Compensation	\$	1,260	
Employer Medicare		19,150	
Communication		221,046	
Dues and Memberships		6,500	
Other Supplies and Materials		485	
Administration Equipment		12,941	
Total Office of the Principal			\$ 1,937,814

Fiscal Services

Accountants/Bookkeepers	\$	323,675	
Secretary(ies)		52,465	
Social Security		22,378	
State Retirement		50,322	
Medical Insurance		1,780	
Unemployment Compensation		328	
Employer Medicare		5,275	
Travel		337	
Other Contracted Services		13,910	
Office Supplies		21,533	
Other Charges		293	
Debt Service Contribution to Primary Government		180,000	
Administration Equipment		32,123	
Total Fiscal Services			704,419

Operation of Plant

Supervisor/Director	\$	1,482	
Secretary(ies)		29,658	
Custodial Personnel		984,114	
Other Salaries and Wages		9,813	
Social Security		61,426	
State Retirement		125,877	
Medical Insurance		3,414	
Unemployment Compensation		2,554	
Employer Medicare		14,602	
Janitorial Services		2,175	
Rentals		1,116	
Other Contracted Services		55,373	
Custodial Supplies		217,682	
Electricity		1,390,730	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)  
Support Services (Cont.)

Operation of Plant (Cont.)

Natural Gas	\$ 181,054	
Water and Sewer	164,298	
Other Supplies and Materials	29,475	
Building and Contents Insurance	119,273	
Plant Operation Equipment	22,589	
Total Operation of Plant		\$ 3,416,705

Maintenance of Plant

Supervisor/Director	\$ 119,918	
Secretary(ies)	29,183	
Other Salaries and Wages	444,414	
Social Security	37,775	
State Retirement	79,846	
Medical Insurance	890	
Unemployment Compensation	800	
Employer Medicare	8,598	
Other Contracted Services	166,885	
Gasoline	51,718	
Other Supplies and Materials	311,395	
Other Charges	402	
Maintenance Equipment	92,512	
Total Maintenance of Plant		1,344,336

Transportation

Contracts with Private Agencies	\$ 1,567,191	
Diesel Fuel	2,281	
Gasoline	1,679	
Total Transportation		1,571,151

Operation of Non-Instructional Services

Food Service

Career Ladder Program	\$ 1,000	
Social Security	62	
State Retirement	90	
Unemployment Compensation	5	
Employer Medicare	14	
Total Food Service		1,171

(Continued)

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services

Other Salaries and Wages	\$ 84,334	
Social Security	5,229	
Unemployment Compensation	396	
Employer Medicare	1,223	
Travel	1,092	
Other Supplies and Materials	10,297	
Total Community Services		\$ 102,571

Early Childhood Education

Teachers	\$ 315,909	
Educational Assistants	123,775	
Other Salaries and Wages	45,907	
Social Security	27,992	
State Retirement	49,296	
Medical Insurance	33,958	
Unemployment Compensation	727	
Employer Medicare	6,547	
Travel	6,562	
Instructional Supplies and Materials	250	
Other Supplies and Materials	44,228	
Other Charges	9,703	
Other Equipment	11,691	
Total Early Childhood Education		676,545

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 1,939,041	
Total Regular Capital Outlay		<u>1,939,041</u>

Total General Purpose School Fund \$ 44,345,125

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,587,805
Educational Assistants	61,800
Other Salaries and Wages	80,879
Social Security	95,932
State Retirement	152,308

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Medical Insurance	\$	102,853	
Unemployment Compensation		1,989	
Employer Medicare		23,704	
Contracts for Substitute Teachers - Certified		41,733	
Contracts for Substitute Teachers - Non-certified		311	
Other Contracted Services		58,727	
Instructional Supplies and Materials		123,635	
Other Charges		9,933	
Regular Instruction Equipment		151,533	
Total Regular Instruction Program			\$ 2,493,142

Special Education Program

Teachers	\$	639,022	
Clerical Personnel		23,048	
Educational Assistants		421,259	
Speech Pathologist		10,453	
Social Security		63,206	
State Retirement		109,281	
Medical Insurance		40,138	
Unemployment Compensation		2,242	
Employer Medicare		15,346	
Evaluation and Testing		325	
Maintenance and Repair Services - Equipment		575	
Contracts for Substitute Teachers - Certified		40,215	
Contracts for Substitute Teachers - Non-certified		20,283	
Instructional Supplies and Materials		158,273	
Other Charges		1,509	
Special Education Equipment		37,690	
Total Special Education Program			1,582,865

Vocational Education Program

Educational Assistants	\$	18,210	
Social Security		1,129	
State Retirement		2,455	
Unemployment Compensation		45	
Employer Medicare		264	
Instructional Supplies and Materials		11,492	
Other Supplies and Materials		2,995	
Other Charges		800	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Vocational Instruction Equipment	\$ 51,999	
Total Vocational Education Program		\$ 89,389

Support Services

Other Student Support

Travel	\$ 18,382	
Other Contracted Services	2,298	
In Service/Staff Development	1,000	
Other Charges	25,786	
Total Other Student Support		47,466

Regular Instruction Program

Supervisor/Director	\$ 71,042	
Other Salaries and Wages	316,238	
Social Security	18,802	
State Retirement	30,557	
Medical Insurance	24,399	
Unemployment Compensation	405	
Employer Medicare	5,275	
Communication	556	
Travel	66,408	
Other Supplies and Materials	3,428	
In Service/Staff Development	134,434	
Other Charges	46,561	
Other Equipment	3,006	
Total Regular Instruction Program		721,111

Special Education Program

Supervisor/Director	\$ 2,107	
Psychological Personnel	46,698	
Clerical Personnel	18,447	
Other Salaries and Wages	287,574	
Social Security	22,402	
State Retirement	46,529	
Medical Insurance	3,857	
Unemployment Compensation	252	
Employer Medicare	5,241	
Communication	30	
Travel	4,080	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Contracted Services	\$	344,322	
Other Supplies and Materials		3,272	
In Service/Staff Development		52,933	
Other Charges		260	
Other Equipment		1,156	
Total Special Education Program	\$		839,160

Vocational Education Program

Travel	\$	488	
In Service/Staff Development		2,600	
Total Vocational Education Program			3,088

Transportation

Contracts with Private Agencies	\$	8,579	
Total Transportation			8,579

Total School Federal Projects Fund \$ 5,784,800

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	62,694	
Accountants/Bookkeepers		90,500	
Salary Supplements		15,980	
Cafeteria Personnel		921,350	
Other Salaries and Wages		29,990	
In-Service Training		6,527	
Social Security		67,955	
State Retirement		103,557	
Medical Insurance		4,450	
Unemployment Compensation		1,985	
Employer Medicare		15,969	
Communication		6,719	
Maintenance and Repair Services - Equipment		50,739	
Travel		15,228	
Other Contracted Services		14,991	
Food Preparation Supplies		152,446	
Food Supplies		1,424,083	
Office Supplies		6,069	

(Continued)

Exhibit K-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

USDA - Commodities	\$ 156,097	
Other Supplies and Materials	2,828	
In Service/Staff Development	3,034	
Other Charges	4,286	
Food Service Equipment	<u>679,549</u>	
Total Food Service		<u>\$ 3,837,026</u>

Total Central Cafeteria Fund \$ 3,837,026

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$ <u>10,274,031</u>	
Total Education Capital Projects		<u>\$ 10,274,031</u>

Total Education Capital Projects Fund 10,274,031

Total Governmental Funds - Warren County School Department \$ 64,240,982

Exhibit K-9

Warren County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2012

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,891,703
Total Cash Receipts	<u>\$ 1,891,703</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,853,869
Trustee's Commission	37,834
Total Cash Disbursements	<u>\$ 1,891,703</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2011	<u>0</u>
 Cash Balance, June 30, 2012	 <u><u>\$ 0</u></u>

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## **SINGLE AUDIT SECTION**

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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF LOCAL GOVERNMENT 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*

January 10, 2013

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

To the County Executive and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Warren County's basic financial statements and have issued our report thereon dated January 10, 2013. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Warren County Emergency Communications District as described in our report on Warren County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

The management of Warren County is responsible for establishing and maintaining effective internal controls over financial reporting. In planning and performing our audit, we considered Warren County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Warren County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Warren County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and 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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 12.01 and 12.05.

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: 12.03(B), 12.07, 12.08, and 12.09.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Warren County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 12.02, 12.03(A), 12.04, and 12.06.

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

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

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

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb



STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF LOCAL GOVERNMENT 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

Independent Auditor's Report

January 10, 2013

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

To the County Executive and Board of County Commissioners:

Compliance

We have audited Warren County's compliance 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, 2012. Warren County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Warren County's management. Our responsibility is to express an opinion on Warren County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and

material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Warren County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Warren County's compliance with those requirements.

In our opinion, Warren County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

#### Internal Control Over Compliance

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

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

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

#### Schedule of Expenditures of Federal Awards

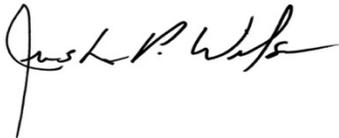
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County as of and for the year ended June 30, 2012, and have issued our report thereon dated January 10, 2013. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical line extending downwards from the end of the name.

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

Warren County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2012

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 156,072 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 621,173
National School Lunch Program	10.555	N/A	1,671,445 (3)
Fresh Fruits and Vegetables Program	10.582	N/A	21,625
Total Passed-through State Department of Education			\$ 2,314,243
Total U.S. Department of Agriculture			\$ 2,470,315
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	\$ 3,300
Passed-through East Tennessee State University:			
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	(2)	1,883
Recovery Act - Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program	16.810	(2)	94,899
Total U.S. Department of Justice			\$ 100,082
U.S. Department of Labor:			
Passed-through Workforce Solutions:			
WIA Youth Activities	17.259	(2)	\$ 121,893
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	(2)	\$ 57,819
Appalachian Regional Commission:			
Passed-through Tennessee Technological University:			
Appalachian Area Development Supplemental and Direct Grants	23.002	(2)	\$ 25,000
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,645,541
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,735,252
Special Education - Preschool Grants	84.173	N/A	64,179
Special Education - Grants to States, Recovery Act	84.391	N/A	134,052
Career and Technical Education - Basic Grants to States	84.048	N/A	116,095
Education for Homeless Children and Youth	84.196	(2)	37,000
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	13,468
Education Technology State Grants, Recovery Act	84.386	N/A	3,070
Rural Education	84.358	(2)	117,667
English Language Acquisition Grants	84.365	N/A	91,648
Improving Teacher Quality State Grants	84.367	N/A	415,209
State Fiscal Stabilization Fund (SFSF) - Governmental Services, Recovery Act	84.397	N/A	3,304
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	84.395	(2)	391,466
Education Jobs Fund	84.410	(2)	1,058,327
Total U.S. Department of Education			\$ 5,826,278

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State: Help America Vote Act Requirements Payments	90.401	(2)	\$ 27,616
U.S. Department of Health and Human Services:			
Direct Program: Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	N/A	\$ 187,471
U.S. Department of Homeland Security:			
Passed-through State Department of Military: Emergency Management Performance Grant	97.042	(2)	\$ 21,000
Total Expenditures of Federal Awards			<u>\$ 8,837,474</u>
<u>State Grants</u>			
		<u>Contract Number</u>	
Drug Court Grant, Adult and Juvenile - State Department of Finance	N/A	(2)	\$ 50,000
Juvenile Services Program - State Department of Children's Services	N/A	(2)	9,000
Litter Program - State Department of Transportation	N/A	(2)	37,295
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	17,890
Help America Vote - State Division of Elections	N/A	(2)	1,454
Rural Local Health Services - State Department of Health	N/A	(2)	552,235
Airport Maintenance Program - State Department of Transportation	N/A	AERO-10-121-00	12,352
Airport Maintenance Program - State Department of Transportation	N/A	AERO-11-186-00	17,845
Airport Maintenance Program - State Department of Transportation	N/A	AERO-M12-241	17,502
Airport Taxi Lane Project - State Department of Transportation	N/A	(2)	825
Airport RSA Improvements - State Department of Transportation	N/A	AERO-11-185-00	84,400
Airport Grant - State Department of Transportation	N/A	AERO-M11-141	4,194
Airport Layout Plan - State Department of Transportation	N/A	AERO-10-174-00	19,024
Coordinated School Health Improvement Act of 2000 - State Department of Education	N/A	(2)	170,000
Energy Efficient Schools Initiative Grant - State EESI	N/A	(2)	65,319
Art Student Ticket Subsidy - State Arts Commission	N/A	(2)	2,900
Family Resource Center - State Department of Education	N/A	(2)	29,612
Safe Schools Act - State Department of Education	N/A	(2)	34,200
ConnecTenn - State Department of Education	N/A	(2)	22,984
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	683,826
Total State Grants			<u>\$ 1,832,857</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,827,517.

Warren County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2012

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Warren County, Tennessee, for the year ended June 30, 2011, which have not been corrected.

**OFFICE COUNTY EXECUTIVE**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.02	174	Competitive bids were not solicited for the purchase of insurance

**OFFICE CLERK AND MASTER**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.07	177	Multiple employees operated from the same cash drawer

**OFFICES OF SUPERINTENDENT OF ROADS, COUNTY CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.08	177	Duties were not segregated adequately

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**WARREN COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2012**

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

1. Our report on the financial statements of Warren County is unqualified.
2. The audit of the financial statements of Warren County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Warren County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed 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); Title I Grants to Local Educational Agencies (CFDA No. 84.010); the Special Education Cluster: Special Education - Grants to States, Special Education – Preschool Grants, and Special Education - Grants to States, Recovery Act (CFDA Nos. 84.027, 84.173, and 84.391); Improving Teacher Quality State Grants (CFDA No. 84.367); State Fiscal Stabilization Fund – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395); and Education Job 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. Warren County did not qualify as a low-risk auditee.

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

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the county executive and trustee are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

### **OFFICE OF COUNTY EXECUTIVE**

#### **FINDING 12.01      **THE ACTUAL FUND BALANCE OF THE GENERAL FUND EXCEEDED THE ESTIMATED BEGINNING FUND BALANCE BY A MATERIAL AMOUNT****

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

The General Fund's actual beginning fund balance at July 1, 2011, exceeded the estimated beginning fund balance presented to the County Commission by \$1,405,101. Sound business practices dictate that realistic estimates of beginning fund balances should be presented to the County Commission during the budget process. This deficiency is due to management's failure to properly estimate the actual ending fund balance for June 30, 2011, and resulted in materially understating the estimated beginning fund balance.

#### **RECOMMENDATION**

Estimates of the beginning fund balance should be made on a more realistic basis to provide county officials with accurate information to base funding decisions. The estimated beginning fund balance should be amended during the year when it becomes apparent that the original estimate varies from the actual by a material amount.

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

Warren County's budgeting process begins several months prior to the fiscal year-end; therefore, due to the uncertainty at that time of revenue collections and actual expenditures it is difficult to accurately estimate revenues and expenditures. Warren County will attempt to provide estimates on a more realistic basis to provide county officials with accurate information to base funding decisions. Budget amendments will also be considered if it becomes apparent that original estimates vary from the actual amounts by a material amount.

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#### **FINDING 12.02      **COMPETITIVE BIDS WERE NOT SOLICITED FOR THE PURCHASE OF INSURANCE****

(Noncompliance Under *Government Auditing Standards*)

Competitive bids were not solicited for the purchase of liability insurance (\$234,826), boiler insurance (\$10,360), workers' compensation insurance (\$87,703), and buildings and

contents insurance (\$137,184). Chapter 16, Private Acts of 1951, as amended, requires all purchases exceeding \$5,000 to be based on competitive bids solicited through public advertisement. This deficiency was the result of management's decisions, and management's failure to correct the finding noted in the prior-year audit report. The failure to solicit competitive bids could result in the county paying more than the competitive price.

### RECOMMENDATION

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

### MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

Warren County's unique property and casualty insurance program, which was developed several years ago, has proven to be an exceptional and cost-effective program for the county. This program is a combination of self-insurance single insured retention liability risk, self-insured workers' compensation, and large deductible fully insured property coverage. Due to the uniqueness of the program, management determined that Warren County would be best serviced by a single, independent broker with the ability to obtain quotes from leading insurers to write various coverage and reinsurance for the county. Therefore, Warren County did not competitively bid the insurance brokerage service during fiscal year 2011-12.

### AUDITOR'S COMMENT

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

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### FINDING 12.03      **THE ANIMAL CONTROL DEPARTMENT HAD DEFICIENCIES IN THE MAINTENANCE OF RECORDS**

(A. – Noncompliance Under *Government Auditing Standards*; B. – Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The following deficiencies were noted in the records of the Animal Control Department:

- A. In some instances, funds were not deposited with the county trustee within three days of collection. Section 5-8-207, *Tennessee Code Annotated*, requires county officials to deposit public funds within three days of receiving the funds. This deficiency is the result of a lack of management oversight, which increases the risk of fraud and abuse.
- B. We noted several receipts that had been voided, and the top copy of the receipts was missing. Therefore, we were unable to determine if collections were actually received for these receipts.

## RECOMMENDATION

Animal Control Department funds should be deposited with the county trustee within three days of collection as required by state statute. All voided receipts should have the original receipt attached or other documentation to support the voided receipts.

## MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

The County Executive's Office and the Finance Department will review receipts of the Animal Control Department to verify that funds are deposited with the Trustee's Office within three days of collection. Receipts will also be reviewed for original receipts or documentation to support a voided receipt.

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**FINDING 12.04      A CASH SHORTAGE OF \$20,791.67 EXISTED AT THE WARREN COUNTY MEMORIAL AIRPORT AS OF SEPTEMBER 30, 2011**  
(Noncompliance Under *Government Auditing Standards*)

On September 11, 2012, our office issued a special investigative report on the Warren County Memorial Airport for the period July 1, 2007, through September 30, 2011. This report disclosed receipts issued that were not deposited with the county trustee, unpaid hangar rentals, and county aircraft fuel used for the personal benefit of the airport manager resulting in a cash shortage of \$20,791.67 as of September 30, 2011. This report is available at [www.tn.gov/comptroller](http://www.tn.gov/comptroller).

## OFFICES OF COUNTY EXECUTIVE AND TRUSTEE

**FINDING 12.05      NUMEROUS RECONCILING DIFFERENCES BETWEEN THE COUNTY EXECUTIVE'S AND THE TRUSTEE'S FUNDS' CASH BALANCES WERE NOT CORRECTED**  
(Internal Control – Material Weakness Under *Government Auditing Standards*)

The County Executive's Office reconciled its various funds' general ledger cash accounts with county trustee reports monthly. These reconciliations identified errors and other reconciling items that were not corrected. Some of these reconciling items have been carried on the reconciliations for up to two years. According to the director of accounts and budgets, these reconciling differences were reported to the Trustee's Office; however, we were not able to determine why these errors were not corrected. We presented adjustments to both the director of accounts and budgets and the county trustee to correct these differences. The failure to correct identified errors and other reconciling items allows the general ledger cash accounts and/or the cash balances in the Trustee's Office to be stated incorrectly.

## RECOMMENDATION

The County Executive's Office and the Trustee's Office should work together to ensure that cash is properly reported in each fund administered by the offices. Identified reconciling errors should be corrected promptly.

## MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

The Director of Accounts Office reconciled all general ledger cash accounts with the county trustee reports monthly, identified all reconciling items, and provided these reconciling factors to the auditor. We advised the auditor that many, but not all, of these reconciling differences were reported to the Trustee's Office. Several of the reconciling items that were identified were errors, which occurred repeatedly in the same accounts within the Trustee's Office. For this reason, these items were not given to the trustee on every occurrence. We will continue to reconcile all general ledger cash accounts with the county trustee reports monthly and identify reconciling errors. We are not aware of a Tennessee statute, which allows this office to make corrections to records within any department other than this department; however, we will provide information on all identified reconciling errors to the trustee.

## MANAGEMENT'S RESPONSE – TRUSTEE

The audit report states that according to the director of accounts and budgets, these reconciling differences were reported to the Trustee's Office. The Trustee's Office was not given all the reconciling differences. It is my understanding that the director of accounts and budgets admitted to the auditor that she had stopped reporting the reconciling differences to the Trustee's Office at some point. It is impossible for the Trustee's Office to reconcile these differences, if the director of accounts and budgets does not report the differences to the Trustee's Office. The director of accounts and budgets has agreed to begin reporting these differences to the Trustee's Office again, and we are in the process of working together to reconcile the accounts.

## AUDITOR'S COMMENT

County officials have the responsibility to work together through a system of checks-and-balances to maintain accurate accounting records for the county. Any differences noted between the various funds' cash accounts maintained by the director of accounts and the county trustee should be identified, reported, and corrected promptly.

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## OFFICE OF TRUSTEE

**FINDING 12.06**      **DELINQUENT TAX COLLECTIONS WERE NOT PRORATED ACCURATELY**  
(Noncompliance Under *Government Auditing Standards*)

During the year, the Trustee's Office incorrectly prorated the delinquent tax collections remitted by the Clerk and Master's Office. The budget resolution approved by the County

Commission established the allocation of revenues to each fund. The proration formulas programmed into the trustee's software application were correct; however, the software application prorations were overridden when the collections were received. This deficiency can be attributed to a lack of understanding of the new software application and a lack of management oversight. These prorations have been corrected in this report.

#### RECOMMENDATION

The trustee should ensure that revenues are accurately prorated according to allocations in the budget resolution approved by the County Commission.

#### MANAGEMENT'S RESPONSE – TRUSTEE

This was a data entry error wherein the trustee and/or her deputies may have entered the code for the prior year when receipting delinquent tax payments from the clerk and master. The trustee has worked with the software company to install a feature in the software to help prevent this error in the future.

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#### OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

##### FINDING 12.07      **THE ACCOUNTING SOFTWARE DID NOT IDENTIFY THE USER WHO PROCESSED TRANSACTIONS** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Although each employee had been assigned a unique username and password for accessing the office's accounting software, the software did not record the user who processed each transaction. Since the vendor did not design the system with these controls, the employee responsible for this activity would not be easily identified if inappropriate activity were to occur. Sound business practices dictate that each transaction be identified to the individual creating the transaction.

#### RECOMMENDATION

Management should contact the software vendor concerning the addition of controls to the software that would identify the user who performed each transaction.

**OFFICE OF CLERK AND MASTER**

**FINDING 12.08**      **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

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

**RECOMMENDATION**

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

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**OFFICES OF SUPERINTENDENT OF ROADS, COUNTY CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF**

**FINDING 12.09**      **DUTIES WERE NOT SEGREGATED ADEQUATELY**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among officials and employees in the Offices of Superintendent of Roads, County Clerk, Clerk and Master, Register, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

**RECOMMENDATION**

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

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## **BEST PRACTICE**

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

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

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

There were no findings and questioned costs for federal awards.

**WARREN COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2012**

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