



**ANNUAL FINANCIAL REPORT  
WAYNE COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2012**



**ANNUAL FINANCIAL REPORT**  
**WAYNE 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***

***JEFF BAILEY, CPA, CGFM, CFE***  
***Audit Manager***

***KENT WHITE, CPA, CGFM, CFE***  
***Auditor 4***

***RHONDA DAVIS, CFE***  
***DONYA WADE, CFE***  
***MARK HARVILL, CFE***  
***JACOB KENNEDY***  
***State Auditors***

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

---



---

## WAYNE COUNTY, TENNESSEE

### TABLE OF CONTENTS

---



---

	Exhibit	Page(s)
Audit Highlights		6-8
<u>INTRODUCTORY SECTION</u>		9
Wayne County Officials		10
<u>FINANCIAL SECTION</u>		11
Independent Auditor's Report		12-14
<b>BASIC FINANCIAL STATEMENTS:</b>		15
Government-wide Financial Statements:		
Statement of Net Assets	A	16-17
Statement of Activities	B	18-19
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	20-21
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	22
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	23-24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	25
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	26
Notes to the Financial Statements		27-61
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>		62
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	E-1	63-66
Solid Waste/Sanitation Fund	E-2	67
Highway/Public Works Fund	E-3	68
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Wayne County School Department	E-4	69
Schedule of Funding Progress – Other Postemployment Benefits Plan – Discretely Presented Wayne County School Department	E-5	70
Notes to the Required Supplementary Information		71

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		72
Nonmajor Governmental Funds:		73-74
Combining Balance Sheet	F-1	75
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	76
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Drug Control Fund	F-3	77
Other Special Revenue Fund	F-4	78
Major Governmental Fund:		79
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	80
Fiduciary Funds:		81
Combining Statement of Fiduciary Assets and Liabilities	H-1	82
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	83
Component Unit:		
Discretely Presented Wayne County School Department:		84
Statement of Activities	I-1	85
Balance Sheet – Governmental Funds	I-2	86
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	I-3	87
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	88
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	89
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-6	90-91
School Federal Projects Fund	I-7	92
Central Cafeteria Fund	I-8	93

	Exhibit	Page(s)
Miscellaneous Schedules:		94
Schedule of Changes in Long-term Notes and Bonds	J-1	95
Schedule of Long-term Debt Requirements by Year	J-2	96-97
Schedule of Notes Receivable	J-3	98
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Wayne County School Department	J-4	99
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	100-109
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Wayne County School Department	J-6	110-111
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	112-134
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Wayne County School Department	J-8	135-147
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	J-9	148
 <u>SINGLE AUDIT SECTION</u>		 149
 Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government</i> <i>Auditing Standards</i>		150-152
Auditor's Report on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133		153-154
Auditor's 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		155-157
Schedule of Expenditures of Federal Awards and State Grants		158-159
Schedule of Audit Findings Not Corrected		160
Schedule of Findings and Questioned Costs		161-179
Auditee Reporting Responsibilities		180

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

***Scope***

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

***Results***

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

Our audit resulted in 22 findings and recommendations, which we have reviewed with Wayne County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

***Findings and Best Practices***

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

**OFFICE OF COUNTY EXECUTIVE**

- ◆ Material audit adjustments were required for proper financial statement presentation.
- ◆ General ledger cash accounts were not reconciled properly with county trustee reports.
- ◆ Expenditures exceeded appropriations.
- ◆ General ledger payroll liability accounts were not reconciled.
- ◆ The office had purchasing deficiencies.
- ◆ The office had deficiencies in computer system backup procedures.

---

**OFFICE OF SUPERINTENDENT OF HIGHWAYS**

- ◆ General ledger payroll liability accounts were not reconciled.

---

**OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ The School Federal Projects fund had a cash overdraft at June 30, 2012.

- ◆ General ledger cash accounts were not reconciled with county trustee reports.
  - ◆ General ledger payroll liability accounts were not reconciled.
  - ◆ The office had deficiencies in budget operations.
  - ◆ The School Department had deficiencies in the use of state and federal grant funds, which resulted in questioned costs.
  - ◆ Employees received unauthorized payments.
  - ◆ An employee made unauthorized purchases using a School Department credit card.
  - ◆ Usernames and passwords were shared by employees.
  - ◆ The School Department did not comply with statutes governing the Tennessee Consolidated Retirement System.
- 

### **OFFICE OF TRUSTEE**

- ◆ Delinquent property tax collections were not prorated accurately.
- 

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

- ◆ Multiple employees operated from the same cash drawer.
  - ◆ The office did not deposit some funds within three days of collection.
- 

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

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

### **OFFICE OF SHERIFF**

- ◆ Deficiencies were noted in the maintenance of arrestee files.
- 

### **OFFICES OF TRUSTEE; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; AND REGISTER OF DEEDS**

- ◆ Duties were not segregated adequately.
-

## **BEST PRACTICES**

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

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

---

---

# INTRODUCTORY SECTION

---

---

Wayne County Officials  
June 30, 2012

---

**Officials**

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

**Board of County Commissioners**

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

**Board of Education**

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

---

---

## **FINANCIAL SECTION**

---

---



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

March 7, 2013

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

To the County Executive and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wayne County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Wayne County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Wayne County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Wayne County Emergency Communications District, which represent 7.4 and 1.6 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 Wayne 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.

The financial statements of the Wayne County Retirement Facilities (which include the Wayne County Nursing Home and the Wayne County Assisted Living Facility), component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Wayne County Retirement Facilities, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, based on our audit and the report of the other auditors, and because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of Wayne County, Tennessee, as of June 30, 2012, and the changes in financial position for the year then ended.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne County, Tennessee, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2013, on our consideration of Wayne County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 63 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in

the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wayne County's financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

---

---

# BASIC FINANCIAL STATEMENTS

---

---

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Wayne County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash	\$ 0	\$ 555	\$ 301,125
Equity in Pooled Cash and Investments	4,411,767	1,149,683	0
Inventories	0	31,823	0
Accounts Receivable	144,778	342	25,319
Due from Other Governments	848,754	559,847	0
Property Taxes Receivable	3,954,472	1,977,236	0
Allowance for Uncollectible Property Taxes	(139,753)	(69,876)	0
Prepaid Items	0	7,504	6,766
Notes Receivable	200,000	0	0
Deferred Charges - Debt Issuance Cost	139,909	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	735,905	495,517	55,244
Assets Net of Accumulated Depreciation:			
Infrastructure	10,717,293	0	0
Buildings and Improvements	11,827,467	14,029,724	728,148
Other Capital Assets	1,297,278	1,346,293	443,265
Total Assets	<u>\$ 34,137,870</u>	<u>\$ 19,528,648</u>	<u>\$ 1,559,867</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 89,600	\$ 0	\$ 14,113
Payroll Deductions Payable	583	9,415	0
Cash Overdraft	0	31,176	0
Due to State of Tennessee	0	60	0
Accrued Interest Payable	86,343	0	0
Other Accrued Liabilities	0	0	7,272
Unearned Revenue - Current Property Taxes	3,584,251	1,792,126	0
Noncurrent Liabilities:			
Due Within One Year	1,543,109	91,293	86,516
Due in More Than One Year (net of unamortized premium on debt)	25,701,659	2,550,784	709,609
Total Liabilities	<u>\$ 31,005,545</u>	<u>\$ 4,474,854</u>	<u>\$ 817,510</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Wayne County School Department	Emergency Communica- tions District
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 12,882,595	\$ 0	\$ 430,532
Invested in Capital Assets	0	15,871,534	0
Restricted for:			
General Government	54,006	0	0
Finance	274	0	0
Administration of Justice	30,992	0	0
Public Safety	264,887	0	0
Other Operations	32,366	0	0
Highway/Public Works	2,338,605	0	0
Education	0	68,405	0
Central Cafeteria	0	118,207	0
Unrestricted	(12,471,400)	(1,004,352)	311,825
Total Net Assets	<u>\$ 3,132,325</u>	<u>\$ 15,053,794</u>	<u>\$ 742,357</u>

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

Exhibit B

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Program Revenues			Primary Government Total Governmental Activities	Component Units		
	Expenses	Changes for Services	Operating Grants and Contributions		Capital Grants and Contributions	Wayne County School Department	Emergency Communi- cations District
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General Government	\$ 761,408	\$ 79,171	\$ 22,667	\$ 0	\$ (659,570)	\$ 0	\$ 0
Finance	426,586	373,967	0	0	(52,619)	0	0
Administration of Justice	751,963	448,828	9,000	0	(294,135)	0	0
Public Safety	3,121,243	740,054	78,961	0	(2,302,228)	0	0
Public Health and Welfare	1,427,106	59,631	122,728	0	(1,244,747)	0	0
Social, Cultural, and Recreational Services	237,835	9,643	0	0	(228,192)	0	0
Agriculture and Natural Resources	77,613	0	0	0	(77,613)	0	0
Other Operations	172,652	0	145,435	0	(27,217)	0	0
Highways/Public Works	3,105,006	2,555	2,077,956	154,163	(870,332)	0	0
Interest on Long-term Debt	1,073,421	0	0	0	(1,073,421)	0	0
Other Debt Service	240,072	0	329,047	0	88,975	0	0
<b>Total Governmental Activities</b>	<b>\$ 11,394,905</b>	<b>\$ 1,713,849</b>	<b>\$ 2,785,794</b>	<b>\$ 154,163</b>	<b>\$ (6,741,099)</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Total Primary Government</b>	<b>\$ 11,394,905</b>	<b>\$ 1,713,849</b>	<b>\$ 2,785,794</b>	<b>\$ 154,163</b>	<b>\$ (6,741,099)</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Component Units:</b>							
Wayne County School Department	\$ 22,533,855	\$ 410,361	\$ 4,443,752	\$ 0	\$ 0	\$ (17,679,742)	\$ 0
Emergency Communications District	344,227	132,316	146,935	44,452	0	0	(20,524)
<b>Total Component Units</b>	<b>\$ 22,878,082</b>	<b>\$ 542,677</b>	<b>\$ 4,590,687</b>	<b>\$ 44,452</b>	<b>\$ 0</b>	<b>\$ (17,679,742)</b>	<b>\$ (20,524)</b>

(Continued)

Exhibit B

Wayne County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Program Revenues		Component Units		Emergency Communications District
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Wayne County School Department	
		Primary Government Total Governmental Activities				
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes		\$ 2,596,622	\$ 1,819,230	\$	0	0
Property Taxes Levied for Debt Service		1,097,620	0	0	0	0
Local Option Sales Tax		885,002	636,976	0	0	0
Wheel Tax		577,041	0	0	0	0
Litigation Tax - General		47,161	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse		47,941	0	0	0	0
Litigation Tax - Sheriff		47,075	0	0	0	0
Business Tax		104,857	0	0	0	0
Mineral Severance Tax		50,946	0	0	0	0
Wholesale Beer Tax		160,088	0	0	0	0
Other Local Taxes		44,256	34,641	0	0	0
Grants and Contributions Not Restricted to Specific Programs		1,153,618	13,573,103	0	2,762	0
Unrestricted Investment Earnings		59,589	0	0	0	0
E-rate Funding		0	31,673	0	0	0
Miscellaneous		102,032	30,976	16,550	0	0
Insurance Recovery		14,627	11,408	0	0	0
Total General Revenues		\$ 6,988,475	\$ 16,138,007	\$ 19,312		
Change in Net Assets		\$ 247,376	\$ (1,541,735)	\$ (1,212)		
Net Assets, July 1, 2011		2,884,949	16,595,529	743,569		
Net Assets, June 30, 2012		\$ 3,132,325	\$ 15,053,794	\$ 742,357		

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

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other			
					Governmental Funds	Governmental Funds		
Equity in Pooled Cash and Investments	\$ 505,649	\$ 238,069	\$ 1,650,588	\$ 1,546,188	\$ 471,273	\$ 4,411,767		
Accounts Receivable	92,802	0	0	43,361	8,615	144,778		
Due from Other Governments	202,516	0	483,073	157,411	5,754	848,754		
Property Taxes Receivable	1,977,236	831,012	42,984	1,103,240	0	3,954,472		
Allowance for Uncollectible Property Taxes	(69,876)	(29,368)	(1,520)	(38,989)	0	(139,753)		
Notes Receivable - Long-term	0	0	0	200,000	0	200,000		
<b>Total Assets</b>	<b>\$ 2,708,327</b>	<b>\$ 1,039,713</b>	<b>\$ 2,175,125</b>	<b>\$ 3,011,211</b>	<b>\$ 485,642</b>	<b>\$ 9,420,018</b>		

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities	\$ 54,746	\$ 34,713	\$ 0	\$ 0	\$ 141	\$ 89,600
Accounts Payable	44	19	513	0	7	583
Payroll Deductions Payable	1,792,126	753,212	38,959	999,954	0	3,584,251
Deferred Revenue - Current Property Taxes	110,112	46,428	2,394	61,290	0	220,224
Deferred Revenue - Delinquent Property Taxes	25,150	0	176,914	78,706	0	280,770
Other Deferred Revenues	\$ 1,982,178	\$ 834,372	\$ 218,780	\$ 1,139,950	\$ 148	\$ 4,175,428
Total Liabilities						

Fund Balances

Restricted:	\$ 54,006	\$ 0	\$ 0	\$ 0	\$ 0	\$ 54,006
Restricted for General Government	274	0	0	0	0	274
Restricted for Finance	30,992	0	0	0	0	30,992
Restricted for Administration of Justice	182,406	0	0	0	82,481	264,887
Restricted for Public Safety	0	0	0	0	32,366	32,366
Restricted for Other Operations	0	0	1,956,345	0	225,548	2,181,893
Restricted for Highways/Public Works	0	0	0	0	0	0
Committed:	0	203,513	0	0	0	203,513
Committed for Public Health and Welfare	0	0	0	1,871,261	0	1,871,261
Committed for Debt Service	0	0	0	0	145,099	145,099
Committed for Capital Projects	0	0	0	0	0	0

(Continued)

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service		Other Governmental Funds	Total Governmental Funds	
				General	Debt Service			
\$ 1,091	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,091	
2,175	0	0	0	0	0	0	2,175	
20,965	0	0	0	0	0	0	20,965	
0	1,828	0	0	0	0	0	1,828	
34,784	0	0	0	0	0	0	34,784	
175	0	0	0	0	0	0	175	
399,131	0	0	0	0	0	0	399,131	
\$ 726,149	\$ 205,341	\$ 1,956,345	\$ 1,871,261	\$ 485,494	\$ 485,494	\$ 5,244,590		
\$ 2,708,327	\$ 1,039,713	\$ 2,175,125	\$ 3,011,211	\$ 485,642	\$ 485,642	\$ 9,420,018		

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)

Assigned:

- Assigned for General Government
- Assigned for Administration of Justice
- Assigned for Public Safety
- Assigned for Public Health and Welfare
- Assigned for Social, Cultural, and Recreational Services
- Assigned for Other Operations
- Assigned for Highways/Public Works
- Unassigned

Total Fund Balances

Total Liabilities and Fund Balances

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

Exhibit C-2

Wayne County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Assets  
June 30, 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)		\$	5,244,590
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	735,905	
Add: infrastructure net of accumulated depreciation		10,717,293	
Add: buildings and improvements net of accumulated depreciation		11,827,467	
Add: other capital assets net of accumulated depreciation		<u>1,297,278</u>	24,577,943
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(183,899)	
Less: bonds payable		(26,981,702)	
Add: deferred charges - debt issuance costs		139,909	
Less: compensated absences payable		(41,911)	
Less: accrued interest on bonds and notes		(86,343)	
Less: other deferred revenue - premium on debt		<u>(37,256)</u>	(27,191,202)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>500,994</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 3,132,325</u>

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

Wayne 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	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other			
					Governmental Funds	Governmental Funds		
<b>Revenues</b>								
Local Taxes	\$ 2,413,504	\$ 716,293	\$ 39,676	\$ 2,442,194	\$ 60,912	\$ 5,672,579		
Licenses and Permits	6,269	0	0	0	0	6,269		
Fines, Forfeitures, and Penalties	167,989	0	0	0	24,004	191,993		
Charges for Current Services	52,453	0	0	0	23,141	75,594		
Other Local Revenues	172,956	47,631	24,160	0	12,000	256,747		
Fees Received from County Officials	688,265	0	0	0	0	688,265		
State of Tennessee	1,826,335	0	2,104,653	0	174,940	4,105,928		
Federal Government	48,518	0	127,466	0	13,705	189,689		
Other Governments and Citizens Groups	42,829	0	0	323,000	22,230	388,059		
<b>Total Revenues</b>	<b>\$ 5,419,118</b>	<b>\$ 763,924</b>	<b>\$ 2,295,955</b>	<b>\$ 2,765,194</b>	<b>\$ 330,932</b>	<b>\$ 11,575,123</b>		
<b>Expenditures</b>								
Current:								
General Government	\$ 937,603	\$ 0	\$ 0	\$ 0	\$ 0	\$ 937,603		
Finance	404,761	0	0	0	0	404,761		
Administration of Justice	626,601	0	0	0	6,498	633,099		
Public Safety	2,727,242	0	0	0	17,897	2,745,139		
Public Health and Welfare	201,120	846,979	0	0	0	1,048,099		
Social, Cultural, and Recreational Services	220,612	0	0	0	0	220,612		
Agriculture and Natural Resources	77,315	0	0	0	0	77,315		
Other Operations	236,157	0	0	0	63,609	299,766		
Highways	45,507	0	2,685,611	0	0	2,731,118		
Support Services	10,909	0	0	0	0	10,909		
Debt Service:								
Principal on Debt	0	0	0	1,535,035	0	1,535,035		
Interest on Debt	0	0	0	1,079,518	0	1,079,518		
Other Debt Service	0	0	0	217,458	0	217,458		
Capital Projects	0	0	0	0	210,910	210,910		
<b>Total Expenditures</b>	<b>\$ 5,487,827</b>	<b>\$ 846,979</b>	<b>\$ 2,685,611</b>	<b>\$ 2,832,011</b>	<b>\$ 298,914</b>	<b>\$ 12,151,342</b>		
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (68,709)</b>	<b>\$ (83,055)</b>	<b>\$ (389,656)</b>	<b>\$ (66,817)</b>	<b>\$ 32,018</b>	<b>\$ (576,219)</b>		

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
Other Financing Sources (Uses)							
Insurance Recovery	\$ 7,034	\$ 2,052	\$ 5,541	\$ 0	\$ 0	\$ 0	\$ 14,627
Total Other Financing Sources (Uses)	\$ 7,034	\$ 2,052	\$ 5,541	\$ 0	\$ 0	\$ 0	\$ 14,627
Net Change in Fund Balances	\$ (61,675)	\$ (81,003)	\$ (384,115)	\$ (66,817)	\$ 32,018	\$ (561,592)	\$ (561,592)
Fund Balance, July 1, 2011	787,824	286,344	2,340,460	1,938,078	453,476	5,806,182	5,806,182
Fund Balance, June 30, 2012	\$ 726,149	\$ 205,341	\$ 1,956,345	\$ 1,871,261	\$ 485,494	\$ 5,244,590	\$ 5,244,590

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

Exhibit C-4

Wayne County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 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)		\$ (561,592)
(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	\$ 209,479	
Less: current-year depreciation expense	<u>(974,556)</u>	(765,077)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		(7,849)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2011	\$ (446,661)	
Add: deferred delinquent property taxes and other deferred June 30, 2012	<u>500,994</u>	54,333
(4) The issuance of long-term debt (e.g., notes, bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Add: change in premium on debt issuances	\$ 6,047	
Less: change in deferred debt issuance costs	(22,614)	
Add: principal payments on notes	265,964	
Add: principal payments on bonds	<u>1,269,071</u>	1,518,468
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 6,097	
Change in compensated absences payable	<u>2,996</u>	<u>9,093</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 247,376</u>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 359,494
Accounts Receivable	12
Due from Other Governments	<u>81,306</u>
Total Assets	<u>\$ 440,812</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 81,306
Due to Litigants, Heirs, and Others	<u>359,506</u>
Total Liabilities	<u>\$ 440,812</u>

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Wayne County's financial statements are presented in accordance with generally accepted accounting principles (GAAP), except for the component units' opinion unit because the financial statements of the Wayne County Retirement Facilities (which include the Wayne County Nursing Home and the Wayne County Assisted Living Facility), a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

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

**A. Reporting Entity**

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

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

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

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

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

The Wayne County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Wayne County Retirement Facilities were not available in time for inclusion, as previously mentioned. Complete financial statements of the Wayne County Retirement Facilities (Wayne County Nursing Home and Wayne County Assisted Living Facility) and the Wayne County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Wayne County Nursing Home  
Highway 64 East  
Waynesboro, TN 38485

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

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

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

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

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a

significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Wayne County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Wayne County School Department component unit only reports governmental activities in the government-wide financial statements.

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

Wayne County issues all debt for the discretely presented Wayne County School Department. No debt issues were contributed by the county to the School Department during the year ended June 30, 2012.

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

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

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

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

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

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

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

Fiduciary fund financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Wayne County reports the following major governmental funds:

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

**Solid Waste/Sanitation Fund** – This special revenue fund accounts for transactions related to the solid waste transfer station. Local taxes are the foundational revenues of this fund.

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

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

Additionally, Wayne County reports the following fund types:

**Capital Projects Funds** – These funds account for capital expenditures of the county.

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

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

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

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

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

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

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

**1. Deposits and Investments**

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and

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

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

## **2. Receivables and Payables**

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

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

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

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and

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

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

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

### **3. Inventories and Prepaid Items**

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaids are offset in the nonspendable fund balance account in governmental funds.

### **4. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than two years. Such assets are recorded

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

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

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

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

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

**5. Compensated Absences**

**Primary Government**

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

**Discretely Presented Wayne County School Department**

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

## **6. Long-term Obligations**

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

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

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

## **7. Net Assets and Fund Equity**

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

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

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

As of June 30, 2012, Wayne County had \$15,367,600 in outstanding debt for capital purposes for the discretely presented Wayne County School Department. This debt is a liability of Wayne County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Wayne County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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.

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 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 Wayne County School Department**

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

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

#### **Primary Government**

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

#### **Discretely Presented Wayne County School Department**

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

### III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budgetary Information

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

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

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

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

#### B. Cash Shortage – Prior Year

In the prior year, the Office of Sheriff reported a cash shortage of \$6,262 resulting from missing proceeds from the sale of a vehicle through an internet auction site. On January 12, 2012, the office received an insurance recovery, which liquidated the cash shortage.

#### C. Cash Overdraft

The discretely presented School Federal Projects Fund had a cash overdraft of \$31,176 at June 30, 2012. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2012.

**D. Expenditures Exceeded Appropriations**

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

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General:	
County Buildings	\$ 189
Jail	11,165
Libraries	1,163
Agriculture Extension Service	3,566
Miscellaneous	940
Litter and Trash Collection	871
General Debt Service:	
Interest on Debt	1,213
General Purpose School:	
Instruction - Special Education Program	38,586
Support Services - Regular Instruction Program	30,626
Support Services - Fiscal Services	51,987
Operation of Non-Instructional Services - Community Services	2,940

Expenditures exceeded total appropriations approved by the County Commission in the Solid Waste/Sanitation Fund by \$6,027 and in the Central Cafeteria Fund by \$64,555.

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

**E. Pending Investigation**

During our audit of the School Department, auditors discovered numerous deficiencies and a suspected misappropriation of funds. Some of these deficiencies are reported in Findings and Questioned Costs; however, the Comptroller's Department of Investigation's special investigation is pending, and a special report may be subsequently issued.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

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

##### Deposits

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

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

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

<u>Investment</u>	<u>Weighted Average Maturity (days)</u>	<u>Cost</u>
State Treasurer's Investment Pool	6 to 164	\$ 235,994

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

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Wayne County has no investment policy that would further limit its investment choices. As of June 30, 2012, Wayne County’s investment in the State Treasurer’s Investment Pool was unrated.

**B. Notes Receivable**

On June 19, 2007, Wayne County loaned \$200,000 to the Wayne County Nursing Home – Component Unit. This note matured on December 1, 2009; but the note has not yet been retired. However, Wayne County does expect to collect the note receivable in the future. Therefore, the General Debt Service Fund reflects a long-term notes receivable of \$200,000 from the Wayne County Nursing Home on June 30, 2012, which is included in the committed fund balance account.

**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	\$ 735,229	\$ 676	\$ 0	\$ 735,905
Construction in Progress	0	0	0	0
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 735,229</b>	<b>\$ 676</b>	<b>\$ 0</b>	<b>\$ 735,905</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 15,826,739	\$ 25,000	\$ 0	\$ 15,851,739
Roads and Bridges	11,762,285	48,002	0	11,810,287
Other Capital Assets	3,903,177	135,801	(84,294)	3,954,684
<b>Total Capital Assets Depreciated</b>	<b>\$ 31,492,201</b>	<b>\$ 208,803</b>	<b>\$ (84,294)</b>	<b>\$ 31,616,710</b>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 3,589,577	\$ 434,695	\$ 0	\$ 4,024,272
Roads and Bridges	802,212	290,782	0	1,092,994
Other Capital Assets	2,484,772	249,079	(76,445)	2,657,406
<b>Total Accumulated Depreciation</b>	<b>\$ 6,876,561</b>	<b>\$ 974,556</b>	<b>\$ (76,445)</b>	<b>\$ 7,774,672</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 24,615,640</b>	<b>\$ (765,753)</b>	<b>\$ (7,849)</b>	<b>\$ 23,842,038</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 25,350,869</b>	<b>\$ (765,077)</b>	<b>\$ (7,849)</b>	<b>\$ 24,577,943</b>

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

**Governmental Activities:**

General Government	\$ 47,301
Finance	3,980
Administration of Justice	82,159
Public Safety	240,128
Public Health and Welfare	138,755
Social, Cultural, and Recreational Services	3,349
Agriculture and Natural Resources	298
Highway/Public Works	<u>458,586</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 974,556</u></u>

**Discretely Presented Wayne County School Department**

**Governmental Activities:**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 495,517	\$ 0	\$ 0	\$ 495,517
Total Capital Assets Not Depreciated	<u>\$ 495,517</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 495,517</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 27,064,377	\$ 0	\$ 0	\$ 27,064,377
Other Capital Assets	3,416,688	181,242	(279,968)	3,317,962
Total Capital Assets Depreciated	<u>\$ 30,481,065</u>	<u>\$ 181,242</u>	<u>\$ (279,968)</u>	<u>\$ 30,382,339</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 12,297,623	\$ 737,030	\$ 0	\$ 13,034,653
Other Capital Assets	2,044,380	207,257	(279,968)	1,971,669
Total Accumulated Depreciation	<u>\$ 14,342,003</u>	<u>\$ 944,287</u>	<u>\$ (279,968)</u>	<u>\$ 15,006,322</u>
Total Capital Assets Depreciated, Net	<u>\$ 16,139,062</u>	<u>\$ (763,045)</u>	<u>\$ 0</u>	<u>\$ 15,376,017</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 16,634,579</u></u>	<u><u>\$ (763,045)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 15,871,534</u></u>

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

**Governmental Activities:**

Instruction	\$ 15,174
Support Services	882,788
Operation of Non-Instructional Services	<u>46,325</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 944,287</u></u>

**D. Interfund Receivables and Payables**

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

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Discretely Presented School Department:		
General Purpose School	School Federal Projects	\$ 19,765
"	Nonmajor governmental	9,919
School Federal Projects	General Purpose School	27,162
Nonmajor governmental	"	2,000

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

**E. Long-term Debt**

**Primary Government**

**General Obligation Bonds and Notes**

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 38 years for bonds and up to 11 years for notes. Repayment terms are

generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 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	4.05 to 4.25 %	6-28-46	\$ 16,282,000	\$ 14,506,702
General Obligation Bonds - Refunding	3.2 to 4	12-1-23	16,935,000	12,475,000
Capital Outlay Notes	0 to 4.08	5-15-14	1,713,649	183,899

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	Bonds		
	Principal	Interest	Total
2013	\$ 1,319,248	\$ 1,020,117	\$ 2,339,365
2014	1,359,432	972,650	2,332,082
2015	1,384,624	923,276	2,307,900
2016	1,459,824	870,290	2,330,114
2017	1,515,034	813,834	2,328,868
2018-2022	8,508,635	3,143,380	11,652,015
2023-2027	6,190,402	1,578,454	7,768,856
2028-2032	3,893,767	664,254	4,558,021
2033-2037	1,219,110	112,134	1,331,244
2038-2042	66,896	21,364	88,260
2043-2046	64,730	5,878	70,608
Total	\$ 26,981,702	\$ 10,125,631	\$ 37,107,333

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 181,950	\$ 3,675	\$ 185,625
2014	1,949	0	1,949
Total	\$ 183,899	\$ 3,675	\$ 187,574

There is \$1,871,261 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,585, based on the 2010 federal census. Debt per capita, including bonds and notes, totaled \$1,596, 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	Compensated Absences
Balance, July 1, 2011	\$ 28,250,773	\$ 449,863	\$ 44,907
Additions	0	0	107,012
Reductions	(1,269,071)	(265,964)	(110,008)
Balance, June 30, 2012	\$ 26,981,702	\$ 183,899	\$ 41,911
Balance Due Within One Year	\$ 1,319,248	\$ 181,950	\$ 41,911

##### Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 27,207,512
Less: Due Within One Year	(1,543,109)
Add: Unamortized Premium on Debt	37,256
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 25,701,659</u>

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

#### **Discretely Presented Wayne County School Department**

##### Changes in Long-term Liabilities

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

<b>Governmental Activities:</b>	Termination Benefits	Other Postemployment Benefits
Balance, July 1, 2011	\$ 114,724	\$ 1,959,812
Additions	162,666	622,180
Reductions	(42,546)	(174,759)
Balance, June 30, 2012	<u>\$ 234,844</u>	<u>\$ 2,407,233</u>
Balance Due Within One Year	<u>\$ 91,293</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 2,642,077
Less: Due Within One Year	<u>(91,293)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,550,784</u>

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

**F. On-Behalf Payments**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Wayne County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2012, were \$77,165 and \$19,080, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**G. Short-term Debt**

Wayne County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary to provide funds for operations. Short-term debt activity for the year ended June 30, 2012, was as follows:

	Balance 7-1-11	Issued	Paid	Balance 6-30-12
Tax Anticipation Notes	\$ 0	\$ 350,000	\$ (350,000)	\$ 0

V. **OTHER INFORMATION**

A. **Risk Management**

**Primary Government**

In prior years, Wayne County was a member of the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. Beginning July 1, 2011, the county decided it was more economically feasible to purchase commercial insurance for the risks of loss to which it is exposed. These risks include general liability, property, casualty, and workers' compensation. Settled claims have not exceeded this commercial coverage during this fiscal year.

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

**Discretely Presented Wayne County School Department**

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

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

**B. Subsequent Events**

On September 21, 2012, the county's General Debt Service Fund issued a \$100,000 tax anticipation note to the General Fund for temporary operating funds.

On October 1, 2012, the county's General Debt Service Fund issued a \$65,000 tax anticipation note to the General Fund for temporary operating funds.

On February 7, 2013, Wayne County issued capital outlay notes totaling \$200,000 for water line extension projects.

**C. Contingent Liabilities**

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

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

**D. Joint Venture**

The Joint Economic and Community Development Board is a joint venture between Wayne County and the cities of Clifton, Collinwood, and Waynesboro. The board comprises 11 members as follows: Wayne County executive; mayors of the cities of Waynesboro, Clifton, and Collinwood; and seven appointed members from the private sector. The purpose of the board is to expand and diversify the economy of the cities and county. The cities and county provide the majority of funding for the board based on the percentage of their population compared to the total census of the county. Wayne County made no contributions to the operations of the Joint Economic and Community Development Board during the year ended June 30, 2012.

Wayne County does not have an equity interest in the above-noted joint venture. Complete financial statements for the Joint Economic and

Community Development Board can be obtained from its administrative office at the following address:

Administrative Office:

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

**E. Jointly Governed Organization**

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

**F. Retirement Commitments**

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

**Plan Description**

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

Assembly. Political subdivisions such as Wayne County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

### **Funding Policy**

Wayne County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 7.43 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2012, the county's annual pension cost of \$677,890 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 county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was seven years. An actuarial valuation was performed as of July 1, 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	\$677,890	100%	\$0
6-30-11	528,829	100	0
6-30-10	577,639	100	0

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the plan was 98.23 percent funded. The actuarial accrued liability for benefits was \$19.23 million, and the actuarial value of assets was \$18.89 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.34 million. The covered payroll (annual payroll of active employees covered by the plan) was \$7.82 million, and the ratio of the UAAL to the covered payroll was 4.36 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 Wayne County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit

provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. 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 SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs/Schools](http://www.tn.gov/treasury/tcrs/Schools).

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 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 \$974,268, \$978,458, and \$698,351, respectively, equal to the required contributions for each year.

### **2. Deferred Compensation**

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

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

#### **Discretely Presented Wayne County School Department**

##### **Plan Description**

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated*, for teachers. Prior to reaching

the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2012, the discretely presented Wayne County School Department contributed \$174,759 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 627,000
Interest on the NPO	78,392
Adjustment to the ARC	(83,212)
Annual OPEB cost	<hr/> \$ 622,180
Amount of contribution	(174,759)
Increase/decrease in NPO	\$ 447,421
Net OPEB obligation, 7-1-11	<hr/> 1,959,812
Net OPEB obligation, 6-30-12	<hr/> <hr/> \$ 2,407,233

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Education Group	\$ 635,577	29 %	\$ 1,533,847
6-30-11	"	638,644	33	1,959,812
6-30-12	"	622,180	28	2,407,233

### Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:  
(dollars in thousands)

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	\$ 6,186
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 6,186
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 13,450
UAAL as a % of covered payroll	46%

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 Education Plan, 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 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. Termination Benefits**

The discretely presented Wayne County School Department offers a voluntary termination benefit for employees who retire with 30 years of experience in the Wayne County School System or have reached 60 years of age and are eligible for full retirement with the Tennessee Consolidated Retirement System. The employees must also have at least 50 days of accumulated sick leave and not be retired from another school system. This incentive consists of a cash payment equivalent to 50 percent of the regular daily salary for each day of accumulated sick leave at the retirement date, to be paid out at \$6,000 per year. Currently, 14 school employees have accepted the board's offer. The estimated cost of the cash payment, reported in the government-wide Statement of Net Assets, is \$234,844. The estimated cost did not include a discounted rate because the School Department felt its effects were immaterial. The effects to the School Department's actuarial accrued liability for pension benefits for current, terminated, and retired employees could not be determined.

**I. Pollution Remediation**

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

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

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

Based on the limited information available at June 30, 2012, future remediation costs could not be reasonably determined.

**J. Purchasing Laws**

Office of County Executive

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

Office of Commissioner of Highways

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

Office of Director of Schools

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

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

**A. Summary of Significant Accounting Policies**

**1. Reporting Entity**

Wayne County Emergency Communications District is a component unit of Wayne County, Tennessee. The district encompasses the same boundaries as Wayne County, Tennessee. The powers of the district are vested in and exercised by a majority of the members of the board of directors, who are appointed by the Wayne County Executive. The Wayne County Commission has the ability to adjust the district's service charges. The district must obtain County Commission approval before the issuance of most debt. The district is considered a political subdivision and is exempt from federal and state income taxes.

**2. Basis of Accounting**

The accompanying financial statements of the district have been prepared on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred. Expenditures are recognized in the accounting period in which the liability is incurred and is measurable.

The district applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board Opinions; issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The district has elected not to apply FASB statements and interpretations issued after November 30, 1989.

**3. Cash and Cash Equivalents**

The district considers all highly liquid debt instruments purchased with maturities of 60 days or less to be cash equivalents.

**4. Supply Inventory**

Supply inventory is valued at the lower of cost (first-in, first-out) or market. Inventory items are considered expenditures when used (consumption method).

**5. Capital Assets**

Capital assets of the district are recorded at cost. Depreciation is computed over the estimated life of the assets using the straight-line method. The estimated life for property, plant, and equipment in service is from three to 40 years. The district does capitalize interest incurred on construction projects.

**6. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**B. Cash and Certificates of Deposit**

The district is authorized to invest funds in financial institutions and direct obligations of the federal government. During the year, the district invested

funds that were not immediately needed in deposit accounts. Deposits in financial institutions are required by state statute to be secured and collateralized by the institutions. The district has deposit policies to minimize custodial credit risks. The collateral must meet certain requirements and be deposited in an escrow account in a second bank for the benefit of the district and must total a minimum of 105 percent of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. The district's deposits with financial institutions are fully insured or collateralized by securities held in the district's name.

**C. Capital Assets**

A summary of changes in capital assets in service is as follows:

	Balance 7-1-11	Additions	Disposals	Balance 6-30-12
Land	\$ 55,244	\$ 0	\$ 0	\$ 55,244
Equipment	730,148	63,674	(184,797)	609,025
Buildings	820,294	0	0	820,294
Vehicles	17,746	0	0	17,746
Maps	32,227	0	0	32,227
	<u>\$ 1,655,659</u>	<u>\$ 63,674</u>	<u>\$ (184,797)</u>	<u>\$ 1,534,536</u>
Less Accumulated Depreciation	<u>(426,768)</u>			<u>(307,879)</u>
Utility Plant - Net	<u>\$ 1,228,891</u>			<u>\$ 1,226,657</u>

Depreciation expense consists of equipment (\$45,402) and building (\$20,507). All assets except land are being depreciated.

**D. Long-term Debt**

The following is a summary of changes in long-term debt:

	Balance 7-1-11	Retirements	Balance 6-30-12
Mortgage Loan	\$ 559,977	\$ (25,000)	\$ 534,977
Equipment Lease	320,310	(59,162)	261,148
Total	<u>\$ 880,287</u>	<u>\$ (84,162)</u>	<u>\$ 796,125</u>

Future maturities of note principal and interest are as follows:

Year Ending June 30	Principal	Interest
2013	\$ 86,516	\$ 34,737
2014	88,965	31,150
2015	96,510	27,468
2016	99,157	23,455
2017	30,000	19,338
2018-2022	175,000	74,849
2023-2027	219,977	31,169
Total	<u>\$ 796,125</u>	<u>\$ 242,166</u>

The building of the district is pledged as collateral on the mortgage loan indebtedness until the existing principal and interest are paid in full.

**E. Risk Management**

The district is exposed to various risks of loss related to torts (theft of, damage to, and destruction of assets), errors and omissions, and natural disasters. The district purchases commercial financial bonded insurance for its officials. For all other risks, the district purchases commercial insurance. There have been no claims during the last four years.

**F. Commitments and Contingencies**

**Federal and State Grants**

In the normal course of operations, the district receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities; the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise because of these audits, is not believed to be material.

**G. Budgets and Budgetary Accounting**

The district follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgets are adopted and approved by board vote on an annual basis. These budgets are adopted on a basis consistent with generally accepted accounting principles.

2. The board approves total budget appropriations. The manager is authorized to transfer budget amounts between line items within each department; however, any revisions that alter the total appropriations of any fund must be approved by the board.
3. The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

The *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* establishes the legal budget level of control to be at the line-item level.

---

---

**REQUIRED SUPPLEMENTARY  
INFORMATION**

---

---

Exhibit E-1

Wayne County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 General Fund  
 For the Year Ended June 30, 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	\$ 2,413,504	\$ 0	\$ 0	\$ 2,413,504	\$ 2,375,234	\$ 2,421,206	\$ (7,702)
Licenses and Permits	6,269	0	0	6,269	8,245	8,245	(1,976)
Fines, Forfeitures, and Penalties	167,989	0	0	167,989	122,330	122,330	45,659
Charges for Current Services	52,453	0	0	52,453	8,023	44,383	8,070
Other Local Revenues	172,956	0	0	172,956	58,122	132,300	40,656
Fees Received from County Officials	688,265	0	0	688,265	636,570	651,448	36,817
State of Tennessee	1,826,335	0	0	1,826,335	1,556,111	1,567,890	258,445
Federal Government	48,518	0	0	48,518	38,100	38,100	10,418
Other Governments and Citizens Groups	42,829	0	0	42,829	500	7,165	35,664
Total Revenues	\$ 5,419,118	\$ 0	\$ 0	\$ 5,419,118	\$ 4,803,235	\$ 4,993,067	\$ 426,051
<u>Expenditures</u>							
General Government							
County Commission	\$ 234,384	\$ 0	\$ 47	\$ 234,431	\$ 250,369	\$ 259,029	\$ 24,598
County Mayor/Executive	145,861	0	33	145,894	146,093	146,538	644
Election Commission	110,720	0	0	110,720	117,196	112,781	2,061
Register of Deeds	101,047	0	0	101,047	108,159	102,471	1,424
County Buildings	320,783	0	583	321,366	271,637	321,177	(189)
Other General Administration	24,808	0	428	25,236	26,798	26,798	1,562
Finance							
Property Assessor's Office	138,999	0	0	138,999	126,687	141,317	2,318
Reappraisal Program	7,653	0	0	7,653	16,598	7,915	262
County Trustee's Office	127,686	0	0	127,686	128,312	128,228	542
County Clerk's Office	130,423	0	0	130,423	130,143	132,058	1,635

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	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>Administration of Justice</u>							
Circuit Court							
General Sessions Court	\$ 156,492	\$ 0	\$ 0	\$ 156,492	\$ 160,924	\$ 157,654	\$ 1,162
Drug Court	179,918	0	500	180,418	175,744	181,120	702
Chancery Court	8,875	0	0	8,875	3,050	8,876	1
Juvenile Court	109,492	0	0	109,492	110,322	110,202	710
Judicial Commissioners	63,772	0	1,675	65,447	66,204	66,802	1,355
Courtroom Security	56,693	0	0	56,693	56,425	56,703	10
Public Safety	51,359	0	0	51,359	25,450	51,627	268
Sheriff's Department	968,345	(1,800)	4,325	970,870	775,099	986,869	15,999
Traffic Control	5,016	0	0	5,016	0	5,016	0
Jail	1,583,476	0	14,300	1,597,776	1,165,093	1,586,611	(11,165)
Rural Fire Protection	81,138	0	1,414	82,552	79,150	83,150	598
Civil Defense	3,893	0	0	3,893	22,100	22,100	18,207
Other Emergency Management	58,602	0	30	58,632	47,272	63,505	4,873
County Coroner/Medical Examiner	19,139	0	0	19,139	24,803	19,498	359
Public Safety Grant Programs	5,862	0	0	5,862	0	9,574	3,712
Other Public Safety	1,771	0	0	1,771	2,600	2,600	829
<u>Public Health and Welfare</u>							
Local Health Center	40,704	0	0	40,704	43,710	42,778	2,074
Alcohol and Drug Programs	2,500	0	0	2,500	2,500	2,500	0
Other Local Health Services	82,895	0	0	82,895	97,993	97,993	15,098
Regional Mental Health Center	9,000	0	0	9,000	9,000	9,000	0
Other Local Welfare Services	7,500	0	0	7,500	7,500	7,500	0
Other Waste Collection	58,521	0	0	58,521	58,215	59,108	587

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	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>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	\$ 36,000	\$ 0	\$ 0	\$ 36,000	\$ 36,000	\$ 36,000	\$ 0
Libraries	167,559	(383)	2,697	169,873	142,917	168,710	(1,163)
Other Social, Cultural, and Recreational	17,053	0	0	17,053	18,750	17,500	447
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	46,083	0	0	46,083	47,416	42,517	(3,566)
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	29,232	0	0	29,232	29,233	29,232	0
<u>Other Operations</u>							
Other Economic and Community Development	41,235	0	0	41,235	42,000	42,000	765
Veterans' Services	7,008	0	175	7,183	8,032	8,943	1,760
Other Charges	127,114	0	0	127,114	130,000	127,114	0
Contributions to Other Agencies	4,200	0	0	4,200	4,200	4,200	0
Miscellaneous	56,600	0	0	56,600	58,460	55,660	(940)
<u>Highways</u>							
Litter and Trash Collection	45,507	0	150	45,657	44,880	44,786	(871)
<u>Support Services</u>							
Other Programs	10,909	0	0	10,909	9,811	13,068	2,159
Total Expenditures	\$ 5,487,827	\$ (2,183)	\$ 26,357	\$ 5,512,001	\$ 4,828,845	\$ 5,600,828	\$ 88,827
Excess (Deficiency) of Revenues Over Expenditures	\$ (68,709)	\$ 2,183	\$ (26,357)	\$ (92,883)	\$ (25,610)	\$ (607,761)	\$ 514,878
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 7,034	\$ 0	\$ 0	\$ 7,034	\$ 0	\$ 10,774	\$ (3,740)

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Other Financing Sources (Uses) (Cont.)							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,773	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 7,034	\$ 0	\$ 0	\$ 7,034	\$ 36,773	\$ 10,774	\$ (3,740)
Net Change in Fund Balance	\$ (61,675)	\$ 2,183	\$ (26,357)	\$ (85,849)	\$ 11,163	\$ (596,987)	\$ 511,138
Fund Balance, July 1, 2011	787,824	(2,183)	0	785,641	712,191	712,191	73,450
Fund Balance, June 30, 2012	\$ 726,149	\$ 0	\$ (26,357)	\$ 699,792	\$ 723,354	\$ 115,204	\$ 584,588

Exhibit E-2

Wayne County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 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	\$ 716,293	\$ 0	\$ 0	\$ 716,293	\$ 720,722	\$ 720,722	\$ (4,429)
Other Local Revenues	47,631	0	0	47,631	25,000	25,000	22,631
Total Revenues	\$ 763,924	\$ 0	\$ 0	\$ 763,924	\$ 745,722	\$ 745,722	\$ 18,202
<u>Expenditures</u>							
Public Health and Welfare							
Landfill Operation and Maintenance	\$ 3,625	(1,100)	\$ 0	\$ 2,525	\$ 11,500	\$ 3,300	\$ 775
Other Waste Disposal	843,354	(12,785)	1,828	832,397	731,297	825,595	(6,802)
Total Expenditures	\$ 846,979	\$ (13,885)	\$ 1,828	\$ 834,922	\$ 742,797	\$ 828,895	\$ (6,027)
Excess (Deficiency) of Revenues Over Expenditures	\$ (83,055)	\$ 13,885	\$ (1,828)	\$ (70,998)	\$ 2,925	\$ (83,173)	\$ 12,175
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 2,052	\$ 0	\$ 0	\$ 2,052	\$ 0	\$ 2,052	\$ 0
Total Other Financing Sources (Uses)	\$ 2,052	\$ 0	\$ 0	\$ 2,052	\$ 0	\$ 2,052	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (81,003)	\$ 13,885	\$ (1,828)	\$ (68,946)	\$ 2,925	\$ (81,121)	\$ 12,175
Fund Balance, July 1, 2011	286,344	(13,885)	0	272,459	359,203	282,962	(10,503)
Fund Balance, June 30, 2012	\$ 205,341	\$ 0	\$ (1,828)	\$ 203,513	\$ 362,128	\$ 201,841	\$ 1,672

Exhibit E-3

Wayne County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Highway/Public Works Fund  
 For the Year Ended June 30, 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	Original	Final	
<b>Revenues</b>								
Local Taxes	\$ 39,676	\$ 0	\$ 0	\$ 39,676	\$ 40,328	\$ 40,328	\$ (652)	\$ (652)
Other Local Revenues	24,160	0	0	24,160	44,000	44,000	(19,840)	(19,840)
State of Tennessee	2,104,653	0	0	2,104,653	2,757,191	2,757,191	(652,538)	(652,538)
Federal Government	127,466	0	0	127,466	396,000	396,000	(268,534)	(268,534)
Other Governments and Citizens Groups	0	0	0	0	20,000	20,000	(20,000)	(20,000)
<b>Total Revenues</b>	<b>\$ 2,295,955</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,295,955</b>	<b>\$ 3,257,519</b>	<b>\$ 3,257,519</b>	<b>\$ (961,564)</b>	<b>\$ (961,564)</b>
<b>Expenditures</b>								
<b>Highways</b>								
Administration	\$ 178,709	\$ 0	\$ 0	\$ 178,709	\$ 225,988	\$ 225,988	\$ 47,279	\$ 47,279
Highway and Bridge Maintenance	1,441,704	0	400	1,442,104	1,974,128	1,955,221	513,117	513,117
Operation and Maintenance of Equipment	686,441	(500)	0	685,941	810,677	825,284	139,343	139,343
Other Charges	70,605	0	400	71,005	83,300	87,600	16,595	16,595
Employee Benefits	38,559	0	0	38,559	38,573	38,573	14	14
Capital Outlay	269,593	0	0	269,593	868,831	868,831	599,238	599,238
<b>Total Expenditures</b>	<b>\$ 2,685,611</b>	<b>\$ (500)</b>	<b>\$ 800</b>	<b>\$ 2,685,911</b>	<b>\$ 4,001,497</b>	<b>\$ 4,001,497</b>	<b>\$ 1,315,586</b>	<b>\$ 1,315,586</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (389,656)</b>	<b>\$ 500</b>	<b>\$ (800)</b>	<b>\$ (389,956)</b>	<b>\$ (743,978)</b>	<b>\$ (743,978)</b>	<b>\$ 354,022</b>	<b>\$ 354,022</b>
<b>Other Financing Sources (Uses)</b>								
Insurance Recovery	\$ 5,541	\$ 0	\$ 0	\$ 5,541	\$ 0	\$ 0	\$ 5,541	\$ 5,541
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 5,541</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 5,541</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 5,541</b>	<b>\$ 5,541</b>
<b>Net Change in Fund Balance Fund Balance, July 1, 2011</b>	<b>\$ (384,115)</b>	<b>\$ 500</b>	<b>\$ (800)</b>	<b>\$ (384,415)</b>	<b>\$ (743,978)</b>	<b>\$ (743,978)</b>	<b>\$ 359,563</b>	<b>\$ 359,563</b>
<b>Fund Balance, June 30, 2012</b>	<b>2,340,460</b>	<b>(500)</b>	<b>0</b>	<b>2,339,960</b>	<b>1,266,478</b>	<b>1,266,478</b>	<b>1,073,482</b>	<b>1,073,482</b>
<b>Fund Balance, July 1, 2011</b>	<b>\$ 1,956,345</b>	<b>\$ 0</b>	<b>\$ (800)</b>	<b>\$ 1,955,545</b>	<b>\$ 522,500</b>	<b>\$ 522,500</b>	<b>\$ 1,433,045</b>	<b>\$ 1,433,045</b>

Exhibit E-4

Wayne County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Wayne 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	\$ 18,885	\$ 19,226	341	98.23 %	\$ 7,818	4.36 %
7-1-09	15,419	15,419	0	100	7,302	0
7-1-07	14,571	14,571	0	100	6,673	0

Exhibit E-5

Wayne County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plan  
Discretely Presented Wayne County School Department  
June 30, 2012

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-09	\$ 0	\$ 6,445	\$ 6,445	0 %	\$ 13,467	48 %
"	7-1-10	0	6,454	6,454	0	13,467	48
"	7-1-11	0	6,186	6,186	0	13,450	46

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

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

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

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

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

Major Appropriation Category	Amount Overspent
County Buildings	\$ 189
Jail	11,165
Libraries	1,163
Agriculture Extension Service	3,566
Miscellaneous	940
Litter and Trash Collection	871

Expenditures exceeded total appropriations approved by the County Commission in the Solid Waste/Sanitation Fund by \$6,027.

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

---

---

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

---

---

# Nonmajor Governmental Funds

## Special Revenue Funds

---

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

---

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

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

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

## Capital Projects Funds

---

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

---

General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

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

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

Exhibit F-1

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

	Special Revenue Funds			Capital Projects Funds				Total Nonmajor Governmental Funds
	Drug Control	Other Special Revenue	Total	General Capital Projects	Community Development/ Industrial Park	Highway Capital Projects	Total	
\$	82,502	26,739	109,241	3,112	133,372	225,548	362,032	471,273
	0	0	0	0	8,615	0	8,615	8,615
	0	5,754	5,754	0	0	0	0	5,754
\$	82,502	32,493	114,995	3,112	141,987	225,548	370,647	485,642

ASSETS  
 Equity in Pooled Cash and Investments  
 Accounts Receivable  
 Due from Other Governments

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities  
 Accounts Payable  
 Payroll Deductions Payable  
 Total Liabilities

Fund Balances

Restricted:  
 Restricted for Public Safety  
 Restricted for Other Operations  
 Restricted for Highways/Public Works  
 Committed:

Committed for Capital Projects

Total Fund Balances

Total Liabilities and Fund Balances

\$	21	120	141	0	0	0	0	141
	0	7	7	0	0	0	0	7
\$	21	127	148	0	0	0	0	148
\$	82,481	0	82,481	0	0	0	0	82,481
	0	32,366	32,366	0	0	0	0	32,366
	0	0	0	0	0	225,548	225,548	225,548
	0	0	0	3,112	141,987	0	145,099	145,099
\$	82,481	32,366	114,847	3,112	141,987	225,548	370,647	485,494
\$	82,502	32,493	114,995	3,112	141,987	225,548	370,647	485,642

Exhibit F-2

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

	Special Revenue Funds			Capital Projects Funds				Total Nonmajor Governmental Funds
	Drug Control	Other Special Revenue	Constituti- onal Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park	Highway Capital Projects	
<u>Revenues</u>								
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,966	\$ 50,946	\$ 60,912
Fines, Forfeitures, and Penalties	24,004	0	0	24,004	0	0	0	24,004
Charges for Current Services	0	0	6,498	6,498	0	16,643	0	23,141
Other Local Revenues	0	0	0	0	0	12,000	0	12,000
State of Tennessee	0	65,440	0	65,440	0	109,500	0	174,940
Federal Government	0	0	0	0	0	13,705	0	13,705
Other Governments and Citizens Groups	0	0	0	0	0	22,230	0	22,230
Total Revenues	\$ 24,004	\$ 65,440	\$ 6,498	\$ 95,942	\$ 0	\$ 184,044	\$ 50,946	\$ 234,990
<u>Expenditures</u>								
Current:								
Administration of Justice	\$ 0	\$ 0	\$ 6,498	\$ 6,498	\$ 0	\$ 0	\$ 0	\$ 6,498
Public Safety	17,897	0	0	17,897	0	0	0	17,897
Other Operations	0	56,109	0	56,109	0	7,500	0	63,609
Capital Projects	0	0	0	0	65	210,336	509	210,910
Total Expenditures	\$ 17,897	\$ 56,109	\$ 6,498	\$ 80,504	\$ 65	\$ 217,836	\$ 509	\$ 298,914
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,107	\$ 9,331	\$ 0	\$ 15,438	\$ (65)	\$ (33,792)	\$ 50,437	\$ 32,018
Net Change in Fund Balances Fund Balance, July 1, 2011	\$ 6,107	\$ 9,331	\$ 0	\$ 15,438	\$ (65)	\$ (33,792)	\$ 50,437	\$ 32,018
Fund Balance, July 1, 2011	76,374	23,035	0	99,409	3,177	175,779	175,111	453,476
Fund Balance, June 30, 2012	\$ 82,481	\$ 32,366	\$ 0	\$ 114,847	\$ 3,112	\$ 141,987	\$ 225,548	\$ 485,494

Exhibit F-3

Wayne 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	\$ 24,004	\$ 47,375	\$ 47,375	\$ (23,371)
Other Local Revenues	0	500	500	(500)
Total Revenues	<u>\$ 24,004</u>	<u>\$ 47,875</u>	<u>\$ 47,875</u>	<u>\$ (23,871)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 17,897	\$ 79,350	\$ 79,350	\$ 61,453
Total Expenditures	<u>\$ 17,897</u>	<u>\$ 79,350</u>	<u>\$ 79,350</u>	<u>\$ 61,453</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 6,107</u>	<u>\$ (31,475)</u>	<u>\$ (31,475)</u>	<u>\$ 37,582</u>
Net Change in Fund Balance	\$ 6,107	\$ (31,475)	\$ (31,475)	\$ 37,582
Fund Balance, July 1, 2011	<u>76,374</u>	<u>76,495</u>	<u>76,495</u>	<u>(121)</u>
Fund Balance, June 30, 2012	<u>\$ 82,481</u>	<u>\$ 45,020</u>	<u>\$ 45,020</u>	<u>\$ 37,461</u>

Exhibit F-4

Wayne County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Other Special Revenue Fund  
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 65,440	\$ 65,000	\$ 65,000	\$ 440
Total Revenues	\$ 65,440	\$ 65,000	\$ 65,000	\$ 440
<u>Expenditures</u>				
<u>Other Operations</u>				
Tourism	\$ 43,999	\$ 43,439	\$ 44,489	\$ 490
Tourism-Resort District	12,110	13,000	13,000	890
Total Expenditures	\$ 56,109	\$ 56,439	\$ 57,489	\$ 1,380
Excess (Deficiency) of Revenues Over Expenditures	\$ 9,331	\$ 8,561	\$ 7,511	\$ 1,820
Net Change in Fund Balance	\$ 9,331	\$ 8,561	\$ 7,511	\$ 1,820
Fund Balance, July 1, 2011	23,035	23,271	23,271	(236)
Fund Balance, June 30, 2012	\$ 32,366	\$ 31,832	\$ 30,782	\$ 1,584

# **Major Governmental Fund**

## **General Debt Service Fund**

---

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

Exhibit G

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,442,194	\$ 2,477,148	\$ 2,477,148	\$ (34,954)
Other Governments and Citizens Groups	323,000	395,000	395,000	(72,000)
Total Revenues	<u>\$ 2,765,194</u>	<u>\$ 2,872,148</u>	<u>\$ 2,872,148</u>	<u>\$ (106,954)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 583,635	\$ 830,055	\$ 583,635	\$ 0
Highways and Streets	40,600	0	40,600	0
Education	910,800	810,000	910,800	0
<u>Interest on Debt</u>				
General Government	437,753	664,456	436,540	(1,213)
Highways and Streets	48,008	0	48,008	0
Education	593,757	474,566	593,757	0
<u>Other Debt Service</u>				
General Government	207,458	48,266	214,004	6,546
Highways and Streets	5,000	5,000	5,000	0
Education	5,000	6,500	6,500	1,500
Total Expenditures	<u>\$ 2,832,011</u>	<u>\$ 2,838,843</u>	<u>\$ 2,838,844</u>	<u>\$ 6,833</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (66,817)</u>	<u>\$ 33,305</u>	<u>\$ 33,304</u>	<u>\$ (100,121)</u>
Net Change in Fund Balance	\$ (66,817)	\$ 33,305	\$ 33,304	\$ (100,121)
Fund Balance, July 1, 2011	<u>1,938,078</u>	<u>1,917,785</u>	<u>1,917,785</u>	<u>20,293</u>
Fund Balance, June 30, 2012	<u>\$ 1,871,261</u>	<u>\$ 1,951,090</u>	<u>\$ 1,951,089</u>	<u>\$ (79,828)</u>

# Fiduciary Funds

---

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

---

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

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

Exhibit H-1

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

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 359,494	\$ 359,494
Accounts Receivable	0	12	12
Due from Other Governments	81,306	0	81,306
Total Assets	<u>\$ 81,306</u>	<u>\$ 359,506</u>	<u>\$ 440,812</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 81,306	\$ 0	\$ 81,306
Due to Litigants, Heirs, and Others	0	359,506	359,506
Total Liabilities	<u>\$ 81,306</u>	<u>\$ 359,506</u>	<u>\$ 440,812</u>

Exhibit H-2

Wayne 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	\$ 480,936	\$ 480,936	\$ 0
Due from Other Governments	83,371	81,306	83,371	81,306
<b>Total Assets</b>	<b>\$ 83,371</b>	<b>\$ 562,242</b>	<b>\$ 564,307</b>	<b>\$ 81,306</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 83,371	\$ 562,242	\$ 564,307	\$ 81,306
<b>Total Liabilities</b>	<b>\$ 83,371</b>	<b>\$ 562,242</b>	<b>\$ 564,307</b>	<b>\$ 81,306</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 388,561	\$ 4,230,541	\$ 4,259,608	\$ 359,494
Accounts Receivable	0	12	0	12
Cash Shortage	6,262	0	6,262	0
<b>Total Assets</b>	<b>\$ 394,823</b>	<b>\$ 4,230,553</b>	<b>\$ 4,265,870</b>	<b>\$ 359,506</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 394,823	\$ 4,230,553	\$ 4,265,870	\$ 359,506
<b>Total Liabilities</b>	<b>\$ 394,823</b>	<b>\$ 4,230,553</b>	<b>\$ 4,265,870</b>	<b>\$ 359,506</b>
<u>Total - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 388,561	\$ 4,230,541	\$ 4,259,608	\$ 359,494
Equity in Pooled Cash and Investments	0	480,936	480,936	0
Accounts Receivable	0	12	0	12
Due from Other Governments	83,371	81,306	83,371	81,306
Cash Shortage	6,262	0	6,262	0
<b>Total Assets</b>	<b>\$ 478,194</b>	<b>\$ 4,792,795</b>	<b>\$ 4,830,177</b>	<b>\$ 440,812</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 83,371	\$ 562,242	\$ 564,307	\$ 81,306
Due to Litigants, Heirs, and Others	394,823	4,230,553	4,265,870	359,506
<b>Total Liabilities</b>	<b>\$ 478,194</b>	<b>\$ 4,792,795</b>	<b>\$ 4,830,177</b>	<b>\$ 440,812</b>

# Wayne County School Department

---

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

---

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

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

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

Exhibit I-1

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 13,037,806	\$ 0	\$ 3,414,280	\$ (9,623,526)
Support Services	6,896,379	34,831	0	(6,861,548)
Operation of Non-Instructional Services	2,599,670	375,530	1,029,472	(1,194,668)
Total Governmental Activities	\$ 22,533,855	\$ 410,361	\$ 4,443,752	\$ (17,679,742)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,819,230
Local Option Sales Taxes				636,976
Other Local Taxes				34,641
Grants and Contributions Not Restricted to Specific Programs				13,573,103
E-Rate Funding				31,673
Miscellaneous				30,976
Insurance Recovery				11,408
Total General Revenues				\$ 16,138,007
Change in Net Assets				\$ (1,541,735)
Net Assets, July 1, 2011				16,595,529
Net Assets, June 30, 2012				\$ 15,053,794

Exhibit I-2

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

	Major Funds		Nonmajor	Total Govern- mental Funds
	General	School	Fund	
	Purpose School	Federal Projects	Central Cafeteria	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 555	\$ 555
Equity in Pooled Cash and Investments	1,073,324	0	76,359	1,149,683
Inventories	0	0	31,823	31,823
Accounts Receivable	0	0	342	342
Due from Other Governments	442,677	106,352	10,818	559,847
Due from Other Funds	29,684	27,162	2,000	58,846
Property Taxes Receivable	1,977,236	0	0	1,977,236
Allowance for Uncollectible Property Taxes	(69,876)	0	0	(69,876)
Prepaid Items	0	0	7,504	7,504
<b>Total Assets</b>	<b>\$ 3,453,045</b>	<b>\$ 133,514</b>	<b>\$ 129,401</b>	<b>\$ 3,715,960</b>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Payroll Deductions Payable	\$ 7,813	\$ 379	\$ 1,223	\$ 9,415
Cash Overdraft	0	31,176	0	31,176
Due to Other Funds	29,162	19,765	9,919	58,846
Due to State of Tennessee	0	8	52	60
Deferred Revenue - Current Property Taxes	1,792,126	0	0	1,792,126
Deferred Revenue - Delinquent Property Taxes	110,112	0	0	110,112
Other Deferred Revenues	86,476	15,164	0	101,640
<b>Total Liabilities</b>	<b>\$ 2,025,689</b>	<b>\$ 66,492</b>	<b>\$ 11,194</b>	<b>\$ 2,103,375</b>
<u>Fund Balances</u>				
Nonspendable:				
Inventory	\$ 0	\$ 0	\$ 31,823	\$ 31,823
Prepaid Items	0	0	7,504	7,504
Restricted:				
Restricted for Education	1,383	67,022	78,880	147,285
Assigned:				
Assigned for Education	57,682	0	0	57,682
Unassigned	1,368,291	0	0	1,368,291
<b>Total Fund Balances</b>	<b>\$ 1,427,356</b>	<b>\$ 67,022</b>	<b>\$ 118,207</b>	<b>\$ 1,612,585</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,453,045</b>	<b>\$ 133,514</b>	<b>\$ 129,401</b>	<b>\$ 3,715,960</b>

Exhibit I-3

Wayne County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Wayne County School Department  
June 30, 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 I-2)		\$ 1,612,585
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 495,517	
Add: buildings and improvements net of accumulated depreciation	14,029,724	
Add: other capital assets net of accumulated depreciation	<u>1,346,293</u>	15,871,534
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: termination benefits liability	\$ (234,844)	
Less: other postemployment benefits liability	<u>(2,407,233)</u>	(2,642,077)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>211,752</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 15,053,794</u>

Exhibit I-4

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

	Major Funds		Nonmajor Fund	Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>Revenues</u>				
Local Taxes	\$ 2,498,602	\$ 0	\$ 0	\$ 2,498,602
Licenses and Permits	698	0	0	698
Charges for Current Services	32,717	0	377,644	410,361
Other Local Revenues	58,525	0	4,124	62,649
State of Tennessee	14,318,741	0	13,798	14,332,539
Federal Government	525,920	2,080,023	1,015,674	3,621,617
Other Governments and Citizens Groups	7,667	0	0	7,667
<b>Total Revenues</b>	<b>\$ 17,442,870</b>	<b>\$ 2,080,023</b>	<b>\$ 1,411,240</b>	<b>\$ 20,934,133</b>
<u>Expenditures</u>				
Current:				
Instruction	\$ 10,668,027	\$ 1,707,646	\$ 0	\$ 12,375,673
Support Services	5,598,560	457,849	0	6,056,409
Operation of Non-Instructional Services	1,117,879	0	1,453,308	2,571,187
Debt Service:				
Other Debt Service	200,000	0	0	200,000
<b>Total Expenditures</b>	<b>\$ 17,584,466</b>	<b>\$ 2,165,495</b>	<b>\$ 1,453,308</b>	<b>\$ 21,203,269</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (141,596)	\$ (85,472)	\$ (42,068)	\$ (269,136)
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 11,408	\$ 0	\$ 0	\$ 11,408
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 11,408</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 11,408</b>
Net Change in Fund Balances	\$ (130,188)	\$ (85,472)	\$ (42,068)	\$ (257,728)
Fund Balance, July 1, 2011	1,557,544	152,494	160,275	1,870,313
<b>Fund Balance, June 30, 2012</b>	<b>\$ 1,427,356</b>	<b>\$ 67,022</b>	<b>\$ 118,207</b>	<b>\$ 1,612,585</b>

Exhibit I-5

Wayne County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
Discretely Presented Wayne County School Department  
For the Year Ended June 30, 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 I-4)		\$ (257,728)
(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	\$ 181,242	
Less: current-year depreciation expense	<u>(944,287)</u>	(763,045)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2011	\$ (165,173)	
Add: deferred delinquent property taxes and other deferred June 30, 2012	<u>211,752</u>	46,579
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in termination benefits liability	\$ (120,120)	
Change in other postemployment benefits liability	<u>(447,421)</u>	(567,541)
Change in net assets of governmental activities (Exhibit B)		<u>\$ (1,541,735)</u>

Exhibit I-6

Wayne County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Discretely Presented Wayne County School Department  
 General Purpose School Fund  
 For the Year Ended June 30, 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>							
Local Taxes	\$ 2,498,602	\$ 0	\$ 0	\$ 2,498,602	\$ 2,515,914	\$ 2,515,914	\$ (17,312)
Licenses and Permits	698	0	0	698	550	550	148
Charges for Current Services	32,717	0	0	32,717	35,000	35,000	(2,283)
Other Local Revenues	58,525	0	0	58,525	62,033	76,015	(17,490)
State of Tennessee	14,318,741	0	0	14,318,741	14,187,670	14,361,636	(42,895)
Federal Government	525,920	0	0	525,920	456,392	467,678	58,242
Other Governments and Citizens Groups	7,667	0	0	7,667	0	0	7,667
<b>Total Revenues</b>	<b>\$ 17,442,870</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 17,442,870</b>	<b>\$ 17,257,559</b>	<b>\$ 17,456,793</b>	<b>\$ (13,923)</b>

**Expenditures**

<b>Instruction</b>							
Regular Instruction Program	\$ 8,688,525	(116,040)	1,099	\$ 8,573,584	\$ 8,906,031	\$ 8,907,510	\$ 333,926
Alternative Instruction Program	66,452	0	0	66,452	79,202	79,202	12,750
Special Education Program	1,307,577	(19,832)	1,186	1,288,931	1,250,345	1,250,345	(38,586)
Vocational Education Program	555,161	(1,148)	271	554,284	598,724	598,724	44,440
Adult Education Program	50,312	(4,159)	0	46,153	40,686	46,335	182
<b>Support Services</b>							
Attendance	37,191	0	0	37,191	45,568	45,568	8,377
Health Services	134,945	(742)	656	134,859	138,501	138,501	3,642
Other Student Support	368,667	(5,038)	3,551	367,180	379,884	378,096	10,916
Regular Instruction Program	671,519	(32,637)	5,405	644,287	620,963	613,661	(30,626)
Special Education Program	236,000	0	0	236,000	236,000	236,000	0
Vocational Education Program	110,186	0	0	110,186	116,152	116,152	5,966
Adult Programs	83,117	0	0	83,117	85,988	83,839	722

(Continued)

Exhibit I-6

Wayne County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Discreetly Presented Wayne 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>							
Other Programs	\$ 96,245	\$ 0	\$ 0	\$ 96,245	\$ 0	\$ 96,245	\$ 0
Board of Education	221,455	(20)	0	221,435	226,134	237,411	15,976
Director of Schools	149,203	(75)	400	149,528	150,294	152,094	2,566
Office of the Principal	638,419	(499)	0	637,920	675,675	676,470	38,550
Fiscal Services	128,187	(4,324)	0	123,863	59,876	71,876	(51,987)
Operation of Plant	1,334,522	(26,478)	7,088	1,315,132	1,347,587	1,361,314	46,182
Maintenance of Plant	310,330	(30,913)	25,137	304,554	339,915	347,323	42,769
Transportation	1,078,574	(25,740)	0	1,052,834	1,169,367	1,206,968	154,134
<u>Operation of Non-Instructional Services</u>							
Food Service	0	0	0	0	0	2,381	2,381
Community Services	32,552	0	0	32,552	29,612	29,612	(2,940)
Early Childhood Education	1,085,327	(35,399)	12,889	1,062,817	1,067,632	1,067,632	4,815
Principal on Debt	0	0	0	0	200,000	0	0
Education							
<u>Other Debt Service</u>							
Education	200,000	0	0	200,000	0	200,000	0
Total Expenditures	\$ 17,584,466	\$ (303,044)	\$ 57,682	\$ 17,339,104	\$ 17,764,136	\$ 17,943,259	\$ 604,155
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ (141,596)	\$ 303,044	\$ (57,682)	\$ 103,766	\$ (506,577)	\$ (486,466)	\$ 590,232
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 11,408	\$ 0	\$ 0	\$ 11,408	\$ 0	\$ 11,408	\$ 0
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (277,000)	\$ 277,000
Total Other Financing Sources (Uses)	\$ 11,408	\$ 0	\$ 0	\$ 11,408	\$ 0	\$ (265,592)	\$ 277,000
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (130,188)	\$ 303,044	\$ (57,682)	\$ 115,174	\$ (506,577)	\$ (752,058)	\$ 867,232
Fund Balance, July 1, 2011	1,557,544	(303,044)	0	1,254,500	1,504,524	1,504,524	(250,024)
Fund Balance, June 30, 2012	\$ 1,427,356	\$ 0	\$ (57,682)	\$ 1,369,674	\$ 997,947	\$ 752,466	\$ 617,208

Exhibit I-7

Wayne County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Discretely Presented Wayne County School Department  
 School Federal Projects Fund  
 For the Year Ended June 30, 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	\$ 2,080,023	\$ 0	\$ 0	\$ 2,080,023	\$ 2,478,554	\$ 2,394,206	\$ (314,183)
Total Revenues	\$ 2,080,023	\$ 0	\$ 0	\$ 2,080,023	\$ 2,478,554	\$ 2,394,206	\$ (314,183)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,176,719	\$ (7,705)	\$ 7,444	\$ 1,176,458	\$ 1,241,691	\$ 1,308,266	\$ 131,808
Special Education Program	375,929	(1,070)	1,826	376,685	439,387	424,287	47,602
Vocational Education Program	16,311	0	748	17,059	18,577	19,298	2,239
Adult Education Program	138,687	(2,027)	8,924	145,584	197,000	146,000	416
<u>Support Services</u>							
Other Student Support	129,006	(2,726)	704	126,984	245,452	137,189	10,205
Regular Instruction Program	129,321	(2,769)	376	126,928	214,629	223,105	96,177
Special Education Program	176,550	(1,495)	0	175,055	194,294	208,600	33,545
Vocational Education Program	939	0	0	939	1,000	939	0
Transportation	22,033	0	0	22,033	22,119	22,119	86
Total Expenditures	\$ 2,165,495	\$ (17,792)	\$ 20,022	\$ 2,167,725	\$ 2,574,149	\$ 2,489,803	\$ 322,078
Excess (Deficiency) of Revenues Over Expenditures	\$ (85,472)	\$ 17,792	\$ (20,022)	\$ (87,702)	\$ (95,595)	\$ (95,597)	\$ 7,895
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 161,576	\$ 80,788	\$ (80,788)
Transfers Out	0	0	0	0	(80,788)	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 80,788	\$ 80,788	\$ (80,788)
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (85,472)	\$ 17,792	\$ (20,022)	\$ (87,702)	\$ (14,807)	\$ (14,809)	\$ (72,893)
	152,494	(17,792)	0	134,702	14,807	14,809	119,893
Fund Balance, June 30, 2012	\$ 67,022	\$ 0	\$ (20,022)	\$ 47,000	\$ 0	\$ 0	\$ 47,000

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<b>Revenues</b>						
Charges for Current Services	\$ 377,644	\$ 0	\$ 377,644	\$ 449,999	\$ 449,999	\$ (72,355)
Other Local Revenues	4,124	0	4,124	500	0	4,124
State of Tennessee	13,798	0	13,798	35,000	0	13,798
Federal Government	1,015,674	0	1,015,674	838,500	933,195	82,479
<b>Total Revenues</b>	<b>\$ 1,411,240</b>	<b>\$ 0</b>	<b>\$ 1,411,240</b>	<b>\$ 1,323,999</b>	<b>\$ 1,383,194</b>	<b>\$ 28,046</b>
<b>Expenditures</b>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 1,453,308	(3,178)	\$ 1,450,130	\$ 1,349,518	\$ 1,385,575	\$ (64,555)
<b>Total Expenditures</b>	<b>\$ 1,453,308</b>	<b>(3,178)</b>	<b>\$ 1,450,130</b>	<b>\$ 1,349,518</b>	<b>\$ 1,385,575</b>	<b>\$ (64,555)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (42,068)</b>	<b>\$ 3,178</b>	<b>\$ (38,890)</b>	<b>\$ (25,519)</b>	<b>\$ (2,381)</b>	<b>\$ (36,509)</b>
<b>Net Change in Fund Balance Fund Balance, July 1, 2011</b>	<b>\$ (42,068)</b>	<b>\$ 3,178</b>	<b>\$ (38,890)</b>	<b>\$ (25,519)</b>	<b>\$ (2,381)</b>	<b>\$ (36,509)</b>
	160,275	(3,178)	157,097	282,416	282,416	(125,319)
<b>Fund Balance, June 30, 2012</b>	<b>\$ 118,207</b>	<b>\$ 0</b>	<b>\$ 118,207</b>	<b>\$ 256,897</b>	<b>\$ 280,035</b>	<b>\$ (161,828)</b>

---

---

## MISCELLANEOUS SCHEDULES

---

---

Exhibit J-1

Wayne 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	Paid and/or		
						Matured During Period	Outstanding 6-30-12	
<b>NOTES PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Hospital Improvements and Additions	\$ 1,700,000	4.08 %	4-1-01	9-1-12	\$ 350,000	\$ 170,000	\$ 180,000	
Nursing Home Renovations	605,000	2.9	2-1-05	1-27-12	94,014	94,014	0	
Energy Efficiency Capital Outlay Notes	13,649	0	4-9-07	5-15-14	5,849	1,950	3,899	
Total Notes Payable					\$ 449,863	\$ 265,964	\$ 183,899	
<b>BONDS PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
School Refunding Bonds	9,495,000	3.72	6-3-03	12-1-23	\$ 8,945,000	\$ 80,000	\$ 8,865,000	
School Refunding Bonds	5,085,000	3.2	3-10-05	12-1-14	2,265,000	605,000	1,660,000	
School Refunding Bonds	2,355,000	4	3-31-05	12-1-23	2,075,000	125,000	1,950,000	
General Obligation Bond Series 2006	9,450,000	4.05	3-1-06	12-1-30	8,315,000	280,000	8,035,000	
Water Revenue and Tax Bond Series 2008	332,000	4.25	6-25-08	6-28-46	320,773	4,071	316,702	
General Obligation Bond Series 2009	6,500,000	4.13	6-3-09	12-1-34	6,330,000	175,000	6,155,000	
Total Bonds Payable					\$ 28,250,773	\$ 1,269,071	\$ 26,981,702	

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 181,950	\$ 3,675	\$ 185,625
2014	1,949	0	1,949
<b>Total</b>	<b>\$ 183,899</b>	<b>\$ 3,675</b>	<b>\$ 187,574</b>

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

(Continued)

Exhibit J-2

Wayne County, Tennessee  
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds (Cont.)		
	Principal	Interest	Total
2035	\$ 415,802	\$ 15,709	\$ 431,511
2036	11,271	6,381	17,652
2037	11,759	5,893	17,652
2038	12,269	5,383	17,652
2039	12,800	4,852	17,652
2040	13,355	4,297	17,652
2041	13,934	3,718	17,652
2042	14,538	3,114	17,652
2043	15,168	2,484	17,652
2044	15,825	1,827	17,652
2045	16,511	1,141	17,652
2046	17,226	426	17,652
Total	\$ 26,981,702	\$ 10,125,631	\$ 37,107,333

Exhibit J-3

Wayne County, Tennessee  
Schedule of Notes Receivable  
June 30, 2012

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

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

Exhibit J-4

Wayne County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Wayne 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	\$ 66,702	\$ 50,000	State Automobile Mutual Insurance Company
Commissioner of Highways	Section 8-24-102, TCA	63,527	100,000	"
Director of Schools	State Board of Education and County Board of Education	84,674 (1)	(2)	"
Trustee	Section 8-24-102, TCA	57,751	709,700	"
Assessor of Property	Section 8-24-102, TCA	57,751	10,000	"
County Clerk	Section 8-24-102, TCA	57,751	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	57,751	50,000	Auto Owners Mutual Insurance Company
Clerk and Master	Section 8-24-102, TCA	57,751 (3)	35,000	"
Register	Section 8-24-102, TCA	57,751	25,000	State Automobile Mutual Insurance Company
Sheriff	Section 8-24-102, TCA	63,527 (4)	50,000	Auto Owners Mutual Insurance Company
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	The Travelers Indemnity Company
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Includes a chief executive officer training supplement of \$1,000. Does not include 100 percent of the premium for family health insurance (\$12,582).
- (2) The director of schools is an employee of the Board of Education and is insured under the public employee dishonesty blanket bond.
- (3) Does not include special commissioner fees of \$6,498.
- (4) Does not include a law enforcement training supplement of \$600.

Exhibit J-5

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

	Special Revenue Funds						Highway / Public Works
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees		
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 1,685,848	\$ 659,671	\$ 0	\$ 0	\$ 0	\$ 36,412	
Trustee's Collections - Prior Year	83,993	34,466	0	0	0	2,032	
Trustee's Collections - Bankruptcy	255	75	0	0	0	6	
Circuit/Clerk & Master Collections - Prior Years	28,995	12,538	0	0	0	696	
Interest and Penalty	15,790	6,169	0	0	0	343	
Pick-up Taxes	194	76	0	0	0	4	
Payments in-Lieu-of Taxes - T.V.A.	5,732	2,243	0	0	0	125	
Payments in-Lieu-of Taxes - Local Utilities	0	168	0	0	0	9	
Payments in-Lieu-of Taxes - Other	2,267	887	0	0	0	49	
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	0	
Hotel/Motel Tax	0	0	0	0	0	0	
Wheel Tax	144,260	0	0	0	0	0	
Litigation Tax - General	47,161	0	0	0	0	0	
Litigation Tax - Special Purpose	10,025	0	0	0	0	0	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	
Litigation Tax - Victim/Offender Mediation Center	1,661	0	0	0	0	0	
Litigation Tax - Courtroom Security	21,998	0	0	0	0	0	
Business Tax	104,857	0	0	0	0	0	
Mineral Severance Tax	0	0	0	0	0	0	
Other County Local Option Taxes	47,075	0	0	0	0	0	
<u>Statutory Local Taxes</u>							
Bank Excise Tax	52,699	0	0	0	0	0	
Wholesale Beer Tax	160,088	0	0	0	0	0	
Interstate Telecommunications Tax	606	0	0	0	0	0	
Total Local Taxes	\$ 2,413,504	\$ 716,293	\$ 0	\$ 0	\$ 0	\$ 39,676	
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 665	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits (Cont.)</u>						
<u>Licenses (Cont.)</u>						
Cable TV Franchise Permits	\$ 1,737	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Beer Permits	3,867	0	0	0	0	0
Total Licenses and Permits	\$ 6,269	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 18,941	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	3,109	0	0	0	0	0
Drug Control Fines	9,841	0	11,565	0	0	0
Drug Court Fees	2,206	0	0	0	0	0
Jail Fees	2,390	0	0	0	0	0
DUI Treatment Fines	950	0	0	0	0	0
Data Entry Fee - Circuit Court	280	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	17,272	0	0	0	0	0
Fines for Littering	100	0	0	0	0	0
Officers Costs	15,833	0	0	0	0	0
Game and Fish Fines	909	0	0	0	0	0
Drug Control Fines	14,643	0	11,449	0	0	0
Drug Court Fees	9,957	0	0	0	0	0
Jail Fees	18,077	0	0	0	0	0
Interpreter Fees	35,120	0	0	0	0	0
DUI Treatment Fines	6,564	0	0	0	0	0
Data Entry Fee - General Sessions Court	3,508	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	629	0	0	0	0	0
Officers Costs	872	0	0	0	0	0
Interpreter Fees	1,000	0	0	0	0	0
Data Entry Fee - Juvenile Court	144	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Highway / Public Works
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Chancery Court</u>						
Officers Costs	\$ 4,353	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - Chancery Court	1,291	0	0	0	0	0
Other Fines, Forfeitures, and Penalties	0	0	990	0	0	0
Proceeds from Confiscated Property						
Total Fines, Forfeitures, and Penalties	\$ 167,989	\$ 0	\$ 24,004	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Water Sales	\$ 199	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Water Tap Sales	0	0	0	0	0	0
<u>Fees</u>						
Copy Fees	118	0	0	0	0	0
Library Fees	9,643	0	0	0	0	0
Telephone Commissions	30,901	0	0	0	0	0
Vending Machine Collections	3,741	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	6,498	0
Data Processing Fee - Register	4,958	0	0	0	0	0
Data Processing Fee - Sheriff	1,398	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,375	0	0	0	0	0
Data Processing Fee - County Clerk	120	0	0	0	0	0
Total Charges for Current Services	\$ 52,453	\$ 0	\$ 0	\$ 0	\$ 6,498	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 59,589	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	0	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	2,353
Commissary Sales	9,936	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	0
Sale of Recycled Materials	0	47,631	0	0	0	21,305
						202

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Miscellaneous Refunds	\$ 42,657	\$ 0	\$ 0	\$ 0	\$ 0	\$ 300
<u>Nonrecurring Items</u>						
Sale of Equipment	45,619	0	0	0	0	0
Contributions and Gifts	1,476	0	0	0	0	0
Performance Bond Forfeitures	1,900	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	11,779	0	0	0	0	0
<b>Total Other Local Revenues</b>	<b>\$ 172,956</b>	<b>\$ 47,631</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 24,160</b>
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 164,990	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	36,979	0	0	0	0	0
General Sessions Court Clerk	119,094	0	0	0	0	0
Clerk and Master	76,450	0	0	0	0	0
Juvenile Court Clerk	18,804	0	0	0	0	0
Register	47,908	0	0	0	0	0
Sheriff	15,848	0	0	0	0	0
Trustee	208,192	0	0	0	0	0
<b>Total Fees Received from County Officials</b>	<b>\$ 688,265</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Health and Welfare Grants	82,701	0	0	0	0	0
Health Department Programs	0	0	0	0	0	154,163
<u>Public Works Grants</u>						
State Aid Program	40,027	0	0	0	0	0
Litter Program	0	0	0	0	0	0
Tennessee Industrial Infrastructure Program	0	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues</u>						
Income Tax	\$ 10,693	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Resort District Sales Tax	65,440	0	0	65,440	0	0
Beer Tax	18,421	0	0	0	0	0
Alcoholic Beverage Tax	54,653	0	0	0	0	0
State Revenue Sharing - T.V.A.	855,513	0	0	0	0	0
Emergency Hospital - Prisoners	27,993	0	0	0	0	0
Prisoner Transportation	2,450	0	0	0	0	0
Contracted Prisoner Boarding	644,280	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	1,911,505
Registrar's Salary Supplement	15,164	0	0	0	0	12,281
Other State Grants	0	0	0	0	0	26,704
Other State Revenues	0	0	0	0	0	0
Total State of Tennessee	\$ 1,826,335	\$ 0	\$ 0	\$ 65,440	\$ 0	\$ 2,104,653
<u>Federal Government</u>						
<u>Federal Through State</u>						
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 127,466
Homeland Security Grants	48,518	0	0	0	0	0
Other Federal through State	0	0	0	0	0	0
Total Federal Government	\$ 48,518	\$ 0	\$ 0	\$ 0	\$ 0	\$ 127,466
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 35,326	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	7,503	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 42,829	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 5,419,118	\$ 763,924	\$ 24,004	\$ 65,440	\$ 6,498	\$ 2,295,955

(Continued)

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

	Debt Service Fund	Capital Projects Funds			Total
		General Debt Service	Community Development/ Industrial Park	Highway Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 989,491	\$ 0	\$ 0	\$ 3,371,422	
Trustee's Collections - Prior Year	51,868	0	0	172,359	
Trustee's Collections - Bankruptcy	114	0	0	450	
Circuit/Clerk & Master Collections - Prior Years	18,521	0	0	60,750	
Interest and Penalty	9,252	0	0	31,554	
Pick-up Taxes	114	0	0	388	
Payments in-Lieu-of Taxes - T.V.A.	3,364	0	0	11,464	
Payments in-Lieu-of Taxes - Local Utilities	252	0	0	429	
Payments in-Lieu-of Taxes - Other	1,330	0	0	4,533	
<u>County Local Option Taxes</u>					
Local Option Sales Tax	887,166	0	0	887,166	
Hotel/Motel Tax	0	9,966	0	9,966	
Wheel Tax	432,781	0	0	577,041	
Litigation Tax - General	0	0	0	47,161	
Litigation Tax - Special Purpose	0	0	0	10,025	
Litigation Tax - Jail, Workhouse, or Courthouse	47,941	0	0	47,941	
Litigation Tax - Victim/Offender Mediation Center	0	0	0	1,661	
Litigation Tax - Courtroom Security	0	0	0	21,998	
Business Tax	0	0	0	104,857	
Mineral Severance Tax	0	0	0	50,946	
Other County Local Option Taxes	0	0	0	47,075	
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	52,699	
Wholesale Beer Tax	0	0	0	160,088	
Interstate Telecommunications Tax	0	0	0	606	
Total Local Taxes	\$ 2,442,194	\$ 9,966	\$ 50,946	\$ 5,672,579	
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 665	

(Continued)

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

	Debt Service Fund					Capital Projects Funds			Total
	General Debt Service	Community Development/Industrial Park	Highway Capital Projects						
<u>Licenses and Permits (Cont.)</u>									
<u>Cable TV Franchise Permits</u>									
Beer Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,737
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,867
	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,269
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	18,941
Officers Costs	0	0	0	0	0	0	0	0	3,109
Drug Control Fines	0	0	0	0	0	0	0	0	21,406
Drug Court Fees	0	0	0	0	0	0	0	0	2,206
Jail Fees	0	0	0	0	0	0	0	0	2,390
DUI Treatment Fines	0	0	0	0	0	0	0	0	950
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	0	280
General Sessions Court									
Fines	0	0	0	0	0	0	0	0	17,272
Fines for Littering	0	0	0	0	0	0	0	0	100
Officers Costs	0	0	0	0	0	0	0	0	15,833
Game and Fish Fines	0	0	0	0	0	0	0	0	909
Drug Control Fines	0	0	0	0	0	0	0	0	26,092
Drug Court Fees	0	0	0	0	0	0	0	0	9,957
Jail Fees	0	0	0	0	0	0	0	0	18,077
Interpreter Fees	0	0	0	0	0	0	0	0	35,120
DUI Treatment Fines	0	0	0	0	0	0	0	0	6,564
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	0	3,508
Juvenile Court									
Fines	0	0	0	0	0	0	0	0	629
Officers Costs	0	0	0	0	0	0	0	0	872
Interpreter Fees	0	0	0	0	0	0	0	0	1,000
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	0	0	144

(Continued)

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

	Debt Service Fund	Capital Projects Funds			Total
		General Debt Service	Community Development/Industrial Park	Highway Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Chancery Court</u>					
Officers Costs	0 \$	0 \$	0 \$	0 \$	4,353
Data Entry Fee - Chancery Court	0	0	0	0	1,291
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	990
<b>Total Fines, Forfeitures, and Penalties</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>191,993</b>
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Water Sales	0 \$	15,643 \$	0 \$	0 \$	15,842
Water Tap Sales	0	1,000	0	0	1,000
<u>Fees</u>					
Copy Fees	0	0	0	0	118
Library Fees	0	0	0	0	9,643
Telephone Commissions	0	0	0	0	30,901
Vending Machine Collections	0	0	0	0	3,741
Special Commissioner Fees/Special Master Fees	0	0	0	0	6,498
Data Processing Fee - Register	0	0	0	0	4,958
Data Processing Fee - Sheriff	0	0	0	0	1,398
Sexual Offender Registration Fees - Sheriff	0	0	0	0	1,375
Data Processing Fee - County Clerk	0	0	0	0	120
<b>Total Charges for Current Services</b>	<b>0 \$</b>	<b>16,643 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>75,594</b>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	0 \$	0 \$	0 \$	0 \$	59,589
Lease/Rentals	0	12,000	0	0	12,000
Sale of Materials and Supplies	0	0	0	0	2,353
Commissary Sales	0	0	0	0	9,936
Sale of Gasoline	0	0	0	0	21,305
Sale of Recycled Materials	0	0	0	0	47,833

(Continued)

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

	Debt Service Fund	Capital Projects Funds			Total
		General Debt Service	Community Development/ Industrial Park	Highway Capital Projects	
<u>Other Local Revenues (Cont.)</u>					
<u>Recurring Items (Cont.)</u>					
Miscellaneous Refunds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 42,957
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	0	45,619
Contributions and Gifts	0	0	0	0	1,476
Performance Bond Forfeitures	0	0	0	0	1,900
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	11,779
Total Other Local Revenues	\$ 0	\$ 12,000	\$ 0	\$ 0	\$ 256,747
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 164,990
Circuit Court Clerk	0	0	0	0	36,979
General Sessions Court Clerk	0	0	0	0	119,094
Clerk and Master	0	0	0	0	76,450
Juvenile Court Clerk	0	0	0	0	18,804
Register	0	0	0	0	47,908
Sheriff	0	0	0	0	15,848
Trustee	0	0	0	0	208,192
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 688,265
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
<u>Health and Welfare Grants</u>					
Health Department Programs	0	0	0	0	82,701
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	154,163
Litter Program	0	0	0	0	40,027
Tennessee Industrial Infrastructure Program	0	100,000	0	0	100,000

(Continued)

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

	Debt Service Fund	Capital Projects Funds			Total
		General Debt Service	Community Development/Industrial Park	Highway Capital Projects	
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues</u>					
Income Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,693
Resort District Sales Tax	0	0	0	0	130,880
Beer Tax	0	0	0	0	18,421
Alcoholic Beverage Tax	0	0	0	0	54,653
State Revenue Sharing - T.V.A.	0	0	0	0	855,513
Emergency Hospital - Prisoners	0	0	0	0	27,993
Prisoner Transportation	0	0	0	0	2,450
Contracted Prisoner Boarding	0	0	0	0	644,280
Gasoline and Motor Fuel Tax	0	0	0	0	1,911,505
Petroleum Special Tax	0	0	0	0	12,281
Registrar's Salary Supplement	0	0	0	0	15,164
Other State Grants	0	0	0	0	26,704
Other State Revenues	0	9,500	0	0	9,500
Total State of Tennessee	\$ 0	\$ 109,500	\$ 0	\$ 0	\$ 4,105,928
<u>Federal Government</u>					
<u>Federal Through State</u>					
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 127,466
Homeland Security Grants	0	0	0	0	48,518
Other Federal through State	0	13,705	0	0	13,705
Total Federal Government	\$ 0	\$ 13,705	\$ 0	\$ 0	\$ 189,689
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board Contributions	\$ 323,000	\$ 0	\$ 0	\$ 0	\$ 35,326
Total Other Governments and Citizens Groups	\$ 323,000	\$ 22,230	\$ 0	\$ 0	\$ 352,733
Total	\$ 2,765,194	\$ 184,044	\$ 50,946	\$ 11,575,123	

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,685,796	\$ 0	\$ 0	\$ 1,685,796
Trustee's Collections - Prior Year	83,215	0	0	83,215
Trustee's Collections - Bankruptcy	256	0	0	256
Circuit/Clerk & Master Collections - Prior Years	32,040	0	0	32,040
Interest and Penalty	15,790	0	0	15,790
Pick-up Taxes	194	0	0	194
Payments in-Lieu-of Taxes - T.V.A.	6,152	0	0	6,152
Payments in-Lieu-of Taxes - Other	2,267	0	0	2,267
<u>County Local Option Taxes</u>				
Local Option Sales Tax	638,251	0	0	638,251
Other County Local Option Taxes	33,695	0	0	33,695
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	946	0	0	946
Total Local Taxes	\$ 2,498,602	\$ 0	\$ 0	\$ 2,498,602
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 698	\$ 0	\$ 0	\$ 698
Total Licenses and Permits	\$ 698	\$ 0	\$ 0	\$ 698
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 182,567	\$ 182,567
Lunch Payments - Adults	0	0	45,734	45,734
Income from Breakfast	0	0	32,537	32,537
Special Milk Sales	0	0	3,364	3,364
A la carte Sales	0	0	111,328	111,328
Receipts from Individual Schools	32,717	0	2,114	34,831
Total Charges for Current Services	\$ 32,717	\$ 0	\$ 377,644	\$ 410,361
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 124	\$ 124
Lease/Rentals	5,999	0	0	5,999
Refund of Telecommunication & Internet Fees (E-Rate)	31,673	0	0	31,673
Retirees' Insurance Payments	5,758	0	0	5,758
Miscellaneous Refunds	1,932	0	0	1,932
<u>Nonrecurring Items</u>				
Sale of Equipment	13,101	0	4,000	17,101
<u>Other Local Revenues</u>				
Other Local Revenues	62	0	0	62
Total Other Local Revenues	\$ 58,525	\$ 0	\$ 4,124	\$ 62,649
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 96,245	\$ 0	\$ 0	\$ 96,245
<u>State Education Funds</u>				
Basic Education Program	12,777,999	0	0	12,777,999

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Early Childhood Education	\$ 943,828	\$ 0	\$ 0	\$ 943,828
School Food Service	0	0	13,798	13,798
Driver Education	12,174	0	0	12,174
Other State Education Funds	198,400	0	0	198,400
Career Ladder Program	127,148	0	0	127,148
Career Ladder - Extended Contract	75,400	0	0	75,400
<u>Other State Revenues</u>				
Other State Grants	87,547	0	0	87,547
Total State of Tennessee	\$ 14,318,741	\$ 0	\$ 13,798	\$ 14,332,539
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 630,526	\$ 630,526
USDA - Commodities	0	0	59,195	59,195
Breakfast	0	0	260,025	260,025
USDA - Other	0	0	65,928	65,928
Adult Education State Grant Program	89,144	0	0	89,144
Vocational Education - Basic Grants to States	0	37,609	0	37,609
Community Based Organizations	93,053	0	0	93,053
Title I Grants to Local Education Agencies	0	589,022	0	589,022
Special Education - Grants to States	16,708	619,518	0	636,226
Special Education Preschool Grants	0	17,777	0	17,777
Safe and Drug-free Schools - State Grants	0	489	0	489
Rural Education	0	24,162	0	24,162
Eisenhower Professional Development State Grants	0	167,611	0	167,611
Race-to-the-Top - ARRA	0	126,657	0	126,657
Other Federal through State	327,015	497,178	0	824,193
Total Federal Government	\$ 525,920	\$ 2,080,023	\$ 1,015,674	\$ 3,621,617
<u>Other Governments and Citizens Groups</u>				
<u>Citizens Groups</u>				
Donations	\$ 7,667	\$ 0	\$ 0	\$ 7,667
Total Other Governments and Citizens Groups	\$ 7,667	\$ 0	\$ 0	\$ 7,667
Total	\$ 17,442,870	\$ 2,080,023	\$ 1,411,240	\$ 20,934,133

Exhibit J-7

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

General Fund

General Government

County Commission

Other Salaries and Wages	\$	1,500	
Board and Committee Members Fees		9,628	
Social Security		555	
State Retirement		107	
Unemployment Compensation		71	
Employer Medicare		137	
Advertising		1,557	
Audit Services		5,106	
Communication		6,674	
Legal Services		20,563	
Postal Charges		20,908	
Printing, Stationery, and Forms		148	
Travel		404	
Other Supplies and Materials		1,137	
Judgments		623	
Liability Insurance		158,213	
Other Charges		7,053	
Total County Commission			\$ 234,384

County Mayor/Executive

County Official/Administrative Officer	\$	66,702	
Accountants/Bookkeepers		15,235	
Purchasing Personnel		25,513	
Longevity Pay		800	
Other Salaries and Wages		1,159	
In-Service Training		390	
Social Security		6,738	
State Retirement		7,846	
Employee and Dependent Insurance		726	
Unemployment Compensation		307	
Employer Medicare		1,576	
Communication		5,377	
Data Processing Services		9,686	
Maintenance and Repair Services - Vehicles		33	
Printing, Stationery, and Forms		1,299	
Travel		633	
Gasoline		573	
Other Supplies and Materials		393	
Other Charges		875	
Total County Mayor/Executive			145,861

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	51,976	
Part-time Personnel		11,875	
Longevity Pay		175	
Election Commission		3,575	
Election Workers		9,622	
In-Service Training		2,572	
Social Security		4,256	
State Retirement		4,316	
Employee and Dependent Insurance		305	
Unemployment Compensation		396	
Employer Medicare		995	
Advertising		1,935	
Communication		1,781	
Data Processing Services		13,435	
Dues and Memberships		250	
Printing, Stationery, and Forms		1,011	
Rentals		59	
Travel		2,159	
Other Charges		27	
Total Election Commission			\$ 110,720

Register of Deeds

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		19,120	
Part-time Personnel		448	
Longevity Pay		300	
Social Security		4,812	
State Retirement		5,734	
Employee and Dependent Insurance		455	
Unemployment Compensation		142	
Employer Medicare		1,125	
Advertising		245	
Communication		1,736	
Data Processing Services		6,977	
Dues and Memberships		512	
Printing, Stationery, and Forms		731	
Rentals		126	
Office Supplies		57	
Office Equipment		776	
Total Register of Deeds			101,047

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Supervisor/Director	\$	23,463	
Custodial Personnel		26,225	
Maintenance Personnel		17,845	
Temporary Personnel		303	
Longevity Pay		1,275	
Other Per Diem and Fees		1,004	
Social Security		4,313	
State Retirement		4,400	
Employee and Dependent Insurance		885	
Unemployment Compensation		570	
Employer Medicare		1,009	
Contracts with Private Agencies		31,038	
Maintenance and Repair Services - Buildings		11,059	
Maintenance and Repair Services - Equipment		1,707	
Maintenance and Repair Services - Vehicles		1,336	
Travel		618	
Custodial Supplies		6,000	
Electricity		128,923	
Gasoline		4,050	
Uniforms		1,716	
Water and Sewer		49,167	
Other Supplies and Materials		795	
Other Charges		522	
Building Improvements		1,011	
Other Equipment		1,549	
Total County Buildings			\$ 320,783

Other General Administration

Contracts with Private Agencies	\$	1,724	
Dues and Memberships		6,443	
Maintenance and Repair Services - Office Equipment		3,414	
Office Supplies		10,636	
Other Equipment		2,591	
Total Other General Administration			24,808

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		45,406	
Part-time Personnel		620	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Longevity Pay	\$	1,775	
Board and Committee Members Fees		850	
In-Service Training		125	
Social Security		5,960	
State Retirement		6,494	
Employee and Dependent Insurance		711	
Unemployment Compensation		393	
Employer Medicare		1,503	
Communication		560	
Contracts with Government Agencies		9,515	
Contracts with Private Agencies		3,025	
Printing, Stationery, and Forms		715	
Rentals		44	
Travel		1,206	
Other Charges		196	
Office Equipment		<u>2,150</u>	
Total Property Assessor's Office	\$		138,999

Reappraisal Program

Contracts with Private Agencies	\$	<u>7,653</u>	
Total Reappraisal Program			7,653

County Trustee's Office

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		38,238	
Longevity Pay		425	
Social Security		5,998	
State Retirement		7,188	
Employee and Dependent Insurance		655	
Unemployment Compensation		270	
Employer Medicare		1,403	
Advertising		724	
Communication		1,099	
Data Processing Services		7,285	
Dues and Memberships		397	
Maintenance and Repair Services - Office Equipment		57	
Printing, Stationery, and Forms		2,159	
Rentals		106	
Office Supplies		156	
Other Supplies and Materials		155	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Premiums on Corporate Surety Bonds	\$ 3,620	
Total County Trustee's Office		\$ 127,686

County Clerk's Office

County Official/Administrative Officer	\$ 57,751	
Deputy(ies)	38,240	
Part-time Personnel	431	
Longevity Pay	550	
Social Security	6,008	
State Retirement	7,173	
Employee and Dependent Insurance	679	
Unemployment Compensation	273	
Employer Medicare	1,405	
Communication	1,442	
Data Processing Services	9,899	
Dues and Memberships	497	
Licenses	1,518	
Maintenance and Repair Services - Equipment	175	
Printing, Stationery, and Forms	968	
Rentals	91	
Travel	228	
Office Equipment	3,095	
Total County Clerk's Office		130,423

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 57,751
Deputy(ies)	48,272
Longevity Pay	725
Jury and Witness Expense	13,723
Social Security	6,606
State Retirement	7,941
Employee and Dependent Insurance	920
Unemployment Compensation	404
Employer Medicare	1,545
Communication	4,867
Contracts with Other Public Agencies	1,691
Data Processing Services	7,790
Printing, Stationery, and Forms	2,996
Rentals	104

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Other Supplies and Materials	\$ 1,157	
Total Circuit Court		\$ 156,492

General Sessions Court

Judge(s)	\$ 83,641	
Secretary(ies)	22,064	
Attendants	37,254	
Longevity Pay	2,000	
In-Service Training	1,466	
Social Security	9,098	
State Retirement	8,957	
Employee and Dependent Insurance	920	
Unemployment Compensation	461	
Employer Medicare	2,128	
Other Fringe Benefits	1,051	
Communication	2,095	
Data Processing Services	3,996	
Dues and Memberships	125	
Printing, Stationery, and Forms	803	
Rentals	74	
Travel	2,890	
Uniforms	576	
Premiums on Corporate Surety Bonds	100	
Other Charges	219	
Total General Sessions Court		179,918

Drug Court

Drug Treatment	\$ 8,875	
Total Drug Court		8,875

Chancery Court

County Official/Administrative Officer	\$ 57,751
Deputy(ies)	20,613
Part-time Personnel	2,160
Longevity Pay	1,375
Social Security	5,032
State Retirement	5,757
Employee and Dependent Insurance	480
Unemployment Compensation	325
Employer Medicare	1,177

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Advertising	\$	925	
Communication		2,970	
Data Processing Services		7,918	
Dues and Memberships		60	
Printing, Stationery, and Forms		2,750	
Rentals		66	
Data Processing Supplies		105	
Other Supplies and Materials		28	
Total Chancery Court			\$ 109,492

Juvenile Court

Youth Service Officer(s)	\$	25,865	
Clerical Personnel		19,118	
Longevity Pay		500	
In-Service Training		374	
Social Security		2,802	
State Retirement		3,393	
Employee and Dependent Insurance		390	
Unemployment Compensation		247	
Employer Medicare		655	
Contracts with Private Agencies		6,825	
Data Processing Services		2,700	
Dues and Memberships		300	
Travel		603	
Total Juvenile Court			63,772

Judicial Commissioners

County Official/Administrative Officer	\$	48,001	
Longevity Pay		375	
Social Security		3,022	
State Retirement		3,621	
Employee and Dependent Insurance		410	
Unemployment Compensation		270	
Employer Medicare		707	
Travel		287	
Total Judicial Commissioners			56,693

Courtroom Security

Deputy(ies)	\$	44,298	
Social Security		2,752	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Courtroom Security (Cont.)

State Retirement	\$	3,298	
Employee and Dependent Insurance		130	
Unemployment Compensation		237	
Employer Medicare		644	
Total Courtroom Security			\$ 51,359

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	63,527
Supervisor/Director		37,357
Deputy(ies)		266,254
Investigator(s)		79,864
Sergeant(s)		59,660
Salary Supplements		6,850
Temporary Personnel		107
Educational Incentive - Other County Employees		3,000
Longevity Pay		1,350
Social Security		32,423
State Retirement		37,024
Employee and Dependent Insurance		3,685
Unemployment Compensation		1,814
Employer Medicare		7,583
Advertising		1,262
Communication		19,222
Data Processing Services		2,448
Dues and Memberships		1,988
Maintenance and Repair Services - Buildings		200
Maintenance and Repair Services - Equipment		10,354
Maintenance and Repair Services - Vehicles		50,985
Postal Charges		2,056
Printing, Stationery, and Forms		2,985
Rentals		44
Travel		5,787
Data Processing Supplies		4,646
Gasoline		92,727
Law Enforcement Supplies		325
Office Supplies		8,015
Uniforms		35,234
Other Supplies and Materials		4,196
Liability Insurance		720

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Premiums on Corporate Surety Bonds	\$	460	
In Service/Staff Development		13,930	
Other Charges		8,611	
Data Processing Equipment		772	
Law Enforcement Equipment		13,266	
Motor Vehicles		71,967	
Office Equipment		15,647	
Total Sheriff's Department			\$ 968,345

Traffic Control

Law Enforcement Equipment	\$	5,016	
Total Traffic Control			5,016

Jail

Assistant(s)	\$	27,669	
Supervisor/Director		29,106	
Deputy(ies)		9,484	
Lieutenant(s)		24,212	
Sergeant(s)		74,949	
Dispatchers/Radio Operators		127,265	
Guards		399,578	
Clerical Personnel		20,364	
Longevity Pay		1,500	
Social Security		44,673	
State Retirement		46,866	
Employee and Dependent Insurance		8,449	
Unemployment Compensation		5,908	
Employer Medicare		10,448	
Advertising		245	
Communication		12,412	
Contracts with Government Agencies		386	
Maintenance and Repair Services - Buildings		10,199	
Maintenance and Repair Services - Equipment		766	
Maintenance and Repair Services - Vehicles		46	
Medical and Dental Services		479,360	
Printing, Stationery, and Forms		153	
Transportation - Other than Students		6,700	
Travel		1,126	
Disposal Fees		1,396	
Other Contracted Services		13,496	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Custodial Supplies	\$	7,592	
Data Processing Supplies		33	
Drugs and Medical Supplies		22,381	
Electricity		11,610	
Food Supplies		172,201	
Fuel Oil		46	
Office Supplies		1,042	
Uniforms		4,141	
Water and Sewer		3,048	
Other Supplies and Materials		674	
In Service/Staff Development		516	
Other Charges		3,436	
Total Jail			\$ 1,583,476

Rural Fire Protection

Maintenance and Repair Services - Buildings	\$	20	
Maintenance and Repair Services - Equipment		30	
Maintenance and Repair Services - Vehicles		18,307	
Matching Share		5,000	
Equipment and Machinery Parts		391	
Fuel Oil		2,798	
Gasoline		10,732	
Liability Insurance		43,860	
Total Rural Fire Protection			81,138

Civil Defense

Other Equipment	\$	3,893	
Total Civil Defense			3,893

Other Emergency Management

Longevity Pay	\$	250	
Other Salaries and Wages		13,429	
Social Security		848	
State Retirement		1,016	
Employee and Dependent Insurance		255	
Unemployment Compensation		127	
Employer Medicare		198	
Communication		3,445	
Maintenance and Repair Services - Vehicles		1,728	
Travel		58	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Electricity	\$	2,465	
Gasoline		877	
Water and Sewer		492	
Other Supplies and Materials		32	
Other Charges		6,838	
Other Equipment		26,544	
Total Other Emergency Management			\$ 58,602

County Coroner/Medical Examiner

Social Security	\$	136	
Unemployment Compensation		33	
Employer Medicare		32	
Medical and Dental Services		18,738	
In Service/Staff Development		200	
Total County Coroner/Medical Examiner			19,139

Public Safety Grant Programs

Deputy(ies)	\$	4,050	
Social Security		251	
State Retirement		293	
Unemployment Compensation		59	
Employer Medicare		59	
Uniforms		1,150	
Total Public Safety Grant Programs			5,862

Other Public Safety

Communication	\$	1,771	
Total Other Public Safety			1,771

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	4,500	
Social Security		279	
Unemployment Compensation		68	
Employer Medicare		65	
Communication		3,769	
Contracts with Government Agencies		20,000	
Dues and Memberships		200	
Maintenance and Repair Services - Buildings		967	
Maintenance and Repair Services - Equipment		20	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Custodial Supplies	\$	459	
Electricity		9,199	
Water and Sewer		746	
Other Supplies and Materials		25	
Other Charges		407	
Total Local Health Center			\$ 40,704

Alcohol and Drug Programs

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

Other Local Health Services

Longevity Pay	\$	550	
Other Salaries and Wages		67,597	
Social Security		4,191	
State Retirement		5,077	
Employee and Dependent Insurance		687	
Unemployment Compensation		461	
Employer Medicare		980	
Travel		3,106	
Other Supplies and Materials		246	
Total Other Local Health Services			82,895

Regional Mental Health Center

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

Other Local Welfare Services

Contributions	\$	7,500	
Total Other Local Welfare Services			7,500

Other Waste Collection

Truck Drivers	\$	33,522	
Laborers		14,152	
Longevity Pay		2,400	
Social Security		3,066	
State Retirement		3,674	
Employee and Dependent Insurance		585	
Unemployment Compensation		405	
Employer Medicare		717	
Total Other Waste Collection			58,521

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Supervisor/Director	\$ 33,169	
Deputy(ies)	14,129	
Part-time Personnel	52,073	
Longevity Pay	2,500	
In-Service Training	977	
Social Security	6,333	
State Retirement	2,572	
Employee and Dependent Insurance	1,440	
Unemployment Compensation	943	
Employer Medicare	1,481	
Communication	5,296	
Data Processing Services	199	
Dues and Memberships	60	
Maintenance and Repair Services - Office Equipment	420	
Postal Charges	848	
Travel	2,527	
Electricity	5,110	
Library Books/Media	14,499	
Periodicals	661	
Utilities	250	
Water and Sewer	916	
Other Supplies and Materials	2,407	
Other Charges	348	
Data Processing Equipment	17,816	
Other Equipment	585	
Total Libraries		167,559

Other Social, Cultural, and Recreational

Communication	\$ 1,053	
Contributions	16,000	
Total Other Social, Cultural, and Recreational		17,053

Agriculture and Natural Resources

Agriculture Extension Service

Custodial Personnel	\$ 2,700
Longevity Pay	750

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Other Salaries and Wages	\$	27,844	
Social Security		1,940	
State Retirement		2,411	
Unemployment Compensation		164	
Employer Medicare		454	
Other Fringe Benefits		367	
Communication		1,571	
Dues and Memberships		120	
Other Supplies and Materials		7,762	
Total Agriculture Extension Service			\$ 46,083

Forest Service

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

Soil Conservation

Clerical Personnel	\$	20,800	
Longevity Pay		50	
Social Security		1,293	
State Retirement		1,549	
Employee and Dependent Insurance		222	
Unemployment Compensation		135	
Employer Medicare		302	
Contributions		4,881	
Total Soil Conservation			29,232

Other Operations

Other Economic and Community Development

Contributions	\$	41,235	
Total Other Economic and Community Development			41,235

Veterans' Services

Supervisor/Director	\$	4,042	
Social Security		251	
Unemployment Compensation		61	
Employer Medicare		59	
Communication		588	
Maintenance and Repair Services - Vehicles		633	
Travel		1,151	
Gasoline		15	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Other Supplies and Materials	\$	78	
Other Charges		130	
Total Veterans' Services			\$ 7,008

Other Charges

Workers' Compensation Insurance	\$	127,114	
Total Other Charges			127,114

Contributions to Other Agencies

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

Miscellaneous

Trustee's Commission	\$	56,600	
Total Miscellaneous			56,600

Highways

Litter and Trash Collection

Foremen	\$	18,475	
Longevity Pay		750	
Social Security		1,284	
Handling Charges and Administrative Costs		1,500	
State Retirement		1,538	
Employee and Dependent Insurance		180	
Unemployment Compensation		156	
Employer Medicare		300	
Maintenance and Repair Services - Vehicles		4,444	
Travel		550	
Gasoline		6,567	
Instructional Supplies and Materials		9,249	
Other Supplies and Materials		514	
Total Litter and Trash Collection			45,507

Support Services

Other Programs

Teachers	\$	6,500	
In-Service Training		150	
Social Security		403	
State Retirement		483	
Unemployment Compensation		22	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Support Services (Cont.)

Other Programs (Cont.)

Employer Medicare	\$	94	
Other Supplies and Materials		<u>3,257</u>	
Total Other Programs			\$ <u>10,909</u>

Total General Fund \$ 5,487,827

Solid Waste/Sanitation Fund

Public Health and Welfare

Landfill Operation and Maintenance

Contracts with Private Agencies	\$	2,100	
Fertilizer, Lime, and Seed		<u>1,525</u>	
Total Landfill Operation and Maintenance			\$ 3,625

Other Waste Disposal

Supervisor/Director	\$	30,618
Salary Supplements		750
Longevity Pay		2,975
Overtime Pay		3,378
Other Salaries and Wages		150,426
In-Service Training		732
Other Per Diem and Fees		2,944
Social Security		10,586
State Retirement		10,190
Employee and Dependent Insurance		2,250
Unemployment Compensation		1,465
Employer Medicare		2,875
Termination Benefits		2,428
Other Fringe Benefits		7,595
Advertising		1,305
Communication		3,023
Contracts with Private Agencies		399,233
Dues and Memberships		175
Evaluation and Testing		1,220
Maintenance and Repair Services - Buildings		5,986
Maintenance and Repair Services - Equipment		9,038
Maintenance and Repair Services - Vehicles		10,851
Travel		611
Permits		1,500
Custodial Supplies		5,645
Electricity		7,467

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Other Waste Disposal (Cont.)

Fuel Oil	\$	3,337	
Gasoline		25,837	
Uniforms		6,095	
Water and Sewer		633	
Fencing		5,800	
Other Supplies and Materials		962	
Trustee's Commission		14,536	
Other Charges		5,249	
Solid Waste Equipment		101,050	
Other Equipment		4,589	
Total Other Waste Disposal			\$ <u>843,354</u>

Total Solid Waste/Sanitation Fund \$ 846,979

Drug Control Fund

Public Safety

Drug Enforcement

Advertising	\$	255	
Communication		2,373	
Confidential Drug Enforcement Payments		10,000	
Maintenance and Repair Services - Vehicles		92	
Tow-in Services		870	
Animal Food and Supplies		353	
Law Enforcement Supplies		107	
Other Supplies and Materials		297	
Trustee's Commission		250	
In Service/Staff Development		99	
Other Charges		1,469	
Data Processing Equipment		728	
Law Enforcement Equipment		1,004	
Total Drug Enforcement			\$ <u>17,897</u>

Total Drug Control Fund 17,897

Other Special Revenue Fund

Other Operations

Tourism

Supervisor/Director	\$	20,107	
Longevity Pay		150	
Other Salaries and Wages		7,800	

(Continued)

Exhibit J-7

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

Other Special Revenue Fund (Cont.)

Other Operations (Cont.)

Tourism (Cont.)

Social Security	\$	1,723	
Employee and Dependent Insurance		45	
Unemployment Compensation		252	
Employer Medicare		403	
Advertising		2,185	
Contributions		6,218	
Utilities		3,309	
Other Supplies and Materials		1,176	
Trustee's Commission		631	
Total Tourism			\$ 43,999

Tourism-Resort District

Contributions	\$	12,110	
Total Tourism-Resort District			12,110

Total Other Special Revenue Fund \$ 56,109

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	6,498	
Total Chancery Court			\$ 6,498

Total Constitutional Officers - Fees Fund 6,498

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	63,527	
Secretary(ies)		61,143	
Social Security		7,808	
State Retirement		9,357	
Unemployment Compensation		675	
Employer Medicare		1,826	
Dues and Memberships		3,181	
Freight Expenses		60	
Maintenance and Repair Services - Buildings		9,776	
Postal Charges		537	
Printing, Stationery, and Forms		1,014	
Other Contracted Services		12,265	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Custodial Supplies	\$	777	
Office Supplies		1,285	
Other Supplies and Materials		924	
Other Charges		1,089	
Data Processing Equipment		2,005	
Other Equipment		1,460	
Total Administration			\$ 178,709

Highway and Bridge Maintenance

Foremen	\$	99,246	
Equipment Operators		131,100	
Truck Drivers		182,983	
Laborers		165,199	
Social Security		35,742	
State Retirement		34,408	
Unemployment Compensation		8,059	
Employer Medicare		8,359	
Freight Expenses		503	
Other Contracted Services		3,635	
Asphalt - Cold Mix		108,046	
Asphalt - Liquid		327,939	
Concrete		2,256	
Crushed Stone		271,894	
General Construction Materials		3,753	
Pipe		28,339	
Pipe - Metal		3,919	
Road Signs		6,532	
Small Tools		688	
Structural Steel		1,789	
Wood Products		11,251	
Other Supplies and Materials		5,165	
Other Charges		899	
Total Highway and Bridge Maintenance			1,441,704

Operation and Maintenance of Equipment

Foremen	\$	24,807
Mechanic(s)		78,507
Laborers		18,764
Social Security		7,569
State Retirement		8,898

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Unemployment Compensation	\$	1,589	
Employer Medicare		1,770	
Freight Expenses		1,708	
Maintenance and Repair Services - Equipment		17,672	
Maintenance and Repair Services - Vehicles		207	
Disposal Fees		255	
Diesel Fuel		264,308	
Equipment Parts - Light		9,915	
Equipment and Machinery Parts		105,829	
Garage Supplies		4,156	
Gasoline		55,434	
Lubricants		23,519	
Small Tools		820	
Tires and Tubes		58,402	
Other Supplies and Materials		2,089	
Other Charges		223	
Total Operation and Maintenance of Equipment			\$ 686,441

Other Charges

Communication	\$	10,253	
Electricity		4,873	
Food Supplies		10,201	
Utilities		1,271	
Water and Sewer		986	
Trustee's Commission		20,441	
Vehicle and Equipment Insurance		20,000	
Liability Claims		684	
Other Charges		1,896	
Total Other Charges			70,605

Employee Benefits

Employee and Dependent Insurance	\$	1,786	
Workers' Compensation Insurance		36,773	
Total Employee Benefits			38,559

Capital Outlay

Engineering Services	\$	19,700	
Bridge Construction		40,257	
Communication Equipment		236	
Highway Equipment		187,500	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay (Cont.)

Motor Vehicles	\$ 21,900	
Total Capital Outlay	<u>21,900</u>	\$ 269,593

Total Highway/Public Works Fund \$ 2,685,611

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 317,671	
Principal on Notes	<u>265,964</u>	
Total General Government		\$ 583,635

Highways and Streets

Principal on Bonds	\$ 40,600	
Total Highways and Streets		40,600

Education

Principal on Bonds	\$ 910,800	
Total Education		910,800

Interest on Debt

General Government

Interest on Bonds	\$ 424,214	
Interest on Notes	<u>13,539</u>	
Total General Government		437,753

Highways and Streets

Interest on Bonds	\$ 48,008	
Total Highways and Streets		48,008

Education

Interest on Bonds	\$ 593,757	
Total Education		593,757

Other Debt Service

General Government

Fiscal Agent Charges	\$ 5,000	
Operating Lease Payments	165,738	
Trustee's Commission	35,115	
Other Debt Service	<u>1,605</u>	
Total General Government		207,458

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Other Debt Service (Cont.)

Highways and Streets

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

Education

Fiscal Agent Charges	\$	5,000	
Total Education			5,000

Total General Debt Service Fund			\$ 2,832,011
---------------------------------	--	--	--------------

General Capital Projects Fund

Capital Projects

General Administration Projects

Other Charges	\$	65	
Total General Administration Projects			\$ 65

Total General Capital Projects Fund			65
-------------------------------------	--	--	----

Community Development/Industrial Park Fund

Other Operations

Airport

Contributions	\$	7,500	
Total Airport			\$ 7,500

Capital Projects

General Administration Projects

Contributions	\$	2,500	
Trustee's Commission		220	
Highway Construction		8,841	
Total General Administration Projects			11,561

Social, Cultural, and Recreation Projects

Other Construction	\$	13,874	
Total Social, Cultural, and Recreation Projects			13,874

Public Utility Projects

Advertising	\$	123	
Evaluation and Testing		488	
Other Charges		2,569	
Other Construction		181,721	
Total Public Utility Projects			184,901

Total Community Development/Industrial Park Fund			217,836
--	--	--	---------

(Continued)

Exhibit J-7

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

<u>Highway Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Highway and Street Capital Projects</u>			
Trustee's Commission	\$	<u>509</u>	
Total Highway and Street Capital Projects			\$ <u>509</u>
 Total Highway Capital Projects Fund			\$ <u>509</u>
 Total Governmental Funds - Primary Government			\$ <u><u>12,151,342</u></u>

Exhibit J-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 5,843,388	
Career Ladder Program	102,300	
Career Ladder Extended Contracts	53,425	
Homebound Teachers	4,986	
Clerical Personnel	2,710	
Educational Assistants	195,459	
Other Salaries and Wages	142,399	
Certified Substitute Teachers	58,264	
Non-certified Substitute Teachers	97,594	
Social Security	366,832	
State Retirement	568,956	
Medical Insurance	639,216	
Unemployment Compensation	23,867	
Employer Medicare	86,795	
Other Contracted Services	20,323	
Instructional Supplies and Materials	119,043	
Textbooks	187,659	
Other Supplies and Materials	33,672	
Other Charges	8,060	
Regular Instruction Equipment	133,577	
Total Regular Instruction Program		\$ 8,688,525

Alternative Instruction Program

Teachers	\$ 54,053	
Social Security	3,100	
State Retirement	4,892	
Medical Insurance	3,326	
Unemployment Compensation	156	
Employer Medicare	725	
Other Supplies and Materials	200	
Total Alternative Instruction Program		66,452

Special Education Program

Teachers	\$ 925,205
Career Ladder Program	6,000
Homebound Teachers	6,536
Educational Assistants	50,309
Certified Substitute Teachers	8,279
Non-certified Substitute Teachers	11,823

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Social Security	\$	58,858	
State Retirement		88,550	
Medical Insurance		51,327	
Unemployment Compensation		3,364	
Employer Medicare		13,769	
Other Contracted Services		56,880	
Instructional Supplies and Materials		26,677	
Total Special Education Program			\$ 1,307,577

Vocational Education Program

Teachers	\$	405,836	
Career Ladder Program		5,000	
Certified Substitute Teachers		7,880	
Non-certified Substitute Teachers		2,176	
Social Security		23,674	
State Retirement		37,181	
Medical Insurance		37,784	
Unemployment Compensation		1,650	
Employer Medicare		5,600	
Instructional Supplies and Materials		12,766	
Other Supplies and Materials		2,340	
Vocational Instruction Equipment		13,274	
Total Vocational Education Program			555,161

Adult Education Program

Teachers	\$	23,130	
Social Security		981	
State Retirement		2,023	
Medical Insurance		4,882	
Unemployment Compensation		163	
Employer Medicare		229	
Other Contracted Services		5,312	
Instructional Supplies and Materials		76	
Other Charges		13,516	
Total Adult Education Program			50,312

Support Services

Attendance

Supervisor/Director	\$	28,359	
---------------------	----	--------	--

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Social Security	\$	1,533	
State Retirement		2,567	
Medical Insurance		3,260	
Unemployment Compensation		60	
Employer Medicare		359	
Travel		1,053	
Total Attendance			\$ 37,191

Health Services

Medical Personnel	\$	33,580	
Other Salaries and Wages		70,221	
Social Security		5,804	
State Retirement		8,256	
Medical Insurance		8,834	
Unemployment Compensation		797	
Employer Medicare		1,357	
Travel		1,078	
Drugs and Medical Supplies		5,018	
Total Health Services			134,945

Other Student Support

Guidance Personnel	\$	275,051	
Social Workers		13,066	
Social Security		16,445	
State Retirement		26,075	
Medical Insurance		20,943	
Unemployment Compensation		792	
Employer Medicare		3,846	
Evaluation and Testing		7,982	
Postal Charges		1,462	
Other Supplies and Materials		2,642	
In Service/Staff Development		297	
Other Charges		66	
Total Other Student Support			368,667

Regular Instruction Program

Supervisor/Director	\$	69,786
Career Ladder Program		11,000
Career Ladder Extended Contracts		10,000

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Librarians	\$	306,662	
Instructional Computer Personnel		58,934	
Social Security		25,827	
State Retirement		41,302	
Medical Insurance		33,784	
Unemployment Compensation		1,094	
Employer Medicare		6,039	
Communication		704	
Postal Charges		117	
Travel		7,483	
Other Contracted Services		45,615	
Library Books/Media		17,245	
In Service/Staff Development		3,407	
Other Equipment		32,520	
Total Regular Instruction Program			\$ 671,519

Special Education Program

Supervisor/Director	\$	69,786	
Psychological Personnel		58,699	
Assessment Personnel		57,155	
Other Salaries and Wages		2,000	
Social Security		10,740	
State Retirement		16,972	
Medical Insurance		11,157	
Unemployment Compensation		385	
Employer Medicare		2,512	
Travel		6,594	
Total Special Education Program			236,000

Vocational Education Program

Supervisor/Director	\$	62,742
Secretary(ies)		13,488
Other Salaries and Wages		14,400
Social Security		5,572
State Retirement		7,750
Medical Insurance		819
Unemployment Compensation		290
Employer Medicare		1,303
Travel		1,995

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Other Charges	\$ 1,827	
Total Vocational Education Program		\$ 110,186

Adult Programs

Supervisor/Director	\$ 51,048	
Career Ladder Program	1,000	
Other Salaries and Wages	11,137	
Social Security	3,430	
State Retirement	5,538	
Medical Insurance	9,764	
Unemployment Compensation	180	
Employer Medicare	802	
In Service/Staff Development	218	
Total Adult Programs		83,117

Other Programs

On-Behalf Payments to OPEB	\$ 96,245	
Total Other Programs		96,245

Board of Education

Board and Committee Members Fees	\$ 7,400	
Social Security	440	
Unemployment Compensation	104	
Employer Medicare	103	
Audit Services	19,000	
Dues and Memberships	7,237	
Legal Services	2,128	
Trustee's Commission	75,333	
Workers' Compensation Insurance	105,750	
In Service/Staff Development	500	
Other Charges	3,460	
Total Board of Education		221,455

Director of Schools

County Official/Administrative Officer	\$ 84,674
Secretary(ies)	19,791
Social Security	6,393
State Retirement	9,133
Medical Insurance	11,887

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Unemployment Compensation	\$	260	
Employer Medicare		1,495	
Communication		8,474	
Dues and Memberships		1,251	
Maintenance and Repair Services - Equipment		689	
Postal Charges		282	
Travel		1,967	
Other Contracted Services		526	
Office Supplies		679	
Other Supplies and Materials		75	
In Service/Staff Development		1,627	
Total Director of Schools			\$ 149,203

Office of the Principal

Principals	\$	419,014	
Career Ladder Program		4,000	
Secretary(ies)		96,653	
Social Security		30,895	
State Retirement		45,567	
Medical Insurance		19,666	
Unemployment Compensation		1,761	
Employer Medicare		7,225	
Communication		8,400	
Dues and Memberships		4,375	
Office Supplies		352	
Other Supplies and Materials		499	
Other Charges		12	
Total Office of the Principal			638,419

Fiscal Services

Accountants/Bookkeepers	\$	69,202	
Clerical Personnel		11,840	
Other Salaries and Wages		9,470	
Social Security		4,027	
State Retirement		4,733	
Medical Insurance		16,221	
Unemployment Compensation		94	
Employer Medicare		942	
Data Processing Services		6,042	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Data Processing Supplies	\$	4,725	
Office Supplies		891	
Total Fiscal Services			\$ 128,187

Operation of Plant

Custodial Personnel	\$	309,932	
Other Salaries and Wages		2,375	
Social Security		18,906	
State Retirement		20,243	
Medical Insurance		6,147	
Unemployment Compensation		3,035	
Employer Medicare		4,422	
Other Contracted Services		71,791	
Custodial Supplies		58,576	
Electricity		580,243	
Natural Gas		87,951	
Water and Sewer		48,433	
Other Supplies and Materials		597	
Building and Contents Insurance		121,871	
Total Operation of Plant			1,334,522

Maintenance of Plant

Maintenance Personnel	\$	131,822	
Social Security		6,751	
State Retirement		8,613	
Medical Insurance		1,249	
Unemployment Compensation		468	
Employer Medicare		1,579	
Communication		660	
Maintenance and Repair Services - Buildings		102,008	
Maintenance and Repair Services - Equipment		37,882	
Maintenance and Repair Services - Vehicles		315	
Other Contracted Services		12,646	
Custodial Supplies		1,948	
Gasoline		3,658	
Other Supplies and Materials		671	
Other Charges		60	
Total Maintenance of Plant			310,330

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Supervisor/Director	\$	10,777	
Mechanic(s)		90,208	
Bus Drivers		407,132	
Other Salaries and Wages		18,155	
Social Security		30,482	
State Retirement		35,642	
Medical Insurance		20,118	
Unemployment Compensation		4,900	
Employer Medicare		7,257	
Communication		2,100	
Contracts with Parents		1,590	
Maintenance and Repair Services - Equipment		15	
Maintenance and Repair Services - Vehicles		642	
Medical and Dental Services		4,210	
Other Contracted Services		12,250	
Diesel Fuel		202,207	
Garage Supplies		1,094	
Gasoline		6,904	
Lubricants		8,378	
Tires and Tubes		16,415	
Vehicle Parts		31,180	
Other Supplies and Materials		1,331	
Other Charges		10,225	
Plant Operation Equipment		2,220	
Transportation Equipment		153,142	
Total Transportation			\$ 1,078,574

Operation of Non-Instructional Services

Community Services

Teachers	\$	27,196	
Other Salaries and Wages		34	
Social Security		1,684	
State Retirement		2,457	
Medical Insurance		504	
Unemployment Compensation		71	
Employer Medicare		394	
Travel		212	
Total Community Services			32,552

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education

Supervisor/Director	\$	31,435	
Teachers		401,518	
Clerical Personnel		3,501	
Educational Assistants		246,243	
Other Salaries and Wages		123,798	
Certified Substitute Teachers		734	
Non-certified Substitute Teachers		14,291	
Social Security		48,372	
State Retirement		66,149	
Medical Insurance		38,644	
Unemployment Compensation		4,815	
Employer Medicare		11,313	
Communication		1,851	
Travel		6,751	
Other Contracted Services		15,124	
Instructional Supplies and Materials		22,577	
Other Supplies and Materials		27,623	
In Service/Staff Development		3,857	
Other Charges		16,577	
Other Equipment		154	
Total Early Childhood Education			\$ 1,085,327

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	200,000	
Total Education			<u>200,000</u>

Total General Purpose School Fund \$ 17,584,466

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	821,790
Educational Assistants		45,597
Other Salaries and Wages		2,435
Certified Substitute Teachers		6,618
Non-certified Substitute Teachers		10,957
Social Security		51,737
State Retirement		77,819

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Medical Insurance	\$	41,833	
Unemployment Compensation		2,828	
Employer Medicare		12,100	
Other Contracted Services		23,626	
Instructional Supplies and Materials		21,796	
In Service/Staff Development		3,839	
Other Charges		9,442	
Regular Instruction Equipment		44,302	
Total Regular Instruction Program			\$ 1,176,719

Special Education Program

Teachers	\$	32,982	
Educational Assistants		221,036	
Certified Substitute Teachers		3,786	
Non-certified Substitute Teachers		23,645	
Social Security		16,087	
State Retirement		19,168	
Medical Insurance		12,225	
Unemployment Compensation		2,651	
Employer Medicare		3,770	
Contracts with Private Agencies		7,922	
Maintenance and Repair Services - Equipment		1,826	
Other Contracted Services		5,178	
Instructional Supplies and Materials		5,673	
Other Supplies and Materials		7,847	
Special Education Equipment		12,133	
Total Special Education Program			375,929

Vocational Education Program

Vocational Instruction Equipment	\$	16,311	
Total Vocational Education Program			16,311

Adult Education Program

Teachers	\$	42,342
Other Salaries and Wages		54,268
Social Security		5,578
State Retirement		8,117
Medical Insurance		7,768
Unemployment Compensation		300

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

Employer Medicare	\$	1,304	
Other Contracted Services		4,500	
Other Supplies and Materials		10,251	
Other Charges		4,259	
Total Adult Education Program			\$ 138,687

Support Services

Other Student Support

Guidance Personnel	\$	53,526	
Bus Drivers		37	
Other Salaries and Wages		13,178	
Social Security		3,956	
State Retirement		5,924	
Medical Insurance		2,016	
Unemployment Compensation		154	
Employer Medicare		925	
Maintenance and Repair Services - Equipment		540	
Travel		22,785	
Other Contracted Services		2,976	
Other Supplies and Materials		5,340	
In Service/Staff Development		10,824	
Other Charges		102	
Other Equipment		6,723	
Total Other Student Support			129,006

Regular Instruction Program

Supervisor/Director	\$	31,434	
Clerical Personnel		33,095	
Other Salaries and Wages		4,600	
Certified Substitute Teachers		1,159	
Non-certified Substitute Teachers		2,755	
Social Security		4,519	
State Retirement		6,098	
Medical Insurance		7,678	
Unemployment Compensation		246	
Employer Medicare		1,057	
Travel		15,265	
Other Supplies and Materials		6,150	
In Service/Staff Development		14,869	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Equipment	\$ 396	
Total Regular Instruction Program		\$ 129,321

Special Education Program

Assessment Personnel	\$ 55,644	
Secretary(ies)	10,293	
Social Security	4,198	
State Retirement	5,773	
Medical Insurance	2,634	
Unemployment Compensation	297	
Employer Medicare	982	
Communication	2,580	
Postal Charges	1,447	
Travel	13,501	
Other Contracted Services	64,125	
Other Supplies and Materials	14,262	
In Service/Staff Development	814	
Total Special Education Program		176,550

Vocational Education Program

Travel	\$ 939	
Total Vocational Education Program		939

Transportation

Bus Drivers	\$ 18,864	
Social Security	1,155	
State Retirement	1,657	
Unemployment Compensation	87	
Employer Medicare	270	
Total Transportation		22,033

Total School Federal Projects Fund \$ 2,165,495

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 41,832
Cafeteria Personnel	388,071
Other Salaries and Wages	3,013

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Social Security	\$	25,828	
State Retirement		28,072	
Medical Insurance		12,892	
Unemployment Compensation		4,816	
Employer Medicare		6,041	
Communication		3,854	
Maintenance and Repair Services - Equipment		6,689	
Transportation - Other than Students		98	
Travel		235	
Other Contracted Services		8,780	
Food Preparation Supplies		57,195	
Food Supplies		756,119	
Office Supplies		2,948	
USDA - Commodities		59,195	
Other Supplies and Materials		3,225	
Trustee's Commission		1	
In Service/Staff Development		172	
Other Charges		406	
Food Service Equipment		43,826	
Total Food Service			\$ <u>1,453,308</u>

Total Central Cafeteria Fund \$ 1,453,308

Total Governmental Funds - Wayne County School Department \$ 21,203,269

Exhibit J-9

Wayne 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	\$ 480,936
Total Cash Receipts	<u>\$ 480,936</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 476,127
Trustee's Commission	4,809
Total Cash Disbursements	<u>\$ 480,936</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash, July 1, 2011	<u>0</u>
 Cash, June 30, 2012	 <u><u>\$ 0</u></u>

---

---

## **SINGLE AUDIT SECTION**

---

---



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*

March 7, 2013

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

To the County Executive and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wayne County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Wayne County's basic financial statements and have issued our report thereon dated March 7, 2013. Our report on the aggregate discretely presented component units financial statements was adverse due to not including the financial statements of the Wayne County Retirement Facilities (composed of the Wayne County Assisted Living Facility and the Wayne County Nursing Home), which were not available from other auditors as of the date of this report. 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 Wayne County Emergency Communication District as described in our report on Wayne 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 Wayne County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Wayne County's internal control over financial reporting as a basis for designing

our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wayne County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Wayne County's internal control over financial reporting.

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 12.02.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 12.04, 12.05(A,B), 12.07, 12.08, 12.09, 12.10, 12.15, 12.18, 12.20, and 12.22.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wayne County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 12.03, 12.05(C), 12.06, 12.11, 12.12, 12.13, 12.14, 12.16, 12.17, 12.19, and 12.21.

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

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

This report is intended solely for the information and use of management, the County Executive, Director of Schools, Commissioner of Highways, County Commission, Board of Education, others within Wayne County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu



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  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

March 7, 2013

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

To the County Executive and Board of County Commissioners:

We have audited the accompanying Schedule of Expenditures of Federal Awards of Wayne County, Tennessee for the year ended June 30, 2012. The schedule is the responsibility of Wayne County's management. Our responsibility is to express an opinion on Wayne County's Schedule of Expenditures of Federal Awards based on our audit.

We conducted our audit 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 the Schedule of Expenditures of Federal Awards is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Expenditures of Federal Awards. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall presentation of the schedule. We believe that our audit provides a reasonable basis for our opinion.

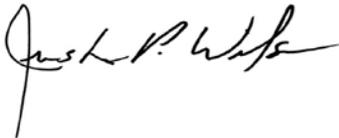
In our opinion, the Schedule of Expenditures of Federal Awards presents fairly, in all material respects, the expenditures of federal awards of Wayne County in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2013, on our consideration of Wayne County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Wayne County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Wayne County's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the County Executive, Director of Schools, Commissioner of Highways, County Commission, Board of Education, others within Wayne County, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu



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

March 7, 2013

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

To the County Executive and Board of County Commissioners:

Compliance

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

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

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

As described in items 12.12 and 12.23 in the accompanying Schedule of Findings and Questioned Costs, Wayne County did not comply with requirements regarding allowable costs that are applicable to its Twenty-first Century Community Learning Centers (CFDA No. 84.287). Compliance with such requirements is necessary, in our opinion, for Wayne County to comply with the requirements applicable to that program.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, Wayne County did not comply in all material respects, with the requirements referred to above that could have a direct and material effect on its Twenty-first Century Community Learning Centers (CFDA No. 84.287). Also, in our opinion, Wayne County complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended June 30, 2012.

#### Internal Control Over Compliance

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

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

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

Wayne County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Wayne County's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the County Executive, Director of Schools, Commissioner of Highways, County Commission, Board of Education, others within Wayne County, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

Wayne 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 Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 260,025
National School Lunch Program	10.555	N/A	634,086 (5)
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	28,482
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	59,195 (5)
Passed-through State Department of Human Services:			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	N/A	33,886
Total U.S. Department of Agriculture			<u>\$ 1,015,674</u>
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-08-50	\$ 13,705
Total U.S. Department of Housing and Urban Development			<u>\$ 13,705</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Enforcing Underage Drinking Laws Program	16.727	Z-08-073535-00	\$ 41,000
Total U.S. Department of Justice			<u>\$ 41,000</u>
U.S. Department of Labor:			
Passed-through South Central Tennessee Workforce Alliance:			
WIA Youth Activities	17.259	(2)	\$ 23,799
Total U.S. Department of Labor			<u>\$ 23,799</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	\$ 89,144
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	608,000
Title I Grants to Local Educational Agencies - Recovery Act	84.389	N/A	16,685
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	656,438
Special Education - Preschool Grants	84.173	(2)	15,607
Career and Technical Education - Basic Grants to States	84.048	(2)	33,971
Safe and Drug-free Schools and Communities - State Grant	84.186	(2)	1,086
Even Start - State Educational Agencies	84.213	(2)	139,275
Twenty-first Century Community Learning Centers	84.287	(2)	205,000
Educational Technology Cluster:			
Educational Technology State Grants	84.318	(2)	910
Educational Technology State Grants - Recovery Act	84.386	(2)	4,516
Rural Education	84.358	N/A	60,436
Improving Teacher Quality State Grants	84.367	N/A	167,611
State Fiscal Stabilization Funds - Race-to-the-Top Incentive Grants, Recovery Act	84.395	(2)	127,730
State Fiscal Stabilization Funds - Government Services - Recovery Act	84.397	(2)	57,216
Education Jobs Fund	84.410	(2)	349,938
Total U.S. Department of Education			<u>\$ 2,533,563</u>

(Continued)

Wayne County, Tennessee

Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(3)	\$ 127,466
Emergency Management Performance Grants	97.042	34101-0000004459	16,000
Homeland Security Grant Program	97.067	34101-0000038111	32,518
Total U.S. Department of Homeland Security			\$ 175,984
Total Expenditures of Federal Awards			\$ 3,803,725
<u>State Grants</u>		<u>Contract Number</u>	
Adult Education - State Department of Education	N/A	(2)	\$ 29,714
Coordinated School Health - State Department of Education	N/A	(2)	89,988
Disaster Grants - State Department of Military	N/A	(4)	26,704
Early Childhood Education - State Department of Education	N/A	(2)	943,828
Family Resource Center Grant - State Department of Education	N/A	(2)	29,582
FastTrack Industrial Development Program - State Department of Economic and Community Development	N/A	(2)	100,000
Internet Connectivity - State Department of Education	N/A	(2)	8,371
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	(2)	9,000
Litter Program - State Department of Transportation	N/A	(2)	40,027
Lottery for Education Afterschool Program - State Department of Education	N/A	(2)	90,000
Rural Local Health Services - State Department of Health	N/A	GG-11-32070-00	82,701
Safe Schools - State Department of Education	N/A	(2)	28,251
Statewide Student Management System - State Department of Education	N/A	(2)	6,412
Total State Grants			\$ 1,484,578

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) - FEMA-1856-DR-TN: \$19,885; FEMA-1974-DR-TN: \$107,581.

(4) - FEMA-1856-DR-TN: \$13,256; FEMA-1974-DR-TN: \$13,448.

(5) - Total for CFDA No. 10.555 is \$693,281.

Wayne 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 the findings from the Annual Financial Report for Wayne County, Tennessee, for the year ended June 30, 2011, which have not been corrected.

**OFFICE OF DIRECTOR OF SCHOOLS**

Finding Number	Page Number	Subject
11.03	154	Expenditures exceeded appropriations

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

Finding Number	Page Number	Subject
11.05	156	Multiple employees operated from the same cash drawer
11.06	156	The office did not deposit some funds within three days of collection

**OFFICE OF CLERK AND MASTER**

Finding Number	Page Number	Subject
11.08	157	Multiple employees operated from the same cash drawer

**OFFICES OF COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK, CLERK AND MASTER, AND REGISTER OF DEEDS**

Finding Number	Page Number	Subject
11.10	160	Duties were not segregated adequately

---

---

**WAYNE COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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

---

---

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

1. Our report on the aggregate discretely presented component units is adverse. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Wayne County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed one instance of noncompliance that was material to the financial statements of Wayne County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An adverse opinion was issued on compliance for the Twenty-first Century Community Learning Centers (CFDA No. 84.287). An unqualified opinion was issued on compliance for the remaining major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173); the Twenty-first Century Community Learning Centers (CFDA No. 84.287); and the State Fiscal Stabilization Funds – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Wayne County did not qualify as a low-risk auditee.

## PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

### OFFICE OF COUNTY EXECUTIVE

FINDING 12.01      **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION**  
(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2012, certain general ledger account balances in the General, Solid Waste/Sanitation, and General Debt Service funds were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Wayne County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of a lack of management oversight. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

### RECOMMENDATION

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

---

FINDING 12.02      **GENERAL LEDGER CASH ACCOUNTS WERE NOT RECONCILED PROPERLY WITH COUNTY TRUSTEE REPORTS**  
(Internal Control – Material Weakness Under *Government Auditing Standards*)

Management attempted to reconcile the Cash with Trustee account in the General and General Debt Service funds with the county trustee's reports monthly; however, numerous errors were noted in these reconciliations. Prior to closing the books at June 30, 2012, the cash balances in the General and General Debt Service funds failed to reconcile with the trustee's cash balances by \$352,026 and \$350,016, respectively. The failure to accurately reconcile the general ledger's Cash with Trustee accounts with the county trustee's reports monthly is an internal control weakness that could result in posting errors not being

discovered and corrected in a timely manner. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

**RECOMMENDATION**

Management should reconcile the Cash with Trustee accounts of all funds with the county trustee reports monthly, and any errors discovered should be corrected promptly.

**FINDING 12.03      **EXPENDITURES EXCEEDED APPROPRIATIONS**  
(Noncompliance Under *Government Auditing Standards*)**

We noted the following deficiencies in the budget operations of the office:

- A. Total expenditures of the Solid Waste/Sanitation Fund exceeded total appropriations approved by the County Commission by \$6,027.
- B. Expenditures exceeded appropriations approved by the County Commission in the following funds’ major appropriation categories (the legal level of control):

Fund/Major Appropriation Category	Amount Overspent
General:	
County Buildings	\$ 189
Jail	11,165
Libraries	1,163
Agriculture Extension Service	3,566
Miscellaneous	940
Litter and Trash Collection	871
General Debt Service:	
Interest on Debt - General Government	1,213

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

RECOMMENDATION

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

---

FINDING 12.04      **GENERAL LEDGER PAYROLL LIABILITY ACCOUNTS WERE NOT RECONCILED**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments monthly. The failure to regularly reconcile payroll liability accounts allows errors to remain undiscovered and uncorrected. These errors were not corrected in the financial statements of this report; however, we do not consider the uncorrected differences to be material to the financial statements. This finding can be attributed to a lack of management oversight.

RECOMMENDATION

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and any errors discovered should be corrected promptly.

---

FINDING 12.05      **THE OFFICE HAD PURCHASING DEFICIENCIES**  
(A. and B. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; C. – Noncompliance Under *Government Auditing Standards*)

Our examination revealed the following deficiencies in the purchasing process. These deficiencies can be attributed to a lack of management oversight and the failure to correct the finding noted in the prior-year audit report.

- A. Purchase orders were not issued in some instances. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments.
- B. In some instances, invoices were paid late, resulting in the assessment of late fees.
- C. In prior years, Wayne County had obtained general liability, property, casualty, and workers compensation through the Local Government Property and Casualty Fund, which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. During the year ended June 30, 2012, Wayne County chose to leave the risk pool and obtain commercial coverage for the above-named risks. Competitive bids were not solicited for the purchase of this commercial insurance

coverage. Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated*, which provide for all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids. The failure to solicit competitive bids could result in the county paying more than the most competitive price.

#### RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before purchases are made. Invoices should be paid timely to avoid late charges. Competitive bids should be solicited for purchases exceeding \$10,000 as required by state statute.

---

#### FINDING 12.06      **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES** (Noncompliance Under *Government Auditing Standards*)

System backups were not regularly stored off-site. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied daily to storage media, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper system backup procedures were implemented in March 2012.

#### RECOMMENDATION

Management should ensure backups are rotated off-site on a weekly basis.

---

#### OFFICE OF SUPERINTENDENT OF HIGHWAYS

#### FINDING 12.07      **GENERAL LEDGER PAYROLL LIABILITY ACCOUNTS WERE NOT RECONCILED** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments monthly. The failure to regularly reconcile payroll liability accounts allows errors to remain undiscovered and uncorrected. These errors were not corrected in the financial statements of this report; however, we do not consider the uncorrected differences

to be material to the financial statements. This finding can be attributed to a lack of management oversight.

**RECOMMENDATION**

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and any errors discovered should be corrected promptly.

---

**OFFICE OF DIRECTOR OF SCHOOLS**

During our audit of the School Department, auditors discovered numerous deficiencies and a suspected misappropriation of funds. Some of these deficiencies are reported below; however, a special investigation by the Comptroller's Department of Investigations is pending, and a special report may be subsequently issued.

**FINDING 12.08**      **THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT AT JUNE 30, 2012**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

At June 30, 2012, the School Federal Projects Fund had a cash overdraft of \$31,176. Sound business practices dictate that expenditures be held within available funds. This overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2012.

**RECOMMENDATION**

The School Department should not issue warrants exceeding cash on deposit with the county trustee.

**MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS**

We have taken steps to improve our cash management function. An effort will be made to request reimbursements in a timely manner and to finalize all anticipated expenditures earlier in the school year so reimbursement may be realized prior to closing the books. In addition, funds will be transferred from the General Purpose School Fund to the School Federal Projects Fund to offset any deficiency and a minimum balance will be maintained to prevent future cash shortages in the School Federal Projects Fund.

---

**FINDING 12.09      GENERAL LEDGER CASH ACCOUNTS WERE NOT RECONCILED WITH COUNTY TRUSTEE REPORTS**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The general ledger cash account for each fund maintained in this office was not reconciled with county trustee reports. We discovered numerous errors, including manual checks posted to the general ledger for an incorrect amount, checks voided in the general ledger, which were subsequently cashed, and some cash receipts not posted for several months. The failure to accurately reconcile the general ledger's Cash with Trustee accounts with the county trustee's reports monthly is an internal control weakness that could result in posting errors not being discovered and corrected in a timely manner. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

**RECOMMENDATION**

The office should reconcile all funds' cash accounts with county trustee reports monthly, and any errors discovered should be corrected promptly.

**MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS**

Cash balances will be reconciled monthly to enable the administration to detect potential errors and irregularities timely. Any discrepancies will be investigated and corrected promptly. The director of schools will approve the reconciliation monthly.

---

**FINDING 12.10      GENERAL LEDGER PAYROLL LIABILITY ACCOUNTS WERE NOT RECONCILED**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments monthly. The failure to regularly reconcile payroll liability accounts allows errors to remain undiscovered and uncorrected. These errors were not corrected in the financial statements of this report; however, we do not consider the uncorrected differences to be material to the financial statements. This finding can be attributed to a lack of management oversight.

**RECOMMENDATION**

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and any errors discovered should be corrected promptly.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

General ledger payroll liability accounts will be reconciled monthly to enable the administration to detect potential errors and irregularities timely. Any discrepancies will be investigated and corrected promptly. The director of schools will approve the reconciliation monthly.

---

FINDING 12.11      **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**  
(Noncompliance Under *Government Auditing Standards*)

We noted the following deficiencies in the budget operations of the office:

- A. The original budget approved by the County Commission was not properly posted to the accounting records of the General Purpose School Fund. We presented audit adjustments to management that they approved and posted to properly present the budget in the financial statements in this report.
- B. Total expenditures and other uses of the Central Cafeteria Fund exceeded total appropriations approved by the County Commission by \$64,555.
- C. Expenditures exceeded appropriations in the following major appropriation categories (the legal level of control) of the General Purpose School Fund:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Instruction:	
Special Education Program	\$ 38,586
Support Services:	
Regular Instruction Program	30,626
Fiscal Services	51,987
Operation of Non-Instructional Services:	
Community Services	2,940

- D. Salaries exceeded line-item appropriations in 35 accounts in the General Purpose School, School Federal Projects, and Central Cafeteria funds by amounts ranging from \$34 to \$31,065.

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

The budget resolution approved by the County Commission states that the salary, wages, or remuneration of each official, employee, or agent of the county will not exceed expenditures

that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

#### RECOMMENDATION

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

#### MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The deficiencies in the special education program and both support services programs resulted from alleged employee wrongdoing and potential misappropriation of funds currently under investigation. The school system has increased management oversight over payroll operations and segregated key payroll functions.

The school system recognizes the importance of adhering to the approved operating budget. An effort will be made to more closely monitor authorized spending limits and budgetary compliance. The director of schools will increase oversight to help ensure that expenditures are held within appropriations approved by the County Commission.

---

FINDING 12.12      **THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN THE USE OF STATE AND FEDERAL GRANT FUNDS, WHICH RESULTED IN QUESTIONED COSTS**  
(Material Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)

The Wayne County School Department was awarded a state Lottery for Education After-School Program Grant and a federal Twenty-first Century Community Learning Center Program Grant (CFDA No. 84.287) for the fiscal year ending June 30, 2012. The coordinator of both grants, whose duties included writing the grant applications, preparing budgets and subsequent amendments, preparing grant reimbursements, and maintaining all supporting documentation, is a retired employee of the Wayne County School Department who was employed as an independent consultant on a part-time basis. The coordinator agreed to receive \$10,000 from each grant for total wages of \$20,000.

The coordinator maintained time sheets documenting hours purportedly spent working on each grant. The time sheets were supported by another sheet of further explanation detailing the work performed on each grant. The coordinator signed the time sheets, then prepared and submitted a "Statement of Services Rendered" to the payroll clerk on a bi-weekly basis. These billing statements included hours worked at a rate of \$25 per hour. They further indicated the expenditure code that should be expensed, and the coordinator signed these statements. No one else signed, reviewed, or approved either the time sheets or the billing statements.

### **State Lottery for Education After-School Program Grant**

- A. The coordinator submitted billing statements reflecting 364 hours worked at \$25 per hour to the State Lottery Grant for total payments of \$9,100. He directed on the billing statements that \$5,350 of this amount be expensed to contracted services with the remaining \$3,750 expensed as teacher salaries. The coordinator was not involved in a teaching capacity, and his time records only reflected administrative activities performed.
- B. The General Purpose School Fund bookkeeper also received \$700 from this grant that was expensed as teacher salaries. We found no authorization for this payment.

### **Twenty-first Century Community Learning Center Program Grant**

- C. The coordinator submitted billing statements reflecting 1,395 hours worked at \$25 per hour to the Twenty-first Century Community Learning Center Program Grant for total payments of \$34,875. He directed on the billing statements that \$10,000 of this amount be expensed to contracted services with the remaining \$24,875 expensed as teacher salaries. The coordinator was not involved in a teaching capacity, and his time records only reflected administrative activities performed. We question the additional \$24,875 costs expensed to the grant.
- D. The coordinator allowed the General Purpose School Fund bookkeeper to perform clerical duties for the Twenty-first Century Community Learning Center Program Grant. These duties were required to be performed in addition to her normal job requirements. The work was performed after normal school hours and on weekends. The coordinator stated that the bookkeeper was paid \$500 bi-weekly for her work, and that she maintained time sheets, which documented that she had earned this money at a rate of \$20 per hour.

The bookkeeper prepared monthly time sheets to document her clerical activities in support of the grant. Documentation on these time sheets varied, but most reported only a date and a number of hours worked. In a number of instances, only a weekly total of hours worked was presented. Additionally, two time sheets were prepared for the month of February 2012. Some dates overlapped on these two time sheets, and some days reported conflicting hours worked. When asked about this discrepancy, the bookkeeper stated that she could not understand what had happened and offered that she may have inadvertently duplicated some time and had been overpaid. In no case did the time sheets report actual hours purportedly worked on the grant. The time sheets were signed by the bookkeeper and had the approval signature of the coordinator. It appeared that the coordinator's signature was a facsimile on six of the time sheets. The coordinator admitted that he had never actually reviewed the time sheets and did not know how many

hours were reported. He did state, however, that he felt sure that the bookkeeper had worked all hours that she reported.

The bookkeeper billed 980 hours to the grant for a total payment received of \$19,595. She expensed \$10,880 to clerical expense and the remaining \$8,715 to teacher salaries. We noted salaries of some teachers who were to be paid from the grant were not cost centered to the grant so the expenditures would remain within budget. The coordinator stated that he was not aware of this practice. We question the entire \$19,595 cost expensed to the grant.

- E. The School Federal Projects Fund bookkeeper was also paid to perform clerical duties for the Twenty-first Century Community Learning Center Program Grant. This bookkeeper prepared monthly time sheets for ten months during the fiscal year ended June 30, 2012. The time sheets were signed by the bookkeeper and had the approval signature of the coordinator. It appeared that coordinator's signature was a facsimile on all of the time sheets.

The bookkeeper billed 406 hours to the grant for a total of \$8,115. However, only \$1,050 of this amount was actually reimbursed from the grant. This amount was expensed to teacher salaries. The coordinator had authorized only \$500 to be paid to the bookkeeper as clerical help. The coordinator stated that he had not authorized the bookkeeper to participate in the grant for fiscal year 2012, and the \$500 payment resulted from filing work she had done during a State Department of Education monitoring of the previous year's grant activity. He further stated that he had never seen the time sheets prepared by the bookkeeper and had no idea why she had prepared them. We question the \$1,050 cost expensed to the grant.

### RECOMMENDATION

Management should review these grant programs and review the questioned costs with grantor agencies. Time sheets of all employees should be reviewed by supervisory personnel, should reflect actual hours worked, and time periods should not overlap. Disbursements should be coded to the accounts that most appropriately classify the expenditures. A facsimile signature should not be accepted to indicate approval.

### MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The school system has implemented additional administrative procedures to decrease the risk of unauthorized transactions. These new procedures separate various accounting functions and provide for increased management oversight. Neither the board nor the administration of the School Department was aware of the allegations and potentially fraudulent activities identified by auditors. These allegations are currently under investigation by the Tennessee Comptroller's Office. We are fully cooperating with that investigation.

FINDING 12.13

**EMPLOYEES RECEIVED UNAUTHORIZED PAYMENTS**

(Noncompliance Under *Government Auditing Standards*)

Our examination of payroll transactions revealed the following deficiencies.

- A. As noted in Finding 12.05 above, two school department bookkeepers prepared time sheets documenting hours purportedly worked on state and federal grants. In many instances, authorization signatures on these time sheets appear to be photocopied facsimiles. The employee whose authorization appears on the time sheets denies ever having seen time sheets of one bookkeeper and cannot verify having seen time sheets of the other bookkeeper. Both bookkeepers received payroll checks, which they claim were payments for this work. Some checks were expensed to the grant, but many others were expensed to various expenditures unrelated to any work actually performed by the bookkeepers. In most cases, the amounts of the checks do not agree with the reported hours worked. Additionally, both bookkeepers received additional checks, which are not supported by any time records.
- B. A part-time bookkeeper was employed to help primarily with payroll and insurance benefits. Although she prepared time sheets to document her hours, no one reviewed or signed these time sheets, and time sheets could not be located to support all payments that she received. Auditors noted that she was often paid in advance of hours worked, from one to seven days in advance of the documented time worked. Additionally, in several instances, her paychecks exceeded the amount documented on the time sheets.
- C. A contracted consultant exceeded his agreed upon salary. This consultant had agreed under a verbal contract to provide grant administration services for a salary not to exceed \$20,000 funded by a state and a federal grant. After receiving the agreed upon salary, he continued to submit invoices for payment. These invoices were given directly to the bookkeeper and were not authorized by any other person.

RECOMMENDATION

Authorization signatures on time sheets should not be photocopied facsimiles. Supervisory personnel should review all time sheets, ensure payroll amounts agree with actual hours worked, and ensure the payroll is supported with adequate documentation. Payroll checks should not be issued in advance of payroll earned. Management should review the amounts paid to the grant consultant.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Same response as in Finding 12.12.

---

**FINDING 12.14      AN EMPLOYEE MADE UNAUTHORIZED PURCHASES USING A SCHOOL DEPARTMENT CREDIT CARD**  
(Noncompliance Under *Government Auditing Standards*)

In a prior year, the Wayne County School Department obtained Walmart credit cards to facilitate making miscellaneous purchases. The General Purpose School Fund bookkeeper had possession of two of these cards and used these cards to make multiple purchases of groceries and gift cards, which appear to be for her personal use. The bookkeeper was also responsible for accounts payable, and paid the credit card invoices without authorization. These unauthorized purchases remained undetected because of the lack of management oversight.

**RECOMMENDATION**

Management should control the use of all credit cards. Credit card purchases should be reconciled with monthly statements and reviewed by supervisory personnel. Management should determine whether any of these purchases were for her personal use and seek restitution.

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

Same response as in Finding 12.12.

---

**FINDING 12.15      USERNAMES AND PASSWORDS WERE SHARED BY EMPLOYEES**  
(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, this information was shared with other employees. Employees also processed transactions using other users’ logins. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because employees had access to each other’s username and password. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight.

**RECOMMENDATION**

Each employee should access the application using his or her unique username and password to ensure that transactions are properly identified to that employee. Usernames and passwords should remain confidential and should not be shared by employees.

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

An administrative procedure has been established, which requires all new employees to sign a statement indicating they have read, understood, and will comply with the school

system's technology policy that states usernames and passwords should not be shared by employees.

---

**FINDING 12.16      THE SCHOOL DEPARTMENT DID NOT COMPLY WITH STATUTES GOVERNING THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**  
(Noncompliance Under *Government Auditing Standards*)

The Wayne County School Department did not comply with statutes governing the Tennessee Consolidated Retirement System (TCRS). The grants coordinator had retired from his position as a grant administrator in a prior year. However, the coordinator has continued to perform work for the school board as a contracted consultant in the years subsequent to his retirement. It should be noted that his duties remained the same as before his retirement. During the year ended June 30, 2012, the coordinator submitted time sheets and was paid for 1,809 hours worked, the equivalent of approximately 226 eight-hour days. Section 8-36-805, *Tennessee Code Annotated*, provides that any retired member of TCRS may return to service temporarily and continue to draw retirement benefits if certain criteria are met. A retiree may not work more than 100 days (120 days for teachers) during a 12-month period. The coordinator's hours worked exceeded TCRS requirements for retirees.

**RECOMMENDATION**

Wayne County School Department should consult with the TCRS and resolve any discrepancies.

**MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS**

We contacted TCRS on March 8, 2013. They have supplied the forms to make needed corrections.

---

**OFFICE OF TRUSTEE**

**FINDING 12.17      DELINQUENT PROPERTY TAX COLLECTIONS WERE NOT PRORATED ACCURATELY**  
(Noncompliance Under *Government Auditing Standards*)

Delinquent property taxes collected by the clerk and master and remitted to the trustee were incorrectly prorated during the year. The budget resolution approved by the County Commission established the allocation of delinquent property taxes to each fund; however, the trustee failed to prorate the collections in November 2011, February 2012, and March 2012. All delinquent property tax collections in these months were credited to the General Fund. We presented audit adjustments to management that they approved and

posted to properly present delinquent tax collections in the financial statements in this report. This deficiency can be attributed to a lack of management oversight.

**RECOMMENDATION**

The trustee should accurately prorate delinquent property tax collections according to allocations in the budget resolution approved by the County Commission.

---

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

**FINDING 12.18      **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER****  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

All employees operated from the same cash drawer in the Office of Circuit, General Sessions, and Juvenile Courts Clerk. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the clerk would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency in internal controls was the result of a lack of management oversight over risks related to safeguarding assets.

**RECOMMENDATION**

The clerk should assign each employee their own cash drawer.

---

**FINDING 12.19      **THE OFFICE DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION****  
(Noncompliance Under *Government Auditing Standards*)

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

**RECOMMENDATION**

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

---

## **OFFICE OF CLERK AND MASTER**

### **FINDING 12.20      **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER****

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

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

### **RECOMMENDATION**

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

---

## **OFFICE OF SHERIFF**

### **FINDING 12.21      **DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF ARRESTEE FILES****

(Noncompliance Under *Government Auditing Standards*)

The Sheriff's Department uses an electronic imaging fingerprint machine to fingerprint arrestees at the time of their arrest. This machine is designed to electronically store the fingerprint images, generate records of the images taken, and transmit the images to the Tennessee Bureau of Investigation (TBI). Section 8-4-115, *Tennessee Code Annotated*, provides that if fingerprints are transmitted to the TBI electronically, the booking agency shall maintain one hard copy of the fingerprints along with an acknowledgement from the TBI that a copy of the fingerprints has been received and accepted. During our examination of arrestee files, we noted that in some instances arrest reports were not on file, the hard copies of the fingerprints were not on file, and the department did not maintain the acknowledgement from the TBI that the fingerprints had been received and accepted. This deficiency can be attributed to a lack of management oversight.

### **RECOMMENDATION**

The sheriff should ensure that the fingerprints of all persons arrested are properly submitted to and accepted by the TBI as required by state statute. Arrest reports should be maintained in all arrestee files.

## MANAGEMENT'S RESPONSE - SHERIFF

We have taken steps to correct the deficiencies noted through the creation of a dead file. These are files that are incomplete until the arresting agency has completed a check sheet included in the file. These files are then checked two or three times per week. If all information is not completed within a reasonable amount of time, the agency head will be notified, and as a last step, the officer will not be able to book any more prisoners into our jail until their paper work is complete. I feel this should correct this problem.

---

## OFFICES OF TRUSTEE; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; AND REGISTER OF DEEDS

### FINDING 12.22

### **DUTIES WERE NOT SEGREGATED ADEQUATELY**

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

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

### RECOMMENDATION

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

---

### BEST PRACTICES

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

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

Wayne County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The

absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

**ITEM 2.      WAYNE COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE**

Wayne County does not have an Audit Committee. An Audit Committee can assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks. County officials should establish an Audit Committee as a best practice.

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

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Education: Passed-through State Department of Education: Twenty-first Century Community Learning Centers	12.23	84.287	Circular A-133, Section 500(d)(1)	Material Noncompliance - See Finding 12.12 (C, D, E)	
				A contracted consultant hired by the School Department received payments in excess of the amount budgeted for his services. \$	24,875
				An employee was paid for work not adequately documented by time sheets. A portion of her salary was coded to expenditures unrelated to any work actually performed.	19,595
				An employee was paid for work not authorized. A portion of her salary was coded to expenditures unrelated to any work actually performed.	1,050
Total Questioned Costs					\$ 45,520

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

There were audit findings relative to federal awards presented in the prior- and current-years' Schedules of Findings and Questioned Costs.

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

**FINDINGS 12.12 and 12.23**

Contact person: Gailand Grinder, Director of Schools

Corrective action plan: The employees and contracted consultant involved are no longer employed by the Wayne County School Department. All employees involved in grant activities will receive the training required to properly perform their duties.

Anticipated completion date: FYE 2013

**Director of Schools – Summary Schedule of Prior-Year's Findings**

**FINDINGS 11.01 and 11.11**

- A. The School Department subsequently repaid the \$2,125 in excess reimbursement received to the Tennessee Department of Education from the School Federal Projects Fund.
- B. The School Department subsequently repaid the \$4,565 in unallowable costs to the Tennessee Department of Education from the General Purpose School Fund.
- C. The School Department subsequently made the necessary accounting adjustments to correct the employee's salary allocation between the Twenty-first Century Community Learning Center Program and Lottery for Education After-School Program.