
ANNUAL FINANCIAL REPORT WARREN COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2014



ANNUAL FINANCIAL REPORT
WARREN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2014

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

WARREN COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Warren County, Tennessee
For the Year Ended June 30, 2014

Scope

We have audited the basic financial statements of Warren County as of and for the year ended June 30, 2014.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF FINANCE DIRECTOR

- ◆ The School Federal Projects Fund had a cash overdraft at June 30, 2014.
-

OFFICE OF TRUSTEE

- ◆ The trustee paid checks issued on the School Federal Projects Fund that exceeded available funds.
-

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

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

OFFICE OF CLERK AND MASTER

- ◆ The clerk and master did not require a depository to adequately collateralize funds.
-

OFFICES OF COUNTY CLERK, REGISTER OF DEEDS, AND SHERIFF

- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Warren County Officials

June 30, 2014

Officials

John Pelham, County Executive
Levie Glenn, Superintendent of Roads
John Robert Cox, Director of Schools
Darlene Bryant, Trustee
Beth Martin, Assessor of Property
Lesa Scott, County Clerk
Bernadette Morris, Circuit, General Sessions, and Juvenile Courts Clerk
Myra Mara, Clerk and Master
Terry Smith, Register of Deeds
Jackie Matheny, Sheriff
Linda Hillis, Finance Director

Board of County Commissioners

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

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

Board of Education

Jeff Lee, Chairman
Mike Adamson
Tanya Bess

Linda Blair
Scott Holmes
William Zechman

Financial Management Committee

John Pelham, County Executive, Chairman
Levie Glenn, Superintendent of Roads
John Robert Cox, Director of Schools
Terry Bell

Wayne Copeland
Billy Earl Jones
Herschel Wells

Audit Committee

Wayne Cantrell
Emily Horton
Danny Martin

Ken Martin
George Smartt

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
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Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Warren County Emergency Communications District, which represent 2.41 percent, 1.93 percent, and 1.89 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Warren County Emergency Communications District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally

accepted in the United States of America and the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County, Tennessee, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Ambulance Service, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Warren County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 - 23 and the schedules of funding progress – pension plans and other postemployment benefit plans on pages 87 - 89 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Warren County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Warren County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

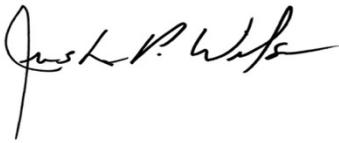
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Warren County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Warren County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2015, on our consideration of Warren County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Warren County's internal control over financial reporting and compliance.

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
Nashville, Tennessee

February 10, 2015

JPW/yu

**Warren County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

As management of Warren County, we offer readers of the Warren County financial statements this narrative overview and analysis of the financial activities of the county for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial report.

Financial Highlights

Primary Government

- The assets and deferred outflows of resources of Warren County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$44,409,073 (net position).
- The Primary Government's total net position increased by \$3,086,742.
- As of the close of the fiscal year, Warren County's governmental funds reported combined ending fund balances of \$17,655,771. At the end of the fiscal year, unassigned fund balance for the General Fund was \$3,336,435 or 28 percent of total General Fund expenditures.
- Warren County's total long-term debt decreased by \$1,713,116 during the fiscal year due to payments made on debt obligations for Warren County.

Discretely Presented Component Unit – Warren County School Department

- The assets of the Warren County School Department exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$51,063,836 (net position).
- As of the close of the fiscal year, the School Department's combined ending fund balances totaled \$9,150,065. The Education Department of the State of Tennessee places restrictions on how fund balances may be used, generally limiting the use of unassigned fund balance to capital purchases and other non-recurring expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the

government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The information included in this section is stipulated by the Governmental Accounting Standards Board.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Warren County, the Primary Government's assets and deferred outflows exceeded liabilities and deferred inflows by \$44,409,073, and the

discretely presented Warren County School Department's assets exceeded liabilities and deferred inflows by \$51,063,836 at the close of the fiscal year.

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

As of June 30, 2014, Warren County had outstanding debt totaling \$13,724,657 for capital purposes for the Warren County Board of Education, with the capital assets being reported in the financial statements of the Warren County Board of Education. However, Warren County has incurred the related liability, significantly decreasing its unrestricted net position without a corresponding increase in the county's capital assets.

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

The following schedules provide a summary of Warren County's and the Warren County School Department's Net Position and Statement of Activities for the fiscal year ending June 30, 2014:

Table 1

WARREN COUNTY, TENNESSEE NET POSITION					
	Warren County Primary Government		Component Unit Warren County School Department		
	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	
Current and Other Assets	\$ 34,016,011	\$ 35,466,795	\$ 13,518,183	\$ 14,730,355	
Capital Assets	42,591,607	41,656,798	46,261,050	45,444,396	
Total Assets	\$ 76,607,618	\$ 77,123,593	\$ 59,779,233	\$ 60,174,751	
Deferred Charge on Refunding	\$ 0	\$ 12,737	\$ 0	\$ 0	
Total Deferred Outflows of Resources	\$ 0	\$ 12,737	\$ 0	\$ 0	
Long-term Liabilities	\$ 19,698,288	\$ 18,294,387	\$ 4,211,595	\$ 4,293,826	
Other Liabilities	6,170,822	4,798,439	760,437	937,099	
Total Liabilities	\$ 25,869,110	\$ 23,092,826	\$ 4,972,032	\$ 5,230,925	
Deferred Revenue-Current Property Tax	\$ 9,416,177	\$ 9,634,431	\$ 3,792,948	\$ 3,879,990	
Total Deferred Inflows of Resources	\$ 9,416,177	\$ 9,634,431	\$ 3,792,948	\$ 3,879,990	
Net Position:					
Invested in Capital Assets,					
Net of Related Debt	\$ 36,213,559	\$ 35,994,616	\$ 46,261,050	\$ 45,444,396	
Restricted	6,114,521	6,087,857	1,353,816	1,696,618	
Unrestricted	(1,005,749)	2,326,600	3,399,387	3,922,822	
Total Net Position	\$ 41,322,331	\$ 44,409,073	\$ 51,014,253	\$ 51,063,836	

WARREN COUNTY, TENNESSEE
STATEMENT OF ACTIVITIES

	Warren County		Component Unit	
	Primary Government		Warren County School Department	
	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014
Revenues:				
Program Revenues:				
Charges for Services	\$ 6,659,914	\$ 6,250,951	\$ 795,123	\$ 793,207
Operating Grants and Contributions	3,556,303	3,826,535	5,995,622	6,630,669
Capital Grants and Contributions	138,527	0	543,553	253,282
General Revenues:				
Property Taxes	9,320,555	9,573,546	3,746,923	3,845,442
Other Taxes	2,043,923	2,077,262	7,503,929	7,705,223
Grants and Contributions Not Restricted for Specific Purposes	1,332,043	1,334,391	34,748,559	35,320,261
Miscellaneous	91,280	71,735	99,102	63,041
Special Item - Tax Credit Bond Rebate	450,864	415,020	0	0
Unrestricted Investment Earnings	282,054	248,082	2,435	4,549
Total General Revenues	<u>\$ 23,875,463</u>	<u>\$ 23,797,522</u>	<u>\$ 53,435,246</u>	<u>\$ 54,615,674</u>
Insurance Recovery	<u>\$ 31,204</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenses:				
General Government	\$ 1,490,940	\$ 2,363,529	\$ 0	\$ 0
Finance	1,368,453	1,453,396	0	0
Administration of Justice	1,360,275	1,580,517	0	0
Public Safety	5,677,402	6,357,980	0	0
Public Health and Welfare	4,885,479	5,447,896	0	0
Social, Cultural, and Recreational	155,750	174,871	0	0
Agriculture and Natural Resources	184,185	195,877	0	0
Other Operations	1,252,289	0	0	0
Highways/Public Works	2,390,354	3,234,668	0	0
Education (Self-Insurance)	804,744	377,776	0	0
Education (Contributions to Component Units)	543,553	253,282	0	0
Education	0	0	55,470,860	54,566,091
Interest on Long-term Debt	1,043,623	965,938	0	0
Other Debt Service	86,230	0	0	0
Total Expenses	<u>\$ 21,243,277</u>	<u>\$ 22,405,730</u>	<u>\$ 55,470,860</u>	<u>\$ 54,566,091</u>
Change in Net Position	\$ 2,663,389	\$ 1,391,792	\$ (2,035,614)	\$ 49,583
Reclassification	(19,288)	0	0	0
Prior-period Adjustment	(206,482)	1,694,950	0	0
Net Position, July 1	<u>38,884,712</u>	<u>41,322,331</u>	<u>53,049,867</u>	<u>51,014,253</u>
Net Position, June 30	<u>\$ 41,322,331</u>	<u>\$ 44,409,073</u>	<u>\$ 51,014,253</u>	<u>\$ 51,063,836</u>

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

Financial Analysis of the Government's Funds

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

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

As of the end of the fiscal year, Warren County's governmental funds reported combined ending fund balances of \$17,655,771. Classifications of fund balance may consist of the following: Nonspendable, Restricted, Committed, Assigned, or Unassigned.

The General Fund is the chief operating fund of Warren County. At the end of the fiscal year, unassigned fund balance of the General Fund was \$3,336,435 while total fund balance was \$5,247,179. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 28 percent of total General Fund expenditures, while total fund balance represents 44 percent of that same amount.

The fund balance of Warren County's General Fund increased by \$559,479 during the fiscal year.

The General Debt Service Fund has a total fund balance of \$8,265,499, all of which is restricted or committed for the payment of debt service.

General Fund Budgetary Highlights

The difference between the original budget expenditures and the final amended budget expenditures in the General Fund was a \$512,164 net increase in appropriations and can be briefly summarized as follows:

- \$124,922 in increases allocated to General Government
- \$223,484 in increases allocated to Administration of Justice
- \$172,224 in increases allocated to Public Safety
- \$ 41,534 in increases allocated to Public Health and Welfare
- \$ 50,000 in decreases allocated to Other Operations

The increase of \$512,164 in budgetary expenses was funded from miscellaneous increases in various revenue accounts, including but not limited to, local taxes, charges for services, state and federal grant proceeds; miscellaneous decreases in various expenditure accounts; and fund equity. During the year, revenues exceeded budgetary amounts and expenditures

were less than budgetary estimates; therefore, the ending fund balance at June 30, 2014, exceeded the budgeted estimated fund balance.

Capital Assets and Debt Administration

Capital assets. The investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads, highways, and bridges. Warren County’s investment in capital assets for its governmental activities as of June 30, 2014, totaled \$35,994,616 (net of accumulated depreciation and related debt). The Warren County School Department’s investment in capital assets as of June 30, 2014, was \$45,444,396. The related debt for schools is carried in governmental activities.

Major capital assets events during fiscal year 2013-2014 included the following:

- Purchasing Four New Vehicles – Sheriff’s Department - \$104,077
- Purchasing One New Front-End Loader – Sanitation Department - \$216,998
- Purchasing New Cardiac Monitors – Ambulance Service - \$219,602

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

Long-term Debt

At the end of the fiscal year, Warren County had total long-term debt outstanding of \$19,274,657. This amount comprises debt backed by the full faith and credit of the government. In addition to the debt, county long-term obligations include compensated absences and other postemployment benefits liability.

Warren County’s total debt decreased by \$1,713,116 during fiscal year 2013-2014.

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

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

A schedule of all outstanding debt as of June 30, 2014, for Warren County follows:

Table 3

WARREN COUNTY, TENNESSEE OUTSTANDING DEBT

Primary Government	June 30, 2013	June 30, 2014
2010 Qualified School Construction Bonds	\$ 8,236,107	\$ 7,655,802
2010 Build America Bonds	6,000,000	5,900,000
2010 Series General Obligation Refunding Bonds	6,095,000	5,505,000
2008 Series School Refunding Bonds	500,000	0
2014 Capital Outlay Notes	0	168,855
2013 Capital Outlay Notes	90,000	45,000
2012 Capital Outlay Notes	66,666	0
Total Outstanding Debt	\$ 20,987,773	\$ 19,274,657

Economic Factors and Next Year's Budgets and Rates

On July 21, 2014, Warren County adopted a budget for the fiscal year ending June 30, 2015. Many factors were considered when adopting this budget including a continued elevated unemployment rate, limited interest earnings, the prolonged slow-down in the housing market, and the extended period of decreases in sales tax collections.

At the end of the 2013-2014 fiscal year, unassigned fund balance in the General Fund increased to \$3,336,435 from unassigned fund balance of \$3,176,694 in fiscal year 2012-2013. The Warren County legislative body approved the tax rate of \$1.9955 in regular session on July 21, 2014, for fiscal year 2014-2015 allocated as follows:

<u>Fund</u>	<u>Tax Rate</u>
General	\$ 0.8500
Solid Waste/Sanitation	0.0700
Ambulance Service	0.2000
Highway/Public Works	0.0800
General Purpose School	0.5730
General Debt Service	<u>0.2225</u>
Total	<u>\$ 1.9955</u>

Request for Information

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

BASIC FINANCIAL STATEMENTS

Exhibit A

Warren County, Tennessee
Statement of Net Position
 June 30, 2014

	Primary Government Governmental Activities	Component Units	
		Warren County School Department	Warren County Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 231,118	\$ 1,047	\$ 114,502
Equity in Pooled Cash and Investments	22,596,029	8,285,557	0
Inventories	0	83,284	0
Accounts Receivable	1,537,800	6,226	27,144
Allowance for Uncollectibles	(290,085)	0	0
Due from Other Governments	896,698	2,332,419	82,673
Due from Component Units	66,454	0	0
Property Taxes Receivable	10,398,893	4,187,856	0
Allowance for Uncollectible Property Taxes	(412,279)	(166,034)	0
Notes Receivable - Current	442,167	0	0
Other Asset - Mapping Costs (less accumulated amortization)	0	0	8,963
Assets Not Depreciated:			
Land	2,044,877	1,929,936	78,072
Intangible Assets	6,201,919	0	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	8,053,677	42,469,257	0
Infrastructure	22,217,145	0	0
Other Capital Assets	3,139,180	1,045,203	1,175,015
Total Assets	<u>\$ 77,123,593</u>	<u>\$ 60,174,751</u>	<u>\$ 1,486,369</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Refunding	\$ 12,737	\$ 0	\$ 0
Total Deferred Outflows of Resources	<u>\$ 12,737</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 507,732	\$ 19,390	\$ 64,717
Accrued Payroll	255,736	0	1,698
Payroll Deductions Payable	79,111	638,012	0
Claims and Judgments Payable	2,137,623	0	0
Cash Overdraft	0	99,870	0
Due to Primary Government	0	66,454	0
Due to State of Tennessee	431	0	0
Accrued Interest Payable	77,431	0	491
Noncurrent Liabilities:			
Due Within One Year	1,740,375	113,373	106,000
Due in More Than One Year (net of unamortized premium on debt)	18,294,387	4,293,826	309,618
Total Liabilities	<u>\$ 23,092,826</u>	<u>\$ 5,230,925</u>	<u>\$ 482,524</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Revenue - Current Property Taxes	\$ 9,634,431	\$ 3,879,990	\$ 0
Total Deferred Inflows of Resources	<u>\$ 9,634,431</u>	<u>\$ 3,879,990</u>	<u>\$ 0</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Warren County School Department	County Emergency Communications District
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 35,994,616	\$ 45,444,396	\$ 854,520
Restricted for:			
General Government	1,507,199	0	0
Administration of Justice	313,858	0	0
Public Safety	211,189	0	0
Public Health and Welfare	798,452	0	0
Social, Cultural, and Recreational Services	83,764	0	0
Highways/Public Works	1,495,904	0	0
Education	0	1,696,618	0
Debt Service	1,677,387	0	0
Capital Projects	104	0	0
Unrestricted	2,326,600	3,922,822	149,325
Total Net Position	<u>\$ 44,409,073</u>	<u>\$ 51,063,836</u>	<u>\$ 1,003,845</u>

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

Exhibit B

Warren County, Tennessee
Statement of Activities
 For the Year Ended June 30, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Program Revenues			Component Units		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Warren County School Department	Warren County Emergency Communications District
Primary Government:						
Governmental Activities:						
General Government	\$ 2,363,529	\$ 728,067	\$ 0	\$ (1,081,624)	\$ 0	\$ 0
Finance	1,453,396	1,035,614	0	(417,782)	0	0
Administration of Justice	1,580,517	959,096	5,940	(615,481)	0	0
Public Safety	6,357,980	1,108,613	177,843	(5,071,524)	0	0
Public Health and Welfare	5,447,896	2,048,320	1,301,315	(2,098,261)	0	0
Social, Cultural, and Recreational Services	174,871	450	0	(174,421)	0	0
Agriculture and Natural Resources	195,877	0	0	(195,877)	0	0
Highways/Public Works	3,234,668	0	1,787,599	(1,447,069)	0	0
Education (Self-Insurance)	377,776	370,791	0	(6,985)	0	0
Education (Contributions)	253,282	0	0	(253,282)	0	0
Interest on Long-term Debt	965,938	0	0	(965,938)	0	0
Total Primary Government	\$ 22,405,730	\$ 6,250,951	\$ 3,826,535	\$ (12,328,244)	\$ 0	\$ 0
Component Units:						
School Department	\$ 54,566,091	\$ 793,207	\$ 6,630,669	\$ 253,282	\$ (46,888,933)	\$ 0
Emergency Communications District	1,124,744	344,132	269,258	0	0	(511,354)
Total Component Units	\$ 55,690,835	\$ 1,137,339	\$ 6,899,927	\$ 253,282	\$ (46,888,933)	\$ (511,354)

(Continued)

Exhibit B

Warren County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Program Revenues			Component Units	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total	Warren County Emergency Communications District
Expenses				Warren County School Department	
				Governmental Activities	
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes	\$ 8,689,857			\$ 3,845,442	\$ 0
Property Taxes Levied for Debt Service	883,689			0	0
Local Option Sales Taxes	223,072			7,705,223	0
Wheel Tax	1,058,838			0	0
Litigation Taxes	202,385			0	0
Business Tax	301,935			0	0
Wholesale Beer Tax	186,524			0	0
Hotel/Motel Tax	37,906			0	0
Mineral Severance Tax	66,602			0	0
Grants and Contributions Not Restricted to Specific Programs	1,334,391			35,320,261	410,190
Unrestricted Investment Earnings	248,082			4,549	2,547
Miscellaneous	71,735			63,041	28,199
Special Item - Tax Credit on Bond Rebate	415,020			0	0
Total General Revenues	\$ 13,720,036			\$ 46,938,516	\$ 440,936
Change in Net Position	\$ 1,391,792			\$ 49,583	\$ (70,418)
Prior-period Adjustment	1,694,950			0	0
Net Position, July 1, 2013	41,322,331			51,014,253	1,074,263
Net Position, June 30, 2014	\$ 44,409,073			\$ 51,063,836	\$ 1,003,845

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

Exhibit C-1

Warren County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2014

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other	Governmental Funds	
ASSETS							
Cash	\$ 325	\$ 0	\$ 0	\$ 0	\$ 223,812	\$ 224,137	
Equity in Pooled Cash and Investments	5,034,029	655,080	2,316,019	7,676,813	979,650	16,661,591	
Accounts Receivable	69,180	1,407,731	0	44,430	16,459	1,537,800	
Allowance for Uncollectibles	0	(290,085)	0	0	0	(290,085)	
Due from Other Governments	524,318	0	329,693	37,785	4,902	896,698	
Due from Other Funds	15,933	0	3,929	75,489	0	95,351	
Due from Component Units	66,454	0	0	0	0	66,454	
Property Taxes Receivable	6,249,116	1,461,592	584,928	1,587,364	515,893	10,398,893	
Allowance for Uncollectible Property Taxes	(259,242)	(57,947)	(23,190)	(50,173)	(21,727)	(412,279)	
Notes Receivable - Current	0	0	0	442,167	0	442,167	
Total Assets	\$ 11,700,113	\$ 3,176,371	\$ 3,211,379	\$ 9,813,875	\$ 1,718,989	\$ 29,620,727	
LIABILITIES							
Accounts Payable	\$ 171,297	\$ 20,567	\$ 285,751	\$ 0	\$ 30,117	\$ 507,732	
Accrued Payroll	182,923	47,746	16,012	0	9,055	255,736	
Payroll Deductions Payable	60,840	11,644	4,198	0	2,429	79,111	
Due to Other Funds	79,418	0	0	0	15,933	95,351	
Due to State of Tennessee	0	0	0	0	431	431	
Total Liabilities	\$ 494,478	\$ 79,957	\$ 305,961	\$ 0	\$ 57,965	\$ 938,361	
DEFERRED INFLOWS OF RESOURCES							
Deferred Current Property Taxes	\$ 5,757,144	\$ 1,354,145	\$ 541,928	\$ 1,506,858	\$ 474,356	\$ 9,634,431	
Deferred Delinquent Property Taxes	175,299	37,285	14,922	22,848	14,921	265,275	

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway/ Public Works	General Debt Service	Other	Governmental Funds	
Other Deferred/Unavailable Revenue	\$ 26,013	\$ 933,384	\$ 148,822	\$ 18,670	\$ 0	\$ 0	\$ 1,126,889
Total Deferred Inflows of Resources	\$ 5,958,456	\$ 2,324,814	\$ 705,672	\$ 1,548,376	\$ 489,277	\$ 0	\$ 11,026,595
<u>FUND BALANCES</u>							
Restricted:	\$ 1,499,046	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,499,046
Restricted for General Government	313,858	0	0	0	0	0	313,858
Restricted for Administration of Justice	16,222	0	0	0	194,967	0	211,189
Restricted for Public Safety	26,852	0	0	0	0	0	26,852
Restricted for Public Health and Welfare	0	0	0	0	83,764	0	83,764
Restricted for Social, Cultural, and Recreational Services	8,153	0	0	0	0	0	8,153
Restricted for Other Operations	0	0	1,332,160	0	0	0	1,332,160
Restricted for Highways/Public Works	0	0	0	1,700,563	0	0	1,700,563
Restricted for Debt Service	0	0	0	0	104	0	104
Restricted for Capital Projects	0	0	0	0	0	0	0
Committed:	0	0	0	0	0	0	0
Committed for General Government	0	0	0	0	12,802	0	12,802
Committed for Finance	0	0	0	0	116,321	0	116,321
Committed for Administration of Justice	0	0	0	0	92,030	0	92,030
Committed for Public Safety	43,913	0	0	0	0	0	43,913
Committed for Public Health and Welfare	0	771,600	0	0	671,759	0	1,443,359
Committed for Highways/Public Works	0	0	354,137	0	0	0	354,137
Committed for Debt Service	0	0	0	6,564,936	0	0	6,564,936
Assigned:	0	0	0	0	0	0	0
Assigned for General Government	2,700	0	0	0	0	0	2,700
Assigned for Highways/Public Works	0	0	513,449	0	0	0	513,449
Unassigned	3,336,435	0	0	0	0	0	3,336,435
Total Fund Balances	\$ 5,247,179	\$ 771,600	\$ 2,199,746	\$ 8,265,499	\$ 1,171,747	\$ 0	\$ 17,655,771
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,700,113	\$ 3,176,371	\$ 3,211,379	\$ 9,813,875	\$ 1,718,989	\$ 0	\$ 29,620,727

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

Exhibit C-2

Warren County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 17,655,771
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,044,877	
Add: intangibles	6,201,919	
Add: buildings and improvements net of accumulated depreciation	8,053,677	
Add: infrastructure net of accumulated depreciation	22,217,145	
Add: other capital assets net of accumulated depreciation	<u>3,139,180</u>	41,656,798
(2) The internal service fund is used by management to charge the cost of liability and workers' compensation insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		3,803,796
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (213,855)	
Less: bonds payable	(19,060,802)	
Add: deferred amount on refunding	12,737	
Less: compensated absences payable	(239,451)	
Less: other postemployment benefits liability	(372,520)	
Less: accrued interest payable on bonds	(77,431)	
Less: unamortized premium on debt	<u>(148,134)</u>	(20,099,456)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,392,164</u>
Net position of governmental activities (Exhibit A)		<u>\$ 44,409,073</u>

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

Exhibit C-3

Warren County, Tennessee
 Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2014

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
Revenues							
Local Taxes	\$ 7,324,537	\$ 1,407,100	\$ 648,293	\$ 2,358,946	\$ 678,522	\$ 12,417,398	228,440
Licenses and Permits	228,440	0	0	0	0	228,440	395,316
Fines, Forfeitures, and Penalties	291,865	0	0	0	103,451	395,316	3,108,821
Charges for Current Services	129,256	1,980,075	0	0	999,490	3,108,821	786,567
Other Local Revenues	488,638	0	1,496	230,931	65,502	786,567	737,018
Fees Received from County Officials	737,018	0	0	0	0	737,018	4,191,707
State of Tennessee	1,921,931	0	1,812,289	0	457,487	4,191,707	1,420,220
Federal Government	1,207,142	213,078	0	0	0	1,420,220	228,067
Other Governments and Citizens Groups	228,067	0	0	0	0	228,067	
Total Revenues	\$ 12,556,894	\$ 3,600,253	\$ 2,462,078	\$ 2,589,877	\$ 2,304,452	\$ 23,513,554	
Expenditures							
Current:							
General Government	\$ 1,371,642	\$ 0	\$ 0	\$ 0	\$ 118,035	\$ 1,489,677	1,236,960
Finance	753,504	0	0	0	483,456	1,236,960	1,280,386
Administration of Justice	964,147	0	0	0	316,239	1,280,386	5,677,175
Public Safety	5,520,574	72,827	0	0	83,774	5,677,175	5,634,681
Public Health and Welfare	1,331,185	3,095,757	0	0	1,207,739	5,634,681	124,750
Social, Cultural, and Recreational Services	124,750	0	0	0	0	124,750	196,483
Agriculture and Natural Resources	196,483	0	0	0	0	196,483	1,735,130
Other Operations	1,735,130	0	0	0	0	1,735,130	2,116,450
Highways	0	0	2,116,450	0	0	2,116,450	1,966,398
Debt Service:							968,821
Principal on Debt	0	0	0	1,966,398	0	1,966,398	49,621
Interest on Debt	0	0	0	968,821	0	968,821	0
Other Debt Service	0	0	0	49,621	0	49,621	0

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Expenditures (Cont.)</u>							
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 253,282	\$ 253,282
Total Expenditures	\$ 11,997,415	\$ 3,168,584	\$ 2,116,450	\$ 2,984,840	\$ 2,462,525	\$ 22,729,814	\$ 22,729,814
Excess (Deficiency) of Revenues Over Expenditures	\$ 559,479	\$ 431,669	\$ 345,628	\$ (394,963)	\$ (158,073)	\$ 783,740	\$ 783,740
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 253,282	\$ 253,282	\$ 253,282
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 253,282	\$ 253,282	\$ 253,282
Net Change in Fund Balances	\$ 559,479	\$ 431,669	\$ 345,628	\$ (394,963)	\$ 95,209	\$ 1,037,022	\$ 1,037,022
Fund Balance, July 1, 2013	4,687,700	339,931	1,854,118	8,660,462	1,076,538	16,618,749	16,618,749
Fund Balance, June 30, 2014	\$ 5,247,179	\$ 771,600	\$ 2,199,746	\$ 8,265,499	\$ 1,171,747	\$ 17,655,771	\$ 17,655,771

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

Exhibit C-4

Warren County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

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)		\$ 1,037,022
(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	\$ 568,833	
Less: current-year depreciation expense	<u>(1,495,098)</u>	(926,265)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(8,544)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 1,392,164	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(1,508,310)</u>	(116,146)
(4) The issuance of long-term debt (e.g., bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Less: note proceeds	\$ (253,282)	
Add: change in premium on debt issuances	27,254	
Add: principal payments on notes	196,093	
Add: principal payments on bonds	1,770,305	
Less: change in deferred amount on refunding debt	<u>(2,771)</u>	1,737,599
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in accrued interest payable	\$ 2,883	
Change in compensated absences payable	11,627	
Change in other postemployment benefits liability	<u>(27,789)</u>	(13,279)
(6) The internal service fund is used by management to charge the cost of liability and workers' compensation insurance to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>(318,595)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,391,792</u>

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

Exhibit C-5

Warren County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 7,324,537	\$ 6,793,168	\$ 6,923,168	\$ 401,369
Licenses and Permits	228,440	177,400	177,400	51,040
Fines, Forfeitures, and Penalties	291,865	198,140	198,140	93,725
Charges for Current Services	129,256	75,700	84,200	45,056
Other Local Revenues	488,638	492,170	497,170	(8,532)
Fees Received from County Officials	737,018	549,000	549,000	188,018
State of Tennessee	1,921,931	2,511,200	2,549,434	(627,503)
Federal Government	1,207,142	761,138	831,560	375,582
Other Governments and Citizens Groups	228,067	220,000	220,000	8,067
Total Revenues	\$ 12,556,894	\$ 11,777,916	\$ 12,030,072	\$ 526,822
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 161,402	\$ 226,700	\$ 226,700	\$ 65,298
Board of Equalization	4,153	11,400	11,400	7,247
County Mayor/Executive	133,473	135,945	135,945	2,472
County Attorney	107,241	140,000	140,000	32,759
Election Commission	302,262	289,040	359,462	57,200
Register of Deeds	12,702	9,000	13,500	798
Development	379	500	500	121
Planning	13,892	15,480	15,480	1,588
Codes Compliance	41,555	49,890	49,890	8,335
County Buildings	153,637	188,940	188,940	35,303
Other Facilities	230,677	207,351	257,351	26,674
Other General Administration	210,269	282,500	282,500	72,231
<u>Finance</u>				
Accounting and Budgeting	440,188	451,483	451,483	11,295
Purchasing	3,977	4,000	4,000	23
Property Assessor's Office	288,744	315,913	315,913	27,169
County Trustee's Office	20,595	34,000	34,000	13,405
<u>Administration of Justice</u>				
Circuit Court	159,220	99,450	192,934	33,714
General Sessions Court	240,054	246,578	246,578	6,524
Drug Court	72,498	91,170	91,170	18,672
Chancery Court	189,584	190,703	192,403	2,819
Juvenile Court	143,973	156,501	156,501	12,528
Judicial Commissioners	80,518	104,870	104,870	24,352
Other Administration of Justice	0	0	50,000	50,000
Victims Assistance Programs	78,300	0	78,300	0
<u>Public Safety</u>				
Sheriff's Department	2,583,318	2,655,841	2,655,841	72,523
Administration of the Sexual Offender Registry	4,393	3,000	7,000	2,607
Jail	2,764,815	2,630,123	2,798,347	33,532
Juvenile Services	14,360	50,000	50,000	35,640
County Coroner/Medical Examiner	2,625	6,000	6,000	3,375
Other Public Safety	151,063	153,000	153,000	1,937
<u>Public Health and Welfare</u>				
Local Health Center	79,192	79,196	79,196	4
Rabies and Animal Control	72,971	83,562	89,662	16,691

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Maternal and Child Health Services	\$ 8,582	\$ 0	\$ 35,434	\$ 26,852
Alcohol and Drug Programs	49,365	51,138	51,138	1,773
Other Local Health Services	599,279	726,600	726,600	127,321
Regional Mental Health Center	4,000	4,000	4,000	0
Appropriation to State	52,203	52,203	52,203	0
General Welfare Assistance	3,000	3,000	3,000	0
Other Local Welfare Services	398,586	400,000	400,000	1,414
Other Public Health and Welfare	64,007	64,250	64,250	243
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	8,750	8,750	8,750	0
Libraries	116,000	116,000	116,000	0
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	109,230	115,913	115,913	6,683
Forest Service	2,000	2,000	2,000	0
Soil Conservation	85,253	85,820	85,820	567
<u>Other Operations</u>				
Tourism	4,000	4,000	4,000	0
Industrial Development	250,000	250,000	260,000	10,000
Airport	740,406	1,358,971	1,358,971	618,565
Veterans' Services	20,501	24,913	24,913	4,412
Other Charges	441,695	545,000	485,000	43,305
Contributions to Other Agencies	5,500	5,500	5,500	0
Employee Benefits	231,675	305,000	305,000	73,325
Miscellaneous	41,353	45,000	45,000	3,647
Total Expenditures	\$ 11,997,415	\$ 13,080,194	\$ 13,592,358	\$ 1,594,943
Excess (Deficiency) of Revenues Over Expenditures				
	\$ 559,479	\$ (1,302,278)	\$ (1,562,286)	\$ 2,121,765
Net Change in Fund Balance				
Fund Balance, July 1, 2013	\$ 4,687,700	\$ 2,078,689	\$ 2,078,689	\$ 2,609,011
Fund Balance, June 30, 2014	\$ 5,247,179	\$ 776,411	\$ 516,403	\$ 4,730,776

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

Exhibit C-6

Warren County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Ambulance Service Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,407,100	\$ 1,289,540	\$ 1,360,440	\$ 46,660
Charges for Current Services	1,980,075	1,700,000	1,750,000	230,075
Federal Government	213,078	20,000	212,917	161
Total Revenues	<u>\$ 3,600,253</u>	<u>\$ 3,009,540</u>	<u>\$ 3,323,357</u>	<u>\$ 276,896</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Civil Defense	\$ 46,917	\$ 62,988	\$ 62,988	\$ 16,071
Rescue Squad	25,910	25,910	25,910	0
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	3,095,757	2,811,052	3,124,869	29,112
Total Expenditures	<u>\$ 3,168,584</u>	<u>\$ 2,899,950</u>	<u>\$ 3,213,767</u>	<u>\$ 45,183</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 431,669</u>	<u>\$ 109,590</u>	<u>\$ 109,590</u>	<u>\$ 322,079</u>
Net Change in Fund Balance	\$ 431,669	\$ 109,590	\$ 109,590	\$ 322,079
Fund Balance, July 1, 2013	<u>339,931</u>	<u>204,239</u>	<u>204,239</u>	<u>135,692</u>
Fund Balance, June 30, 2014	<u>\$ 771,600</u>	<u>\$ 313,829</u>	<u>\$ 313,829</u>	<u>\$ 457,771</u>

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

Exhibit C-7

Warren County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 648,293	\$ 586,526	\$ 604,071	\$ 44,222
Other Local Revenues	1,496	1,000	1,000	496
State of Tennessee	1,812,289	2,357,000	2,357,000	(544,711)
Total Revenues	<u>\$ 2,462,078</u>	<u>\$ 2,944,526</u>	<u>\$ 2,962,071</u>	<u>\$ (499,993)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 157,012	\$ 204,404	\$ 204,404	\$ 47,392
Highway and Bridge Maintenance	1,318,141	1,928,750	1,928,750	610,609
Operation and Maintenance of Equipment	175,860	215,500	215,500	39,640
Other Charges	141,966	168,350	168,350	26,384
Employee Benefits	139,793	180,250	180,250	40,457
Capital Outlay	183,678	965,000	965,000	781,322
Total Expenditures	<u>\$ 2,116,450</u>	<u>\$ 3,662,254</u>	<u>\$ 3,662,254</u>	<u>\$ 1,545,804</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 345,628</u>	<u>\$ (717,728)</u>	<u>\$ (700,183)</u>	<u>\$ 1,045,811</u>
Net Change in Fund Balance	\$ 345,628	\$ (717,728)	\$ (700,183)	\$ 1,045,811
Fund Balance, July 1, 2013	<u>1,854,118</u>	<u>1,176,883</u>	<u>1,176,883</u>	<u>677,235</u>
Fund Balance, June 30, 2014	<u>\$ 2,199,746</u>	<u>\$ 459,155</u>	<u>\$ 476,700</u>	<u>\$ 1,723,046</u>

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

Exhibit D-1

Warren County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2014

	<u>Governmental Activities - Internal Service Fund Self-Insurance Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 6,981
Equity in Pooled Cash and Investments	5,934,438
Total Assets	<u>\$ 5,941,419</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Claims and Judgments Payable	\$ 2,137,623
Total Liabilities	<u>\$ 2,137,623</u>
<u>NET POSITION</u>	
Unrestricted	<u>\$ 3,803,796</u>
Total Net Position	<u>\$ 3,803,796</u>

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

Exhibit D-2

Warren County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2014

	Governmental Activities - Internal Service Fund <u>Self-Insurance Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 890,056
Total Operating Revenues	<u>\$ 890,056</u>
<u>Operating Expenses</u>	
Other Contracted Services	\$ 72,950
Boiler Insurance	3,400
Building and Contents Insurance	142,141
Excess Liability Insurance	87,573
Vehicle and Equipment Insurance	4,293
Workers' Compensation Insurance	111,325
Other Self-Insured Claims	798,554
Other Charges	5,477
Total Operating Expenses	<u>\$ 1,225,713</u>
Operating Income (Loss)	<u>\$ (335,657)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 17,062
Total Nonoperating Revenue	<u>\$ 17,062</u>
Change in Net Position	\$ (318,595)
Net Position, July 1, 2013	2,427,441
Prior-period Adjustment	<u>1,694,950</u>
Net Position, June 30, 2014	<u><u>\$ 3,803,796</u></u>

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

Exhibit D-3

Warren County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2014

	Governmental Activities - Internal Service Fund
	<u>Self-Insurance Fund</u>
<u>Cash Flows from Operating Activities</u>	
Self-Insurance Premiums/Contributions	\$ 890,056
Other Contracted Services	(72,950)
Insurance Premiums	(348,732)
Other Self-Insured Claims	(513,408)
Other Charges	(5,477)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (50,511)</u>
<u>Cash Flows from Investing Activities</u>	
Investment Income	\$ 17,062
Net Cash Provided By (Used In) Investing Activities	<u>\$ 17,062</u>
Net Increase (Decrease) in Cash	\$ (33,449)
Cash, July 1, 2013	<u>5,974,868</u>
Cash, June 30, 2014	<u>\$ 5,941,419</u>
<u>Reconciliation of Net Operating Income to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (335,657)
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Change in Assets and Liabilities:	
Increase (Decrease) in Claims and Judgments Payable	<u>285,146</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (50,511)</u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Cash Per Net Position	\$ 6,981
Equity in Pooled Cash and Investments Per Net Position	<u>5,934,438</u>
Cash, June 30, 2014	<u>\$ 5,941,419</u>

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

Exhibit E

Warren County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,728,320
Equity in Pooled Cash and Investments	58,688
Due from Other Governments	<u>412,223</u>
Total Assets	<u>\$ 2,199,231</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 412,223
Due to Litigants, Heirs, and Others	1,758,864
Due to State of Tennessee	522
Due to Joint Ventures	<u>27,622</u>
Total Liabilities	<u>\$ 2,199,231</u>

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

WARREN COUNTY, TENNESSEE
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WARREN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

The Warren County School Department operates the public school system in the county, and the voters of Warren County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

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

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

Administrative Office:

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

B. Government-wide and Fund Financial Statements

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

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

Warren County issues all debt for the discretely presented Warren County School Department. Net debt issues of \$253,282 were contributed by the county to the School Department during the year ended June 30, 2014.

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

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

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

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

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

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

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

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

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

Warren County reports the following major governmental funds:

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

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

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

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

Additionally, Warren County reports the following fund types:

Capital Projects Funds – These funds are used to account for and report financial resources that are used for the acquisition or construction of capital facilities and other capital assets or to account for debt issued by Warren County that is subsequently contributed to the discretely presented Warren County School Department for construction and renovation projects.

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

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Warren County, federal grants/loans received and forwarded to a local utility district in the county, and state grants and other restricted revenues held for the benefit of the Judicial District Drug Task Force, and restricted revenues held for the benefit of the Office of District Attorney General. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

Additionally, the Warren County School Department reports the following fund type:

Capital Projects Fund – The Education Capital Projects Fund is used to account for construction projects for the School Department. This fund was closed during the year.

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

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

D. **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/ Fund Balance**

1. **Deposits and Investments**

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

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Warren County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Warren County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. 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. Accordingly, the pool qualifies as a 2a7-like pool and is reported as the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All investments are reported at fair value.

2. **Receivables and Payables**

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

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

uncollectible property taxes is equal to 2.12 percent of total taxes levied.

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 inflow of resources 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 as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

Most payables are disaggregated on the face of the financial statements. Claims and judgments payable totaling \$2,137,623 is discussed in Note V.A., Risk Management.

3. Inventories

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

4. Capital Assets

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

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

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

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

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources,

represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Compensated Absences

The county's vacation policy does not allow for the accumulation of unused vacation days beyond the employee's anniversary date. Sick leave policies vary from department to department. Employees of the general government may accumulate unlimited sick leave days based upon earning one day per month. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded. The general policy of the Highway Department allows for the accumulation of unlimited sick leave days based upon earning one day per month. Any unused accumulated sick leave would be paid to the employee when employment with the Highway Department ceases. The general policy of the Ambulance Service allows full-time employees to earn and accumulate paid time off, which may be used as vacation and/or sick leave. Employees earn paid time off at rates based on length of employment. Employees are allowed to accumulate up to one year's worth of paid time off.

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

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

7. 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 Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

8. Net Position and Fund Balance

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

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2014, Warren County had \$13,724,657 in outstanding debt for capital purposes for the discretely presented Warren County School Department. This debt is a liability of Warren County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Warren County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by

resolution authorized the county's Budget/Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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

9. Prior-period Adjustment

A prior-period adjustment of \$1,694,950 was recognized in the Self-Insurance Fund to reduce the outstanding claims liability as of July 1, 2013. Claims included in the estimate of outstanding claims liability at June 30, 2013, were settled without payments by the county.

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 Position

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 Position.

Discretely Presented Warren County School Department

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

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 position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Warren County School Department

Exhibit J-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position 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, Board of Equalization, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

At June 30, 2014, the discretely presented Warren County School Department reported the following significant encumbrances:

Funds	Description	Amount
Major Fund:		
General Purpose School	WCMS HVAC	\$ 778,800
"	WCHS IT upgrades	494,210
"	Student management software	98,352
"	Books	71,152
"	Storm drain and sewer improvements	116,414
Central Cafeteria	Kitchen equipment	69,118

B. Cash Shortage (Prior Year)

On September 11, 2012, the Comptroller's Division of Investigations, Financial and Compliance Unit issued an investigative report on the Warren County Memorial Airport for the period July 1, 2007, through September 30, 2011. This report disclosed receipts issued that were not deposited with the county trustee, unpaid hangar rentals, and the use of aircraft fuel used for personal benefit resulting in a cash shortage of \$20,791.67 as of September 30, 2011. On August 16, 2013, the former airport manager was indicted on one count of theft over \$10,000, 17 counts of forgery, and one count of official misconduct. This case is set for trial in May 2015.

C. Cash Overdraft

The discretely presented School Federal Projects Fund had a cash overdraft of \$99,870 at June 30, 2014. This cash overdraft resulted from the issuance of checks exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2014.

D. The County had Deposits Exposed to Custodial Credit Risk

The clerk and master did not require a depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2014, deposits at the depository exceeded FDIC coverage and collateral securities pledged by \$162,232. Section 5-8-201, *Tennessee Code Annotated*, requires any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of such county funds.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, Warren County's deposits may not be returned to it. Warren County does not have a formal policy that limits custodial credit risk for deposits. As of June 30, 2014, bank balances of \$162,232 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 162,232
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Uninsured and uncollateralized deposits are a violation of state statutes.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make

investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller’s Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2014, Warren County had the following investments carried at fair value. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Warren County and the discretely presented Warren County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
State Treasurer's Investment Pool	109	N/A	\$ 5,088,871

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Warren County has no investment policy that would further limit its investment choices. As of June 30, 2014, Warren County’s investment in the State Treasurer’s Investment Pool was unrated.

B. Notes Receivable

An agreement between Warren County and the West Warren-Viola Utility District requires the utility district to repay the county for principal and interest paid by the county on bonded debt for improvements made to water and sewer lines in the industrial park. The utility is required to remit 70 percent of certain industrial park revenues until this debt is repaid. As of June 30, 2014, the outstanding balance was \$442,167. This amount has been reflected in the financial statements of this report as Notes Receivable – Current in the General Debt Service Fund.

C. Capital Assets

Capital assets activity for the year ended June 30, 2014, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 2,044,877	\$ 0	\$ 0	\$ 2,044,877
Intangible Assets	6,201,919	0	0	6,201,919
Total Capital Assets Not Depreciated	<u>\$ 8,246,796</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,246,796</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 10,312,211	\$ 17,551	\$ 0	\$ 10,329,762
Roads and Bridges	40,571,494	0	0	40,571,494
Other Capital Assets	7,356,874	551,282	(170,854)	7,737,302
Total Capital Assets Depreciated	<u>\$ 58,240,579</u>	<u>\$ 568,833</u>	<u>\$ (170,854)</u>	<u>\$ 58,638,558</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,081,019	\$ 195,066	\$ 0	\$ 2,276,085
Roads and Bridges	17,492,940	861,409	0	18,354,349
Other Capital Assets	4,321,809	438,623	(162,310)	4,598,122
Total Accumulated Depreciation	<u>\$ 23,895,768</u>	<u>\$ 1,495,098</u>	<u>\$ (162,310)</u>	<u>\$ 25,228,556</u>
Total Capital Assets Depreciated, Net	<u>\$ 34,344,811</u>	<u>\$ (926,265)</u>	<u>\$ (8,544)</u>	<u>\$ 33,410,002</u>
Governmental Activities Capital Assets, Net	<u>\$ 42,591,607</u>	<u>\$ (926,265)</u>	<u>\$ (8,544)</u>	<u>\$ 41,656,798</u>

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

Governmental Activities:

General Government	\$ 38,418
Finance	976
Administration of Justice	11,678
Public Safety	245,893
Public Health and Welfare	205,645
Social, Cultural and Recreational Services	46,342
Highways/Public Works	<u>946,146</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 1,495,098</u>

Discretely Presented Warren County School Department**Governmental Activities:**

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 1,929,936	\$ 0	\$ 0	\$ 1,929,936
Total Capital Assets Not Depreciated	<u>\$ 1,929,936</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,929,936</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 74,746,928	\$ 978,049	\$ (56,768)	\$ 75,668,209
Other Capital Assets	4,463,266	127,072	0	4,590,338
Total Capital Assets Depreciated	<u>\$ 79,210,194</u>	<u>\$ 1,105,121</u>	<u>\$ (56,768)</u>	<u>\$ 80,258,547</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 31,623,288	\$ 1,581,341	\$ (5,677)	\$ 33,198,952
Other Capital Assets	3,255,792	289,343	0	3,545,135
Total Accumulated Depreciation	<u>\$ 34,879,080</u>	<u>\$ 1,870,684</u>	<u>\$ (5,677)</u>	<u>\$ 36,744,087</u>
Total Capital Assets Depreciated, Net	<u>\$ 44,331,114</u>	<u>\$ (765,563)</u>	<u>\$ (51,091)</u>	<u>\$ 43,514,460</u>
Governmental Activities Capital Assets, Net	<u>\$ 46,261,050</u>	<u>\$ (765,563)</u>	<u>\$ (51,091)</u>	<u>\$ 45,444,396</u>

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

Governmental Activities:

Instruction	\$ 1,412,894
Support Services	<u>457,790</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,870,684</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 15,933
Highway/Public Works	General	3,929
General Debt Service	"	75,489

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

Due to/from Primary Government and Component Units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Component Unit: General Purpose School	\$ 66,454

The \$66,454 is to reimburse the General Fund for the salary and benefits of the school resource officer.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2014, consisted of the following amounts:

Discretely Presented Warren County School Department

	<u>Transfers In</u>	
	General Purpose School Fund	Nonmajor Governmental Funds
<u>Transfers Out</u>		
General Purpose School Fund	\$ 0	\$ 150,000
Nonmajor governmentatl funds	<u>133,858</u>	<u>0</u>
Total	<u>\$ 133,858</u>	<u>\$ 150,000</u>

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

The discretely presented Warren County School Department made a one-time transfer of \$150,000 from the General Purpose School Fund to the School Federal Projects Fund for cash flow purposes. The Education Capital Projects Fund made a one-time transfer to the General Purpose School Fund to return funds not used for construction projects. This transfer closed the Education Capital Projects Fund.

E. Long-term Obligations

Primary Government

General Obligation Bonds and Notes

Warren County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds and other loans. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 20 years for bonds and up to three years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2014, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds	0 to 5.45 %		6-1-30	\$ 15,300,000	\$ 13,555,802
General Obligation Bonds Refunding	2 to 4		6-1-22	6,475,000	5,505,000
Capital Outlay Notes	1.98 to 2.03		6-30-16	388,282	213,855

On October 7, 2010, Warren County entered into an agreement with the Tennessee State School Board Authority. Under this agreement, the authority loaned Warren County \$9,300,000 from Qualified School Construction Bonds, Series 2010 for school construction. This loan earns interest monthly based upon the local government investment pool rate, which is netted against the annual principal payment. The county pays an annual administrative fee of \$7,440 under this agreement. The debt retirement schedule also includes equal monthly payments of interest of approximately 4.85 percent, which is offset by a federal interest rate subsidy.

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2014, including interest payments, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 129,427	\$ 4,318	\$ 133,745
2016	84,428	1,714	86,142
Total	\$ 213,855	\$ 6,032	\$ 219,887

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 1,455,305	\$ 929,171	\$ 2,384,476
2016	1,485,306	902,787	2,388,093
2017	1,520,305	874,796	2,395,101
2018	1,555,306	841,012	2,396,318
2019	1,590,305	805,056	2,395,361
2020-2024	6,946,528	3,389,655	10,336,183
2025-2029	4,022,747	1,878,305	5,901,052
2030	485,000	26,432	511,432
Total	\$ 19,060,802	\$ 9,647,214	\$ 28,708,016

There is \$8,265,499 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and notes totaled \$484, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2013	\$ 20,831,107	\$ 156,666
Additions	0	253,282
Reductions	<u>(1,770,305)</u>	<u>(196,093)</u>
Balance, June 30, 2014	<u>\$ 19,060,802</u>	<u>\$ 213,855</u>
Balance Due Within One Year	<u>\$ 1,455,305</u>	<u>\$ 129,427</u>

	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>
Balance, July 1, 2013	\$ 251,078	\$ 344,731
Additions	350,254	29,355
Reductions	<u>(361,881)</u>	<u>(1,566)</u>
Balance, June 30, 2014	<u>\$ 239,451</u>	<u>\$ 372,520</u>
Balance Due Within One Year	<u>\$ 155,643</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 19,886,628
Less: Balance Due Within One Year	(1,740,375)
Add: Unamortized Premium on Debt	<u>148,134</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 18,294,387</u>

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

Discretely Presented Warren County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Warren County School Department for the year ended June 30, 2014, was as follows:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2013	\$ 2,253,761	\$ 2,070,522
Additions	599,475	236,133
Reductions	(585,778)	(166,914)
Balance, June 30, 2014	<u>\$ 2,267,458</u>	<u>\$ 2,139,741</u>
Balance Due Within One Year	<u>\$ 113,373</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 4,407,199
Less: Balance Due Within One Year	<u>(113,373)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 4,293,826</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Warren County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2014, were \$154,562 and \$55,046, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

Warren County’s risk of loss relating to property, general liability, automobile liability, and workers’ compensation are covered through a self-insurance program, and by the purchase of commercial insurance to cover losses exceeding certain limits. The county is self-insured for individual property losses up to \$350,000. The county carries excess commercial coverage on buildings and contents totaling \$210,530,944. The county is self-insured up to the liability limits of \$300,000 per person, \$700,000 per occurrence for bodily injury, and \$100,000 for property damage. Warren County self-insures workers’ compensation losses of \$500,000 per accident or disease with an aggregate liability of \$1 million. The county carries commercial liability insurance coverage for losses up to \$10 million, with a \$350,000 deductible. Warren County maintains the Self-Insurance Fund, which is shown as an internal service fund, to account for transactions pertaining to the county’s self-insured group liability and property plans. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The fund establishes the claims liabilities based on estimates of the ultimate cost of claims that have been incurred but not settled, and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	* Prior- period Adjustment	Current- year Claims and Estimates	Payments	Balance at Fiscal Year-end
2012-2013	\$3,398,830	\$ -	\$ 724,276	\$(575,679)	\$ 3,547,427
2013-2014	3,547,427	(1,694,950)	798,554	(513,408)	2,137,623

* See footnote I.D.9. for prior-period adjustment.

Warren County provides health insurance coverage to its employees through the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated*, all local governments and quasi-governmental entities

described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Discretely Presented Warren County School Department

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67 replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70 relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

C. Subsequent Events

On August 31, 2014, John Pelham left the Office of County Executive and was succeeded by Hershel Wells, Sr.

On October 30, 2014, Warren County issued \$4,900,000 in general obligation bonds for school renovation projects.

D. Contingent Liabilities

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

E. Joint Ventures

The Industrial Development Board of McMinnville-Warren County is a joint venture in which the county and the City of McMinnville participate for the purpose of industrial recruitment. The Industrial Development Board is governed by a nine-member board from the private sector appointed by the participating governments. During the year ended June 30, 2014, the county paid \$150,000 to the Industrial Development Board of McMinnville-Warren County.

The Warren County Joint Economic and Community Development Board is a joint venture created by an interlocal agreement between Warren County, and the cities of McMinnville, Morrison, Centertown, and Viola to foster communication relative to economic and community development between and among governmental entities, industry, and private citizens. The board is governed by a 12-member board established by the interlocal agreement. During the year ended June 30, 2014, the county did not make a contribution to the Warren County Joint Economic and Community Development Board.

Warren County is a participant with Coffee, Cannon, and Rutherford counties in a multi-county Municipal Solid Waste Planning Region. This entity was created to promote the preparation of municipal solid waste regional plans to effectively and efficiently manage solid waste. This entity is governed by a 13-member board comprising appointees from Cannon County (2), Coffee County (2), Rutherford County (3), Warren County (2), the City of Manchester (1), the City of McMinnville (1), the City of Murfreesboro (1), and the City of Woodbury (1). Funding is provided from member contributions and grants. There are no separately issued financial statements for the Municipal Solid Waste Planning Region. Rutherford County has been designated as the fiscal agent for the Planning Region and accounts for its activities through the Joint Venture Fund (agency fund), which is included in the financial statements reflected in Rutherford County's comprehensive annual financial report.

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

Administrative Offices:

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

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

Municipal Solid Waste Planning Region
c/o Ernest Burgess, Rutherford County Mayor
County Courthouse, Room 101
Murfreesboro, TN 37130

F. Jointly Governed Organization

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

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Plan Description

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

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

Funding Policy

Warren County has adopted a noncontributory plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 13.46 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, 2014, Warren County’s annual pension cost of \$1,906,317 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was one year. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-14	\$1,906,317	100%	\$0
6-30-13	1,851,819	100	0
6-30-12	1,852,354	100	0

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the plan was 95.46 percent funded. The actuarial accrued liability for benefits was \$40.88 million, and the actuarial value of assets was \$39.03 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.86 million. The covered payroll (annual payroll of active employees covered by the plan) was \$13.33 million, and the ratio of the UAAL to the covered payroll was 13.92 percent.

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

SCHOOL TEACHERS

Plan Description

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

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

Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

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, 2014, was 8.88 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, 2014, 2013, and 2012, were \$2,235,874, \$2,190,337, and \$2,216,446, respectively, equal to the required contributions for each year.

2. Deferred Compensation

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

H. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed

on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2014, the county and the discretely presented School Department contributed \$1,566 and \$166,914, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 29,000	\$ 234,000
Interest on the NOPEBO	13,789	82,821
Adjustment to the ARC	(13,434)	(80,688)
Annual OPEB cost	\$ 29,355	\$ 236,133
Amount of contribution	(1,566)	(166,914)
Increase/decrease in NOPEBO	\$ 27,789	\$ 69,219
Net OPEB obligation, 7-1-13	344,731	2,070,522
Net OPEB obligation, 6-30-14	\$ 372,520	\$ 2,139,741

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Government Group	\$ 71,488	5 %	\$ 276,058
6-30-13	"	72,321	5	344,731
6-30-14	"	29,355	5	372,520
6-30-12	Local Education Group	637,339	23	1,573,573
6-30-13	"	643,130	23	2,070,522
6-30-14	"	236,133	71	2,139,741

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 180,000	\$ 2,365,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 180,000	\$ 2,365,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 7,133,681	\$ 24,804,803
UAAL as a % of covered payroll	3%	10%

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, 2013, actuarial valuation for the Local Government Plan and 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 health care cost trend rate of 7.5 percent for fiscal year 2014. The trend rate will decrease to seven percent in fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. 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 July 1, 2007.

I. Office of Central Accounting, Budgeting, and Purchasing

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

J. Purchasing Law

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by her to serve as the county purchasing agent. The finance director serves as the purchasing agent for Warren County. All purchase orders are issued by the Finance Department. Purchases exceeding \$5,000 for the Office of County Executive and the discretely presented School Department and \$10,000 for the Office of Superintendent of Roads are required to be competitively bid.

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

A. Summary of Significant Accounting Policies

The financial statements of the Warren County Emergency Communication District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in the subsequent subsections of this note.

1. Reporting Entity

The Warren County Emergency Communications District was established in October 1990, and began operations in February 1995. The district is to provide a simplified means of securing emergency services by telephone within Warren County, Tennessee. Members of the district's Board of Directors are appointed by the Warren County Commission. In evaluating how to define the district, for financial reporting purposes, management has considered all potential component units. The criteria for including organizations within the reporting entity, as set forth in GASB No. 14, *The Financial Reporting Entity*, and GASB No 61, *The Financial Reporting Entity: Omnibus* (an amendment of GASB No. 14) is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The district must obtain County Commission

approval before the issuance of debt, and the County Commission has the ability to adjust the district's service charges. Based upon the application of these criteria, it was determined that the Warren County Emergency Communications District is a component unit of Warren County, Tennessee.

2. Measurement Focus and Basis of Accounting

The district uses the accrual basis of accounting, under which revenues are recognized when earned, and expenses are recognized when the liability is incurred.

The activities of the district are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The accounting and financial reporting treatment applied to the district is determined by its measurement focus. The transactions of the district are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the Statement of Net Position.

3. Cash and Cash Equivalents

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

4. Capital Assets

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

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

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

5. Use of Estimates

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

6. Capitalized Interest

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

7. Compensated Absences

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

8. Operating Revenues and Expenses

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

9. Restricted and Unrestricted Resources

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

10. Equity Classifications

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – 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 position – 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 position – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets”.

11. Budgetary Data

In accordance with the laws of the State of Tennessee, the district adopts a budget each year. The budget for the next year is usually presented to the board for their approval during the last month of the fiscal year. The budget must pass two readings before it is adopted. Once adopted the budget may be amended as the board deems necessary. The budgetary amounts in these statements are as adopted by the board. The budget is prepared in accordance with generally accepted accounting principles. The legal level of control over the budget is at the line-item level.

12. Advertising

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

13. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

For the year ended June 30, 2014, the district has neither a deferred inflow nor outflow of resources.

B. Credit Risks - Deposits

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

C. Deposits

It is the district's policy for deposits to be 105 percent secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. At year end, the district had bank balances totaling \$134,368 with a carrying amount of \$114,302. Of this amount, \$79,753 was invested in a certificate of deposit, which bears interest at .6 percent annually. The district also had \$200 in petty cash. All bank balances were covered by FDIC insurance.

D. Advertising Costs

The amount of advertising cost expensed for the year was \$0.

E. Capital Assets

	Balance 7-1-13	Increases	Balance 6-30-14
Capital Assets Not Depreciated:			
Land	\$ 14,085	\$ 63,987	\$ 78,072
Total Capital Assets Not Depreciated	<u>\$ 14,085</u>	<u>\$ 63,987</u>	<u>\$ 78,072</u>
Capital Assets Depreciated:			
Paving	\$ 9,883	\$ 0	\$ 9,883
Building	1,131,739	0	1,131,739
Communications Equipment	934,890	86,483	1,021,373
Office Furniture and Fixtures	19,516	0	19,516
Vehicles	22,715	0	22,715
Total Capital Assets Depreciated	<u>\$ 2,118,743</u>	<u>\$ 86,483</u>	<u>\$ 2,205,226</u>
Less Accumulated Depreciation For:			
Paving	\$ 9,883	\$ 0	\$ 9,883
Building	203,205	29,877	233,082
Communications Equipment	662,981	83,266	746,247
Office Furniture and Fixtures	17,504	780	18,284
Vehicles	22,715	0	22,715
Total Accumulated Depreciation	<u>\$ 916,288</u>	<u>\$ 113,923</u>	<u>\$ 1,030,211</u>

	Balance 7-1-13	Increases	Balance 6-30-14
Total Capital Assets Depreciated, Net	\$ 1,202,455	\$ (27,440)	\$ 1,175,015
Governmental Activities Capital Assets, Net	\$ 1,216,540	\$ 36,547	\$ 1,253,087

F. Mapping Costs

Mapping costs are recorded at cost. The monthly mapping maintenance fees are being expensed monthly since the service is in operation. The original cost of mapping the county was capitalized and is being amortized over a period of ten years by the straight line method. Amortization for the year totaled \$2,850.

G. Notes Payable

The district has a note payable at the end of the year with First National Bank. This note matures August 22, 2018, and bears interest at 4.5 percent. Principal and interest are paid in monthly payments of \$8,755. This note is secured by a Uniform Commercial Code on the revenues of the district. This note was used to finance the construction of a new building to house the district's operations. The balance on this note at June 30, 2014, was \$398,567.

Governmental Activities:

	<u>Notes</u>
Balance, July 1, 2013	\$ 483,829
Reductions	<u>(85,262)</u>
Balance, June 30, 2014	<u>\$ 398,567</u>

Year Ending June 30	<u>Notes</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 88,949	\$ 16,114	\$ 105,063
2016	93,004	12,059	105,063
2017	97,308	7,755	105,063
2018	101,890	3,173	105,063
2019	17,416	95	17,511
Total	<u>\$ 398,567</u>	<u>\$ 39,196</u>	<u>\$ 437,763</u>

H. Employee Pension

Plan Description

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

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

Funding Policy

The Warren County Emergency Communications District requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 1.83 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2014, Warren County Emergency Communications District's annual pension cost of \$11,427 to TCRS was equal to the county's required and actual contributions. The required contribution

was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was four 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
6-30-14	\$ 11,427	100 %	\$ 0
6-30-13	7,682	100	0
6-30-12	4,378	100	0

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 98.99 percent funded. The actuarial accrued liability for benefits was \$.5 million, and the actuarial value of assets was \$.49 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.01 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.39 million, and the ratio of the UAAL to the covered payroll was 1.29 percent.

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

I. Lease

DTC Wireless leases tower space for \$750 per month, this lease is for five years and began March 1, 2003. Verizon Wireless also rents tower space. Tower rental income for the year was \$28,199.

J. Risk Financing Activities

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

K. Expenditures in Excess of Appropriations

The district had several line-item expenditures that exceeded appropriations. The excess ranged from \$8 to \$33,403.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Warren County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Warren County School Department
June 30, 2014

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen 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)
7-1-13	\$ 39,029	\$ 40,885	\$ 1,855	95.46%	\$ 13,331	13.92%
7-1-11	35,540	35,046	506	98.56	14,157	3.57
7-1-09	27,159	27,868	709	97.46	12,757	5.56

Exhibit F-2

Warren County, Tennessee
 Schedule of Funding Progress – Other Postemployment Benefit Plans
 Primary Government and Discretely Presented Warren County School Department
 June 30, 2014

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Government Group	7-1-10	\$ 0	\$ 620	\$ 620	0 %	\$ 3,857	16 %
"	7-1-11	0	455	455	0	7,165	6
"	7-1-13	0	180	180	0	7,134	3
Local Education Group	7-1-10	0	4,570	4,570	0	15,267	30
"	7-1-11	0	6,437	6,437	0	24,301	26
"	7-1-13	0	2,365	2,365	0	24,805	10

WARREN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2014

NONE

**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 specific purposes other than debt service or capital projects.

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

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

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 of deeds, 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.

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

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

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

Warren County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds				Capital Projects Funds	
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	Education	Morrison
ASSETS						
Cash	\$ 0	\$ 0	\$ 223,812	\$ 223,812	\$ 0	\$ 0
Equity in Pooled Cash and Investments	697,772	198,010	0	895,782	104	0
Accounts Receivable	6,149	0	10,310	16,459	0	0
Due from Other Governments	4,902	0	0	4,902	0	0
Property Taxes Receivable	515,893	0	0	515,893	0	0
Allowance for Uncollectible Property Taxes	(21,727)	0	0	(21,727)	0	0
Total Assets	\$ 1,202,989	\$ 198,010	\$ 234,122	\$ 1,635,121	\$ 104	\$ 104
LIABILITIES						
Accounts Payable	\$ 30,038	\$ 79	\$ 0	\$ 30,117	\$ 0	\$ 0
Accrued Payroll	9,055	0	0	9,055	0	0
Payroll Deductions Payable	2,429	0	0	2,429	0	0
Due to Other Funds	0	2,964	12,969	15,933	0	0
Due to State of Tennessee	431	0	0	431	0	0
Total Liabilities	\$ 41,953	\$ 3,043	\$ 12,969	\$ 57,965	\$ 0	\$ 0
DEFERRED INFLOWS OF RESOURCES						
Deferred Current Property Taxes	\$ 474,356	\$ 0	\$ 0	\$ 474,356	\$ 0	\$ 0
Deferred Delinquent Property Taxes	14,921	0	0	14,921	0	0
Total Deferred Inflows of Resources	\$ 489,277	\$ 0	\$ 0	\$ 489,277	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds				Capital Projects Funds	
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	Education	Morrison
\$	0	194,967	0	194,967	0	0
	0	0	0	0	0	0
	0	0	0	0	0	104
	0	0	12,802	12,802	0	0
	0	0	116,321	116,321	0	0
	0	0	92,030	92,030	0	0
	671,759	0	0	671,759	0	0
\$	671,759	194,967	221,153	1,087,879	\$	104
\$	1,202,989	198,010	234,122	1,635,121	\$	104

FUND BALANCES

Restricted:
 Restricted for Public Safety
 Restricted for Social, Cultural, and Recreational Services
 Restricted for Capital Projects
 Committed:
 Committed for General Government
 Committed for Finance
 Committed for Administration of Justice
 Committed for Public Health and Welfare
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

(Continued)

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

	<u>Capital Projects Funds (Cont.)</u>		<u>Total</u>
	<u>Other</u>	<u>Capital</u>	<u>Nonmajor</u>
	<u>Projects</u>	<u>Projects</u>	<u>Governmental</u>
		<u>Total</u>	<u>Funds</u>
	\$	0 \$	0 \$
Cash			223,812
Equity in Pooled Cash and Investments		83,868	979,650
Accounts Receivable		0	16,459
Due from Other Governments		0	4,902
Property Taxes Receivable		0	515,893
Allowance for Uncollectible Property Taxes		0	(21,727)
Total Assets	\$	83,764 \$	83,868 \$
			1,718,989
	\$	0 \$	0 \$
Accounts Payable			30,117
Accrued Payroll		0	9,055
Payroll Deductions Payable		0	2,429
Due to Other Funds		0	15,933
Due to State of Tennessee		0	431
Total Liabilities	\$	0 \$	0 \$
			57,965
	\$	0 \$	0 \$
Deferred Current Property Taxes			474,356
Deferred Delinquent Property Taxes		0	14,921
Total Deferred Inflows of Resources	\$	0 \$	0 \$
			489,277

(Continued)

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

	Capital Projects Funds (Cont.)		Total
	Other	Capital	Nonmajor
	Projects	Projects	Governmental
		Total	Funds
\$	0	0	\$ 194,967
	83,764	83,764	83,764
	0	104	104
	0	0	12,802
	0	0	116,321
	0	0	92,030
	0	0	671,759
\$	<u>83,764</u>	<u>\$ 83,868</u>	<u>\$ 1,171,747</u>
\$	<u>83,764</u>	<u>\$ 83,868</u>	<u>\$ 1,718,989</u>

FUND BALANCES

Restricted:
 Restricted for Public Safety
 Restricted for Social, Cultural, and Recreational Services
 Restricted for Capital Projects
 Committed:
 Committed for General Government
 Committed for Finance
 Committed for Administration of Justice
 Committed for Public Health and Welfare
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Exhibit G-2

Warren County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2014

	Special Revenue Funds				Capital Projects Funds	
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	Education Capital Projects	Education Capital Projects - Morrison
<u>Revenues</u>						
Local Taxes	\$ 678,522	\$ 0	\$ 0	\$ 678,522	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	0	103,451	0	103,451	0	0
Charges for Current Services	3,415	0	996,075	999,490	0	0
Other Local Revenues	63,538	1,875	0	65,413	0	24
State of Tennessee	457,487	0	0	457,487	0	0
Total Revenues	\$ 1,202,962	\$ 105,326	\$ 996,075	\$ 2,304,363	\$ 0	\$ 24
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 118,035	\$ 118,035	\$ 0	\$ 0
Finance	0	0	483,456	483,456	0	0
Administration of Justice	0	0	316,239	316,239	0	0
Public Safety	0	83,774	0	83,774	0	0
Public Health and Welfare	1,202,118	5,621	0	1,207,739	0	0
Capital Projects	0	0	0	0	253,282	0
Total Expenditures	\$ 1,202,118	\$ 89,395	\$ 917,730	\$ 2,209,243	\$ 253,282	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 844	\$ 15,931	\$ 78,345	\$ 95,120	\$ (253,282)	\$ 24
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 253,282	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 253,282	\$ 0
Net Change in Fund Balances	\$ 844	\$ 15,931	\$ 78,345	\$ 95,120	\$ 0	\$ 24
Fund Balance, July 1, 2013	670,915	179,036	142,808	992,759	0	80
Fund Balance, June 30, 2014	\$ 671,759	\$ 194,967	\$ 221,153	\$ 1,087,879	\$ 0	\$ 104

(Continued)

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

	<u>Capital Projects Funds (Cont.)</u>		<u>Total</u>	<u>Nonmajor</u>
	<u>Other</u>	<u>Capital</u>	<u>Projects</u>	<u>Governmental</u>
				<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 0	\$ 0	678,522
Fines, Forfeitures, and Penalties	0	0	0	103,451
Charges for Current Services	0	0	0	999,490
Other Local Revenues	65	89	89	65,502
State of Tennessee	0	0	0	457,487
Total Revenues	\$ 65	\$ 89	\$ 89	2,304,452
<u>Expenditures</u>				
Current:				
General Government	0	0	0	118,035
Finance	0	0	0	483,456
Administration of Justice	0	0	0	316,239
Public Safety	0	0	0	83,774
Public Health and Welfare	0	0	0	1,207,739
Capital Projects	0	253,282	253,282	253,282
Total Expenditures	\$ 0	\$ 253,282	\$ 253,282	2,462,525
Excess (Deficiency) of Revenues	\$ 65	\$ (253,193)	\$ (158,073)	
<u>Other Financing Sources (Uses)</u>				
Notes Issued	0	0	253,282	253,282
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 253,282	253,282
Net Change in Fund Balances	\$ 65	\$ 89	\$ 89	95,209
Fund Balance, July 1, 2013	83,699	83,779	83,779	1,076,538
Fund Balance, June 30, 2014	\$ 83,764	\$ 83,868	\$ 83,868	1,171,747

Exhibit G-3

Warren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 678,522	\$ 629,576	\$ 629,576	\$ 48,946
Charges for Current Services	3,415	1,000	1,000	2,415
Other Local Revenues	63,538	50,000	50,000	13,538
State of Tennessee	457,487	457,000	457,000	487
Total Revenues	<u>\$ 1,202,962</u>	<u>\$ 1,137,576</u>	<u>\$ 1,137,576</u>	<u>\$ 65,386</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 513,043	\$ 602,996	\$ 602,996	\$ 89,953
Convenience Centers	653,269	747,349	747,349	94,080
Other Waste Disposal	35,806	46,000	46,000	10,194
Total Expenditures	<u>\$ 1,202,118</u>	<u>\$ 1,396,345</u>	<u>\$ 1,396,345</u>	<u>\$ 194,227</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 844</u>	<u>\$ (258,769)</u>	<u>\$ (258,769)</u>	<u>\$ 259,613</u>
Net Change in Fund Balance	\$ 844	\$ (258,769)	\$ (258,769)	\$ 259,613
Fund Balance, July 1, 2013	<u>670,915</u>	<u>500,638</u>	<u>500,638</u>	<u>170,277</u>
Fund Balance, June 30, 2014	<u><u>\$ 671,759</u></u>	<u><u>\$ 241,869</u></u>	<u><u>\$ 241,869</u></u>	<u><u>\$ 429,890</u></u>

Exhibit G-4

Warren County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual and Budget
 Drug Control Fund
 For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 103,451	\$ 95,000	\$ 95,000	\$ 8,451
Other Local Revenues	1,875	0	0	1,875
Other Governments and Citizens Groups	0	2,000	2,000	(2,000)
Total Revenues	<u>\$ 105,326</u>	<u>\$ 97,000</u>	<u>\$ 97,000</u>	<u>\$ 8,326</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 83,774	\$ 94,242	\$ 94,242	\$ 10,468
<u>Public Health and Welfare</u>				
Alcohol and Drug Programs	5,621	16,500	16,500	10,879
Total Expenditures	<u>\$ 89,395</u>	<u>\$ 110,742</u>	<u>\$ 110,742</u>	<u>\$ 21,347</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 15,931</u>	<u>\$ (13,742)</u>	<u>\$ (13,742)</u>	<u>\$ 29,673</u>
Net Change in Fund Balance	\$ 15,931	\$ (13,742)	\$ (13,742)	\$ 29,673
Fund Balance, July 1, 2013	179,036	127,967	127,967	51,069
Fund Balance, June 30, 2014	<u>\$ 194,967</u>	<u>\$ 114,225</u>	<u>\$ 114,225</u>	<u>\$ 80,742</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Warren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,358,946	\$ 2,056,619	\$ 2,056,619	\$ 302,327
Other Local Revenues	230,931	180,000	180,000	50,931
Other Governments and Citizens Groups	0	100,000	100,000	(100,000)
Total Revenues	<u>\$ 2,589,877</u>	<u>\$ 2,336,619</u>	<u>\$ 2,336,619</u>	<u>\$ 253,258</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 701,666	\$ 702,000	\$ 702,000	\$ 334
Education	1,264,732	1,297,070	1,297,070	32,338
<u>Interest on Debt</u>				
General Government	220,210	224,075	224,075	3,865
Education	748,611	765,440	758,000	9,389
<u>Other Debt Service</u>				
General Government	42,181	125,000	125,000	82,819
Education	7,440	0	7,440	0
Total Expenditures	<u>\$ 2,984,840</u>	<u>\$ 3,113,585</u>	<u>\$ 3,113,585</u>	<u>\$ 128,745</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (394,963)</u>	<u>\$ (776,966)</u>	<u>\$ (776,966)</u>	<u>\$ 382,003</u>
Net Change in Fund Balance	\$ (394,963)	\$ (776,966)	\$ (776,966)	\$ 382,003
Fund Balance, July 1, 2013	<u>8,660,462</u>	<u>9,630,078</u>	<u>9,630,078</u>	<u>(969,616)</u>
Fund Balance, June 30, 2014	<u>\$ 8,265,499</u>	<u>\$ 8,853,112</u>	<u>\$ 8,853,112</u>	<u>\$ (587,613)</u>

Fiduciary Funds

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

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

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

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

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

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

Exhibit I-1

Warren County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2014

	Agency Funds						Total
	Cities - Sales Tax	Community Develop- ment - Agency	Constitu- tional Officers - Agency	Judicial District Drug	District Attorney General		
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 1,728,320	\$ 0	\$ 0	\$ 0	\$ 1,728,320
Equity in Pooled Cash and Investments	0	522	0	27,622	30,544	0	58,688
Due from Other Governments	412,223	0	0	0	0	0	412,223
Total Assets	\$ 412,223	\$ 522	\$ 1,728,320	\$ 27,622	\$ 30,544	\$ 0	\$ 2,199,231
<u>LIABILITIES</u>							
Due to Other Taxing Units	\$ 412,223	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 412,223
Due to Litigants, Heirs, and Others	0	0	1,728,320	0	30,544	0	1,758,864
Due to State of Tennessee	0	522	0	0	0	0	522
Due to Joint Ventures	0	0	0	27,622	0	0	27,622
Total Liabilities	\$ 412,223	\$ 522	\$ 1,728,320	\$ 27,622	\$ 30,544	\$ 0	\$ 2,199,231

Exhibit I-2

Warren County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,175,755	\$ 2,175,755	\$ 0
Due from Other Governments	346,445	412,223	346,445	412,223
Total Assets	\$ 346,445	\$ 2,587,978	\$ 2,522,200	\$ 412,223
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 346,445	\$ 2,587,978	\$ 2,522,200	\$ 412,223
Total Liabilities	\$ 346,445	\$ 2,587,978	\$ 2,522,200	\$ 412,223
<u>Community Development - Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 522	\$ 0	\$ 0	\$ 522
Total Assets	\$ 522	\$ 0	\$ 0	\$ 522
<u>Liabilities</u>				
Due to State of Tennessee	\$ 522	\$ 0	\$ 0	\$ 522
Total Liabilities	\$ 522	\$ 0	\$ 0	\$ 522
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,044,379	\$ 8,363,180	\$ 8,679,239	\$ 1,728,320
Accounts Receivable	10,000	0	10,000	0
Total Assets	\$ 2,054,379	\$ 8,363,180	\$ 8,689,239	\$ 1,728,320
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,054,379	\$ 8,363,180	\$ 8,689,239	\$ 1,728,320
Total Liabilities	\$ 2,054,379	\$ 8,363,180	\$ 8,689,239	\$ 1,728,320
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 24,739	\$ 12,246	\$ 9,363	\$ 27,622
Total Assets	\$ 24,739	\$ 12,246	\$ 9,363	\$ 27,622
<u>Liabilities</u>				
Due to Joint Ventures	\$ 24,739	\$ 12,246	\$ 9,363	\$ 27,622
Total Liabilities	\$ 24,739	\$ 12,246	\$ 9,363	\$ 27,622

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>District Attorney General Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 24,182	\$ 10,788	\$ 4,426	\$ 30,544
Total Assets	<u>\$ 24,182</u>	<u>\$ 10,788</u>	<u>\$ 4,426</u>	<u>\$ 30,544</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 24,182	\$ 10,788	\$ 4,426	\$ 30,544
Total Liabilities	<u>\$ 24,182</u>	<u>\$ 10,788</u>	<u>\$ 4,426</u>	<u>\$ 30,544</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,044,379	\$ 8,363,180	\$ 8,679,239	\$ 1,728,320
Equity in Pooled Cash and Investments	49,443	2,198,789	2,189,544	58,688
Accounts Receivable	10,000	0	10,000	0
Due from Other Governments	346,445	412,223	346,445	412,223
Total Assets	<u>\$ 2,450,267</u>	<u>\$ 10,974,192</u>	<u>\$ 11,225,228</u>	<u>\$ 2,199,231</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 346,445	\$ 2,587,978	\$ 2,522,200	\$ 412,223
Due to Litigants, Heirs, and Others	2,078,561	8,373,968	8,693,665	1,758,864
Due to State of Tennessee	522	0	0	522
Due to Joint Ventures	24,739	12,246	9,363	27,622
Total Liabilities	<u>\$ 2,450,267</u>	<u>\$ 10,974,192</u>	<u>\$ 11,225,228</u>	<u>\$ 2,199,231</u>

Warren County School Department

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

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

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

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department. This fund was closed during the year.

Exhibit J-1

Warren County, Tennessee
Statement of Activities
Discretely Presented Warren County School Department
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 34,157,389	\$ 264,818	\$ 3,374,084	\$ 253,282	\$ (30,265,205)
Support Services	16,725,297	0	720,049	0	(16,005,248)
Operation of Non-instructional Services	3,683,405	528,389	2,536,536	0	(618,480)
Total Governmental Activities	\$ 54,566,091	\$ 793,207	\$ 6,630,669	\$ 253,282	\$ (46,888,933)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 3,845,442
Local Option Sales Taxes					7,705,223
Grants and Contributions Not Restricted to Specific Programs					35,320,261
Unrestricted Investment Earnings					4,549
Miscellaneous					63,041
Total General Revenues					\$ 46,938,516
Change in Net Position					\$ 49,583
Net Position, July 1, 2013					51,014,253
Net Position, June 30, 2014					\$ 51,063,836

Warren County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Warren County School Department
June 30, 2014

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Inventories
 Accounts Receivable
 Due from Other Governments
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES

Accounts Payable
 Payroll Deductions Payable
 Cash Overdraft
 Due to Primary Government
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
 Deferred Delinquent Property Taxes
 Other Deferred/Unavailable Revenue
 Total Deferred Inflows of Resources

	Major Funds		Nonmajor Fund		Total Governmental Funds
	General Purpose School	Central Cafeteria	School Federal Projects		
\$	0	1,047	0	0	1,047
	7,055,683	1,229,874	0	0	8,285,557
	0	83,284	0	0	83,284
	5,134	1,092	0	0	6,226
	1,861,114	213,445	257,860	0	2,332,419
	4,187,856	0	0	0	4,187,856
	(166,034)	0	0	0	(166,034)
\$	12,943,753	1,528,742	257,860	\$	14,730,355
\$	19,367	23	0	0	19,390
	633,419	108	4,485		638,012
	0	0	99,870		99,870
	66,454	0	0		66,454
\$	719,240	131	104,355	\$	823,726
\$	3,879,990	0	0	0	3,879,990
	106,832	0	0	0	106,832
	769,742	0	0	0	769,742
\$	4,756,564	0	0	0	4,756,564

(Continued)

Warren County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Warren County School Department (Cont.)

	Major Funds		Nonmajor Fund		Total Governmental Funds
	General Purpose School	Central Cafeteria	School Federal Projects		
\$	0	\$ 83,284	\$ 0	\$ 0	\$ 83,284
Restricted for Education	166,963	0	1,044		168,007
Restricted for Operation of Non-instructional Services	0	1,445,327	0		1,445,327
Committed:					
Committed for Education	4,213,974	0	150,000		4,363,974
Assigned:					
Assigned for Education	2,347,070	0	2,461		2,349,531
Unassigned	739,942	0	0		739,942
Total Fund Balances	\$ 7,467,949	\$ 1,528,611	\$ 153,505	\$ 0	\$ 9,150,065
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,943,753	\$ 1,528,742	\$ 257,860	\$ 0	\$ 14,730,355

FUND BALANCES

Nonspendable:
 Inventory
 Restricted:
 Restricted for Education
 Restricted for Operation of Non-instructional Services
 Committed:
 Committed for Education
 Assigned:
 Assigned for Education
 Unassigned
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Exhibit J-3

Warren County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Warren County School Department
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	9,150,065
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,929,936	
Add: buildings and improvements net of accumulated depreciation		42,469,257	
Add: other capital assets net of accumulated depreciation		<u>1,045,203</u>	45,444,396
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: compensated absences payable	\$	(2,267,458)	
Less: other postemployment benefits liability		<u>(2,139,741)</u>	(4,407,199)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>876,574</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>51,063,836</u></u>

Exhibit J-4

Warren County, Tennessee
Statement of Revenues, Expenditures,
 and Changes in Fund Balances -
 Governmental Funds
Discretely Presented Warren County School Department
For the Year Ended June 30, 2014

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General Purpose School	Central Cafeteria	Other	Governmental Funds	
<u>Revenues</u>					
Local Taxes	\$ 11,756,407	\$ 0	\$ 0	\$ 0	\$ 11,756,407
Charges for Current Services	181,184	528,389	0	0	709,573
Other Local Revenues	347,553	22,089	0	0	369,642
State of Tennessee	33,724,740	30,770	0	0	33,755,510
Federal Government	221,208	2,486,766	5,027,109	0	7,735,083
Other Governments and Citizens Groups	253,282	0	0	0	253,282
Total Revenues	\$ 46,484,374	\$ 3,068,014	\$ 5,027,109	\$ 5,027,109	\$ 54,579,497
<u>Expenditures</u>					
Current:					
Instruction	\$ 28,720,099	\$ 0	\$ 3,971,518	\$ 0	\$ 32,691,617
Support Services	15,108,607	0	1,131,272	0	16,239,879
Operation of Non-instructional Services	784,803	2,984,191	0	0	3,768,994
Capital Outlay	976,531	0	0	0	976,531
Capital Projects	0	0	7,050	0	7,050
Total Expenditures	\$ 45,590,040	\$ 2,984,191	\$ 5,109,840	\$ 7,050	\$ 53,684,071
Excess (Deficiency) of Revenues Over Expenditures	\$ 894,334	\$ 83,823	\$ (82,731)	\$ 0	\$ 895,426
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 133,858	\$ 0	\$ 150,000	\$ 0	\$ 283,858
Transfers Out	(150,000)	0	(133,858)	0	(283,858)
Total Other Financing Sources (Uses)	\$ (16,142)	\$ 0	\$ 16,142	\$ 0	\$ 0
Net Change in Fund Balances	\$ 878,192	\$ 83,823	\$ (66,589)	\$ 0	\$ 895,426
Fund Balance, July 1, 2013	6,589,757	1,444,788	220,094	0	8,254,639
Fund Balance, June 30, 2014	\$ 7,467,949	\$ 1,528,611	\$ 153,505	\$ 0	\$ 9,150,065

Exhibit J-5

Warren County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Warren County School Department
For the Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$	895,426
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,105,121	
Less: current-year depreciation expense		<u>(1,870,684)</u>	(765,563)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: book value of capital assets disposed			(51,091)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$	876,574	
Less: deferred delinquent property taxes and other deferred June 30, 2013		<u>(822,847)</u>	53,727
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	(13,697)	
Change in other postemployment benefits liability		<u>(69,219)</u>	<u>(82,916)</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 49,583</u>

Exhibit J-6

Warren County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Warren County School Department
For the Year Ended June 30, 2014

	Special Revenue Fund School Federal Projects	Capital Projects Fund Education Capital Projects	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Federal Government	\$ 5,027,109	\$ 0	\$ 5,027,109
Total Revenues	<u>\$ 5,027,109</u>	<u>\$ 0</u>	<u>\$ 5,027,109</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 3,971,518	\$ 0	\$ 3,971,518
Support Services	1,131,272	0	1,131,272
Capital Projects	0	7,050	7,050
Total Expenditures	<u>\$ 5,102,790</u>	<u>\$ 7,050</u>	<u>\$ 5,109,840</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (75,681)</u>	<u>\$ (7,050)</u>	<u>\$ (82,731)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 150,000	\$ 0	\$ 150,000
Transfers Out	0	(133,858)	(133,858)
Total Other Financing Sources (Uses)	<u>\$ 150,000</u>	<u>\$ (133,858)</u>	<u>\$ 16,142</u>
Net Change in Fund Balances	\$ 74,319	\$ (140,908)	\$ (66,589)
Fund Balance, July 1, 2013	<u>79,186</u>	<u>140,908</u>	<u>220,094</u>
Fund Balance, June 30, 2014	<u>\$ 153,505</u>	<u>\$ 0</u>	<u>\$ 153,505</u>

Exhibit J-7

Warren County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Warren County School Department
 General Purpose School Fund
 For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 11,756,407	\$ 0	\$ 0	\$ 11,756,407	\$ 11,571,878	\$ 11,571,878	\$ 184,529
Charges for Current Services	181,184	0	0	181,184	180,000	180,000	1,184
Other Local Revenues	347,553	0	0	347,553	220,000	220,000	127,553
State of Tennessee	33,724,740	0	0	33,724,740	33,007,000	33,688,008	36,732
Federal Government	221,208	0	0	221,208	192,800	247,100	(25,892)
Other Governments and Citizens Groups	253,282	0	0	253,282	0	350,000	(96,718)
Total Revenues	\$ 46,484,374	\$ 0	\$ 0	\$ 46,484,374	\$ 45,171,678	\$ 46,256,986	\$ 227,388

Expenditures

Instruction							
Regular Instruction Program	\$ 23,617,646	(183,429)	233,791	\$ 23,658,008	\$ 23,967,100	\$ 23,967,100	\$ 309,092
Alternative Instruction Program	303,923	0	0	303,923	312,900	312,900	8,977
Special Education Program	3,348,806	(8,211)	428	3,341,023	3,426,900	3,481,200	140,177
Vocational Education Program	1,366,551	0	70	1,366,621	1,944,200	1,944,200	577,579
Adult Education Program	83,173	0	0	83,173	125,800	125,800	42,627
Support Services							
Attendance	458,042	(6,410)	0	451,632	538,200	538,200	86,568
Health Services	846,541	0	380	846,921	960,300	960,300	113,379
Other Student Support	1,806,734	(17,203)	28,060	1,817,591	1,855,700	1,955,700	138,109
Regular Instruction Program	1,113,897	0	564	1,114,461	1,262,100	1,262,100	147,639
Alternative Instruction Program	102,915	0	0	102,915	115,500	115,500	12,585
Special Education Program	426,727	0	0	426,727	554,800	554,800	128,073
Vocational Education Program	94,322	(3,500)	0	90,822	122,900	122,900	32,078
Other Programs	209,608	0	0	209,608	0	209,608	0
Board of Education	715,083	(7,078)	8,400	716,405	770,900	770,900	54,495
Director of Schools	177,363	0	0	177,363	203,100	203,100	25,737
Office of the Principal	2,446,779	(637)	2,064	2,448,206	2,093,100	2,536,500	88,294
Fiscal Services	343,280	(6,475)	7,471	344,276	437,300	437,300	93,024
Operation of Plant	3,383,256	(45,344)	10,466	3,348,378	3,784,500	3,784,500	436,122
Maintenance of Plant	1,415,036	(82,566)	73,797	1,406,267	1,533,600	1,561,600	155,333

(Continued)

Exhibit J-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 1,569,024	\$ 0	\$ 0	\$ 1,569,024	\$ 1,600,000	\$ 1,600,000	\$ 30,976
Operation of Non-instructional Services							
Food Service	0	0	0	0	1,400	1,400	1,400
Community Services	78,649	0	0	78,649	120,000	120,000	41,351
Early Childhood Education	706,154	(1,000)	277	705,431	733,000	733,000	27,569
<u>Capital Outlay</u>							
Regular Capital Outlay	976,531	(889,085)	1,408,164	1,495,610	900,000	1,590,000	94,390
Total Expenditures	\$ 45,590,040	\$ (1,260,938)	\$ 1,773,932	\$ 46,103,034	\$ 47,363,300	\$ 48,888,608	\$ 2,785,574
Excess (Deficiency) of Revenues Over Expenditures	\$ 894,334	\$ 1,260,938	\$ (1,773,932)	\$ 381,340	\$ (2,191,622)	\$ (2,631,622)	\$ 3,012,962
<u>Other Financing Sources (Uses)</u>							
Notes Issued	0	0	0	0	350,000	0	0
Transfers In	133,858	0	0	133,858	0	0	133,858
Transfers Out	(150,000)	0	0	(150,000)	0	(150,000)	0
Total Other Financing Sources	\$ (16,142)	\$ 0	\$ 0	\$ (16,142)	\$ 350,000	\$ (150,000)	\$ 133,858
Net Change in Fund Balance	\$ 878,192	\$ 1,260,938	\$ (1,773,932)	\$ 365,198	\$ (1,841,622)	\$ (2,781,622)	\$ 3,146,820
Fund Balance, July 1, 2013	6,589,757	(1,260,938)	0	5,328,819	4,425,499	4,425,499	903,320
Fund Balance, June 30, 2014	\$ 7,467,949	\$ 0	\$ (1,773,932)	\$ 5,694,017	\$ 2,583,877	\$ 1,643,877	\$ 4,050,140

Exhibit J-8

Warren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Warren County School Department
School Federal Projects Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 5,027,109 \$	0 \$	0 \$	5,027,109 \$	5,392,203 \$	6,301,346 \$	(1,274,237)
Total Revenues	\$ 5,027,109 \$	0 \$	0 \$	5,027,109 \$	5,392,203 \$	6,301,346 \$	(1,274,237)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,664,905 \$	0 \$	1,401 \$	2,666,306 \$	2,629,615 \$	3,057,016 \$	390,710
Special Education Program	949,153	0	0	949,153	987,388	1,133,935	184,782
Vocational Education Program	357,460	0	706	358,166	341,001	358,167	1
Support Services							
Other Student Support	64,525	(905)	354	63,974	97,255	82,389	18,415
Regular Instruction Program	503,850	0	0	503,850	490,329	605,783	101,933
Special Education Program	553,352	0	0	553,352	819,817	962,232	408,880
Vocational Education Program	3,180	0	0	3,180	10,785	3,180	0
Transportation	6,365	0	0	6,365	17,000	20,500	14,135
Total Expenditures	\$ 5,102,790 \$	(905) \$	2,461 \$	5,104,346 \$	5,393,190 \$	6,223,202 \$	1,118,856
Excess (Deficiency) of Revenues Over Expenditures	\$ (75,681) \$	905 \$	(2,461) \$	(77,237) \$	(987) \$	78,144 \$	(155,381)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 150,000 \$	0 \$	0 \$	150,000 \$	97,609 \$	150,000 \$	0
Transfers Out	0	0	0	0	(97,609)	0	0
Total Other Financing Sources	\$ 150,000 \$	0 \$	0 \$	150,000 \$	0 \$	150,000 \$	0
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 74,319 \$	905 \$	(2,461) \$	72,763 \$	(987) \$	228,144 \$	(155,381)
Fund Balance, July 1, 2013	79,186	(905)	0	78,281	987	987	77,294
Fund Balance, June 30, 2014	\$ 153,505 \$	0 \$	(2,461) \$	151,044 \$	0 \$	229,131 \$	(78,087)

Exhibit J-9

Warren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Warren County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 528,389	\$ 0	\$ 0	\$ 528,389	\$ 586,000	\$ 586,000	\$ (57,611)
Other Local Revenues	22,089	0	0	22,089	6,300	6,300	15,789
State of Tennessee	30,770	0	0	30,770	32,800	32,800	(2,030)
Federal Government	2,486,766	0	0	2,486,766	2,465,250	2,465,250	21,516
Total Revenues	\$ 3,068,014	\$ 0	\$ 0	\$ 3,068,014	\$ 3,090,350	\$ 3,090,350	\$ (22,336)
<u>Expenditures</u>							
<u>Operation of Non-instructional Services</u>							
Food Service	\$ 2,984,191	\$ (15,017)	\$ 81,197	\$ 3,050,371	\$ 3,829,750	\$ 3,829,750	\$ 779,379
Total Expenditures	\$ 2,984,191	\$ (15,017)	\$ 81,197	\$ 3,050,371	\$ 3,829,750	\$ 3,829,750	\$ 779,379
Excess (Deficiency) of Revenues Over Expenditures	\$ 83,823	\$ 15,017	\$ (81,197)	\$ 17,643	\$ (739,400)	\$ (739,400)	\$ 757,043
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 83,823	\$ 15,017	\$ (81,197)	\$ 17,643	\$ (739,400)	\$ (739,400)	\$ 757,043
Fund Balance, June 30, 2014	1,444,788	(15,017)	0	1,429,771	1,152,430	1,152,430	277,341
	\$ 1,528,611	\$ 0	\$ (81,197)	\$ 1,447,414	\$ 413,030	\$ 413,030	\$ 1,034,384

MISCELLANEOUS SCHEDULES

Exhibit K-1

Warren County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-14
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Sheriff Vehicles	\$ 125,000	2.64	% 12-30-11	6-30-14	\$ 41,666	\$ 0	\$ 41,666	\$ 0
Office Equipment	75,000	2 to 2.35	5-17-12	6-30-14	25,000	0	25,000	0
Sheriff Vehicles	135,000	1.98	12-14-12	6-30-15	90,000	0	45,000	45,000
Warren Middle School HVAC	253,282	2.03	12-20-13	6-30-16	0	253,282	84,427	168,855
Total Notes Payable					\$ 156,666	\$ 253,282	\$ 196,093	\$ 213,855
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School Refunding, Series 2008	3,790,000	3 to 3.5	4-24-08	6-1-14	\$ 500,000	\$ 0	\$ 500,000	\$ 0
General Obligation Refunding, Series 2010	6,475,000	2 to 4	2-10-10	6-1-22	6,095,000	0	590,000	5,505,000
Build America Bonds, Series 2010B	6,000,000	2.35 to 5.45	4-15-10	6-1-30	6,000,000	0	100,000	5,900,000
Qualified School Construction, Series 2010	9,300,000	0 (1)	10-7-10	9-15-27	8,236,107	0	580,305	7,655,802
Total Bonds Payable					\$ 20,831,107	\$ 0	\$ 1,770,305	\$ 19,060,802

(1) Interest rate of approximately 4.85 percent is offset by a federal interest rate subsidy.

Exhibit K-2

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

Year Ending June 30	Notes		Total
	Principal	Interest	
2015	\$ 129,427	\$ 4,318	\$ 133,745
2016	84,428	1,714	86,142
Total	\$ 213,855	\$ 6,032	\$ 219,887

Year Ending June 30	Bonds		Total
	Principal	Interest	
2015	\$ 1,455,305	\$ 929,171	\$ 2,384,476
2016	1,485,306	902,787	2,388,093
2017	1,520,305	874,796	2,395,101
2018	1,555,306	841,012	2,396,318
2019	1,590,305	805,056	2,395,361
2020	1,630,306	763,554	2,393,860
2021	1,675,305	719,739	2,395,044
2022	1,725,306	673,559	2,398,865
2023	950,305	625,096	1,575,401
2024	965,306	607,707	1,573,013
2025	980,305	589,226	1,569,531
2026	995,306	569,427	1,564,733
2027	1,072,429	548,469	1,620,898
2028	504,707	119,606	624,313
2029	470,000	51,577	521,577
2030	485,000	26,432	511,432
Total	\$ 19,060,802	\$ 9,647,214	\$ 28,708,016

Exhibit K-3

Warren County, Tennessee
Schedule of Transfers
Discretely Presented Warren County School Department
For the Year Ended June 30, 2014

From Fund	To Fund	Purpose	Amount
General Purpose School Education Capital Projects	School Federal Projects General Purpose School	Cash flow Close fund	\$ 150,000 133,858
Total Transfers Discretely Presented Warren County School Department			<u>\$ 283,858</u>

Exhibit K-4

Warren County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Warren County School Department
For the Year Ended June 30, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, TCA	\$ 78,508	\$ 50,000	Cincinnati Insurance Company
Superintendent of Roads	Section 8-24-102, TCA	74,770	100,000	"
Director of Schools	State Board of Education and County Board of Education	99,844 (1)	100,000	"
Trustee	Section 8-24-102, TCA	67,973	1,532,000	"
Assessor of Property	Section 8-24-102, TCA	67,973	50,000	Cincinnati Insurance Company
Finance Director	County Commission	61,392	50,000	Auto-Owners Mutual Insurance Company
County Clerk	Section 8-24-102, TCA	67,973	50,000	Cincinnati Insurance Company
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	67,973	50,000	"
Clerk and Master	Section 8-24-102, TCA,	67,973	50,000	"
Register of Deeds	Section 8-24-102, TCA	67,973	25,000	"
Sheriff	Section 8-24-102, TCA	74,770 (2)	50,000	Western Surety Company
Employee Dishonesty Bond Coverage: General County Employees			20,000	"

(1) Includes a chief executive officer training supplement of \$1,000.

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

Exhibit K-5

Warren County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2014

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 6,006,511	\$ 511,999	\$ 1,280,000	\$ 0	\$ 0	\$ 510,720
Discount on Property Taxes	(58,542)	(4,973)	(12,437)	0	0	(4,973)
Trustee's Collections - Prior Year	205,125	10,650	26,624	0	0	21,299
Trustee's Collections - Bankruptcy	11,187	749	1,849	0	0	1,050
Circuit/Clerk and Master Collections - Prior Years	121,248	6,718	16,417	0	0	13,436
Interest and Penalty	40,873	2,421	6,054	0	0	4,068
Payments in-Lieu-of Taxes - T.V.A.	16,004	1,424	3,405	0	0	1,474
Payments in-Lieu-of Taxes - Local Utilities	51,925	4,065	10,161	0	0	4,619
Payments in-Lieu-of Taxes - Other	306,562	26,099	65,247	0	0	26,086
<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	0	0	0	0	0	0
Litigation Tax - General	141,759	0	0	0	0	0
Litigation Tax - Special Purpose	11,054	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	49,572	0	0	0	0	0
Business Tax	304,228	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	66,602
<u>Statutory Local Taxes</u>						
Bank Excise Tax	45,965	3,912	9,780	0	0	3,912
Wholesale Beer Tax	71,066	115,458	0	0	0	0
Total Local Taxes	\$ 7,324,537	\$ 678,522	\$ 1,407,100	\$ 0	\$ 0	\$ 648,293

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	3,344	0	0	0	0	0
Cable TV Franchise Permits	184,891	0	0	0	0	0
Beer Permits	3,420	0	0	0	0	0
Building Permits	32,100	0	0	0	0	0
Other Permits	4,685	0	0	0	0	0
Total Licenses and Permits	\$ 228,440	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Fines, Forfeitures, and Penalties

<u>Circuit Court</u>						
Fines	22,937	0	0	0	0	0
Officers Costs	18,841	0	0	0	0	0
Drug Control Fines	0	0	0	61,373	0	0
Drug Court Fees	5,827	0	0	0	0	0
Jail Fees	10,223	0	0	0	0	0
DUI Treatment Fines	1,716	0	0	0	0	0
Data Entry Fee - Circuit Court	1,525	0	0	0	0	0
Courtroom Security Fee	308	0	0	0	0	0
Victims Assistance Assessments	8,273	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	30,868	0	0	0	0	0
Officers Costs	63,443	0	0	0	0	0
Game and Fish Fines	762	0	0	0	0	0
Drug Control Fines	0	0	0	3,981	0	0
Drug Court Fees	5,827	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Jail Fees	\$ 27,455	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
DUI Treatment Fines	10,699	0	0	0	0	0
Data Entry Fee - General Sessions Court	17,126	0	0	0	0	0
Victims Assistance Assessments	30,569	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	9,506	0	0	0	0	0
Officers Costs	7,812	0	0	0	0	0
Jail Fees	8,197	0	0	0	0	0
Data Entry Fee - Juvenile Court	1,202	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	3,600	0	0	0	0	0
Data Entry Fee - Chancery Court	3,725	0	0	0	0	0
Courtroom Security Fee	25	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	38,097	0	0
Other Fines, Forfeitures, and Penalties	1,399	0	0	0	0	0
<u>Total Fines, Forfeitures, and Penalties</u>	\$ 291,865	\$ 0	\$ 0	\$ 103,451	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 1,292	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Surcharge - Waste Tire Disposal	0	3,415	0	0	0	0
Patient Charges	0	0	1,980,075	0	0	0
Other General Service Charges	14,192	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>Fees</u>						
Engineer Review Fees	\$ 1,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Copy Fees	823	0	0	0	0	0
Greenbelt Late Application Fee	450	0	0	0	0	0
Telephone Commissions	66,692	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	996,075	0
Data Processing Fee - Register	11,290	0	0	0	0	0
Probation Fees	24,204	0	0	0	0	0
Data Processing Fee - Sheriff	5,813	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	3,300	0	0	0	0	0
Total Charges for Current Services	\$ 129,256	\$ 3,415	\$ 1,980,075	\$ 0	\$ 996,075	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	105,006	0	0	0	0	0
Sale of Materials and Supplies	2,661	0	0	0	0	0
Commissary Sales	103,743	0	0	0	0	0
Sale of Gasoline	250,305	0	0	0	0	0
Sale of Recycled Materials	0	63,538	0	0	0	0
Sale of Animals/Livestock	7,259	0	0	0	0	0
Miscellaneous Refunds	8,532	0	0	0	0	1,496
<u>Nonrecurring Items</u>						
Sale of Equipment	9,474	0	0	1,875	0	0
Damages Recovered from Individuals	1,658	0	0	0	0	0
Total Other Local Revenues	\$ 488,638	\$ 63,538	\$ 0	\$ 1,875	\$ 0	\$ 1,496

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	68,529 \$	0 \$	0 \$	0 \$	0 \$	0
Circuit Court Clerk	108,863	0	0	0	0	0
Trustee	424,788	0	0	0	0	0
<u>Fees in-Lieu-of Salary</u>						
Clerk and Master	123,322	0	0	0	0	0
Sheriff	11,516	0	0	0	0	0
Total Fees Received from County Officials	737,018 \$	0 \$	0 \$	0 \$	0 \$	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	4,500 \$	0 \$	0 \$	0 \$	0 \$	0
Airport Maintenance Program	26,929	0	0	0	0	0
Solid Waste Grants	0	24,128	0	0	0	0
<u>Public Safety Grants</u>						
Other Public Safety Grants	55,909	0	0	0	0	0
Health and Welfare Grants						
Health Department Programs	634,982	0	0	0	0	0
Other Health and Welfare Grants	1,184	0	0	0	0	0
<u>Public Works Grants</u>						
Litter Program	37,488	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	61,172	0	0	0	0	0
Beer Tax	17,806	0	0	0	0	0
Alcoholic Beverage Tax	66,863	0	0	0	0	0
Mixed Drink Tax	27,018	0	0	0	0	0

Exhibit K-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
State Revenue Sharing - T.V.A.	\$ 0	\$ 433,359	\$ 0	\$ 0	\$ 0	\$ 26,430
Contracted Prisoner Boarding	914,492	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,757,113
Petroleum Special Tax	0	0	0	0	0	28,746
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	16,294	0	0	0	0	0
Other State Revenues	42,130	0	0	0	0	0
Total State of Tennessee	\$ 1,921,931	\$ 457,487	\$ 0	\$ 0	\$ 0	\$ 1,812,289
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 0	\$ 0	\$ 20,161	\$ 0	\$ 0	\$ 0
Law Enforcement Grants	101,773	0	0	0	0	0
Other Federal through State	285,118	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Medicare	20,400	0	0	0	0	0
Tax Credit Bond Rebate	415,020	0	0	0	0	0
Other Direct Federal Revenue	384,831	0	192,917	0	0	0
Total Federal Government	\$ 1,207,142	\$ 0	\$ 213,078	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 228,067	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 228,067	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 12,556,894	\$ 1,202,962	\$ 3,600,253	\$ 105,326	\$ 996,075	\$ 2,462,078

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds			Total
		General Debt Service	Education Capital Projects - Morrison	Other Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 772,155	\$ 0	\$ 0	\$ 0	9,081,385
Discount on Property Taxes	(7,624)	0	0	0	(88,549)
Trustee's Collections - Prior Year	115,019	0	0	0	378,717
Trustee's Collections - Bankruptcy	3,819	0	0	0	18,654
Circuit/Clerk and Master Collections - Prior Years	76,563	0	0	0	234,382
Interest and Penalty	18,948	0	0	0	72,364
Payments in-Lieu-of Taxes - T.V.A.	1,941	0	0	0	24,248
Payments in-Lieu-of Taxes - Local Utilities	11,364	0	0	0	82,134
Payments in-Lieu-of Taxes - Other	39,984	0	0	0	463,978
<u>County Local Option Taxes</u>					
Local Option Sales Tax	224,043	0	0	0	224,043
Hotel/Motel Tax	37,906	0	0	0	37,906
Wheel Tax	1,058,838	0	0	0	1,058,838
Litigation Tax - General	0	0	0	0	141,759
Litigation Tax - Special Purpose	0	0	0	0	11,054
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	49,572
Business Tax	0	0	0	0	304,228
Mineral Severance Tax	0	0	0	0	66,602
<u>Statutory Local Taxes</u>					
Bank Excise Tax	5,990	0	0	0	69,559
Wholesale Beer Tax	0	0	0	0	186,524
Total Local Taxes	\$ 2,358,946	\$ 0	\$ 0	\$ 0	12,417,398

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds			Total
		General Debt Service	Education Capital Projects - Morrison	Other Capital Projects	
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	3,344
Cable TV Franchise	0	0	0	0	184,891
<u>Permits</u>					
Beer Permits	0	0	0	0	3,420
Building Permits	0	0	0	0	32,100
Other Permits	0	0	0	0	4,685
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	228,440
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	22,937
Officers Costs	0	0	0	0	18,841
Drug Control Fines	0	0	0	0	61,373
Drug Court Fees	0	0	0	0	5,827
Jail Fees	0	0	0	0	10,223
DUI Treatment Fines	0	0	0	0	1,716
Data Entry Fee - Circuit Court	0	0	0	0	1,525
Courtroom Security Fee	0	0	0	0	308
Victims Assistance Assessments	0	0	0	0	8,273
<u>General Sessions Court</u>					
Fines	0	0	0	0	30,868
Officers Costs	0	0	0	0	63,443
Game and Fish Fines	0	0	0	0	762
Drug Control Fines	0	0	0	0	3,981
Drug Court Fees	0	0	0	0	5,827

(Continued)

Exhibit K-5

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

	Debt Service Fund		Capital Projects Funds				Total
	General Debt Service		Education		Other Capital Projects		
			Projects - Morrison	Projects			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>General Sessions Court (Cont.)</u>							
Jail Fees	\$	0 \$	0 \$	0 \$	0 \$	0 \$	27,455
DUI Treatment Fines		0	0	0	0	0	10,699
Data Entry Fee - General Sessions Court		0	0	0	0	0	17,126
Victims Assistance Assessments		0	0	0	0	0	30,569
<u>Juvenile Court</u>							
Fines		0	0	0	0	0	9,506
Officers Costs		0	0	0	0	0	7,812
Jail Fees		0	0	0	0	0	8,197
Data Entry Fee - Juvenile Court		0	0	0	0	0	1,202
<u>Chancery Court</u>							
Officers Costs		0	0	0	0	0	3,600
Data Entry Fee - Chancery Court		0	0	0	0	0	3,725
<u>Courtroom Security Fee</u>		0	0	0	0	0	25
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property		0	0	0	0	0	38,097
Other Fines, Forfeitures, and Penalties		0	0	0	0	0	1,399
Total Fines, Forfeitures, and Penalties	\$	0 \$	0 \$	0 \$	0 \$	0 \$	395,316
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Tipping Fees	\$	0 \$	0 \$	0 \$	0 \$	0 \$	1,292
Surcharge - Waste Tire Disposal		0	0	0	0	0	3,415
Patient Charges		0	0	0	0	0	1,980,075
Other General Service Charges		0	0	0	0	0	14,192

(Continued)

Exhibit K-5

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

	Debt Service Fund	Capital Projects Funds			Total
		General Debt Service	Education Capital Projects - Morrison	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>					
<u>Fees</u>					
Engineer Review Fees	\$	0 \$	0 \$	0 \$	1,200
Copy Fees		0	0	0	823
Greenbelt Late Application Fee		0	0	0	450
Telephone Commissions		0	0	0	66,692
Constitutional Officers' Fees and Commissions		0	0	0	996,075
Data Processing Fee - Register		0	0	0	11,290
Probation Fees		0	0	0	24,204
Data Processing Fee - Sheriff		0	0	0	5,813
Sexual Offender Registration Fee - Sheriff		0	0	0	3,300
Total Charges for Current Services	\$	0 \$	0 \$	0 \$	3,108,821
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$	230,931 \$	24 \$	65 \$	231,020
Lease/Rentals		0	0	0	105,006
Sale of Materials and Supplies		0	0	0	2,661
Commissary Sales		0	0	0	103,743
Sale of Gasoline		0	0	0	250,305
Sale of Recycled Materials		0	0	0	63,538
Sale of Animals/Livestock		0	0	0	7,259
Miscellaneous Refunds		0	0	0	10,028
<u>Nonrecurring Items</u>					
Sale of Equipment		0	0	0	11,349
Damages Recovered from Individuals		0	0	0	1,658
Total Other Local Revenues	\$	230,931 \$	24 \$	65 \$	786,567

(Continued)

Exhibit K-5

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

	Debt Service Fund		Capital Projects Funds			Total
	General Debt Service	Education Capital Projects - Morrison	Other Capital Projects			
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>	\$	0 \$	0 \$	0 \$	0 \$	68,529
County Clerk		0	0	0	0	108,863
Circuit Court Clerk		0	0	0	0	424,788
Trustee		0	0	0	0	
<u>Fees in-Lieu-of Salary</u>		0	0	0	0	123,322
Clerk and Master		0	0	0	0	11,516
Sheriff		0	0	0	0	
Total Fees Received from County Officials	\$	0 \$	0 \$	0 \$	0 \$	737,018
<u>State of Tennessee</u>						
<u>General Government Grants</u>	\$	0 \$	0 \$	0 \$	0 \$	4,500
Juvenile Services Program		0	0	0	0	26,929
Airport Maintenance Program		0	0	0	0	24,128
Solid Waste Grants		0	0	0	0	
<u>Public Safety Grants</u>		0	0	0	0	55,909
Other Public Safety Grants		0	0	0	0	
Health and Welfare Grants		0	0	0	0	634,982
Health Department Programs		0	0	0	0	1,184
Other Health and Welfare Grants		0	0	0	0	
<u>Public Works Grants</u>		0	0	0	0	37,488
Litter Program		0	0	0	0	
<u>Other State Revenues</u>		0	0	0	0	61,172
Income Tax		0	0	0	0	17,806
Beer Tax		0	0	0	0	66,863
Alcoholic Beverage Tax		0	0	0	0	27,018
Mixed Drink Tax		0	0	0	0	

(Continued)

Exhibit K-5

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

	Debt Service Fund		Capital Projects Funds			Total
	General Debt Service	Education Capital Projects - Morrison	Other Capital Projects			
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
State Revenue Sharing - T.V.A.	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	459,789
Contracted Prisoner Boarding	0	0	0	0	0	914,492
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,757,113
Petroleum Special Tax	0	0	0	0	0	28,746
Registrar's Salary Supplement	0	0	0	0	0	15,164
Other State Grants	0	0	0	0	0	16,294
Other State Revenues	0	0	0	0	0	42,130
Total State of Tennessee	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	4,191,707
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	20,161
Law Enforcement Grants	0	0	0	0	0	101,773
Other Federal through State	0	0	0	0	0	285,118
<u>Direct Federal Revenue</u>						
Medicare	0	0	0	0	0	20,400
Tax Credit Bond Rebate	0	0	0	0	0	415,020
Other Direct Federal Revenue	0	0	0	0	0	577,748
Total Federal Government	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	1,420,220
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	228,067
Total Other Governments and Citizens Groups	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	228,067
Total	\$ 2,589,877 \$	24 \$	65 \$	24 \$	65 \$	23,513,554

Exhibit K-6

Warren County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Warren County School Department
For the Year Ended June 30, 2014

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,658,078	\$ 0	\$ 0	\$ 0	\$ 3,658,078
Discount on Property Taxes	(35,668)	0	0	0	(35,668)
Trustee's Collections - Prior Year	152,553	0	0	0	152,553
Trustee's Collections - Bankruptcy	7,508	0	0	0	7,508
Circuit/Clerk and Master Collections - Prior Years	83,556	0	0	0	83,556
Interest and Penalty	29,148	0	0	0	29,148
Payments in-Lieu-of Taxes - T.V.A.	11,527	0	0	0	11,527
Payments in-Lieu-of Taxes - Local Utilities	33,085	0	0	0	33,085
Payments in-Lieu-of Taxes - Other	186,838	0	0	0	186,838
<u>County Local Option Taxes</u>					
Local Option Sales Tax	7,601,763	0	0	0	7,601,763
Bank Excise Tax	28,019	0	0	0	28,019
Statutory Local Taxes	11,756,407	0	0	0	11,756,407
<u>Total Local Taxes</u>	\$ 11,756,407	\$ 0	\$ 0	\$ 0	\$ 11,756,407
<u>Charges for Current Services</u>					
<u>Fees</u>					
Telephone Commissions	\$ 6,065	\$ 0	\$ 0	\$ 0	\$ 6,065
<u>Education Charges</u>					
Tuition - Other	87,347	0	0	0	87,347
Lunch Payments - Children	0	0	203,677	0	203,677
Lunch Payments - Adults	0	0	68,631	0	68,631
Income from Breakfast	0	0	42,525	0	42,525
A la carte Sales	0	0	213,556	0	213,556

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Receipts from Individual Schools	\$ 87,772	\$ 0	\$ 0	\$ 0	\$ 87,772
Total Charges for Current Services	\$ 181,184	\$ 0	\$ 528,389	\$ 0	\$ 709,573
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 4,549	\$ 0	\$ 4,549
E-Rate Funding	89,699	0	0	0	89,699
Miscellaneous Refunds	33,799	0	15,999	0	49,798
<u>Nonrecurring Items</u>					
Sale of Equipment	23,049	0	1,541	0	24,590
Damages Recovered from Individuals	138	0	0	0	138
Contributions and Gifts	200,868	0	0	0	200,868
Total Other Local Revenues	\$ 347,553	\$ 0	\$ 22,089	\$ 0	\$ 369,642
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 209,608	\$ 0	\$ 0	\$ 0	\$ 209,608
<u>State Education Funds</u>					
Basic Education Program	31,438,999	0	0	0	31,438,999
Early Childhood Education	692,268	0	0	0	692,268
School Food Service	0	0	30,770	0	30,770
Energy Efficient School Initiative	19,000	0	0	0	19,000
Driver Education	31,615	0	0	0	31,615
Other State Education Funds	717,599	0	0	0	717,599

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Career Ladder Program	202,578 \$	0 \$	0 \$	0 \$	202,578
Career Ladder - Extended Contract	60,520	0	0	0	60,520
<u>Other State Revenues</u>					
Mixed Drink Tax	83,449	0	0	0	83,449
State Revenue Sharing - T.V.A.	266,654	0	0	0	266,654
Other State Grants	2,450	0	0	0	2,450
Total State of Tennessee	\$ 33,724,740 \$	0 \$	30,770 \$	0 \$	\$ 33,755,510
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	0 \$	0 \$	1,603,058 \$	0	1,603,058
USDA - Commodities	0	0	227,564	0	227,564
Breakfast	0	0	629,314	0	629,314
USDA - Other	0	0	26,830	0	26,830
Vocational Education - Basic Grants to States	0	104,723	0	0	104,723
Other Vocational	0	295,267	0	0	295,267
Title I Grants to Local Education Agencies	0	2,378,554	0	0	2,378,554
Special Education - Grants to States	54,279	1,383,237	0	0	1,437,516
Special Education Preschool Grants	0	66,399	0	0	66,399
English Language Acquisition Grants	0	38,156	0	0	38,156
Rural Education	0	110,712	0	0	110,712
Education for Homeless Children and Youth	0	35,637	0	0	35,637
Eisenhower Professional Development State Grants	0	284,838	0	0	284,838
Race-to-the-Top - ARRA	0	329,586	0	0	329,586
Other Federal through State	96,863	0	0	0	96,863

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
Federal Government (Cont.)					
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	70,066 \$	0 \$	0 \$	0 \$	70,066
Total Federal Government	221,208 \$	5,027,109 \$	2,486,766 \$	7,755,083	
Other Governments and Citizens Groups					
Other Governments					
Contributions	253,282 \$	0 \$	0 \$	0 \$	253,282
Total Other Governments and Citizens Groups	253,282 \$	0 \$	0 \$	0 \$	253,282
Total	46,484,374 \$	5,027,109 \$	3,068,014 \$	54,579,497	

Exhibit K-7

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2014

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	86,920	
Social Security		5,684	
State Retirement		10,202	
Life Insurance		651	
Medical Insurance		13,500	
Audit Services		19,987	
Dues and Memberships		24,204	
Other Charges		254	
Total County Commission			\$ 161,402

Board of Equalization

Board and Committee Members Fees	\$	3,710	
Social Security		284	
Travel		159	
Total Board of Equalization			4,153

County Mayor/Executive

County Official/Administrative Officer	\$	78,508	
Secretary(ies)		29,727	
Social Security		7,677	
State Retirement		14,573	
Life Insurance		67	
Medical Insurance		2,700	
Unemployment Compensation		54	
Travel		167	
Total County Mayor/Executive			133,473

County Attorney

Legal Services	\$	107,241	
Total County Attorney			107,241

Election Commission

County Official/Administrative Officer	\$	61,175	
Secretary(ies)		51,062	
Other Salaries and Wages		9,457	
Election Commission		6,820	
Election Workers		12,960	
Social Security		9,430	
State Retirement		15,283	
Life Insurance		101	
Medical Insurance		5,400	
Unemployment Compensation		159	
Communication		2,927	
Data Processing Services		11,596	
Dues and Memberships		200	
Legal Notices, Recording, and Court Costs		5,542	
Maintenance Agreements		14,448	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Maintenance and Repair Services - Office Equipment	\$	574	
Postal Charges		3,517	
Printing, Stationery, and Forms		3,962	
Rentals		660	
Travel		8,750	
Office Supplies		2,845	
Other Supplies and Materials		2,010	
Data Processing Equipment		2,962	
Voting Machines		70,422	
Total Election Commission			\$ 302,262

Register of Deeds

Other Contracted Services	\$	2,000	
Data Processing Supplies		10,702	
Total Register of Deeds			12,702

Development

Other Charges	\$	379	
Total Development			379

Planning

Board and Committee Members Fees	\$	1,525	
Social Security		117	
Contracts with Government Agencies		12,250	
Total Planning			13,892

Codes Compliance

County Official/Administrative Officer	\$	26,942	
In-service Training		1,577	
Social Security		1,927	
State Retirement		749	
Life Insurance		6	
Medical Insurance		2,250	
Unemployment Compensation		89	
Communication		1,528	
Maintenance and Repair Services - Vehicles		570	
Postal Charges		57	
Travel		210	
Other Contracted Services		2,680	
Gasoline		1,691	
Office Supplies		1,279	
Total Codes Compliance			41,555

County Buildings

Custodial Personnel	\$	25,393	
Social Security		1,769	
State Retirement		3,419	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Life Insurance	\$	34	
Medical Insurance		2,700	
Unemployment Compensation		54	
Maintenance and Repair Services - Buildings		17,212	
Custodial Supplies		8,665	
Utilities		90,543	
Other Supplies and Materials		3,848	
Total County Buildings			\$ 153,637

Other Facilities

Maintenance Personnel	\$	35,936	
Social Security		2,363	
State Retirement		4,839	
Life Insurance		34	
Medical Insurance		2,700	
Unemployment Compensation		54	
Maintenance and Repair Services - Buildings		184,751	
Total Other Facilities			230,677

Other General Administration

Communication	\$	38,321	
Data Processing Services		76,671	
Legal Notices, Recording, and Court Costs		2,519	
Maintenance Agreements		2,021	
Maintenance and Repair Services - Office Equipment		277	
Postal Charges		24,402	
Printing, Stationery, and Forms		23,307	
Other Contracted Services		3,976	
Office Supplies		29,403	
Premiums on Corporate Surety Bonds		322	
Data Processing Equipment		5,356	
Office Equipment		3,694	
Total Other General Administration			210,269

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	61,392	
Assistant(s)		42,288	
Accountants/Bookkeepers		240,223	
In-service Training		705	
Social Security		24,207	
State Retirement		44,052	
Life Insurance		330	
Medical Insurance		24,300	
Unemployment Compensation		559	
Travel		2,132	
Total Accounting and Budgeting			440,188

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Purchasing

Legal Notices, Recording, and Court Costs	\$ 3,977	
Total Purchasing		\$ 3,977

Property Assessor's Office

County Official/Administrative Officer	\$ 67,973	
Assistant(s)	136,253	
In-service Training	603	
Social Security	14,375	
State Retirement	23,327	
Life Insurance	159	
Medical Insurance	12,825	
Unemployment Compensation	323	
Data Processing Services	17,063	
Dues and Memberships	1,700	
Legal Notices, Recording, and Court Costs	114	
Maintenance and Repair Services - Vehicles	464	
Postal Charges	4,019	
Gasoline	3,755	
Other Supplies and Materials	5,791	
Total Property Assessor's Office		288,744

County Trustee's Office

Legal Notices, Recording, and Court Costs	\$ 366	
Postal Charges	7,624	
Other Supplies and Materials	8,456	
Data Processing Equipment	4,149	
Total County Trustee's Office		20,595

Administration of Justice

Circuit Court

Jury and Witness Expense	\$ 28,453	
Postal Charges	294	
Other Charges	38,856	
Data Processing Equipment	91,617	
Total Circuit Court		159,220

General Sessions Court

Judge(s)	\$ 148,398	
Secretary(ies)	32,841	
Other Salaries and Wages	11,950	
Other Per Diem and Fees	2,200	
Social Security	11,946	
State Retirement	24,403	
Life Insurance	84	
Medical Insurance	1,575	
Unemployment Compensation	113	
Communication	1,486	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Postal Charges	\$	254	
Travel		2,281	
Other Contracted Services		948	
Office Supplies		275	
Other Charges		1,175	
Data Processing Equipment		125	
Total General Sessions Court			\$ 240,054

Drug Court

Probation Officer(s)	\$	50,505	
Social Security		4,398	
State Retirement		6,798	
Life Insurance		67	
Medical Insurance		2,700	
Unemployment Compensation		143	
Contracts with Private Agencies		400	
Evaluation and Testing		6,546	
Travel		239	
Other Supplies and Materials		702	
Total Drug Court			72,498

Chancery Court

County Official/Administrative Officer	\$	67,973	
Clerical Personnel		76,695	
Social Security		10,607	
State Retirement		15,374	
Life Insurance		95	
Medical Insurance		7,820	
Unemployment Compensation		232	
Advertising		30	
Communication		2,386	
Postal Charges		2,406	
Printing, Stationery, and Forms		1,039	
Other Contracted Services		2,679	
Office Supplies		2,041	
Other Supplies and Materials		77	
Other Charges		130	
Total Chancery Court			189,584

Juvenile Court

Youth Service Officer(s)	\$	75,055
Overtime Pay		5,058
Other Salaries and Wages		22,822
Other Per Diem and Fees		2,200
Social Security		7,673
State Retirement		12,413
Life Insurance		67

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Medical Insurance	\$	2,700	
Unemployment Compensation		162	
Communication		3,129	
Postal Charges		98	
Travel		3,577	
Office Supplies		908	
Other Supplies and Materials		5,799	
Data Processing Equipment		2,312	
Total Juvenile Court			\$ 143,973

Judicial Commissioners

County Official/Administrative Officer	\$	73,797	
In-service Training		600	
Social Security		4,656	
Unemployment Compensation		324	
Office Supplies		1,141	
Total Judicial Commissioners			80,518

Victim Assistance Programs

Remittance of Revenue Collected	\$	78,300	
Total Victim Assistance Programs			78,300

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	74,770	
Deputy(ies)		1,047,077	
Investigator(s)		251,449	
Lieutenant(s)		147,111	
Salary Supplements		24,600	
Clerical Personnel		99,117	
Overtime Pay		32,148	
Other Salaries and Wages		32,282	
In-service Training		8,423	
Social Security		123,555	
State Retirement		220,698	
Life Insurance		2,540	
Medical Insurance		65,138	
Unemployment Compensation		2,511	
Communication		8,693	
Data Processing Services		835	
Maintenance and Repair Services - Office Equipment		5,494	
Maintenance and Repair Services - Vehicles		47,426	
Medical and Dental Services		3,138	
Postal Charges		1,525	
Printing, Stationery, and Forms		1,374	
Travel		2,347	
Gasoline		160,594	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Law Enforcement Supplies	\$	3,508	
Office Supplies		3,235	
Tires and Tubes		13,603	
Uniforms		9,949	
Communication Equipment		31,761	
Furniture and Fixtures		826	
Law Enforcement Equipment		22,585	
Motor Vehicles		135,006	
Total Sheriff's Department			\$ 2,583,318

Administration of the Sexual Offender Registry

Other Contracted Services	\$	4,393	
Total Administration of the Sexual Offender Registry			4,393

Jail

Supervisor/Director	\$	42,804	
Medical Personnel		126,302	
Guards		1,117,081	
Clerical Personnel		37,438	
Overtime Pay		6,178	
Other Salaries and Wages		29,561	
Social Security		96,956	
State Retirement		160,560	
Medical Insurance		74,392	
Unemployment Compensation		2,442	
Contracts with Government Agencies		340	
Evaluation and Testing		1,930	
Maintenance and Repair Services - Equipment		13,180	
Medical and Dental Services		358,859	
Pest Control		1,200	
Printing, Stationery, and Forms		544	
Custodial Supplies		43,936	
Food Preparation Supplies		12,257	
Food Supplies		418,758	
Law Enforcement Supplies		2,374	
Prisoners Clothing		5,284	
Utilities		159,992	
Other Supplies and Materials		8,514	
Law Enforcement Equipment		36,911	
Office Equipment		7,022	
Total Jail			2,764,815

Juvenile Services

Other Charges	\$	14,360	
Total Juvenile Services			14,360

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Other Per Diem and Fees	\$ 2,625	
Total County Coroner/Medical Examiner		\$ 2,625

Other Public Safety

Communication	\$ 63	
Contributions	151,000	
Total Other Public Safety		151,063

Public Health and Welfare

Local Health Center

Social Security	\$ 1,097	
Unemployment Compensation	59	
Communication	7,597	
Janitorial Services	14,345	
Utilities	21,639	
Other Charges	34,455	
Total Local Health Center		79,192

Rabies and Animal Control

Supervisor/Director	\$ 21,472	
Other Salaries and Wages	14,170	
In-service Training	519	
Social Security	2,621	
State Retirement	3,259	
Life Insurance	62	
Medical Insurance	1,575	
Unemployment Compensation	104	
Communication	1,766	
Licenses	110	
Maintenance and Repair Services - Buildings	908	
Maintenance and Repair Services - Vehicles	3,045	
Veterinary Services	5,365	
Other Contracted Services	1,125	
Animal Food and Supplies	4,010	
Custodial Supplies	535	
Drugs and Medical Supplies	1,164	
Gasoline	4,635	
Office Supplies	234	
Utilities	4,999	
Other Supplies and Materials	976	
Data Processing Equipment	217	
Other Equipment	100	
Total Rabies and Animal Control		72,971

Maternal and Child Health Services

Other Supplies and Materials	\$ 4,794	
Other Charges	3,788	
Total Maternal and Child Health Services		8,582

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Alcohol and Drug Programs

Probation Officer(s)	\$	16,704	
Communication		2,816	
Rentals		6,000	
Travel		4,792	
Other Supplies and Materials		19,053	
Total Alcohol and Drug Programs			\$ 49,365

Other Local Health Services

Other Salaries and Wages	\$	487,099	
Social Security		36,101	
State Retirement		45,858	
Life Insurance		412	
Medical Insurance		13,950	
Unemployment Compensation		1,058	
Travel		9,801	
Other Supplies and Materials		5,000	
Total Other Local Health Services			599,279

Regional Mental Health Center

Contributions	\$	4,000	
Total Regional Mental Health Center			4,000

Appropriation to State

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

General Welfare Assistance

Other Charges	\$	3,000	
Total General Welfare Assistance			3,000

Other Local Welfare Services

Probation Officer(s)	\$	25,954	
Social Security		1,985	
State Retirement		3,355	
Unemployment Compensation		60	
Communication		822	
Contracts with Private Agencies		358,416	
Travel		2,865	
Other Supplies and Materials		5,129	
Total Other Local Welfare Services			398,586

Other Public Health and Welfare

Social Security	\$	917	
State Retirement		2,583	
Life Insurance		22	
Medical Insurance		2,700	
Unemployment Compensation		54	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare (Cont.)

Contracts with Government Agencies	\$	33,481	
Contributions		24,250	
Total Other Public Health and Welfare			\$ 64,007

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	8,750	
Total Senior Citizens Assistance			8,750

Libraries

Contributions	\$	116,000	
Total Libraries			116,000

Agriculture and Natural Resources

Agricultural Extension Service

Part-time Personnel	\$	9,499	
Board and Committee Members Fees		425	
Social Security		727	
Unemployment Compensation		57	
Communication		2,342	
Contributions		68,209	
Travel		8,000	
Other Contracted Services		14,287	
Office Supplies		5,684	
Total Agricultural Extension Service			109,230

Forest Service

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

Soil Conservation

Clerical Personnel	\$	32,356	
Other Salaries and Wages		29,537	
Social Security		4,241	
State Retirement		8,334	
Life Insurance		67	
Medical Insurance		5,400	
Unemployment Compensation		108	
Contributions		4,000	
Dues and Memberships		1,210	
Total Soil Conservation			85,253

Other Operations

Tourism

Other Charges	\$	4,000	
Total Tourism			4,000

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

Contributions	\$	150,000	
Site Development		100,000	
Total Industrial Development			\$ 250,000

Airport

County Official/Administrative Officer	\$	47,365	
Other Salaries and Wages		79,935	
Social Security		9,639	
State Retirement		12,810	
Life Insurance		101	
Medical Insurance		2,812	
Unemployment Compensation		349	
Communication		7,386	
Travel		4,354	
Gasoline		227,214	
Utilities		32,108	
Other Supplies and Materials		39,961	
Liability Insurance		12,075	
Other Charges		18,929	
Airport Improvement		234,763	
Maintenance Equipment		10,605	
Total Airport			740,406

Veterans' Services

Supervisor/Director	\$	14,603	
Social Security		1,117	
Unemployment Compensation		52	
Communication		806	
Other Charges		3,923	
Total Veterans' Services			20,501

Other Charges

Building and Contents Insurance	\$	14,213	
Liability Insurance		98,018	
Trustee's Commission		154,562	
Workers' Compensation Insurance		174,902	
Total Other Charges			441,695

Contributions to Other Agencies

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

Employee Benefits

Social Security	\$	65,891	
State Retirement		119,074	
Life Insurance		747	
Medical Insurance		44,605	
Unemployment Compensation		1,358	
Total Employee Benefits			231,675

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Other Supplies and Materials	\$	29,853	
Other Charges		10,238	
Right-of-Way		1,262	
Total Miscellaneous			\$ 41,353

Total General Fund

\$ 11,997,415

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Supervisor/Director	\$	49,321	
Truck Drivers		71,758	
Social Security		8,396	
State Retirement		13,132	
Life Insurance		123	
Medical Insurance		8,100	
Unemployment Compensation		309	
Communication		377	
Contracts with Government Agencies		43,488	
Laundry Service		5,715	
Maintenance and Repair Services - Equipment		384	
Maintenance and Repair Services - Vehicles		31,340	
Postal Charges		46	
Travel		608	
Diesel Fuel		38,205	
Gasoline		3,282	
Lubricants		1,636	
Tires and Tubes		4,308	
Utilities		2,061	
Other Supplies and Materials		2,266	
Workers' Compensation Insurance		11,172	
Motor Vehicles		217,016	
Total Waste Pickup			\$ 513,043

Convenience Centers

Other Salaries and Wages	\$	226,872	
Social Security		16,507	
State Retirement		6,977	
Life Insurance		54	
Medical Insurance		6,075	
Unemployment Compensation		1,162	
Communication		6,559	
Contracts with Private Agencies		313,803	
Maintenance and Repair Services - Equipment		2,338	
Rentals		6,160	
Utilities		10,306	
Workers' Compensation Insurance		19,023	

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Site Development	\$	9,296	
Solid Waste Equipment		24,932	
Other Equipment		3,205	
Total Convenience Centers			\$ 653,269

Other Waste Disposal

Liability Insurance	\$	11,716	
Trustee's Commission		17,459	
Other Charges		6,631	
Total Other Waste Disposal			35,806

Total Solid Waste/Sanitation Fund \$ 1,202,118

Ambulance Service Fund

Public Safety

Civil Defense

Assistant(s)	\$	5,458	
Supervisor/Director		24,278	
In-service Training		1,069	
Social Security		2,381	
State Retirement		3,257	
Unemployment Compensation		96	
Communication		2,665	
Dues and Memberships		110	
Maintenance and Repair Services - Vehicles		3,836	
Other Contracted Services		1,864	
Gasoline		1,383	
Office Supplies		442	
Other Supplies and Materials		78	
Total Civil Defense			\$ 46,917

Rescue Squad

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

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$	51,668	
Accountants/Bookkeepers		66,963	
Medical Personnel		1,656,422	
In-service Training		18,571	
Social Security		130,208	
State Retirement		212,105	
Life Insurance		1,145	
Medical Insurance		61,425	
Unemployment Compensation		2,683	
Communication		13,106	

(Continued)

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

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Data Processing Services	\$	450	
Licenses		3,510	
Maintenance and Repair Services - Buildings		7,191	
Maintenance and Repair Services - Equipment		7,828	
Maintenance and Repair Services - Vehicles		43,252	
Postal Charges		4,651	
Printing, Stationery, and Forms		2,760	
Other Contracted Services		12,152	
Custodial Supplies		8,617	
Diesel Fuel		102,756	
Drugs and Medical Supplies		107,358	
Gasoline		2,885	
Lubricants		14,566	
Office Supplies		4,654	
Tires and Tubes		11,867	
Uniforms		16,109	
Utilities		14,171	
Other Supplies and Materials		78	
Building and Contents Insurance		460	
Liability Insurance		75,652	
Refunds		19,686	
Trustee's Commission		46,157	
Workers' Compensation Insurance		119,634	
Other Charges		5,495	
Data Processing Equipment		19,230	
Furniture and Fixtures		1,825	
Office Equipment		30	
Health Equipment		228,437	
Total Ambulance/Emergency Medical Services			\$ 3,095,757

Total Ambulance Service Fund \$ 3,168,584

Drug Control Fund

Public Safety

Drug Enforcement

Investigator(s)	\$	43,019	
Social Security		3,291	
State Retirement		5,766	
Life Insurance		34	
Unemployment Compensation		54	
Contributions		500	
Confidential Drug Enforcement Payments		10,000	
Other Supplies and Materials		15,181	
Trustee's Commission		1,032	
Other Charges		4,897	
Total Drug Enforcement			\$ 83,774

(Continued)

Exhibit K-7

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

<u>Drug Control Fund (Cont.)</u>			
<u>Public Health and Welfare</u>			
<u>Alcohol and Drug Programs</u>			
Other Supplies and Materials	\$	5,621	
Total Alcohol and Drug Programs			\$ 5,621
Total Drug Control Fund			\$ 89,395
<u>Constitutional Officers - Fees Fund</u>			
<u>General Government</u>			
<u>Register of Deeds</u>			
Constitutional Officers' Operating Expenses	\$	118,035	
Total Register of Deeds			\$ 118,035
<u>Finance</u>			
<u>County Trustee's Office</u>			
Constitutional Officers' Operating Expenses	\$	211,778	
Total County Trustee's Office			211,778
<u>County Clerk's Office</u>			
Constitutional Officers' Operating Expenses	\$	271,678	
Total County Clerk's Office			271,678
<u>Administration of Justice</u>			
<u>Circuit Court</u>			
Constitutional Officers' Operating Expenses	\$	139,457	
Total Circuit Court			139,457
<u>General Sessions Court</u>			
Constitutional Officers' Operating Expenses	\$	170,746	
Total General Sessions Court			170,746
<u>Juvenile Court</u>			
Constitutional Officers' Operating Expenses	\$	6,036	
Total Juvenile Court			6,036
Total Constitutional Officers - Fees Fund			917,730
<u>Highway/Public Works Fund</u>			
<u>Highways</u>			
<u>Administration</u>			
County Official/Administrative Officer	\$	74,770	
Supervisor/Director		36,668	
Accountants/Bookkeepers		36,677	
Advertising		202	
Data Processing Services		1,070	
Dues and Memberships		3,765	
Maintenance and Repair Services - Office Equipment		310	
Postal Charges		62	
Printing, Stationery, and Forms		649	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Travel	\$	654	
Office Supplies		2,012	
Other Charges		49	
Office Equipment		124	
Total Administration			\$ 157,012

Highway and Bridge Maintenance

Equipment Operators	\$	266,323	
Truck Drivers		31,274	
Laborers		88,982	
Rentals		3,395	
Other Contracted Services		777,357	
Asphalt - Liquid		52,922	
Concrete		27,098	
Crushed Stone		26,737	
General Construction Materials		357	
Other Road Materials		1,115	
Pipe		11,288	
Pipe - Metal		11,942	
Road Signs		14,532	
Salt		4,819	
Total Highway and Bridge Maintenance			1,318,141

Operation and Maintenance of Equipment

Maintenance and Repair Services - Equipment	\$	19,020	
Towing Services		1,225	
Diesel Fuel		55,418	
Equipment and Machinery Parts		51,797	
Garage Supplies		6,738	
Gasoline		20,837	
Lubricants		6,274	
Tires and Tubes		14,516	
Other Charges		35	
Total Operation and Maintenance of Equipment			175,860

Other Charges

Communication	\$	4,338	
Contributions		4,000	
Janitorial Services		2,982	
Maintenance and Repair Services - Buildings		4,011	
Custodial Supplies		406	
Drugs and Medical Supplies		275	
Electricity		7,984	
Food Supplies		397	
Natural Gas		4,751	
Water and Sewer		776	
Building and Contents Insurance		1,459	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Liability Insurance	\$	28,481	
Trustee's Commission		29,837	
Vehicle and Equipment Insurance		4,293	
Workers' Compensation Insurance		40,608	
Other Charges		7,368	
Total Other Charges			\$ 141,966

Employee Benefits

Social Security	\$	39,203	
State Retirement		71,996	
Employee and Dependent Insurance		24,300	
Life Insurance		514	
Unemployment Compensation		3,780	
Total Employee Benefits			139,793

Capital Outlay

Engineering Services	\$	56,093	
Bridge Construction		97,259	
Communication Equipment		7,099	
Highway Equipment		19,427	
Motor Vehicles		3,800	
Total Capital Outlay			183,678

Total Highway/Public Works Fund \$ 2,116,450

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	590,000	
Principal on Notes		111,666	
Total General Government			\$ 701,666

Education

Principal on Bonds	\$	1,180,305	
Principal on Notes		84,427	
Total Education			1,264,732

Interest on Debt

General Government

Interest on Bonds	\$	216,075	
Interest on Notes		4,135	
Total General Government			220,210

Education

Interest on Bonds	\$	747,697	
Interest on Notes		914	
Total Education			748,611

(Continued)

Exhibit K-7

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Other Debt Service</u>			
<u>General Government</u>			
Bank Charges	\$	5,119	
Trustee's Commission		<u>37,062</u>	
Total General Government			\$ 42,181
<u>Education</u>			
Other Debt Service	\$	<u>7,440</u>	
Total Education			<u>7,440</u>
Total General Debt Service Fund			\$ 2,984,840
<u>Education Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Contributions	\$	<u>253,282</u>	
Total Education Capital Projects			<u>\$ 253,282</u>
Total Education Capital Projects Fund			<u>253,282</u>
Total Governmental Funds - Primary Government			<u>\$ 22,729,814</u>

Exhibit K-8

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Warren County School Department
For the Year Ended June 30, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 15,607,252	
Career Ladder Program	144,420	
Career Ladder Extended Contracts	45,140	
Homebound Teachers	84,121	
Salary Supplements	585,576	
Educational Assistants	845,438	
Other Salaries and Wages	249,372	
Social Security	1,009,040	
State Retirement	1,569,985	
Medical Insurance	1,345,658	
Unemployment Compensation	29,647	
Employer Medicare	237,768	
Contracts for Substitute Teachers - Certified	315,716	
Contracts for Substitute Teachers - Non-certified	25,251	
Instructional Supplies and Materials	133,808	
Textbooks	717,258	
Other Supplies and Materials	1,258	
Other Charges	87,095	
Regular Instruction Equipment	583,843	
Total Regular Instruction Program		\$ 23,617,646

Alternative Instruction Program

Teachers	\$ 180,328	
Educational Assistants	65,500	
Social Security	14,700	
State Retirement	24,829	
Medical Insurance	14,615	
Unemployment Compensation	509	
Employer Medicare	3,442	
Total Alternative Instruction Program		303,923

Special Education Program

Teachers	\$ 1,893,784
Career Ladder Program	9,000
Career Ladder Extended Contracts	700
Homebound Teachers	29,215
Educational Assistants	447,335
Speech Pathologist	142,383
Other Salaries and Wages	24,298
Social Security	145,268
State Retirement	241,008
Medical Insurance	221,855
Unemployment Compensation	4,798
Employer Medicare	34,042
Contracts for Substitute Teachers - Certified	13,968
Contracts for Substitute Teachers - Non-certified	21,854

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Instructional Supplies and Materials	\$	78,290	
Special Education Equipment		41,008	
Total Special Education Program			\$ 3,348,806

Vocational Education Program

Teachers	\$	974,636	
Career Ladder Program		3,000	
Other Salaries and Wages		37,660	
Social Security		58,559	
State Retirement		91,883	
Medical Insurance		81,203	
Unemployment Compensation		1,782	
Employer Medicare		13,695	
Contracts for Substitute Teachers - Certified		29,412	
Instructional Supplies and Materials		34,860	
T&I Construction Materials		16,525	
Vocational Instruction Equipment		23,336	
Total Vocational Education Program			1,366,551

Adult Education Program

Teachers	\$	55,657	
Social Security		2,991	
State Retirement		4,863	
Medical Insurance		7,054	
Unemployment Compensation		128	
Employer Medicare		713	
Other Contracted Services		9,816	
Instructional Supplies and Materials		508	
Other Equipment		1,443	
Total Adult Education Program			83,173

Support Services

Attendance

Supervisor/Director	\$	68,068	
Career Ladder Program		1,000	
Clerical Personnel		30,278	
Other Salaries and Wages		245,059	
Social Security		19,837	
State Retirement		43,084	
Medical Insurance		9,658	
Unemployment Compensation		961	
Employer Medicare		4,639	
Travel		290	
Other Contracted Services		15,038	
Other Supplies and Materials		18,936	
Attendance Equipment		1,194	
Total Attendance			458,042

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services

Medical Personnel	\$	472,246	
Other Salaries and Wages		187,340	
Social Security		40,868	
State Retirement		65,982	
Unemployment Compensation		1,428	
Employer Medicare		9,558	
Travel		13,406	
Other Contracted Services		3,000	
Drugs and Medical Supplies		12,006	
Other Supplies and Materials		17,087	
Other Charges		17,888	
Health Equipment		5,732	
Total Health Services			\$ 846,541

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		660,297	
Attendants		54,644	
Other Salaries and Wages		273,994	
Social Security		56,374	
State Retirement		96,298	
Medical Insurance		55,498	
Unemployment Compensation		1,709	
Employer Medicare		13,541	
Contracts with Government Agencies		226,067	
Evaluation and Testing		25,809	
Other Contracted Services		118,566	
Other Charges		200,248	
Other Equipment		21,689	
Total Other Student Support			1,806,734

Regular Instruction Program

Supervisor/Director	\$	312,853	
Career Ladder Program		8,500	
Career Ladder Extended Contracts		700	
Librarians		382,903	
Instructional Computer Personnel		77,869	
Other Salaries and Wages		33,624	
Social Security		48,984	
State Retirement		74,924	
Medical Insurance		23,916	
Unemployment Compensation		984	
Employer Medicare		11,459	
Travel		29,063	
Library Books/Media		75,413	
Other Supplies and Materials		6,009	

(Continued)

Exhibit K-8

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

<u>General Purpose School Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Regular Instruction Program (Cont.)</u>		
In Service/Staff Development	\$ 11,696	
Other Charges	15,000	
Total Regular Instruction Program		\$ 1,113,897
<u>Alternative Instruction Program</u>		
Supervisor/Director	\$ 68,080	
Secretary(ies)	19,366	
Social Security	5,422	
State Retirement	8,652	
Unemployment Compensation	127	
Employer Medicare	1,268	
Total Alternative Instruction Program		102,915
<u>Special Education Program</u>		
Supervisor/Director	\$ 63,724	
Career Ladder Program	1,000	
Psychological Personnel	218,054	
Other Salaries and Wages	35,274	
Social Security	18,299	
State Retirement	29,859	
Medical Insurance	27,362	
Unemployment Compensation	381	
Employer Medicare	4,280	
Travel	10,606	
Other Contracted Services	17,138	
Other Equipment	750	
Total Special Education Program		426,727
<u>Vocational Education Program</u>		
Supervisor/Director	\$ 72,044	
Career Ladder Program	1,000	
Social Security	4,362	
State Retirement	6,486	
Medical Insurance	4,006	
Unemployment Compensation	67	
Employer Medicare	1,020	
Travel	1,017	
Other Charges	820	
Other Equipment	3,500	
Total Vocational Education Program		94,322
<u>Other Programs</u>		
On-behalf Payments to OPEB	\$ 209,608	
Total Other Programs		209,608

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Other Salaries and Wages	\$	54,808	
Board and Committee Members Fees		19,680	
Social Security		4,475	
State Retirement		10,026	
Medical Insurance		4,006	
Unemployment Compensation		67	
Employer Medicare		1,047	
Audit Services		7,850	
Dues and Memberships		11,762	
Legal Services		2,448	
Travel		15,846	
Liability Insurance		62,759	
Premiums on Corporate Surety Bonds		1,102	
Trustee's Commission		308,829	
Workers' Compensation Insurance		198,781	
Other Charges		11,597	
Total Board of Education			\$ 715,083

Director of Schools

County Official/Administrative Officer	\$	98,844	
Career Ladder Program		1,000	
Social Security		5,699	
State Retirement		8,866	
Medical Insurance		8,574	
Unemployment Compensation		67	
Employer Medicare		1,333	
Communication		43,123	
Dues and Memberships		3,358	
Postal Charges		2,162	
Travel		3,939	
Other Charges		398	
Total Director of Schools			177,363

Office of the Principal

Principals	\$	675,181	
Career Ladder Program		10,000	
Career Ladder Extended Contracts		1,400	
Assistant Principals		387,945	
Secretary(ies)		347,381	
Other Salaries and Wages		8,450	
Social Security		83,361	
State Retirement		141,426	
Medical Insurance		87,911	
Unemployment Compensation		2,103	
Employer Medicare		19,496	
Communication		225,242	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Dues and Memberships	\$	6,500	
Travel		420	
Other Supplies and Materials		2,450	
Administration Equipment		447,513	
Total Office of the Principal			\$ 2,446,779

Fiscal Services

Internal Audit Personnel	\$	211,615	
Secretary(ies)		47,436	
Social Security		12,905	
State Retirement		29,014	
Medical Insurance		890	
Unemployment Compensation		463	
Employer Medicare		3,649	
Travel		527	
Other Contracted Services		19,536	
Office Supplies		9,631	
Other Charges		1,222	
Administration Equipment		6,392	
Total Fiscal Services			343,280

Operation of Plant

Secretary(ies)	\$	29,896	
Custodial Personnel		959,667	
Other Salaries and Wages		14,816	
Social Security		61,185	
State Retirement		120,636	
Medical Insurance		2,158	
Unemployment Compensation		3,442	
Employer Medicare		14,309	
Rentals		700	
Other Contracted Services		10,882	
Custodial Supplies		190,614	
Electricity		1,387,363	
Natural Gas		247,498	
Water and Sewer		130,570	
Other Supplies and Materials		29,460	
Building and Contents Insurance		129,409	
Plant Operation Equipment		50,651	
Total Operation of Plant			3,383,256

Maintenance of Plant

Supervisor/Director	\$	156,354	
Secretary(ies)		25,178	
Other Salaries and Wages		441,715	
Social Security		38,061	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

State Retirement	\$	78,485	
Medical Insurance		2,606	
Unemployment Compensation		1,429	
Employer Medicare		8,907	
Other Contracted Services		241,684	
Gasoline		52,646	
Other Supplies and Materials		271,423	
Other Charges		1,305	
Maintenance Equipment		95,243	
Total Maintenance of Plant			\$ 1,415,036

Transportation

Contracts with Private Agencies	\$	1,569,024	
Total Transportation			1,569,024

Operation of Non-instructional Services

Community Services

Other Salaries and Wages	\$	65,410	
Social Security		4,055	
Unemployment Compensation		459	
Employer Medicare		948	
Travel		945	
Other Supplies and Materials		6,832	
Total Community Services			78,649

Early Childhood Education

Teachers	\$	339,149	
Educational Assistants		127,400	
Other Salaries and Wages		49,180	
Social Security		29,508	
State Retirement		50,513	
Medical Insurance		40,296	
Unemployment Compensation		1,079	
Employer Medicare		6,901	
Travel		6,325	
Other Supplies and Materials		32,370	
Other Charges		20,928	
Other Equipment		2,505	
Total Early Childhood Education			706,154

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	976,531	
Total Regular Capital Outlay			976,531

Total General Purpose School Fund \$ 45,590,040

(Continued)

Exhibit K-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,562,777	
Educational Assistants		111,111	
Other Salaries and Wages		63,958	
Social Security		100,337	
State Retirement		156,364	
Medical Insurance		93,785	
Unemployment Compensation		2,915	
Employer Medicare		23,829	
Contracts for Substitute Teachers - Certified		23,580	
Contracts for Substitute Teachers - Non-certified		1,648	
Instructional Supplies and Materials		162,241	
Other Supplies and Materials		1,744	
Other Charges		5,418	
Regular Instruction Equipment		355,198	
Total Regular Instruction Program			\$ 2,664,905

Special Education Program

Teachers	\$	314,425	
Clerical Personnel		20,944	
Educational Assistants		366,156	
Speech Pathologist		10,025	
Social Security		41,183	
State Retirement		71,695	
Medical Insurance		10,481	
Unemployment Compensation		1,915	
Employer Medicare		10,035	
Evaluation and Testing		250	
Maintenance and Repair Services - Equipment		846	
Contracts for Substitute Teachers - Certified		26,134	
Contracts for Substitute Teachers - Non-certified		14,287	
Instructional Supplies and Materials		35,530	
Other Charges		1,314	
Special Education Equipment		23,933	
Total Special Education Program			949,153

Vocational Education Program

Maintenance and Repair Services - Equipment	\$	5,236	
Tuition		8,168	
Instructional Supplies and Materials		55,563	
Other Supplies and Materials		2,187	
Other Charges		2,000	
Vocational Instruction Equipment		284,306	
Total Vocational Education Program			357,460

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services

Other Student Support

Other Salaries and Wages	\$	4,000	
Social Security		248	
State Retirement		355	
Employer Medicare		58	
Travel		18,717	
Other Contracted Services		2,685	
Other Supplies and Materials		2,936	
In Service/Staff Development		10,956	
Other Charges		24,570	
Total Other Student Support			\$ 64,525

Regular Instruction Program

Supervisor/Director	\$	74,548	
Other Salaries and Wages		262,334	
Social Security		16,461	
State Retirement		24,874	
Medical Insurance		16,766	
Unemployment Compensation		466	
Employer Medicare		4,684	
Travel		6,796	
Other Supplies and Materials		706	
In Service/Staff Development		95,377	
Other Charges		838	
Total Regular Instruction Program			503,850

Special Education Program

Secretary(ies)	\$	27,060	
Other Salaries and Wages		222,626	
Social Security		15,473	
State Retirement		33,608	
Unemployment Compensation		533	
Employer Medicare		3,619	
Travel		1,187	
Other Contracted Services		197,871	
Other Supplies and Materials		3,170	
In Service/Staff Development		37,025	
Other Charges		1,844	
Other Equipment		9,336	
Total Special Education Program			553,352

Vocational Education Program

Travel	\$	500	
In Service/Staff Development		2,680	
Total Vocational Education Program			3,180

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation

Contracts with Private Agencies	\$	1,410	
Vehicle Parts		4,955	
Total Transportation			<u>\$ 6,365</u>

Total School Federal Projects Fund \$ 5,102,790

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	71,774	
Internal Audit Personnel		77,750	
Salary Supplements		47,733	
Cafeteria Personnel		865,912	
Other Salaries and Wages		30,950	
In-service Training		1,294	
Social Security		66,096	
State Retirement		100,302	
Medical Insurance		2,478	
Unemployment Compensation		2,300	
Employer Medicare		15,623	
Communication		7,358	
Maintenance and Repair Services - Equipment		46,352	
Travel		4,751	
Other Contracted Services		38,650	
Food Preparation Supplies		30,410	
Food Supplies		1,246,131	
Office Supplies		5,091	
USDA - Commodities		227,564	
Other Supplies and Materials		1,322	
In Service/Staff Development		6,680	
Other Charges		5,797	
Food Service Equipment		81,873	
Total Food Service			<u>\$ 2,984,191</u>

Total Central Cafeteria Fund 2,984,191

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$	7,050	
Total Education Capital Projects			<u>\$ 7,050</u>

Total Education Capital Projects Fund 7,050

Total Governmental Funds - Warren County School Department \$ 53,684,071

Exhibit K-9

Warren County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2014

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,175,755
Total Cash Receipts	<u>\$ 2,175,755</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 2,132,240
Trustee's Commission	43,515
Total Cash Disbursements	<u>\$ 2,175,755</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2013	<u>0</u>
 Cash Balance, June 30, 2014	 <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***

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Warren County's basic financial statements, and have issued our report thereon dated February 10, 2015. Our report includes a reference to other auditors who audited the financial statements of the discretely presented Warren County Emergency Communications District as described in our report on Warren County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Warren County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Warren County's internal control. Accordingly, we do not express an opinion on the effectiveness of Warren County's internal control.

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 a 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2014-001, 2014-003, and 2014-005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Warren County's financial statements are free from 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 2014-002 and 2014-004.

Warren County's Responses to the Findings

Warren County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Warren County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Warren County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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
Nashville, Tennessee

February 10, 2015

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 for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Warren County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Warren County's major federal programs for the year ended June 30, 2014. Warren County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Warren County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and*

Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Warren County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Warren County's compliance.

Opinion on Each Major Federal Program

In our opinion, Warren County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Warren County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Warren County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Warren County's internal control over compliance.

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we

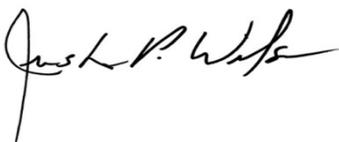
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Warren County's basic financial statements. We issued our report thereon dated February 10, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 10, 2015

JPW/yu

Warren County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2014

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 227,564 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	629,314
National School Lunch Program	10.555	N/A	1,629,888 (3)
Total U.S. Department of Agriculture			<u>\$ 2,486,766</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	<u>\$ 1,440</u>
U.S. Department of Labor:			
Passed-through Workforce Solutions:			
WIA Youth Activities	17.259	(2)	<u>\$ 96,863</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(2)	\$ 211,716
Alcohol Open Container Requirements	20.607	(2)	48,491
National Priority Safety Programs Formula Grant	20.616	Z-14-GHS410	53,282
Total U.S. Department of Transportation			<u>\$ 313,489</u>
U.S. Department of Energy:			
Passed-through Upper Cumberland Development District:			
Energy Efficiency and Conservation Block Grant Program	81.128	(2)	<u>\$ 19,000</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,399,763
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,485,228
Special Education - Preschool Grants	84.173	N/A	60,300
Career and Technical Education - Basic Grants to States	84.048	N/A	399,284
Education for Homeless Children and Youth	84.196	(2)	35,637
Rural Education	84.358	(2)	112,308
English Language Acquisition Grants	84.365	N/A	50,410
Improving Teacher Quality State Grants	84.367	N/A	286,517
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	84.395	(2)	330,623
Total U.S. Department of Education			<u>\$ 5,160,070</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	<u>\$ 71,962</u>
U.S. Department of Health and Human Services:			
Direct Program:			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	N/A	<u>\$ 384,831</u>
U.S. Department of Homeland Security:			
Direct Program:			
Assistance to Fire Fighters Grant	97.044	EMW-2012-FO-05375	\$ 192,917
Passed-through State Department of Military:			
Emergency Management Performance Grant	97.042	(2)	20,161
Total U.S. Department of Homeland Security			<u>\$ 213,078</u>
Total Expenditures of Federal Awards			<u>\$ 8,747,499</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Drug Court Program - State Department of Mental Health and Substance Abuse Services	N/A	(2)	\$ 55,909
Juvenile Justice Program - State Commission on Children and Youth	N/A	(2)	4,500
Litter Program - State Department of Transportation	N/A	DG-1435835	37,488
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	24,128
Rural Local Health Services - State Department of Health	N/A	GG1437594	599,548
Animal Friendly Spay/Neuter Grant Program - State Department of Health	N/A	(2)	1,184
ThreeStar Grant Program - State Department of Economic and Community Development	N/A	(2)	13,794
State and National Archives Partnership (SNAP) Grant - Tennessee Secretary of State	N/A	(2)	2,500
Airport Taxi Lane Project - State Department of Transportation	N/A	AERO-11-184-0C	8,609
Airport Land Acquisition - State Department of Transportation	N/A	AERO-12-181-00	2,650
Airport RSA Improvements - State Department of Transportation	N/A	(4)	15,670
Coordinated School Health Improvement Act of 2000 - State Department of Education	N/A	(2)	170,000
Art Subsidy - State Arts Commission	N/A	(2)	2,450
Family Resource Center - State Department of Education	N/A	(2)	29,611
Safe Schools Act - State Department of Education	N/A	(2)	38,300
ConnecTenn - State Department of Education	N/A	(2)	18,796
ACT/Explore/Plan Testing - State Department of Education	N/A	(2)	17,557
Technology Grant - State Department of Education	N/A	(2)	443,335
Early Childhood Education - State Department of Education	N/A	(2)	692,268
Total State Grants			\$ 2,178,297

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,857,452.
- (4) 10100-04813: \$3,414; 40100-16714: \$12,256.

Warren County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2014

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Warren County, Tennessee, for the year ended June 30, 2013, which have not been corrected.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-005	164	The accounting software did not identify the user who processed transactions

OFFICES OF COUNTY CLERK, REGISTER OF DEEDS, AND SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-006	165	Duties were not segregated adequately

WARREN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Warren County is unmodified.
2. The audit of the financial statements of Warren County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Warren County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Title I Grants to Local Educational Agencies (CFDA No. 84.010), the Special Education Cluster: Special Education - Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), Career and Technical Education – Basic Grants to States (CFDA No. 84.048), and State Fiscal Stabilization Fund – 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. Warren County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF FINANCE DIRECTOR

FINDING 2014-001

THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT AT JUNE 30, 2014

(Internal Control – Significant Deficiency Under Government Auditing Standards)

The School Federal Projects Fund had a cash overdraft of \$99,870 at June 30, 2014. Sound business practices dictate that expenditures be held within available funds. This cash overdraft resulted from the issuance of checks exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2014.

RECOMMENDATION

The office should not issue checks in excess of cash on deposit with the county trustee.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

Warren County School District is very aware of this internal control/governmental auditing issue and makes every attempt to prevent fund insufficiencies from occurring. However, the district also acknowledges that a cash overdraft of \$99,870 was documented at the close of the fiscal year on June 30, 2014, in the School Federal Projects Fund. Reimbursement funds were requested by June 30.

In fiscal year 2013-14 and prior years, the School Federal Projects Fund was governed by the federal accounting requirements, which dictate that monies must be spent first and later reimbursed by federal funds. Further, many federal grants allow expenditures to be made by recipients up to and including June 30 of each year. This allowance has the unintended consequence of putting severe financial strain on school districts that have to “float” this money until it is reimbursed. The burden is especially great at the end of the fiscal year.

For this reason, the School District allows General Purpose School Fund monies to be used as a cushion to insure that sufficient funds are available to cover district checks issued. In August 2013, the school district transferred \$150,000 of General Purpose School Fund monies to be used to meet financial obligations incurred by federal programs until reimbursement could be processed and received from the appropriate federal funding source.

Many year-end reimbursable expenses were not obligated or incurred until mid and late June 2014, therefore, preventing the district from requesting reimbursement until on or

after June 30. Further, employee paychecks are issued electronically on the 25th of every month. Federal expenses shown as deficient as of June 30 were fully reimbursed by federal funds soon after the fiscal year closed. However, internal accounting books showed a deficit on the last day of the fiscal year.

As always, the school district is dedicated to meeting financial expectations to the best of its knowledge and ability. Beginning fiscal year 2014-15, many federal funding sources have transitioned to E-plan. E-plan will allow the school district to request funds before they are obligated rather than requiring reimbursement as in years past. This change will prevent most of the accounting difficulties inherent in the reimbursement method and allow school districts to better control the flow of funds. Management will also continue to use internal safeguards and controls in order to prevent issuance of checks in excess of cash on deposit with the county trustee in the future.

OFFICE OF TRUSTEE

FINDING 2014-002

THE TRUSTEE PAID CHECKS ISSUED ON THE SCHOOL FEDERAL PROJECTS FUND THAT EXCEEDED AVAILABLE FUNDS

(Noncompliance Under Government Auditing Standards)

The trustee paid checks issued on the School Federal Projects Fund that exceeded the available cash balance on deposit by \$99,870 at June 30, 2014. Section 8-11-104(5), *Tennessee Code Annotated (TCA)*, prohibits the trustee from paying a check if sufficient funds are not available. This deficiency exists because the Finance Department continued to issue checks exceeding cash on deposit with the trustee, and the trustee kept honoring the checks. The cash overdraft was liquidated subsequent to June 30, 2014.

RECOMMENDATION

The trustee should not pay checks that exceed available cash as required by state statute.

MANAGEMENT'S RESPONSE – TRUSTEE

Checks were issued by Warren County's Finance Department on June 20, 2014, that exceeded monies available for the School Federal Projects Fund. We closed the 2013-14 year on June 30, 2014. It is my understanding that my duty as trustee is to keep an accurate accounting of all monies (for each department) and submit reports to the departments each month showing their debits, credits, and balances. I have no authority to tell the departments how, when or where they should spend their money. My actions did not cause the fund to be in the negative as it was the Finance Department who wrote the checks. The auditor has suggested that in the future, I should refuse to honor checks written by the Finance Department, School System, or any other department if the money is not currently available for that specific fund. I plan to discuss this issue with the Finance Department and School System to ensure that this does not happen in the future.

AUDITOR'S COMMENT

Section 8-11-104(5), *TCA*, prohibits the trustee from paying a check if sufficient funds are not available. Furthermore, Warren County has chosen to operate under the checking system established by Section 5-8-210, *TCA*. Under this system, the county trustee should certify that funds are available to pay checks before checks are released, thereby preventing department heads from issuing checks when sufficient cash is not available in the trustee's account.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

FINDING 2014-003

THE ACCOUNTING SOFTWARE DID NOT IDENTIFY THE USER WHO PROCESSED TRANSACTIONS

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

Although each employee had been assigned a unique username and password for accessing the office's accounting software, the software did not record the user who processed each transaction. Since the vendor did not design the system with these controls, the employee responsible for this activity would not be easily identified if inappropriate activity were to occur. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency exists because management failed to correct the finding noted in the prior-year audit report. The office changed software applications in June 2014. The application currently uses adequately records user activity; therefore, this deficiency has been corrected.

OFFICE OF CLERK AND MASTER

FINDING 2014-004

THE CLERK AND MASTER DID NOT REQUIRE A DEPOSITORY TO ADEQUATELY COLLATERALIZE FUNDS

(Noncompliance Under *Government Auditing Standards*)

The clerk and master did not require a depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2014, deposits exceeded FDIC coverage and collateral securities pledged by \$162,232. Section 5-8-201, *Tennessee Code Annotated*, provides for county officials to require any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of such county funds. This deficiency is the result of management oversight. The failure to adequately collateralize funds could result in a loss for the county.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – CLERK AND MASTER

An isolated incident occurred in June 2014 in which this office was ordered to receipt a very large sum of money, over \$260,000, into a probate case. The money was only to be held for a short time and was paid out in full the following month. Unfortunately, no action was taken with my depository to ensure proper coverage.

I acknowledge that the deposit caused our account to exceed the amount covered by our security pledge, and we will more closely monitor the accounts to ensure this does not happen again. If such a large amount has to be receipted, quicker reaction will be made with my depository or the money will be deposited into a different financial institution insured in the state collateral pool.

OFFICES OF COUNTY CLERK, REGISTER OF DEEDS, AND SHERIFF

FINDING 2014-005

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

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

RECOMMENDATION

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

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

There were no findings and questioned costs for federal awards.

**WARREN COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2014**

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