



**ANNUAL FINANCIAL REPORT
WAYNE COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2013



ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2013

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

WAYNE COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Wayne County, Tennessee
For the Year Ended June 30, 2013

Scope

We have audited the basic financial statements of Wayne County as of and for the year ended June 30, 2013.

Results

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

Our audit resulted in 30 findings and recommendations, which we have reviewed with Wayne County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings and Best Practices

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

OFFICE OF COUNTY EXECUTIVE

- ◆ Deficiencies were noted in the maintenance of accounting records for the Wayne County Board of Public Utilities.
- ◆ Material audit adjustments were required for proper financial statement presentation.
- ◆ General ledger cash accounts were not accurately reconciled with county trustee reports.
- ◆ Expenditures were misclassified in the accounting records of the General Fund.
- ◆ The Community Development/Industrial Park Fund had a cash overdraft at June 30, 2013.
- ◆ The General Fund had deficiencies in budget operations.
- ◆ The office had purchasing deficiencies.
- ◆ General ledger payroll liability accounts were not reconciled.
- ◆ Authorizations were not on file to support gross salary amounts for some employees.
- ◆ A tax anticipation note was not issued in compliance with state statute.
- ◆ Amounts withheld from contractor payments were not deposited into an escrow account.
- ◆ The office did not file a Report on Debt Obligation with the State Comptroller's Office.
- ◆ Written agreements do not exist to document loans to the Wayne County Retirement Facilities.

OFFICE OF COMMISSIONER OF HIGHWAYS

- ◆ The office had purchasing deficiencies.
 - ◆ Expenditures exceeded appropriations in a major appropriation category of the Highway/Public Works Fund.
 - ◆ Authorizations were not on file to support gross salary amounts for some employees.
-

OFFICE OF DIRECTOR OF SCHOOLS

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

OFFICE OF TRUSTEE

- ◆ The trustee paid warrants from the School Federal Projects and Central Cafeteria funds that exceeded available cash on deposit.
 - ◆ The trustee did not require a depository to adequately collateralize funds.
 - ◆ Revenues were not prorated accurately.
 - ◆ A username and password were shared by employees.
-

OFFICES OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; AND CLERK AND MASTER

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

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

- ◆ Duties were not segregated adequately.
-

BEST PRACTICES

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

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

INTRODUCTORY SECTION

Wayne County Officials

June 30, 2013

Officials

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

Board of County Commissioners

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

Board of Education

Barry Hanback, Chairman	Patrick Blackburn
Andy Yarbrough	Pat Brown
Dwight Bumphus	Angela Swanson
Greg Eaton	

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

Wayne County Executive and
Board of County Commissioners
Wayne 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 Wayne County, Tennessee, as of and for the year ended June 30, 2013, 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 Wayne County Emergency Communications District, which represent nine percent, six percent, and two percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. These 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 Wayne 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.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
General Fund	Unmodified
Solid Waste/Sanitation Fund	Unmodified
Highway/Public Works Fund	Unmodified
General Debt Service Fund	Unmodified
Community Development/Industrial Park Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements of the Wayne County Retirement Facilities (which include the Wayne County Nursing Home and the Wayne County Assisted Living Facility), a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units' financial statements referred to above do not include amounts for the

Wayne County Retirement Facilities, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units” paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of Wayne County, Tennessee, as of June 30, 2013, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne County, Tennessee, as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the General, Solid Waste/Sanitation, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note V.B., Wayne County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*), which became effective for the year ended June 30, 2013. Wayne County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

We draw attention to Note I.D.9 to the financial statements, which describes a restatement to the beginning net position of the governmental activities totaling \$139,909, which was necessary due to the implementation of GASB Statement No. 65

Other Matters

Required Supplementary Information

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to

supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedules of funding progress - pension and other postemployment benefits information on pages 76-78 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 an opinion on the financial statements as a whole. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Wayne County School Department (a discretely presented component unit), and miscellaneous schedules are presented for the purposes of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described above in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

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 December 4, 2013, on our consideration of Wayne 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 Wayne 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 prominent initial "J" and "W".

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 4, 2013

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Wayne County, Tennessee
Statement of Net Position
June 30, 2013

	Primary Government Governmental Activities	Component Units	
		Wayne County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash	\$ 0	\$ 555	\$ 472,528
Equity in Pooled Cash and Investments	3,816,269	1,437,494	0
Inventories	0	40,380	0
Accounts Receivable	170,925	0	21,096
Due from Other Governments	1,591,762	320,410	0
Due from Component Units	70,493	0	0
Property Taxes Receivable	3,938,419	1,969,210	0
Allowance for Uncollectible Property Taxes	(138,684)	(69,343)	0
Prepaid Items	0	0	6,766
Notes Receivable	200,000	0	0
Restricted Assets:			
Customer Deposits	1,650	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	735,291	495,517	55,244
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	11,391,938	13,309,386	707,640
Infrastructure	11,342,949	0	0
Other Capital Assets	1,259,325	1,340,863	492,181
Total Assets	<u>\$ 34,380,337</u>	<u>\$ 18,844,472</u>	<u>\$ 1,755,455</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 29,531	\$ 0	\$ 14,113
Accrued Payroll	1,250	285	0
Payroll Deductions Payable	0	119,335	0
Cash Overdraft	22,664	0	0
Contracts Payable	412,273	0	0
Retainage Payable	80,313	0	0
Due to Primary Government	0	70,493	0
Due to State of Tennessee	2,554	11,027	0
Accrued Interest Payable	82,294	0	0
Other Accrued Liabilities	0	0	15,774
Deferred Revenues	0	0	130,858
Current Liabilities Payable from Restricted Assets:			
Customer Deposits Payable	1,650	0	0
Noncurrent Liabilities:			
Due Within One Year	1,401,219	71,049	88,965
Due in More Than One Year (net of unamortized premium on debt)	25,362,266	3,023,622	620,644
Total Liabilities	<u>\$ 27,396,014</u>	<u>\$ 3,295,811</u>	<u>\$ 870,354</u>

(Continued)

Exhibit A

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

	Primary Government <u>Governmental Activities</u>	Component Units	
		Wayne County School Department	Emergency Communica- tions District
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 3,584,907	\$ 1,792,453	\$ 0
Total Deferred Inflows of Resources	<u>\$ 3,584,907</u>	<u>\$ 1,792,453</u>	<u>\$ 0</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 12,424,056	\$ 15,145,766	\$ 545,456
Restricted for:			
General Government	34,611	0	0
Administration of Justice	17,434	0	0
Public Safety	237,120	0	0
Public Health and Welfare	19,689	0	0
Social, Cultural, and Recreational Services	37,583	0	0
Highway/Public Works	1,901,932	0	0
Education	0	62,832	0
Central Cafeteria	0	157,567	0
Unrestricted	<u>(11,273,009)</u>	<u>(1,609,957)</u>	<u>339,645</u>
Total Net Position	<u>\$ 3,399,416</u>	<u>\$ 13,756,208</u>	<u>\$ 885,101</u>

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

Exhibit B

Wayne County, Tennessee
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues					Primary Government		Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Wayne County	School Department	Emergency Communications	District	
Primary Government:										
Governmental Activities:										
General Government	\$ 668,512	\$ 79,314	\$ 20,164	\$ 0	\$ (569,034)	\$ 0	\$ 0	\$ 0	\$ 0	
Finance	428,036	374,508	0	0	(53,528)	0	0	0	0	
Administration of Justice	786,522	392,923	4,500	0	(389,099)	0	0	0	0	
Public Safety	3,114,384	1,180,967	114,925	0	(1,818,492)	0	0	0	0	
Public Health and Welfare	1,089,012	28,770	131,294	0	(928,948)	0	0	0	0	
Social, Cultural, and Recreational Services	217,898	5,500	1,938	0	(210,460)	0	0	0	0	
Agriculture and Natural Resources	65,213	0	0	0	(65,213)	0	0	0	0	
Other Operations	2,230,084	60,742	819,142	0	(1,350,200)	0	0	0	0	
Highways/Public Works	2,198,179	4,907	1,998,884	35,444	(158,944)	0	0	0	0	
Interest on Long-term Debt	1,019,743	0	0	0	(1,019,743)	0	0	0	0	
Other Debt Service	217,621	0	234,997	0	17,376	0	0	0	0	
Total Governmental Activities	\$ 12,035,204	\$ 2,127,631	\$ 3,325,844	\$ 35,444	\$ (6,546,285)	\$ 0	\$ 0	\$ 0	\$ 0	
Total Primary Government	\$ 12,035,204	\$ 2,127,631	\$ 3,325,844	\$ 35,444	\$ (6,546,285)	\$ 0	\$ 0	\$ 0	\$ 0	
Component Units:										
Wayne County School Department	\$ 21,745,800	\$ 391,422	\$ 3,739,165	\$ 0	\$ 0	\$ (17,615,213)	\$ 0	\$ 0	\$ 0	
Emergency Communications District	363,824	128,568	146,664	218,470	0	0	0	0	129,878	
Total Component Units	\$ 22,109,624	\$ 519,990	\$ 3,885,829	\$ 218,470	\$ 0	\$ (17,615,213)	\$ 0	\$ 0	\$ 129,878	

(Continued)

Exhibit B

Wayne County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Expenses	Program Revenues		Component Units		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total	Wayne County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes		\$ 2,681,068		\$ 1,867,565	\$ 0	0
Property Taxes Levied for Debt Service		1,042,177		0	0	0
Local Option Sales Tax		850,430		600,207	0	0
Wheel Tax		574,500		0	0	0
Litigation Tax - General		43,539		0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse		43,574		0	0	0
Litigation Tax - Sheriff		43,236		0	0	0
Business Tax		103,268		0	0	0
Mineral Severance Tax		42,579		0	0	0
Wholesale Beer Tax		158,777		0	0	0
Other Local Taxes		61,773		32,609	0	0
Grants and Contributions Not Restricted to Specific Programs		1,165,172		13,719,202	0	0
Unrestricted Investment Earnings		37,924		0	2,825	0
E-rate Funding		0		28,723	0	0
Miscellaneous		33,439		69,321	10,041	0
Gain on Disposal of Capital Assets		68,306		0	0	0
Insurance Recovery		3,523		0	0	0
Total General Revenues		\$ 6,953,285		\$ 16,317,627	\$ 12,866	
Change in Net Position		\$ 407,000		\$ (1,297,586)	\$ 142,744	
Net Position, July 1, 2012		3,132,325		15,053,794	742,357	
Restatement - See Note I.D.9.		(139,909)		0	0	
Net Position, June 30, 2013		\$ 3,399,416		\$ 13,756,208	\$ 885,101	

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

Exhibit C-1

Wayne County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2013

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Governmental Funds		
\$	255,098	290,797	1,369,931	1,496,955	0	403,488	3,816,269	
	120,485	2,392	0	37,680	10,062	306	170,925	
	431,173	0	353,828	156,790	644,253	5,718	1,591,762	
	138,944	0	0	0	0	0	138,944	
	70,493	0	0	0	0	0	70,493	
	1,969,210	827,638	42,809	1,098,762	0	0	3,938,419	
	(69,343)	(29,143)	(1,507)	(38,691)	0	0	(138,684)	
	0	0	0	0	1,650	0	1,650	
	0	0	0	200,000	0	0	200,000	
\$	2,916,060	1,091,684	1,765,061	2,951,496	655,965	409,512	9,789,778	

ASSETS

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

Total Assets

LIABILITIES

Accounts Payable
Accrued Payroll
Cash Overdraft
Contracts Payable
Retainage Payable
Due to Other Funds
Due to State of Tennessee
Current Liabilities Payable from Restricted Assets:
Customer Deposits Payable
Total Liabilities

\$	0	28,781	0	0	750	0	29,531
	0	0	1,250	0	0	0	1,250
	0	0	0	0	22,664	0	22,664
	0	0	0	0	412,273	0	412,273
	0	0	0	0	80,313	0	80,313
	0	29,628	69,983	39,333	0	0	138,944
	0	0	2,554	0	0	0	2,554
	0	0	0	0	1,650	0	1,650
	0	58,409	73,787	39,333	517,650	0	689,179

DEFERRED INFLOWS OF RESOURCES

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

\$	1,792,453	753,350	38,967	1,000,137	0	0	3,584,907
	102,968	43,277	2,238	57,453	0	0	205,936
	185,016	0	176,914	81,410	0	0	443,340
\$	2,080,437	796,627	218,119	1,139,000	0	0	4,234,183

FUND BALANCES

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

\$	34,611	0	0	0	0	0	34,611
	17,434	0	0	0	0	0	17,434
	153,354	0	0	0	0	83,766	237,120

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Governmental Funds		
\$	0	0	0	0	0	0	0	19,689
	0	0	0	0	0	37,583	0	37,583
	0	0	1,473,155	0	0	267,701	0	1,740,856
	0	232,148	0	0	0	0	0	232,148
	0	0	0	1,773,163	0	0	0	1,773,163
	0	0	0	0	118,626	20,462	0	139,088
	9,377	0	0	0	0	0	0	9,377
	895	0	0	0	0	0	0	895
	0	4,500	0	0	0	0	0	4,500
	32,087	0	0	0	0	0	0	32,087
	587,865	0	0	0	0	0	0	587,865
\$	835,623	236,648	1,473,155	1,773,163	138,315	409,512	0	4,866,416
\$	2,916,060	1,091,684	1,765,061	2,951,496	655,965	409,512	0	9,789,778

FUND BALANCES (Cont.)

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

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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

Exhibit C-2

Wayne County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2013

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)		\$ 4,866,416
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 735,291	
Add: buildings and improvements net of accumulated depreciation	11,391,938	
Add: infrastructure net of accumulated depreciation	11,342,949	
Add: other capital assets net of accumulated depreciation	<u>1,259,325</u>	24,729,503
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (831,934)	
Less: bonds payable	(25,662,454)	
Less: other loans payable	(200,000)	
Less: compensated absences payable	(39,838)	
Less: accrued interest on bonds, notes, and other loans	(82,294)	
Less: other deferred revenue - premium on debt	<u>(29,259)</u>	(26,845,779)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>649,276</u>
Net position of governmental activities (Exhibit A)		<u>\$ 3,399,416</u>

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

Exhibit C-3

Wayne County, Tennessee
 Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2013

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Governmental Funds		
Revenues								
Local Taxes	\$ 2,505,374	\$ 785,724	\$ 40,896	\$ 2,372,513	\$ 14,162	\$ 42,579	\$ 5,761,248	
Licenses and Permits	7,330	0	0	0	0	0	7,330	
Fines, Forfeitures, and Penalties	136,241	0	0	0	0	25,443	161,684	
Charges for Current Services	55,340	0	0	0	60,278	1,586	117,204	
Other Local Revenues	65,429	28,772	10,530	45,000	15,755	37,924	203,410	
Fees Received from County Officials	675,506	0	0	0	0	0	675,506	
State of Tennessee	2,105,701	0	1,961,638	0	268,457	62,205	4,398,001	
Federal Government	88,421	0	72,690	0	550,685	0	711,796	
Other Governments and Citizens Groups	74	0	0	227,000	5,000	0	232,074	
Total Revenues	\$ 5,639,416	\$ 814,496	\$ 2,085,754	\$ 2,644,513	\$ 914,337	\$ 169,737	\$ 12,268,253	
Expenditures								
Current:								
General Government	\$ 864,838	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 864,838	
Finance	402,691	0	0	0	0	0	402,691	
Administration of Justice	655,030	0	0	0	0	1,586	656,616	
Public Safety	2,719,727	0	0	0	0	24,158	2,743,885	
Public Health and Welfare	157,119	783,189	0	0	0	0	940,308	
Social, Cultural, and Recreational Services	211,453	0	0	0	0	0	211,453	
Agriculture and Natural Resources	64,850	0	0	0	0	0	64,850	
Other Operations	425,142	0	0	0	49,589	56,988	531,719	
Highways	51,253	0	2,568,944	0	0	0	2,620,197	
Support Services	6,172	0	0	0	0	0	6,172	
Debt Service:								
Principal on Debt	0	0	0	1,501,198	0	0	1,501,198	
Interest on Debt	0	0	0	1,023,792	0	0	1,023,792	
Other Debt Service	0	0	0	217,621	0	0	217,621	
Capital Projects	0	0	0	0	1,898,405	21,000	1,919,405	
Total Expenditures	\$ 5,558,275	\$ 783,189	\$ 2,568,944	\$ 2,742,611	\$ 1,947,994	\$ 103,732	\$ 13,704,745	
Excess (Deficiency) of Revenues Over Expenditures	\$ 81,141	\$ 31,307	\$ (483,190)	\$ (98,098)	\$ (1,033,657)	\$ 66,005	\$ (1,436,492)	
Other Financing Sources (Uses)								
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 829,985	\$ 0	\$ 829,985	
Other Loans Issued	0	0	0	0	200,000	0	200,000	
Insurance Recovery	28,333	0	0	0	0	0	28,333	
Total Other Financing Sources (Uses)	\$ 28,333	\$ 0	\$ 0	\$ 0	\$ 1,029,985	\$ 0	\$ 1,058,318	

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Governmental Funds	Governmental Funds	
Net Change in Fund Balances	\$ 109,474	\$ 31,307	\$ (483,190)	\$ (98,098)	\$ (3,672)	\$ 66,005	\$ (378,174)	
Fund Balance, July 1, 2012	726,149	205,341	1,956,345	1,871,261	141,987	343,507	5,244,590	
Fund Balance, June 30, 2013	\$ 835,623	\$ 236,648	\$ 1,473,155	\$ 1,773,163	\$ 138,315	\$ 409,512	\$ 4,866,416	

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

Exhibit C-4

Wayne County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2013

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)		\$ (378,174)
(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	\$ 1,165,662	
Less: current-year depreciation expense	<u>(1,003,441)</u>	162,221
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		(10,661)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2012	\$ (500,994)	
Add: deferred delinquent property taxes and other deferred June 30, 2013	<u>649,276</u>	148,282
(4) The issuance of long-term debt (e.g., notes, bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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 effect of these differences in the treatment of long-term debt and related items:		
Less: note proceeds	\$ (829,985)	
Less: other loan proceeds	(200,000)	
Add: change in premium on debt issuances	7,997	
Add: principal payments on notes	181,950	
Add: principal payments on bonds	<u>1,319,248</u>	479,210
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 4,049	
Change in compensated absences payable	<u>2,073</u>	6,122
Change in net position of governmental activities (Exhibit B)		<u>\$ 407,000</u>

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

Exhibit C-5

Wayne County, Tennessee
 Statement of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund
 For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 2,505,374	\$ 0	\$ 0	\$ 2,505,374	\$ 2,454,843	\$ 2,456,753	\$ 48,621
Licenses and Permits	7,330	0	0	7,330	4,265	7,415	(85)
Fines, Forfeitures, and Penalties	136,241	0	0	136,241	171,522	171,520	(35,279)
Charges for Current Services	55,340	0	0	55,340	11,566	11,567	43,773
Other Local Revenues	65,429	0	0	65,429	10,967	10,967	54,462
Fees Received from County Officials	675,506	0	0	675,506	647,000	647,000	28,506
State of Tennessee	2,105,701	0	0	2,105,701	1,875,788	1,875,728	229,973
Federal Government	88,421	0	0	88,421	16,000	55,676	32,745
Other Governments and Citizens Groups	74	0	0	74	500	500	(426)
Total Revenues	\$ 5,639,416	\$ 0	\$ 0	\$ 5,639,416	\$ 5,190,451	\$ 5,237,126	\$ 402,290
Expenditures							
General Government							
County Commission	\$ 88,384	(47)	0	\$ 88,337	\$ 71,401	\$ 101,241	\$ 12,904
County Mayor/Executive	142,609	(33)	0	142,576	144,581	142,569	(7)
Election Commission	123,868	0	0	123,868	134,021	124,922	1,054
Register of Deeds	112,239	0	0	112,239	109,064	106,663	(5,576)
County Buildings	376,345	(583)	0	375,762	291,802	373,843	(1,919)
Other General Administration	21,393	(428)	0	20,965	24,298	22,648	1,683
Finance							
Property Assessor's Office	132,536	0	0	132,536	138,479	130,960	(1,576)
Reappraisal Program	10,062	0	0	10,062	16,598	7,868	(2,194)
County Trustee's Office	128,545	0	0	128,545	128,636	128,591	46
County Clerk's Office	131,548	0	0	131,548	133,229	130,324	(1,224)
Administration of Justice							
Circuit Court	159,877	0	0	159,877	161,547	160,002	125
General Sessions Court	216,208	(500)	0	215,708	213,286	215,986	278
Drug Court	20,793	0	0	20,793	3,050	12,520	(8,273)
Chancery Court	111,552	0	0	111,552	111,234	134,349	22,797

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original		
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice (Cont.)</u>							
Juvenile Court	\$ 58,443	\$ (1,675)	0	\$ 56,768	\$ 64,441	\$ 58,011	\$ 1,243
Judicial Commissioners	56,117	0	0	56,117	55,912	56,122	5
Courtroom Security	32,040	0	0	32,040	34,448	32,083	43
<u>Public Safety</u>							
Sheriff's Department	1,056,967	(4,325)	0	1,052,642	792,999	811,338	(241,304)
Jail	1,474,254	(14,300)	9,377	1,469,331	1,385,514	1,529,415	60,084
Rural Fire Protection	86,210	(1,414)	0	84,796	79,150	85,880	1,084
Other Emergency Management	64,180	(30)	0	64,150	38,772	64,176	26
County Coroner/Medical Examiner	21,400	0	0	21,400	22,053	21,428	28
Public Safety Grant Programs	15,226	0	0	15,226	0	15,227	1
Other Public Safety	1,490	0	0	1,490	2,600	1,500	10
<u>Public Health and Welfare</u>							
Local Health Center	45,859	0	0	45,859	53,310	43,836	(2,023)
Alcohol and Drug Programs	2,500	0	0	2,500	2,500	2,500	0
Other Local Health Services	91,760	0	0	91,760	97,761	94,006	2,246
Regional Mental Health Center	9,000	0	0	9,000	9,000	9,000	0
Other Local Welfare Services	8,000	0	0	8,000	7,500	8,000	0
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	36,000	0	0	36,000	36,000	36,000	0
Libraries	158,140	(2,697)	0	155,443	142,953	146,830	(8,613)
Other Social, Cultural, and Recreational	17,313	0	0	17,313	18,750	17,375	62
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	32,958	0	0	32,958	45,279	26,579	(6,379)
Forest Service	4,000	0	0	4,000	2,000	4,000	0
Soil Conservation	27,892	0	0	27,892	29,009	27,994	102
<u>Other Operations</u>							
Tourism	444	0	0	444	0	0	(444)
Other Economic and Community Development	43,851	0	0	43,851	46,000	46,000	2,149

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations (Cont.)</u>							
Veterans' Services	\$ 7,952	\$ (175)	\$ 0	\$ 7,777	\$ 8,032	\$ 8,012	\$ 235
Other Charges	314,365	0	0	314,365	355,000	382,930	68,565
Contributions to Other Agencies	4,200	0	0	4,200	4,200	4,200	0
Employee Benefits	0	0	0	0	5,000	0	0
Miscellaneous	54,330	0	0	54,330	63,143	60,343	6,013
Highways							
Litter and Trash Collection	51,253	(150)	0	51,103	44,675	58,436	7,333
Support Services							
Other Programs	6,172	0	0	6,172	9,740	6,195	23
Total Expenditures	\$ 5,558,275	\$ (26,357)	\$ 9,377	\$ 5,541,295	\$ 5,136,967	\$ 5,449,902	\$ (91,393)
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ 81,141	\$ 26,357	\$ (9,377)	\$ 98,121	\$ 53,484	\$ (212,776)	\$ 310,897
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 28,333	\$ 0	\$ 0	\$ 28,333	\$ 0	\$ 0	\$ 28,333
Transfers In	0	0	0	0	56,773	56,773	(56,773)
Total Other Financing Sources	\$ 28,333	\$ 0	\$ 0	\$ 28,333	\$ 56,773	\$ 56,773	\$ (28,440)
Net Change in Fund Balance	\$ 109,474	\$ 26,357	\$ (9,377)	\$ 126,454	\$ 110,257	\$ (156,003)	\$ 282,457
Fund Balance, July 1, 2012	726,149	(26,357)	0	699,792	865,062	865,062	(165,270)
Fund Balance, June 30, 2013	\$ 835,623	\$ 0	\$ (9,377)	\$ 826,246	\$ 975,319	\$ 709,059	\$ 117,187

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

Exhibit C-6

Wayne County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 785,724	\$ 0	\$ 0	\$ 785,724	\$ 775,441	\$ 775,441	\$ 10,283
Other Local Revenues	28,772	0	0	28,772	32,000	32,000	(3,228)
Total Revenues	\$ 814,496	\$ 0	\$ 0	\$ 814,496	\$ 807,441	\$ 807,441	\$ 7,055
<u>Expenditures</u>							
Public Health and Welfare							
Other Waste Collection	\$ 58,007	\$ 0	\$ 0	\$ 58,007	\$ 59,563	\$ 59,062	\$ 1,055
Landfill Operation and Maintenance	1,882	0	1,000	2,882	11,500	3,550	668
Other Waste Disposal	723,300	(1,828)	3,500	724,972	735,980	744,431	19,459
Total Expenditures	\$ 783,189	\$ (1,828)	\$ 4,500	\$ 785,861	\$ 807,043	\$ 807,043	\$ 21,182
Excess (Deficiency) of Revenues Over Expenditures	\$ 31,307	\$ 1,828	\$ (4,500)	\$ 28,635	\$ 398	\$ 398	\$ 28,237
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 31,307	\$ 1,828	\$ (4,500)	\$ 28,635	\$ 398	\$ 398	\$ 28,237
	205,341	(1,828)	0	203,513	289,447	289,447	(85,934)
Fund Balance, June 30, 2013	\$ 236,648	\$ 0	\$ (4,500)	\$ 232,148	\$ 289,845	\$ 289,845	\$ (57,697)

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

Exhibit C-7

Wayne County, Tennessee
 Statement of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Highway/Public Works Fund
 For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 40,896	\$ 0	\$ 0	\$ 40,896	\$ 40,398	\$ 498	
Other Local Revenues	10,530	0	0	10,530	14,000	(3,470)	
State of Tennessee	1,961,638	0	0	1,961,638	2,757,191	(795,553)	
Federal Government	72,690	0	0	72,690	100,000	(27,310)	
Total Revenues	\$ 2,085,754	\$ 0	\$ 0	\$ 2,085,754	\$ 2,911,589	\$ (825,835)	
Expenditures							
Highways							
Administration	\$ 182,003	\$ 0	\$ 142	\$ 182,145	\$ 195,913	\$ 203,743	\$ 21,598
Highway and Bridge Maintenance	1,504,824	(400)	16,921	1,521,345	1,885,805	1,965,065	443,720
Operation and Maintenance of Equipment	550,228	0	11,731	561,959	757,907	683,477	121,518
Other Charges	47,300	(400)	800	47,700	83,100	83,200	35,500
Employee Benefits	69,931	0	0	69,931	38,573	38,573	(31,358)
Capital Outlay	214,658	0	0	214,658	853,831	841,071	626,413
Total Expenditures	\$ 2,568,944	\$ (800)	\$ 29,594	\$ 2,597,738	\$ 3,815,129	\$ 3,815,129	\$ 1,217,391
Excess (Deficiency) of Revenues Over Expenditures	\$ (483,190)	\$ 800	\$ (29,594)	\$ (511,984)	\$ (903,540)	\$ (903,540)	\$ 391,556
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (483,190)	\$ 800	\$ (29,594)	\$ (511,984)	\$ (903,540)	\$ (903,540)	\$ 391,556
	1,956,345	(800)	0	1,955,545	1,596,482	1,596,482	359,063
Fund Balance, June 30, 2013	\$ 1,473,155	\$ 0	\$ (29,594)	\$ 1,443,561	\$ 692,942	\$ 692,942	\$ 750,619

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

Exhibit D

Wayne County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 330,384
Accounts Receivable	36
Due from Other Governments	<u>83,416</u>
Total Assets	<u>\$ 413,836</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 83,416
Due to Litigants, Heirs, and Others	<u>330,420</u>
Total Liabilities	<u>\$ 413,836</u>

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

WAYNE COUNTY, TENNESSEE
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WAYNE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

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

Administrative Offices:

Wayne County Nursing Home
Highway 64 East
Waynesboro, TN 38485

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

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net 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 Wayne County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Wayne County School Department component unit only reports governmental activities in the government-wide financial statements.

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

Wayne County issues all debt for the discretely presented Wayne County School Department. No debt issues were contributed by the county to the School Department during the year ended June 30, 2013.

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

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

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

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

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

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

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

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

Wayne County reports the following major governmental funds:

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

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

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

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

Community Development/Industrial Park Fund – This fund accounts for capital expenditures of the county and operations of the Wayne County Public Board of Utilities.

Additionally, Wayne County reports the following fund type:

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

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

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

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

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

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

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

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Wayne County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Wayne County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool Investments 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 at 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 other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

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

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 a 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.

Retainage payable in the Community Development/Industrial Park fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the Community Development/Industrial Park Fund.

3. Inventories

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

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide

financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

5. 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 has no items that qualify for reporting in this category.

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

Primary Government

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

Discretely Presented Wayne County School Department

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

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, special termination benefits, 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, 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, 2013, Wayne County had \$14,418,200 in outstanding debt for capital purposes for the discretely presented Wayne County School Department. This debt is a liability of Wayne County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Wayne County has incurred a liability significantly decreasing its unrestricted net 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.

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 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. Restatement

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of GASB Statement No. 65, debt issuance costs become period costs. An adjustment to beginning net position totaling \$139,909 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

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 Wayne County School Department

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

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. **Budgetary Information**

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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

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

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

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

B. Cash Overdraft

The Community Development/Industrial Park Fund had a cash overdraft of \$22,664 at June 30, 2013. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2013.

C. Expenditures Exceeded Appropriations

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

<u>Fund/Appropriation Major Category</u>	<u>Amount Overspent</u>
General:	
County Mayor/Executive	\$ 7
Register of Deeds	5,576
County Buildings	1,919
Property Assessor's Office	1,576
Reappraisal Program	2,194
County Clerk's Office	1,224
Drug Court	8,273
Sheriff's Department	241,304
Local Health Center	2,023
Libraries	8,613
Agriculture Extension Service	6,379
Tourism	444
Highway/Public Works:	
Employee Benefits	31,358
General Purpose School:	
Operation of Non-Instructional Services - Food Service	582
Early Childhood Education	13,105
School Federal Projects:	
Instruction - Adult Education Program	1,105
Operation of Non-Instructional Services - Early Childhood Education	430

Expenditures exceeded total appropriations approved by the County Commission in the General Fund by \$91,393.

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

D. The County Had Deposits Exposed to Custodial Credit Risk

The trustee did not require one depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2013, deposits at this depository exceeded FDIC coverage and collateral securities pledged by \$684,681. 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.

E. Pending Investigation

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Wayne County and the Wayne County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net 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, Wayne County's deposits may not be returned to it. Wayne County does not have a formal policy that limits custodial credit risk for deposits. Separate disclosures concerning bank balances of pooled deposits

cannot be made for Wayne County and the discretely presented Wayne County School Department since both pool their deposits and investments through the county trustee. As of June 30, 2013, bank balances of \$684,681 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 684,681</u>
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Uninsured and uncollateralized deposits are a violation of state statutes.

Investments

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

Investment Balances. As of June 30, 2013, Wayne 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 Wayne County and the discretely presented Wayne County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Weighted Average Maturity (days)</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	11 to 138	\$ 236,314

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

maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Wayne County has no investment policy that would further limit its investment choices. As of June 30, 2013, Wayne County's investment in the State Treasurer's Investment Pool was unrated.

B. Note Receivable

On June 19, 2007, Wayne County loaned \$200,000 to the Wayne County Nursing Home – Component Unit. This note matured on December 1, 2009; but the note has not yet been retired. However, Wayne County does expect to collect the note receivable in the future. Therefore, the General Debt Service Fund reflected a long-term note receivable of \$200,000 from the Wayne County Nursing Home on June 30, 2013, which is included in the committed fund balance account.

C. Capital Assets

Capital assets activity for the year ended June 30, 2013, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 735,905	\$ 0	\$ (614)	\$ 735,291
Total Capital Assets Not Depreciated	<u>\$ 735,905</u>	<u>\$ 0</u>	<u>\$ (614)</u>	<u>\$ 735,291</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 15,851,739	\$ 0	\$ (110,000)	\$ 15,741,739
Roads and Bridges	11,810,287	939,367	0	12,749,654
Other Capital Assets	3,954,684	226,295	(65,453)	4,115,526
Total Capital Assets Depreciated	<u>\$ 31,616,710</u>	<u>\$ 1,165,662</u>	<u>\$ (175,453)</u>	<u>\$ 32,606,919</u>

Primary Government (Cont.)

Governmental Activities (Cont.):

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 4,024,272	\$ 435,529	\$ (110,000)	\$ 4,349,801
Roads and Bridges	1,092,994	313,711	0	1,406,705
Other Capital Assets	2,657,406	254,201	(55,406)	2,856,201
Total Accumulated Depreciation	<u>\$ 7,774,672</u>	<u>\$ 1,003,441</u>	<u>\$ (165,406)</u>	<u>\$ 8,612,707</u>
Total Capital Assets Depreciated, Net	<u>\$ 23,842,038</u>	<u>\$ 162,221</u>	<u>\$ (10,047)</u>	<u>\$ 23,994,212</u>
Governmental Activities Capital Assets, Net	<u>\$ 24,577,943</u>	<u>\$ 162,221</u>	<u>\$ (10,661)</u>	<u>\$ 24,729,503</u>

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

Governmental Activities:

General Government	\$ 31,887
Finance	3,980
Administration of Justice	85,852
Public Safety	251,182
Public Health and Welfare	144,295
Social, Cultural, and Recreational Services	3,349
Agriculture and Natural Resources	298
Highway/Public Works	<u>482,598</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,003,441</u>

Discretely Presented Wayne County School Department

Governmental Activities:

	Balance 7-1-12	Increases	Balance 6-30-13
Capital Assets Not Depreciated:			
Land	\$ 495,517	\$ 0	\$ 495,517
Total Capital Assets Not Depreciated	<u>\$ 495,517</u>	<u>\$ 0</u>	<u>\$ 495,517</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 27,064,377	\$ 0	\$ 27,064,377
Other Capital Assets	3,317,962	197,737	3,515,699
Total Capital Assets Depreciated	<u>\$ 30,382,339</u>	<u>\$ 197,737</u>	<u>\$ 30,580,076</u>
Less Accumulated Depreciation for:			
Buildings and Improvements	\$ 13,034,653	\$ 720,338	\$ 13,754,991
Other Capital Assets	1,971,669	203,167	2,174,836
Total Accumulated Depreciation	<u>\$ 15,006,322</u>	<u>\$ 923,505</u>	<u>\$ 15,929,827</u>
Total Capital Assets Depreciated, Net	<u>\$ 15,376,017</u>	<u>\$ (725,768)</u>	<u>\$ 14,650,249</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,871,534</u>	<u>\$ (725,768)</u>	<u>\$ 15,145,766</u>

There were no decreases in capital assets to report during the year ended June 30, 2013.

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

Governmental Activities:

Instruction	\$ 15,174
Support Services	877,176
Operation of Non-Instructional Services	<u>31,155</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 923,505</u></u>

D. Construction Commitments

At June 30, 2013, Wayne County had uncompleted contracts of approximately \$729,149 for the construction of water lines. Funding for these future expenditures is expected to be received from a federal grant and USDA note proceeds.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Solid Waste/Sanitation	\$ 29,628
"	Highway/Public Works	69,983
"	General Debt Service	39,333
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	12,976
Nonmajor governmental	General Purpose School	6,696

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

Due to/from Primary Government and Component Units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		Component Unit:
General	General Purpose School	\$ 70,493

This amount is for state-shared revenues that were incorrectly prorated by the county trustee.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2013, consisted of the following amount:

Discretely Presented Wayne County School Department

Transfer Out	Transfer In Nonmajor Governmental Fund
General Purpose School Fund	\$ 45,000

The School Department made a one-time transfer of \$45,000 from the General Purpose School Fund to the School Federal Projects Fund to provide cash for operations.

F. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Wayne County issues general obligation bonds and other loans 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. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 38 years for bonds, up to seven years for notes, and two years for other loans. 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, 2013, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
General Obligation Bonds	4.05 to 4.25 %	6-28-46	\$ 16,282,000	\$ 14,032,454
General Obligation Bonds - Refunding	3.2 to 4	12-1-23	16,935,000	11,630,000
Capital Outlay Notes	0 to 2.75	11-8-14	843,634	831,934
Other Loans	1.49	2-7-15	200,000	200,000

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2013, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 1,359,432	\$ 972,650	\$ 2,332,082
2015	1,384,624	923,276	2,307,900
2016	1,459,824	870,290	2,330,114
2017	1,515,034	813,834	2,328,868
2018	1,575,252	755,187	2,330,439
2019-2023	8,849,876	2,813,567	11,663,443
2024-2028	5,101,936	1,355,845	6,457,781
2029-2033	3,445,664	512,092	3,957,756
2034-2038	851,455	66,914	918,369
2039-2043	69,795	18,465	88,260
2044-2046	49,562	3,394	52,956
Total	\$ 25,662,454	\$ 9,105,514	\$ 34,767,968

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 1,949	\$ 0	\$ 1,949
2015	829,985	33,510	863,495
Total	\$ 831,934	\$ 33,510	\$ 865,444

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2014*	\$ 0	\$ 0	\$ 0
2015	200,000	5,960	205,960
Total	\$ 200,000	\$ 5,960	\$ 205,960

* No principal or interest payments due in 2014.

There is \$1,773,163 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans, totaled \$1,568, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligation activity for the year ended June 30, 2013, was as follows:

Governmental Activities:

	Bonds		Notes	
Balance, July 1, 2012	\$ 26,981,702	\$	183,899	
Additions	0		829,985	
Reductions	(1,319,248)		(181,950)	
Balance, June 30, 2013	\$ 25,662,454	\$	831,934	
Balance Due Within One Year	\$ 1,359,432	\$	1,949	
	Other Loans		Compensated Absences	
Balance, July 1, 2012	\$ 0	\$	41,911	
Additions	200,000		84,081	
Reductions	0		(86,154)	
Balance, June 30, 2013	\$ 200,000	\$	39,838	
Balance Due Within One Year	\$ 0	\$	39,838	

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 26,734,226
Less: Due Within One Year	(1,401,219)
Add: Unamortized Premium on Debt	<u>29,259</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 25,362,266</u></u>

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

Discretely Presented Wayne County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Wayne County School Department for the year ended June 30, 2013, was as follows:

Governmental Activities:	Termination Benefits	Other Postemployment Benefits
	<u> </u>	<u> </u>
Balance, July 1, 2012	\$ 234,844	\$ 2,407,233
Additions	80,919	628,080
Reductions	(91,293)	(165,112)
	<u> </u>	<u> </u>
Balance, June 30, 2013	<u>\$ 224,470</u>	<u>\$ 2,870,201</u>
Balance Due Within One Year	<u><u>\$ 71,049</u></u>	<u><u>\$ 0</u></u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 3,094,671
Less: Due Within One Year	<u>(71,049)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 3,023,622</u></u>

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

G. On-Behalf Payments

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Wayne County School Department. These payments are

made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2013, were \$76,742 and \$22,735, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Short-term Debt

Wayne County issued tax anticipation notes from the General Debt Service Fund in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary to provide funds for operations. Short-term debt activity for the year ended June 30, 2013, was as follows:

	Balance 7-1-12	Issued	Paid	Balance 6-30-13
Tax Anticipation Notes	\$ 0	\$ 165,000	\$ (165,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Primary Government

The county decided it was more economically feasible to purchase commercial insurance for the risks of loss to which it is exposed. These risks include general liability, property, casualty, and workers' compensation. Settled claims have not exceeded this commercial coverage during this fiscal year.

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

Discretely Presented Wayne County School Department

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

The discretely presented Wayne County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Wayne County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*.

Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

C. Subsequent Events

On September 19, 2013, the county's General Debt Service Fund issued a \$100,000 tax anticipation note to the General Fund for temporary operating funds.

On September 26, 2013, the county's General Debt Service Fund issued a \$200,000 tax anticipation note to the General Fund for temporary operating funds.

On September 29, 2013, Wayne County received a drawdown of \$169,500 from the available \$297,015 remaining on the Water Revenue and Tax Bond Anticipation Note for water line extension projects.

D. Contingent Liabilities

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

To facilitate the construction of an assisted living facility, the Industrial Development Board of Wayne County, Tennessee, issued \$2,250,000 in lease revenue and tax bonds dated October 1, 2001. Wayne County leased the facility site to the board pursuant to a ground lease, and the board constructed the facility thereon and leased the facility to Wayne County pursuant to a facilities sublease agreement. The facility is operated by the Wayne County General Hospital Board of Trustees. Wayne County is required to make payments under the sublease from the net revenues of the

facility. If such revenues are insufficient, Wayne County is obligated to appropriate, from legally available funds, an amount sufficient to pay such rentals and, if necessary, levy additional ad valorem taxes on all taxable property located in the county.

E. Joint Venture

The Joint Economic and Community Development Board is a joint venture between Wayne County and the cities of Clifton, Collinwood, and Waynesboro. The board comprises 11 members as follows: Wayne County executive; mayors of the cities of Waynesboro, Clifton, and Collinwood; and seven appointed members from the private sector. The purpose of the board is to expand and diversify the economy of the cities and county. The cities and county provide the majority of funding for the board based on the percentage of their population compared to the total census of the county. Wayne County made no contributions to the operations of the Joint Economic and Community Development Board during the year ended June 30, 2013.

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

Administrative Office:

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

F. Jointly Governed Organization

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

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Plan Description

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

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

Funding Policy

Wayne County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 6.36 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, 2013, Wayne County’s annual pension cost of \$584,825 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 two 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
6-30-13	\$584,825	100%	\$0
6-30-12	677,890	100	0
6-30-11	577,639	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 98.23 percent funded. The actuarial accrued liability for benefits was \$19.23 million, and the actuarial value of assets was \$18.89 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.34 million. The covered payroll (annual payroll of active employees covered by the plan) was \$7.82 million, and the ratio of the UAAL to the covered payroll was 4.36 percent.

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

SCHOOL TEACHERS

Plan Description

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the 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, 2013, 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, 2013, 2012, and

2011, were \$943,563, \$974,268, and \$978,458, respectively, equal to the required contributions for each year.

2. Deferred Compensation

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

H. Other Postemployment Benefits (OPEB)

Discretely Presented Wayne County School Department

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2013, the discretely presented Wayne County School Department contributed \$165,112 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 634,000
Interest on the NOPEBO	96,289
Adjustment to the ARC	(102,209)
Annual OPEB cost	<hr/> \$ 628,080
Amount of contribution	(165,112)
Increase/decrease in NOPEBO	<hr/> \$ 462,968
Net OPEB obligation, 7-1-12	<hr/> 2,407,233
Net OPEB obligation, 6-30-13	<hr/> <hr/> \$ 2,870,201

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Local Education Group	\$ 638,644	33 %	\$ 1,959,812
6-30-12	"	622,180	28	2,407,233
6-30-13	"	628,080	26	2,870,201

Funded Status and Funding Progress

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

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual

results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2011, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.75 percent for fiscal year 2013. The trend will decrease to 8.25 percent in fiscal year 2014 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rate includes 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. Termination Benefits

The discretely presented Wayne County School Department offers a voluntary termination benefit for employees who retire with 30 years of experience in the Wayne County School System or have reached 60 years of age and are eligible for full retirement with the Tennessee Consolidated Retirement System. The employees must also have at least 50 days of accumulated sick leave and not be retired from another school system. This incentive consists of a cash payment equivalent to 50 percent of the regular daily salary for each day of accumulated sick leave at the retirement date, to be paid out at \$6,000 per year. Currently, 11 school employees have accepted the board's offer. The estimated cost of the cash payment reported in the government-wide Statement of Net Position is \$224,470. The estimated cost did not include a discounted rate because the School Department felt its effects were immaterial. The effects to the School Department's actuarial accrued liability for pension benefits for current, terminated, and retired employees could not be determined.

J. Pollution Remediation

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

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

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

Based on the limited information available at June 30, 2013, future remediation costs could not be reasonably determined.

K. Purchasing Laws

Office of County Executive

Purchasing procedures for the Office of County Executive are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-207, *Tennessee Code Annotated (TCA)*, which provide for all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Commissioner of Highways

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

Office of Director of Schools

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

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

A. **Summary of Significant Accounting Policies**

1. **Reporting Entity**

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

2. **Basis of Accounting**

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

3. **Cash and Cash Equivalents**

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

4. **Capital Assets**

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

5. **Estimates**

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

6. **Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the district’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. **Supply Inventory**

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

8. **Operating Revenues and Operating Expenses**

The district recognizes operating revenues and operating expenses resulting from providing services and producing goods to its customers. All other revenues and services are deemed nonoperating.

B. Cash and Certificates of Deposit

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

C. Capital Assets

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

	Balance 7-1-12	Additions	Disposals	Balance 6-30-13
Land	\$ 55,244	\$ 0	\$ 0	\$ 55,244
Equipment	609,025	86,900	0	695,925
Buildings	820,294	0	0	820,294
Vehicles	17,746	0	0	17,746
Maps	32,227	0	0	32,227
	<u>\$ 1,534,536</u>	<u>\$ 86,900</u>	<u>\$ 0</u>	<u>\$ 1,621,436</u>
Less Accumulated Depreciation	<u>(307,879)</u>			<u>(366,371)</u>
Utility Plant - Net	<u>\$ 1,226,657</u>			<u>\$ 1,255,065</u>

Depreciation expense consists of equipment (\$37,984) and building (\$20,507). All assets except land are being depreciated.

D. Long-term Debt

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

	Balance 7-1-12	Retirements	Balance 6-30-13
Mortgage Loan	\$ 534,977	\$ (25,000)	\$ 509,977
Equipment Lease	261,148	(61,516)	199,632
Total	<u>\$ 796,125</u>	<u>\$ (86,516)</u>	<u>\$ 709,609</u>

Future maturities of note principal and interest are as follows:

Year Ending June 30	Principal	Interest
2014	\$ 88,965	\$ 31,150
2015	96,510	27,468
2016	99,157	23,455
2017	30,000	19,338
2018	30,000	17,973
2019-2023	185,000	66,886
2024-2027	<u>179,977</u>	<u>21,159</u>
Total	<u>\$ 709,609</u>	<u>\$ 207,429</u>

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

E. Risk Management

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

F. Commitments and Contingencies

Federal and State Grants

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

G. Budgets and Budgetary Accounting

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

1. Formal budgets are adopted and approved by board vote on an annual basis. These budgets are adopted on a basis consistent with generally accepted accounting principles.
2. The board approves total budget appropriations. The manager is authorized to transfer budget amounts between line items within each department; however, any revisions that alter the total appropriations of any fund must be approved by the board.
3. The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Wayne County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Wayne County School Department
June 30, 2013

(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)
7-1-11	\$ 18,885	\$ 19,226	341	98.23 %	\$ 7,818	4.36 %
7-1-09	15,419	15,419	0	100	7,302	0
7-1-07	14,571	14,571	0	100	6,673	0

Exhibit E-2

Wayne County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Wayne County School Department
June 30, 2013

(Dollar amounts in thousands)

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

WAYNE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2013

BUDGETARY INFORMATION

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Capital Projects Funds

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

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

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

Wayne County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2013

Exhibit F-1

	Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
	Drug Control	Other Special Revenue	Total	General Capital Projects	Highway Capital Projects	
Equity in Pooled Cash and Investments	\$ 83,758	\$ 31,865	\$ 115,623	\$ 20,164	\$ 267,701	\$ 287,865
Accounts Receivable	8	0	8	298	0	298
Due from Other Governments	0	5,718	5,718	0	0	0
Total Assets	\$ 83,766	\$ 37,583	\$ 121,349	\$ 20,462	\$ 267,701	\$ 288,163
<u>FUND BALANCES</u>						
Restricted:	\$ 83,766	\$ 0	\$ 83,766	\$ 0	\$ 0	\$ 83,766
Restricted for Public Safety	0	37,583	37,583	0	0	37,583
Restricted for Social, Cultural, and Recreational Services	0	0	0	0	267,701	267,701
Restricted for Highways/Public Works	0	0	0	0	0	0
Committed:	0	0	0	20,462	0	20,462
Committed for Capital Projects	0	0	0	20,462	0	20,462
Total Fund Balances	\$ 83,766	\$ 37,583	\$ 121,349	\$ 20,462	\$ 267,701	\$ 288,163

Exhibit F-2

Wayne County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2013

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees	Total	General Capital Projects	Highway Capital Projects	Total	
<u>Revenues</u>								
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 42,579	\$ 42,579	\$ 42,579
Fines, Forfeitures, and Penalties	25,443	0	0	25,443	0	0	0	25,443
Charges for Current Services	0	0	1,586	1,586	0	0	0	1,586
Other Local Revenues	0	0	0	0	37,924	0	37,924	37,924
State of Tennessee	0	62,205	0	62,205	0	0	0	62,205
Total Revenues	\$ 25,443	\$ 62,205	\$ 1,586	\$ 89,234	\$ 37,924	\$ 42,579	\$ 80,503	\$ 169,737
<u>Expenditures</u>								
Current:								
Administration of Justice	\$ 0	\$ 0	\$ 1,586	\$ 1,586	\$ 0	\$ 0	\$ 0	\$ 1,586
Public Safety	24,158	0	0	24,158	0	0	0	24,158
Other Operations	0	56,988	0	56,988	0	0	0	56,988
Capital Projects	0	0	0	0	20,574	426	21,000	21,000
Total Expenditures	\$ 24,158	\$ 56,988	\$ 1,586	\$ 82,732	\$ 20,574	\$ 426	\$ 21,000	\$ 103,732
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,285	\$ 5,217	\$ 0	\$ 6,502	\$ 17,350	\$ 42,153	\$ 59,503	\$ 66,005
Net Change in Fund Balances	\$ 1,285	\$ 5,217	\$ 0	\$ 6,502	\$ 17,350	\$ 42,153	\$ 59,503	\$ 66,005
Fund Balance, July 1, 2012	82,481	32,366	0	114,847	3,112	225,548	228,660	343,507
Fund Balance, June 30, 2013	\$ 83,766	\$ 37,583	\$ 0	\$ 121,349	\$ 20,462	\$ 267,701	\$ 288,163	\$ 409,512

Exhibit F-3

Wayne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 25,443	\$ 28,600	\$ 28,600	\$ (3,157)
Other Local Revenues	0	450	450	(450)
Total Revenues	<u>\$ 25,443</u>	<u>\$ 29,050</u>	<u>\$ 29,050</u>	<u>\$ (3,607)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 24,158	\$ 45,400	\$ 45,400	\$ 21,242
Total Expenditures	<u>\$ 24,158</u>	<u>\$ 45,400</u>	<u>\$ 45,400</u>	<u>\$ 21,242</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,285</u>	<u>\$ (16,350)</u>	<u>\$ (16,350)</u>	<u>\$ 17,635</u>
Net Change in Fund Balance	\$ 1,285	\$ (16,350)	\$ (16,350)	\$ 17,635
Fund Balance, July 1, 2012	<u>82,481</u>	<u>44,899</u>	<u>44,899</u>	<u>37,582</u>
Fund Balance, June 30, 2013	<u>\$ 83,766</u>	<u>\$ 28,549</u>	<u>\$ 28,549</u>	<u>\$ 55,217</u>

Exhibit F-4

Wayne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other Special Revenue Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 62,205	\$ 65,000	\$ 67,165	\$ (4,960)
Total Revenues	\$ 62,205	\$ 65,000	\$ 67,165	\$ (4,960)
<u>Expenditures</u>				
<u>Other Operations</u>				
Tourism	\$ 44,823	\$ 45,642	\$ 47,807	\$ 2,984
Tourism-Resort District	12,165	10,000	12,165	0
Total Expenditures	\$ 56,988	\$ 55,642	\$ 59,972	\$ 2,984
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,217	\$ 9,358	\$ 7,193	\$ (1,976)
Net Change in Fund Balance	\$ 5,217	\$ 9,358	\$ 7,193	\$ (1,976)
Fund Balance, July 1, 2012	32,366	31,596	31,596	770
Fund Balance, June 30, 2013	\$ 37,583	\$ 40,954	\$ 38,789	\$ (1,206)

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Wayne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,372,513	\$ 2,410,046	\$ 2,410,046	\$ (37,533)
Other Local Revenues	45,000	45,000	45,000	0
Other Governments and Citizens Groups	227,000	332,000	332,000	(105,000)
Total Revenues	<u>\$ 2,644,513</u>	<u>\$ 2,787,046</u>	<u>\$ 2,787,046</u>	<u>\$ (142,533)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 509,748	\$ 781,695	\$ 511,841	\$ 2,093
Highways and Streets	42,050	0	42,050	0
Education	949,400	845,000	949,400	0
<u>Interest on Debt</u>				
General Government	415,785	675,245	470,667	54,882
Highways and Streets	46,334	0	46,334	0
Education	561,673	446,637	561,673	0
<u>Other Debt Service</u>				
General Government	207,621	47,245	213,857	6,236
Highways and Streets	5,000	5,000	5,000	0
Education	5,000	6,500	6,500	1,500
Total Expenditures	<u>\$ 2,742,611</u>	<u>\$ 2,807,322</u>	<u>\$ 2,807,322</u>	<u>\$ 64,711</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (98,098)</u>	<u>\$ (20,276)</u>	<u>\$ (20,276)</u>	<u>\$ (77,822)</u>
Net Change in Fund Balance	\$ (98,098)	\$ (20,276)	\$ (20,276)	\$ (77,822)
Fund Balance, July 1, 2012	<u>1,871,261</u>	<u>1,971,382</u>	<u>1,971,382</u>	<u>(100,121)</u>
Fund Balance, June 30, 2013	<u>\$ 1,773,163</u>	<u>\$ 1,951,106</u>	<u>\$ 1,951,106</u>	<u>\$ (177,943)</u>

Fiduciary Funds

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

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

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

Exhibit H-1

Wayne County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 330,384	\$ 330,384
Accounts Receivable	0	36	36
Due from Other Governments	83,416	0	83,416
Total Assets	<u>\$ 83,416</u>	<u>\$ 330,420</u>	<u>\$ 413,836</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 83,416	\$ 0	\$ 83,416
Due to Litigants, Heirs, and Others	0	330,420	330,420
Total Liabilities	<u>\$ 83,416</u>	<u>\$ 330,420</u>	<u>\$ 413,836</u>

Exhibit H-2

Wayne County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities- Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 455,618	\$ 455,618	\$ 0
Due from Other Governments	81,306	83,416	81,306	83,416
Total Assets	\$ 81,306	\$ 539,034	\$ 536,924	\$ 83,416
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 81,306	\$ 539,034	\$ 536,924	\$ 83,416
Total Liabilities	\$ 81,306	\$ 539,034	\$ 536,924	\$ 83,416
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 359,494	\$ 3,862,899	\$ 3,892,009	\$ 330,384
Accounts Receivable	12	36	12	36
Total Assets	\$ 359,506	\$ 3,862,935	\$ 3,892,021	\$ 330,420
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 359,506	\$ 3,862,935	\$ 3,892,021	\$ 330,420
Total Liabilities	\$ 359,506	\$ 3,862,935	\$ 3,892,021	\$ 330,420
<u>Total - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 359,494	\$ 3,862,899	\$ 3,892,009	\$ 330,384
Equity in Pooled Cash and Investments	0	455,618	455,618	0
Accounts Receivable	12	36	12	36
Due from Other Governments	81,306	83,416	81,306	83,416
Total Assets	\$ 440,812	\$ 4,401,969	\$ 4,428,945	\$ 413,836
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 81,306	\$ 539,034	\$ 536,924	\$ 83,416
Due to Litigants, Heirs, and Others	359,506	3,862,935	3,892,021	330,420
Total Liabilities	\$ 440,812	\$ 4,401,969	\$ 4,428,945	\$ 413,836

Wayne County School Department

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

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

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

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

Exhibit I-1

Wayne County, Tennessee
Statement of Activities
Discretely Presented Wayne County School Department
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 12,701,325	\$ 0	\$ 2,723,193	\$ (9,978,132)
Support Services	6,609,244	23,845	0	(6,585,399)
Operation of Non-Instructional Services	2,435,231	367,577	1,015,972	(1,051,682)
Total Governmental Activities	\$ 21,745,800	\$ 391,422	\$ 3,739,165	\$ (17,615,213)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,867,565
Local Option Sales Tax				600,207
Other Local Taxes				32,609
Grants and Contributions Not Restricted to Specific Programs				13,719,202
E-Rate Funding				28,723
Miscellaneous				69,321
Total General Revenues				\$ 16,317,627
Change in Net Position				\$ (1,297,586)
Net Position, July 1, 2012				15,053,794
Net Position, June 30, 2013				\$ 13,756,208

Exhibit I-2

Wayne County, Tennessee
 Balance Sheet - Governmental Funds
 Discretely Presented Wayne County School Department
 June 30, 2013

	Major Fund	Nonmajor Funds	Total Governmental Funds
	General Purpose School	Other Govern- mental Funds	
<u>ASSETS</u>			
Cash	\$ 0	\$ 555	\$ 555
Equity in Pooled Cash and Investments	1,239,302	198,192	1,437,494
Inventories	0	40,380	40,380
Due from Other Governments	267,582	52,828	320,410
Due from Other Funds	12,976	6,696	19,672
Property Taxes Receivable	1,969,210	0	1,969,210
Allowance for Uncollectible Property Taxes	(69,343)	0	(69,343)
Total Assets	<u>\$ 3,419,727</u>	<u>\$ 298,651</u>	<u>\$ 3,718,378</u>
<u>LIABILITIES</u>			
Accrued Payroll	\$ 0	\$ 285	\$ 285
Payroll Deductions Payable	98,340	20,995	119,335
Due to Other Funds	6,696	12,976	19,672
Due to Primary Government	70,493	0	70,493
Due to State of Tennessee	10,976	51	11,027
Total Liabilities	<u>\$ 186,505</u>	<u>\$ 34,307</u>	<u>\$ 220,812</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,792,453	\$ 0	\$ 1,792,453
Deferred Delinquent Property Taxes	102,968	0	102,968
Other Deferred/Unavailable Revenue	54,589	0	54,589
Total Deferred Inflows of Resources	<u>\$ 1,950,010</u>	<u>\$ 0</u>	<u>\$ 1,950,010</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	\$ 0	\$ 40,380	\$ 40,380
Restricted:			
Restricted for Education	1,055	178,964	180,019
Committed:			
Committed for Education	0	45,000	45,000
Assigned:			
Assigned for Education	236,387	0	236,387
Unassigned	1,045,770	0	1,045,770
Total Fund Balances	<u>\$ 1,283,212</u>	<u>\$ 264,344</u>	<u>\$ 1,547,556</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,419,727</u>	<u>\$ 298,651</u>	<u>\$ 3,718,378</u>

Exhibit I-3

Wayne County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Wayne County School Department
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 1,547,556
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 495,517	
Add: buildings and improvements net of accumulated depreciation	13,309,386	
Add: other capital assets net of accumulated depreciation	<u>1,340,863</u>	15,145,766
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: termination benefits liability	\$ (224,470)	
Less: other postemployment benefits liability	<u>(2,870,201)</u>	(3,094,671)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>157,557</u>
Net position of governmental activities (Exhibit A)		<u>\$ 13,756,208</u>

Exhibit I-4

Wayne County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Wayne County School Department
For the Year Ended June 30, 2013

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	
	Purpose	Govern-	Total
	School	mental	Governmental
		Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 2,515,286	\$ 0	\$ 2,515,286
Licenses and Permits	565	0	565
Charges for Current Services	23,845	367,577	391,422
Other Local Revenues	95,418	2,626	98,044
State of Tennessee	14,375,688	13,585	14,389,273
Federal Government	426,575	2,681,244	3,107,819
Total Revenues	<u>\$ 17,437,377</u>	<u>\$ 3,065,032</u>	<u>\$ 20,502,409</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 10,872,551	\$ 1,279,356	\$ 12,151,907
Support Services	5,407,583	414,418	5,822,001
Operation of Non-Instructional Services	1,056,387	1,337,143	2,393,530
Debt Service:			
Other Debt Service	200,000	0	200,000
Total Expenditures	<u>\$ 17,536,521</u>	<u>\$ 3,030,917</u>	<u>\$ 20,567,438</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (99,144)</u>	<u>\$ 34,115</u>	<u>\$ (65,029)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 0	\$ 45,000	\$ 45,000
Transfers Out	(45,000)	0	(45,000)
Total Other Financing Sources (Uses)	<u>\$ (45,000)</u>	<u>\$ 45,000</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (144,144)	\$ 79,115	\$ (65,029)
Fund Balance, July 1, 2012	1,427,356	185,229	1,612,585
Fund Balance, June 30, 2013	<u><u>\$ 1,283,212</u></u>	<u><u>\$ 264,344</u></u>	<u><u>\$ 1,547,556</u></u>

Exhibit I-5

Wayne County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Discretely Presented Wayne County School Department
For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ (65,029)
(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	\$ 197,737	
Less: current-year depreciation expense	<u>(923,505)</u>	(725,768)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2012	\$ (211,752)	
Add: deferred delinquent property taxes and other deferred June 30, 2013	<u>157,557</u>	(54,195)
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in termination benefits liability	\$ 10,374	
Change in other postemployment benefits liability	<u>(462,968)</u>	(452,594)
Change in net position of governmental activities (Exhibit B)		<u>\$ (1,297,586)</u>

Exhibit I-6

Wayne County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Wayne County School Department
June 30, 2013

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 555	\$ 555
Equity in Pooled Cash and Investments	98,407	99,785	198,192
Inventories	0	40,380	40,380
Due from Other Governments	25,555	27,273	52,828
Due from Other Funds	6,696	0	6,696
Total Assets	<u>\$ 130,658</u>	<u>\$ 167,993</u>	<u>\$ 298,651</u>
<u>LIABILITIES</u>			
Accrued Payroll	\$ 0	\$ 285	\$ 285
Payroll Deductions Payable	20,816	179	20,995
Due to Other Funds	3,057	9,919	12,976
Due to State of Tennessee	8	43	51
Total Liabilities	<u>\$ 23,881</u>	<u>\$ 10,426</u>	<u>\$ 34,307</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	\$ 0	\$ 40,380	\$ 40,380
Restricted:			
Restricted for Education	61,777	117,187	178,964
Committed:			
Committed for Education	45,000	0	45,000
Total Fund Balances	<u>\$ 106,777</u>	<u>\$ 157,567</u>	<u>\$ 264,344</u>
Total Liabilities and Fund Balances	<u>\$ 130,658</u>	<u>\$ 167,993</u>	<u>\$ 298,651</u>

Exhibit I-7

Wayne County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Wayne County School Department
For the Year Ended June 30, 2013

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 367,577	\$ 367,577
Other Local Revenues	48	2,578	2,626
State of Tennessee	0	13,585	13,585
Federal Government	1,688,911	992,333	2,681,244
Total Revenues	<u>\$ 1,688,959</u>	<u>\$ 1,376,073</u>	<u>\$ 3,065,032</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,279,356	\$ 0	\$ 1,279,356
Support Services	414,418	0	414,418
Operation of Non-Instructional Services	430	1,336,713	1,337,143
Total Expenditures	<u>\$ 1,694,204</u>	<u>\$ 1,336,713</u>	<u>\$ 3,030,917</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ (5,245)</u>	<u>\$ 39,360</u>	<u>\$ 34,115</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 45,000	\$ 0	\$ 45,000
Total Other Financing Sources (Uses)	<u>\$ 45,000</u>	<u>\$ 0</u>	<u>\$ 45,000</u>
Net Change in Fund Balances	\$ 39,755	\$ 39,360	\$ 79,115
Fund Balance, July 1, 2012	<u>67,022</u>	<u>118,207</u>	<u>185,229</u>
Fund Balance, June 30, 2013	<u>\$ 106,777</u>	<u>\$ 157,567</u>	<u>\$ 264,344</u>

Exhibit I-8

Wayne County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Wayne County School Department
 General Purpose School Fund
 For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 2,515,286	\$ 0	\$ 0	\$ 2,515,286	\$ 2,529,379	\$ 2,529,379	\$ (14,093)
Licenses and Permits	565	0	0	565	550	550	15
Charges for Current Services	23,845	0	0	23,845	35,000	35,000	(11,155)
Other Local Revenues	95,418	0	0	95,418	62,033	85,654	9,764
State of Tennessee	14,375,688	0	0	14,375,688	14,100,033	14,409,632	(33,944)
Federal Government	426,575	0	0	426,575	403,448	445,064	(18,489)
Total Revenues	\$ 17,437,377	\$ 0	\$ 0	\$ 17,437,377	\$ 17,130,443	\$ 17,505,279	\$ (67,902)

Expenditures

<u>Instruction</u>							
Regular Instruction Program	\$ 8,921,797	\$ (1,099)	\$ 156,149	\$ 9,076,847	\$ 8,785,419	\$ 9,367,188	\$ 290,341
Alternative Instruction Program	69,674	0	0	69,674	84,188	84,188	14,514
Special Education Program	1,285,682	(1,186)	757	1,285,253	1,313,513	1,342,513	57,260
Vocational Education Program	513,091	(271)	1,239	514,059	522,220	522,220	8,161
Adult Education Program	82,307	0	0	82,307	79,512	84,012	1,705
<u>Support Services</u>							
Attendance	41,385	0	0	41,385	44,806	44,806	3,421
Health Services	133,269	(656)	1,332	133,945	138,588	138,588	4,643
Other Student Support	402,692	(3,551)	3,970	403,111	387,426	425,451	22,340
Regular Instruction Program	497,589	(5,405)	902	493,086	533,745	518,745	25,659
Special Education Program	242,358	0	136	242,494	237,140	245,712	3,218
Vocational Education Program	109,697	0	0	109,697	117,307	117,307	7,610
Adult Programs	85,501	0	0	85,501	98,760	97,260	11,759
Other Programs	99,477	0	0	99,477	0	99,477	0
Board of Education	240,055	0	0	240,055	238,731	250,964	10,909
Director of Schools	149,179	(400)	135	148,914	152,037	165,037	16,123
Office of the Principal	643,153	0	0	643,153	680,175	681,375	38,222
Fiscal Services	46,488	0	0	46,488	60,183	60,183	13,695

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Operation of Plant	\$ 1,327,865	\$ (7,088)	\$ 5,097	\$ 1,325,874	\$ 1,343,755	\$ 1,347,755	\$ 21,881
Maintenance of Plant	295,987	(25,137)	19,994	290,844	338,219	373,279	82,435
Transportation	1,092,888	0	534	1,093,422	1,033,556	1,117,506	24,084
<u>Operation of Non-Instructional Services</u>							
Food Service	582	0	0	582	0	0	(582)
Community Services	34,647	0	0	34,647	37,553	37,553	2,906
Early Childhood Education	1,021,158	(12,889)	46,142	1,054,411	1,041,206	1,041,306	(13,105)
Principal on Debt	0	0	0	0	200,000	0	0
Education							
Other Debt Service							
Education							
Total Expenditures	\$ 17,536,521	\$ (57,682)	\$ 236,387	\$ 17,715,226	\$ 17,468,039	\$ 18,362,425	\$ 647,199
Excess (Deficiency) of Revenues Over Expenditures	\$ (99,144)	\$ 57,682	\$ (236,387)	\$ (277,849)	\$ (337,596)	\$ (857,146)	\$ 579,297
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (45,000)	\$ 0	\$ 0	\$ (45,000)	\$ 0	\$ (45,000)	\$ 0
Total Other Financing Sources	\$ (45,000)	\$ 0	\$ 0	\$ (45,000)	\$ 0	\$ (45,000)	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (144,144)	\$ 57,682	\$ (236,387)	\$ (322,849)	\$ (337,596)	\$ (902,146)	\$ 579,297
	1,427,356	(57,682)	0	1,369,674	1,100,000	1,100,000	269,674
Fund Balance, June 30, 2013	\$ 1,283,212	\$ 0	\$ (236,387)	\$ 1,046,825	\$ 762,404	\$ 197,854	\$ 848,971

Exhibit I-9

Wayne County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Wayne County School Department
 School Federal Projects Fund
 For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Other Local Revenues	\$ 48	\$ 0	\$ 0	\$ 48	\$ 0	\$ 0	\$ 48
Federal Government	1,688,911	0	0	1,688,911	1,918,273	1,920,951	(232,040)
Total Revenues	\$ 1,688,959	\$ 0	\$ 0	\$ 1,688,959	\$ 1,918,273	\$ 1,920,951	\$ (231,992)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 888,054	\$ (7,444)	\$ 309	\$ 880,919	\$ 964,265	\$ 966,828	\$ 85,909
Special Education Program	353,186	(1,826)	0	351,360	420,934	420,934	69,574
Vocational Education Program	28,088	(748)	0	27,340	21,647	27,355	15
Adult Education Program	10,028	(8,924)	1	1,105	0	0	(1,105)
<u>Support Services</u>							
Health Services	0	0	0	0	1,000	1,000	1,000
Other Student Support	141,106	(704)	1,822	142,224	189,311	184,045	41,821
Regular Instruction Program	62,447	(376)	0	62,071	86,021	86,021	23,950
Special Education Program	189,067	0	0	189,067	217,284	217,284	28,217
Vocational Education Program	473	0	0	473	800	473	0
Transportation	21,325	0	0	21,325	21,937	21,937	612
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	430	0	0	430	0	0	(430)
Total Expenditures	\$ 1,694,204	\$ (20,022)	\$ 2,132	\$ 1,676,314	\$ 1,923,199	\$ 1,925,877	\$ 249,563
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,245)	\$ 20,022	\$ (2,132)	\$ 12,645	\$ (4,926)	\$ (4,926)	\$ 17,571
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 45,000	\$ 0	\$ 0	\$ 45,000	\$ 61,689	\$ 4,926	\$ 40,074
Transfers Out	0	0	0	0	(56,763)	0	0
Total Other Financing Sources	\$ 45,000	\$ 0	\$ 0	\$ 45,000	\$ 4,926	\$ 4,926	\$ 40,074
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 39,755	\$ 20,022	\$ (2,132)	\$ 57,645	\$ 0	\$ 0	\$ 57,645
Fund Balance, July 1, 2012	67,022	(20,022)	0	47,000	0	0	47,000
Fund Balance, June 30, 2013	\$ 106,777	\$ 0	\$ (2,132)	\$ 104,645	\$ 0	\$ 0	\$ 104,645

Exhibit I-10

Wayne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Wayne County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 367,577	\$ 0	\$ 367,577	\$ 449,999	\$ 449,999	\$ (82,422)
Other Local Revenues	2,578	0	2,578	500	500	2,078
State of Tennessee	13,585	0	13,585	0	0	13,585
Federal Government	992,333	0	992,333	838,500	916,070	76,263
Total Revenues	\$ 1,376,073	\$ 0	\$ 1,376,073	\$ 1,288,999	\$ 1,366,569	\$ 9,504
<u>Expenditures</u>						
Operation of Non-Instructional Services	\$ 1,336,713	\$ 250	\$ 1,336,963	\$ 1,301,553	\$ 1,379,123	\$ 42,160
Food Service	\$ 1,336,713	\$ 250	\$ 1,336,963	\$ 1,301,553	\$ 1,379,123	\$ 42,160
Total Expenditures	\$ 39,360	\$ (250)	\$ 39,110	\$ (12,554)	\$ (12,554)	\$ 51,664
Excess (Deficiency) of Revenues Over Expenditures	\$ 39,360	\$ (250)	\$ 39,110	\$ (12,554)	\$ (12,554)	\$ 51,664
Net Change in Fund Balance Fund Balance, July 1, 2012	118,207	0	118,207	111,000	111,000	7,207
Fund Balance, June 30, 2013	\$ 157,567	\$ (250)	\$ 157,317	\$ 98,446	\$ 98,446	\$ 58,871

MISCELLANEOUS SCHEDULES

Exhibit J-1

Wayne County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Paid and/or	
							Matured During Period	Outstanding 6-30-13
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Hospital Improvements and Additions	\$ 1,700,000	4.08 %	4-1-01	8-8-12	\$ 180,000	0 \$	180,000	\$ 0
Energy Efficiency Capital Outlay Notes	13,649	0	4-9-07	5-15-14	3,899	0	1,950	1,949
Water Revenue and Tax Bond Anticipation Note	(1)	2.75	11-8-12	11-8-14	0	829,985	0	829,985
Total Notes Payable					\$ 183,899	\$ 829,985	\$ 181,950	\$ 831,934
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Water Line Extension Loan	(2)	1.49	2-7-13	2-7-15	0 \$	200,000	0 \$	200,000
Total Other Loans Payable					\$ 0	\$ 200,000	0 \$	200,000
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School Refunding Bonds	9,495,000	3.72	6-3-03	12-1-23	\$ 8,865,000	0 \$	85,000	\$ 8,780,000
School Refunding Bonds	5,085,000	3.2	3-10-05	12-1-14	1,660,000	0	630,000	1,030,000
School Refunding Bonds	2,355,000	4	3-31-05	12-1-23	1,950,000	0	130,000	1,820,000
General Obligation Bond Series 2006	9,450,000	4.05	3-1-06	12-1-30	8,035,000	0	290,000	7,745,000
Water Revenue and Tax Bond Series 2008	332,000	4.25	6-25-08	6-28-46	316,702	0	4,248	312,454
General Obligation Bond Series 2009	6,500,000	4.13	6-3-09	12-1-34	6,155,000	0	180,000	5,975,000
Total Bonds Payable					\$ 26,981,702	\$ 0	\$ 1,319,248	\$ 25,662,454

(1) Total amount authorized was \$1,127,000, of which \$297,015 remains available for draws as of June 30, 2013.

(2) Total amount authorized was \$1,000,000, of which \$800,000 remains available for draws as of June 30, 2013.

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 1,949	\$ 0	\$ 1,949
2015	829,985	33,510	863,495
Total	\$ 831,934	\$ 33,510	\$ 865,444

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2014	\$ 0	\$ 0	\$ 0
2015	200,000	5,960	205,960
Total	\$ 200,000	\$ 5,960	\$ 205,960

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 1,359,432	\$ 972,650	\$ 2,332,082
2015	1,384,624	923,276	2,307,900
2016	1,459,824	870,290	2,330,114
2017	1,515,034	813,834	2,328,868
2018	1,575,252	755,187	2,330,439
2019	1,630,479	694,338	2,324,817
2020	1,690,717	631,287	2,322,004
2021	1,770,964	565,568	2,336,532
2022	1,841,223	497,000	2,338,223
2023	1,916,493	425,374	2,341,867
2024	1,971,774	350,961	2,322,735
2025	737,068	298,356	1,035,424

(Continued)

Exhibit J-2

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

Year Ending June 30	Bonds (Cont.)		
	Principal	Interest	Total
2026	\$ 767,374	\$ 267,841	\$ 1,035,215
2027	797,693	235,922	1,033,615
2028	828,027	202,765	1,030,792
2029	868,375	168,167	1,036,542
2030	898,738	132,127	1,030,865
2031	934,116	94,320	1,028,436
2032	364,511	66,875	431,386
2033	379,924	50,603	430,527
2034	400,354	33,548	433,902
2035	415,802	15,709	431,511
2036	11,271	6,381	17,652
2037	11,759	5,893	17,652
2038	12,269	5,383	17,652
2039	12,800	4,852	17,652
2040	13,355	4,297	17,652
2041	13,934	3,718	17,652
2042	14,538	3,114	17,652
2043	15,168	2,484	17,652
2044	15,825	1,827	17,652
2045	16,511	1,141	17,652
2046	17,226	426	17,652
Total	\$ 25,662,454	\$ 9,105,514	\$ 34,767,968

Exhibit J-3

Wayne County, Tennessee
Schedule of Note Receivable
June 30, 2013

Description	Debtor	Original Amount of Notes	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-13
<u>General Debt Service Fund</u>						
Funds for Operations	Wayne County Nursing Home - Component Unit	\$ 200,000	6-19-07	12-1-09	5.5 %	\$ 200,000
Total Note Receivable						<u>\$ 200,000</u>

This note was not retired by its maturity date; however, Wayne County expects to collect the note in the future.

Exhibit J-4

Wayne County, Tennessee
Schedule of Transfers
Discretely Presented Wayne County School Department
For the Year Ended June 30, 2013

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Purpose School	School Federal Projects	Operations	\$ 45,000
Total Transfers			<u>\$ 45,000</u>

Wayne County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Wayne County School Department
For the Year Ended June 30, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, TCA	\$ 67,843	\$ 50,000	State Automobile Mutual Insurance Company
Commissioner of Highways	Section 8-24-102, TCA	64,613	100,000	"
Director of Schools	State Board of Education and County Board of Education	86,120 (1)	(2)	"
Trustee	Section 8-24-102, TCA	58,739	709,700	"
Assessor of Property	Section 8-24-102, TCA	58,739	10,000	"
County Clerk	Section 8-24-102, TCA	58,739	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	58,739	50,000	Auto Owners Mutual Insurance Company
Clerk and Master	Section 8-24-102, TCA	58,739 (3)	35,000	"
Register of Deeds	Section 8-24-102, TCA	58,739	25,000	State Automobile Mutual Insurance Company
Sheriff	Section 8-24-102, TCA	64,613 (4)	50,000	Auto Owners Mutual Insurance Company
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	The Travelers Indemnity Company
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Includes a chief executive officer training supplement of \$1,000. Does not include 100 percent of the premium for family health insurance (\$12,077).
- (2) The director of schools is an employee of the Board of Education and is bonded under the public employee dishonesty blanket bond.
- (3) Does not include special commissioner fees of \$1,586.
- (4) Does not include a law enforcement training supplement of \$600.

Wayne County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2013

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,701,839	\$ 715,264	\$ 0	\$ 0	\$ 0	\$ 36,883
Trustee's Collections - Prior Year	109,725	42,951	0	0	0	2,496
Trustee's Collections - Bankruptcy	10	4	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	37,303	16,711	0	0	0	963
Interest and Penalty	19,065	7,500	0	0	0	404
Pick-up Taxes	278	117	0	0	0	6
Payments in-Lieu-of Taxes - T.V.A.	7,295	3,021	0	0	0	136
Payments in-Lieu-of Taxes - Other	1,036	156	0	0	0	8
<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	143,625	0	0	0	0	0
Litigation Tax - General	43,539	0	0	0	0	0
Litigation Tax - Special Purpose	9,170	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Litigation Tax - Victim/Offender Mediation Center	1,492	0	0	0	0	0
Litigation Tax - Courtroom Security	42,615	0	0	0	0	0
Business Tax	103,268	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
Other County Local Option Taxes	43,236	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	82,130	0	0	0	0	0
Wholesale Beer Tax	158,777	0	0	0	0	0
Interstate Telecommunications Tax	971	0	0	0	0	0
Total Local Taxes	\$ 2,505,374	\$ 785,724	\$ 0	\$ 0	\$ 0	\$ 40,896
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 560	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	3,350	0	0	0	0	0
<u>Permits</u>						
Beer Permits	3,420	0	0	0	0	0
Total Licenses and Permits	\$ 7,330	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds					Highway / Public Works
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 7,022	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	1,603	0	0	0	0	0
Drug Control Fines	2,235	0	9,984	0	0	0
Drug Court Fees	1,593	0	0	0	0	0
Jail Fees	1,053	0	0	0	0	0
DUI Treatment Fines	570	0	0	0	0	0
Data Entry Fee - Circuit Court	499	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	13,020	0	0	0	0	0
Fines for Littering	62	0	0	0	0	0
Officers Costs	12,299	0	0	0	0	0
Game and Fish Fines	302	0	0	0	0	0
Drug Control Fines	5,253	0	8,862	0	0	0
Drug Court Fees	7,037	0	0	0	0	0
Jail Fees	17,113	0	0	0	0	0
Interpreter Fees	40,948	0	0	0	0	0
DUI Treatment Fines	3,690	0	0	0	0	0
Data Entry Fee - General Sessions Court	5,776	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	864	0	0	0	0	0
Officers Costs	1,025	0	0	0	0	0
Interpreter Fees	1,400	0	0	0	0	0
Data Entry Fee - Juvenile Court	230	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	3,658	0	0	0	0	0
Data Entry Fee - Chancery Court	2,009	0	0	0	0	0
<u>Other Courts - In-county</u>						
Interpreter Fees	6,980	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	6,597	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 136,241	\$ 0	\$ 25,443	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Water Sales	\$ 464	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Water Tap Sales	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>Fees</u>						
Copy Fees	\$ 76	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Library Fees	5,500	0	0	0	0	0
Telephone Commissions	40,416	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	1,586	0
Data Processing Fee - Registrar	5,061	0	0	0	0	0
Data Processing Fee - Sheriff	1,049	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	960	0	0	0	0	0
Data Processing Fee - County Clerk	150	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	1,664	0	0	0	0	0
Total Charges for Current Services	\$ 55,340	\$ 0	\$ 0	\$ 0	\$ 1,586	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	0	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	331
Commissary Sales	14,908	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	3,308
Sale of Recycled Materials	0	28,770	0	0	0	4,576
Miscellaneous Refunds	36,241	2	0	0	0	2,180
<u>Nonrecurring Items</u>						
Sale of Property	0	0	0	0	0	0
Damages Recovered from Individuals	0	0	0	0	0	135
<u>Other Local Revenues</u>						
Other Local Revenues	14,280	0	0	0	0	0
Total Other Local Revenues	\$ 65,429	\$ 28,772	\$ 0	\$ 0	\$ 0	\$ 10,530
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of-Salary</u>						
County Clerk	\$ 166,654	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	31,247	0	0	0	0	0
General Sessions Court Clerk	112,297	0	0	0	0	0
Clerk and Master	73,296	0	0	0	0	0
Juvenile Court Clerk	19,410	0	0	0	0	0
Register	50,718	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials (Cont.)</u>						
<u>Fees in-Lieu-of Salary (Cont.)</u>						
Sheriff	\$ 14,740	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	207,144	0	0	0	0	0
Total Fees Received from County Officials	\$ 675,506	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
General Government Grants	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Juvenile Services Program						
Public Safety Grants	13,800	0	0	0	0	0
Law Enforcement Training Programs						
Health and Welfare Grants	90,835	0	0	0	0	0
Health Department Programs						
Public Works Grants						
Bridge Program	0	0	0	0	0	35,444
Litter Program	40,459	0	0	0	0	0
Tennessee Industrial Infrastructure Program	0	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	17,252	0	0	0	0	0
Resort District Sales Tax	62,206	0	0	62,205	0	0
Beer Tax	18,586	0	0	0	0	0
Alcoholic Beverage Tax	56,510	0	0	0	0	0
Mixed Drink Tax	24	0	0	0	0	0
State Revenue Sharing - T.V.A.	845,916	0	0	0	0	0
Emergency Hospital - Prisoners	9,837	0	0	0	0	0
Prisoner Transportation	2,867	0	0	0	0	0
Contracted Prisoner Boarding	925,807	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,913,809
Petroleum Special Tax	0	0	0	0	0	12,385
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	1,938	0	0	0	0	0
Total State of Tennessee	\$ 2,105,701	\$ 0	\$ 0	\$ 62,205	\$ 0	\$ 1,961,638
<u>Federal Government</u>						
Federal Through State						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	72,538	0	0	0	0	0
Other Federal through State	15,883	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 72,690
Total Federal Government	\$ 88,421	\$ 0	\$ 0	\$ 0	\$ 0	\$ 72,690
<u>Other Governments and Citizens Groups</u>						
<u>Prisoner Board Contributions</u>	\$ 74	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 74	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Total</u>	\$ 5,639,416	\$ 814,496	\$ 25,443	\$ 62,205	\$ 1,586	\$ 2,085,754

(Continued)

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	General Capital Projects	Community Development/Industrial Park	Highway Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 949,576	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,403,562
Trustee's Collections - Prior Year	64,430	0	0	0	0	219,602
Trustee's Collections - Bankruptcy	6	0	0	0	0	20
Circuit/Clerk & Master Collections - Prior Years	20,743	0	0	0	0	75,720
Interest and Penalty	11,104	0	0	0	0	38,073
Pick-up Taxes	155	0	0	0	0	556
Payments in-Lieu-of Taxes - T.V.A.	4,116	0	0	0	0	14,568
Payments in-Lieu-of Taxes - Other	208	0	6,637	0	0	8,045
<u>County Local Option Taxes</u>						
Local Option Sales Tax	847,726	0	0	0	0	847,726
Hotel/Motel Tax	0	0	7,525	0	0	7,525
Wheel Tax	430,875	0	0	0	0	574,500
Litigation Tax - General	0	0	0	0	0	43,539
Litigation Tax - Special Purpose	0	0	0	0	0	9,170
Litigation Tax - Jail, Workhouse, or Courthouse	43,574	0	0	0	0	43,574
Litigation Tax - Victim/Offender Mediation Center	0	0	0	0	0	1,492
Litigation Tax - Courtroom Security	0	0	0	0	0	42,615
Business Tax	0	0	0	0	0	103,268
Mineral Severance Tax	0	0	0	0	42,579	42,579
Other County Local Option Taxes	0	0	0	0	0	43,236
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	0	82,130
Wholesale Beer Tax	0	0	0	0	0	158,777
Interstate Telecommunications Tax	0	0	0	0	0	971
Total Local Taxes	\$ 2,372,513	\$ 0	\$ 14,162	\$ 42,579	\$ 0	\$ 5,761,248
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 560
Cable TV Franchise	0	0	0	0	0	3,350
<u>Permits</u>						
Beer Permits	0	0	0	0	0	3,420
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,330

(Continued)

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

	Debt Service Fund		Capital Projects Funds				Total
	General Debt Service	General Capital Projects	Community Development/ Industrial Park	Highway Capital Projects			
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,022	
Officers Costs	0	0	0	0	0	1,603	
Drug Control Fines	0	0	0	0	0	12,219	
Drug Court Fees	0	0	0	0	0	1,593	
Jail Fees	0	0	0	0	0	1,053	
DUI Treatment Fines	0	0	0	0	0	570	
Data Entry Fee - Circuit Court	0	0	0	0	0	499	
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	13,020	
Fines for Littering	0	0	0	0	0	62	
Officers Costs	0	0	0	0	0	12,299	
Game and Fish Fines	0	0	0	0	0	302	
Drug Control Fines	0	0	0	0	0	14,115	
Drug Court Fees	0	0	0	0	0	7,037	
Jail Fees	0	0	0	0	0	17,113	
Interpreter Fees	0	0	0	0	0	40,948	
DUI Treatment Fines	0	0	0	0	0	3,690	
Data Entry Fee - General Sessions Court	0	0	0	0	0	5,776	
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	864	
Officers Costs	0	0	0	0	0	1,025	
Interpreter Fees	0	0	0	0	0	1,400	
Data Entry Fee - Juvenile Court	0	0	0	0	0	230	
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	3,658	
Data Entry Fee - Chancery Court	0	0	0	0	0	2,009	
<u>Other Courts - In-county</u>							
Interpreter Fees	0	0	0	0	0	6,980	
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	6,597	
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 161,684	
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Water Sales	\$ 0	\$ 0	\$ 0	\$ 40,028	\$ 0	\$ 40,492	
Water Tap Sales	0	0	0	20,250	0	20,250	

(Continued)

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

	Debt Service Fund		Capital Projects Funds				Total
	General Debt Service	General Capital Projects	Community Development/Industrial Park	Highway Capital Projects			
<u>Charges for Current Services (Cont.)</u>							
<u>Fees</u>							
Copy Fees	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	76
Library Fees	0	0	0	0	0	0	5,500
Telephone Commissions	0	0	0	0	0	0	40,416
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0	1,586
Data Processing Fee - Register	0	0	0	0	0	0	5,061
Data Processing Fee - Sheriff	0	0	0	0	0	0	1,049
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	960
Data Processing Fee - County Clerk	0	0	0	0	0	0	150
<u>Other Charges for Services</u>							
Other Charges for Services	0	0	0	0	0	0	1,664
Total Charges for Current Services	0 \$	0 \$	0 \$	60,278 \$	0 \$	0 \$	117,204
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	0	0	37,924	0	0	0	37,924
Lease/Rentals	0	0	0	15,025	0	0	15,025
Sale of Materials and Supplies	0	0	0	0	0	0	331
Commissary Sales	0	0	0	0	0	0	14,908
Sale of Gasoline	0	0	0	0	0	0	3,308
Sale of Recycled Materials	0	0	0	0	0	0	33,346
Miscellaneous Refunds	0	0	0	107	0	0	38,530
<u>Nonrecurring Items</u>							
Sale of Property	45,000	0	0	623	0	0	45,623
Damages Recovered from Individuals	0	0	0	0	0	0	135
<u>Other Local Revenues</u>							
Other Local Revenues	0	0	0	0	0	0	14,280
Total Other Local Revenues	45,000 \$	37,924 \$	15,755 \$	0 \$	0 \$	0 \$	203,410
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of-Salary</u>							
County Clerk	0	0	0	0	0	0	166,654
Circuit Court Clerk	0	0	0	0	0	0	31,247
General Sessions Court Clerk	0	0	0	0	0	0	112,297
Clerk and Master	0	0	0	0	0	0	73,296
Juvenile Court Clerk	0	0	0	0	0	0	19,410
Register	0	0	0	0	0	0	50,718

(Continued)

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

	Debt Service Fund		Capital Projects Funds				Total
	General Debt Service	General Capital Projects	Community Development/Industrial Park	Highway Capital Projects			
<u>Fees Received from County Officials (Cont.)</u>							
<u>Fees in-Lieu-of Salary (Cont.)</u>							
Sheriff	0 \$	0 \$	0 \$	0 \$	0 \$	14,740	
Trustee	0	0	0	0	0	207,144	
Total Fees Received from County Officials	0 \$	0 \$	0 \$	0 \$	0 \$	675,506	
<u>State of Tennessee</u>							
General Government Grants	0 \$	0 \$	0 \$	0 \$	0 \$	4,500	
Juvenile Services Program	0	0	0	0	0	13,800	
Public Safety Grants	0	0	0	0	0	90,835	
Law Enforcement Training Programs	0	0	0	0	0	35,444	
Health and Welfare Grants	0	0	0	0	0	40,459	
Health Department Programs	0	0	0	0	0	268,457	
Public Works Grants	0	0	0	0	0	268,457	
Bridge Program	0	0	0	0	0	17,252	
Litter Program	0	0	0	0	0	124,411	
Tennessee Industrial Infrastructure Program	0	0	0	0	0	18,586	
Other State Revenues	0	0	0	0	0	56,510	
Income Tax	0	0	0	0	0	24	
Resort District Sales Tax	0	0	0	0	0	845,916	
Beer Tax	0	0	0	0	0	9,837	
Alcoholic Beverage Tax	0	0	0	0	0	2,867	
Mixed Drink Tax	0	0	0	0	0	925,807	
State Revenue Sharing - T.V.A.	0	0	0	0	0	1,913,809	
Emergency Hospital - Prisoners	0	0	0	0	0	12,385	
Prisoner Transportation	0	0	0	0	0	15,164	
Contracted Prisoner Boarding	0	0	0	0	0	1,938	
Gasoline and Motor Fuel Tax	0	0	0	0	0		
Petroleum Special Tax	0	0	0	0	0		
Registrar's Salary Supplement	0	0	0	0	0		
Other State Grants	0	0	0	0	0		
Total State of Tennessee	0 \$	0 \$	0 \$	268,457 \$	0 \$	4,398,001	
<u>Federal Government</u>							
Federal Through State	0 \$	0 \$	401,811 \$	0 \$	0 \$	401,811	
Community Development	0	0	0	0	0	72,538	
Homeland Security Grants	0	0	0	0	0	15,883	
Other Federal through State	0	0	0	0	0		

(Continued)

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

	Debt Service		Capital Projects Funds				Total
	Fund	General Debt Service	General Capital Projects	Community Development/Industrial Park	Highway Capital Projects		
Federal Government (Cont.)							
Direct Federal Revenue							
Other Direct Federal Revenue	\$ 0 \$	0 \$	0 \$	148,874 \$	0 \$	0 \$	231,564
Total Federal Government	\$ 0 \$	0 \$	0 \$	550,685 \$	0 \$	0 \$	711,796
Other Governments and Citizens Groups							
Other Governments							
Prisoner Board Contributions	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	74
Total Other Governments and Citizens Groups	\$ 227,000 \$	0 \$	0 \$	5,000 \$	0 \$	0 \$	232,000
Total	\$ 2,644,513 \$	37,924 \$	914,337 \$	42,579 \$	12,268,253		

Wayne County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Wayne County School Department
For the Year Ended June 30, 2013

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,696,717	\$ 0	\$ 0	\$ 1,696,717
Trustee's Collections - Prior Year	114,857	0	0	114,857
Circuit/Clerk & Master Collections - Prior Years	44,283	0	0	44,283
Interest and Penalty	18,574	0	0	18,574
Pick-up Taxes	278	0	0	278
Payments in-Lieu-of Taxes - T.V.A.	6,253	0	0	6,253
Payments in-Lieu-of Taxes - Other	372	0	0	372
<u>County Local Option Taxes</u>				
Local Option Sales Tax	601,343	0	0	601,343
Other County Local Option Taxes	31,224	0	0	31,224
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,385	0	0	1,385
Total Local Taxes	<u>\$ 2,515,286</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,515,286</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 565	\$ 0	\$ 0	\$ 565
Total Licenses and Permits	<u>\$ 565</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 565</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 171,095	\$ 171,095
Lunch Payments - Adults	0	0	50,964	50,964
Income from Breakfast	0	0	32,964	32,964
Special Milk Sales	0	0	4,025	4,025
A la carte Sales	0	0	108,529	108,529
Receipts from Individual Schools	23,845	0	0	23,845
Total Charges for Current Services	<u>\$ 23,845</u>	<u>\$ 0</u>	<u>\$ 367,577</u>	<u>\$ 391,422</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 130	\$ 130
Lease/Rentals	5,003	0	0	5,003
Sale of Materials and Supplies	11	0	0	11
Refund of Telecommunication & Internet Fees (E-Rate)	28,723	0	0	28,723
Retirees' Insurance Payments	27,661	0	0	27,661
Miscellaneous Refunds	12,709	48	2,448	15,205
<u>Nonrecurring Items</u>				
Contributions and Gifts	400	0	0	400
<u>Other Local Revenues</u>				
Other Local Revenues	20,911	0	0	20,911
Total Other Local Revenues	<u>\$ 95,418</u>	<u>\$ 48</u>	<u>\$ 2,578</u>	<u>\$ 98,044</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 99,477	\$ 0	\$ 0	\$ 99,477
<u>State Education Funds</u>				
Basic Education Program	12,866,948	0	0	12,866,948
Early Childhood Education	948,933	0	0	948,933
School Food Service	0	0	13,585	13,585
Energy Efficient School Initiative	10,054	0	0	10,054
Driver Education	4,921	0	0	4,921
Other State Education Funds	223,781	0	0	223,781
Career Ladder Program	136,693	0	0	136,693
Career Ladder - Extended Contract	47,800	0	0	47,800

(Continued)

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
Other State Grants	\$ 37,081	\$ 0	\$ 0	\$ 37,081
Total State of Tennessee	<u>\$ 14,375,688</u>	<u>\$ 0</u>	<u>\$ 13,585</u>	<u>\$ 14,389,273</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 627,007	\$ 627,007
USDA - Commodities	0	0	77,570	77,570
Breakfast	0	0	248,611	248,611
USDA - Other	0	0	39,145	39,145
Adult Education State Grant Program	111,242	0	0	111,242
Vocational Education - Basic Grants to States	0	39,277	0	39,277
Community Based Organizations	123,124	0	0	123,124
Title I Grants to Local Education Agencies	0	622,463	0	622,463
Special Education - Grants to States	37,572	617,181	0	654,753
Special Education Preschool Grants	0	13,779	0	13,779
Rural Education	0	64,236	0	64,236
Eisenhower Professional Development State Grants	0	158,755	0	158,755
Race-to-the-Top - ARRA	0	160,710	0	160,710
Other Federal through State	154,637	12,510	0	167,147
Total Federal Government	<u>\$ 426,575</u>	<u>\$ 1,688,911</u>	<u>\$ 992,333</u>	<u>\$ 3,107,819</u>
Total	<u>\$ 17,437,377</u>	<u>\$ 1,688,959</u>	<u>\$ 1,376,073</u>	<u>\$ 20,502,409</u>

Exhibit J-8

Wayne County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2013

General Fund

General Government

County Commission

Other Salaries and Wages	\$	1,500	
Board and Committee Members Fees		9,761	
Social Security		594	
State Retirement		94	
Unemployment Compensation		64	
Employer Medicare		139	
Advertising		1,262	
Audit Services		12,459	
Communication		2,023	
Legal Services		23,339	
Postal Charges		26,270	
Printing, Stationery, and Forms		26	
Other Supplies and Materials		742	
Judgments		3,572	
Other Charges		6,539	
Total County Commission			\$ 88,384

County Mayor/Executive

County Official/Administrative Officer	\$	67,843	
Accountants/Bookkeepers		19,120	
Purchasing Personnel		19,115	
Longevity Pay		200	
Other Salaries and Wages		1,943	
In-Service Training		40	
Social Security		6,595	
State Retirement		6,766	
Employee and Dependent Insurance		660	
Unemployment Compensation		287	
Employer Medicare		1,542	
Communication		4,802	
Data Processing Services		11,365	
Maintenance and Repair Services - Vehicles		212	
Printing, Stationery, and Forms		803	
Travel		178	
Gasoline		230	
Other Supplies and Materials		93	
Other Charges		815	
Total County Mayor/Executive			142,609

Election Commission

County Official/Administrative Officer	\$	52,865	
Part-time Personnel		12,676	
Longevity Pay		300	
Election Commission		3,237	
Election Workers		18,756	
In-Service Training		2,480	
Social Security		4,397	
State Retirement		3,844	
Employee and Dependent Insurance		320	
Unemployment Compensation		387	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Employer Medicare	\$	1,031	
Advertising		931	
Communication		1,922	
Data Processing Services		16,267	
Dues and Memberships		223	
Printing, Stationery, and Forms		458	
Rentals		1,118	
Travel		2,447	
Office Equipment		209	
Total Election Commission			\$ 123,868

Register of Deeds

County Official/Administrative Officer	\$	58,739	
Clerical Personnel		19,120	
Longevity Pay		350	
Social Security		4,849	
State Retirement		4,974	
Employee and Dependent Insurance		455	
Unemployment Compensation		126	
Employer Medicare		1,134	
Communication		1,675	
Data Processing Services		10,919	
Dues and Memberships		929	
Maintenance and Repair Services - Office Equipment		681	
Printing, Stationery, and Forms		1,101	
Rentals		149	
Other Contracted Services		25	
Office Supplies		466	
Office Equipment		6,547	
Total Register of Deeds			112,239

County Buildings

Supervisor/Director	\$	23,463	
Custodial Personnel		26,676	
Maintenance Personnel		19,035	
Longevity Pay		1,425	
Other Per Diem and Fees		472	
Social Security		4,411	
State Retirement		3,864	
Employee and Dependent Insurance		1,103	
Unemployment Compensation		504	
Employer Medicare		1,032	
Communication		207	
Contracts with Private Agencies		44,256	
Maintenance and Repair Services - Buildings		36,203	
Maintenance and Repair Services - Equipment		485	
Maintenance and Repair Services - Vehicles		1,263	
Travel		593	
Custodial Supplies		17,612	
Electricity		132,784	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Gasoline	\$	3,798	
Uniforms		1,133	
Utilities		52,684	
Other Supplies and Materials		1,057	
Other Charges		1,514	
Building Improvements		771	
Total County Buildings			\$ 376,345

Other General Administration

Communication	\$	207	
Contracts with Private Agencies		1,265	
Dues and Memberships		7,268	
Maintenance and Repair Services - Office Equipment		3,929	
Office Supplies		8,724	
Total Other General Administration			21,393

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	58,739	
Clerical Personnel		37,840	
Part-time Personnel		7,572	
Longevity Pay		1,900	
Board and Committee Members Fees		850	
Social Security		6,074	
State Retirement		6,251	
Employee and Dependent Insurance		725	
Unemployment Compensation		362	
Employer Medicare		1,521	
Advertising		50	
Communication		630	
Contracts with Private Agencies		6,700	
Dues and Memberships		16	
Printing, Stationery, and Forms		236	
Rentals		44	
Travel		863	
Data Processing Supplies		836	
Other Supplies and Materials		36	
Premiums on Corporate Surety Bonds		671	
Other Charges		620	
Total Property Assessor's Office			132,536

Reappraisal Program

Contracts with Private Agencies	\$	7,902	
Data Processing Services		2,160	
Total Reappraisal Program			10,062

County Trustee's Office

County Official/Administrative Officer	\$	58,739	
Clerical Personnel		38,195	
Longevity Pay		525	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Social Security	\$	6,048	
State Retirement		6,213	
Employee and Dependent Insurance		685	
Unemployment Compensation		252	
Employer Medicare		1,414	
Advertising		849	
Communication		1,387	
Data Processing Services		7,284	
Dues and Memberships		1,124	
Printing, Stationery, and Forms		881	
Rentals		40	
Other Supplies and Materials		963	
Premiums on Corporate Surety Bonds		3,546	
Office Equipment		400	
Total County Trustee's Office			\$ 128,545

County Clerk's Office

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		38,221	
Part-time Personnel		116	
Longevity Pay		650	
Social Security		6,058	
State Retirement		6,208	
Employee and Dependent Insurance		705	
Unemployment Compensation		248	
Employer Medicare		1,417	
Communication		1,445	
Dues and Memberships		994	
Maintenance Agreements		12,333	
Printing, Stationery, and Forms		2,250	
Rentals		51	
Other Supplies and Materials		728	
Office Equipment		1,385	
Total County Clerk's Office			131,548

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		47,865	
Longevity Pay		850	
Jury and Witness Expense		13,142	
Social Security		6,689	
State Retirement		6,842	
Employee and Dependent Insurance		955	
Unemployment Compensation		384	
Employer Medicare		1,564	
Communication		4,802	
Contracts with Other Public Agencies		1,603	
Data Processing Services		11,971	
Dues and Memberships		76	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Printing, Stationery, and Forms	\$	3,381	
Rentals		35	
Other Supplies and Materials		919	
Premiums on Corporate Surety Bonds		60	
Total Circuit Court			\$ 159,877

General Sessions Court

Judge(s)	\$	86,318	
Secretary(ies)		20,925	
Attendants		37,357	
Longevity Pay		550	
Other Salaries and Wages		32,656	
Social Security		11,157	
State Retirement		8,482	
Employee and Dependent Insurance		1,086	
Unemployment Compensation		680	
Employer Medicare		2,609	
Other Fringe Benefits		1,438	
Communication		2,085	
Data Processing Services		3,469	
Dues and Memberships		561	
Printing, Stationery, and Forms		1,456	
Travel		3,183	
Uniforms		500	
Other Charges		1,696	
Total General Sessions Court			216,208

Drug Court

Drug Treatment	\$	20,793	
Total Drug Court			20,793

Chancery Court

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		19,120	
Part-time Personnel		3,754	
Longevity Pay		1,450	
Social Security		5,104	
State Retirement		4,994	
Employee and Dependent Insurance		495	
Unemployment Compensation		305	
Employer Medicare		1,194	
Advertising		426	
Communication		3,003	
Data Processing Services		8,352	
Dues and Memberships		98	
Printing, Stationery, and Forms		2,142	
Rentals		32	
Gasoline		38	
Premiums on Corporate Surety Bonds		60	
Data Processing Equipment		147	
Office Equipment		2,099	
Total Chancery Court			111,552

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Youth Service Officer(s)	\$	24,601	
Clerical Personnel		18,036	
In-Service Training		264	
Social Security		2,649	
State Retirement		2,761	
Employee and Dependent Insurance		360	
Unemployment Compensation		370	
Employer Medicare		619	
Contracts with Private Agencies		5,810	
Data Processing Services		2,876	
Travel		97	
Total Juvenile Court			\$ 58,443

Judicial Commissioners

County Official/Administrative Officer	\$	48,000	
Longevity Pay		475	
Social Security		3,028	
State Retirement		3,106	
Employee and Dependent Insurance		410	
Unemployment Compensation		252	
Employer Medicare		708	
Other Charges		138	
Total Judicial Commissioners			56,117

Courtroom Security

Deputy(ies)	\$	27,831	
Social Security		1,737	
State Retirement		1,765	
Employee and Dependent Insurance		220	
Unemployment Compensation		81	
Employer Medicare		406	
Total Courtroom Security			32,040

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	64,613	
Supervisor/Director		39,723	
Deputy(ies)		299,550	
Investigator(s)		79,113	
Sergeant(s)		34,962	
Salary Supplements		7,200	
Educational Incentive - Other County Employees		2,485	
Longevity Pay		1,350	
Social Security		33,351	
State Retirement		32,903	
Employee and Dependent Insurance		3,067	
Unemployment Compensation		2,198	
Employer Medicare		7,800	
Advertising		1,453	
Communication		10,557	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Dues and Memberships	\$	3,498	
Evaluation and Testing		540	
Maintenance and Repair Services - Buildings		389	
Maintenance and Repair Services - Equipment		18,006	
Maintenance and Repair Services - Vehicles		96,870	
Postal Charges		33	
Printing, Stationery, and Forms		599	
Travel		3,619	
Data Processing Supplies		4,565	
Gasoline		88,962	
Law Enforcement Supplies		3,747	
Office Supplies		5,189	
Uniforms		32,906	
Other Supplies and Materials		4,211	
In Service/Staff Development		14,930	
Other Charges		9,523	
Data Processing Equipment		344	
Law Enforcement Equipment		7,199	
Motor Vehicles		141,512	
Total Sheriff's Department			\$ 1,056,967

Jail

Assistant(s)	\$	29,134
Supervisor/Director		29,335
Lieutenant(s)		25,397
Sergeant(s)		60,231
Dispatchers/Radio Operators		127,115
Guards		415,017
Clerical Personnel		20,830
Longevity Pay		2,100
Social Security		44,313
State Retirement		40,577
Employee and Dependent Insurance		9,538
Unemployment Compensation		5,189
Employer Medicare		10,363
Communication		15,474
Maintenance and Repair Services - Buildings		6,456
Maintenance and Repair Services - Equipment		2,037
Medical and Dental Services		140,596
Printing, Stationery, and Forms		314
Transportation - Other than Students		7,110
Travel		2,038
Other Contracted Services		155,957
Custodial Supplies		13,980
Drugs and Medical Supplies		283,342
Electricity		29
Food Supplies		19,621
Fuel Oil		15
Uniforms		5,954
Other Supplies and Materials		618

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

In Service/Staff Development	\$	500	
Other Charges		1,074	
Total Jail			\$ 1,474,254

Rural Fire Protection

Maintenance and Repair Services - Buildings	\$	336	
Maintenance and Repair Services - Vehicles		27,510	
Equipment and Machinery Parts		5,426	
Fuel Oil		1,219	
Gasoline		9,657	
Liability Insurance		42,062	
Total Rural Fire Protection			86,210

Other Emergency Management

Longevity Pay	\$	275	
Other Salaries and Wages		13,891	
Social Security		878	
State Retirement		901	
Employee and Dependent Insurance		275	
Unemployment Compensation		128	
Employer Medicare		205	
Communication		6,093	
Maintenance and Repair Services - Vehicles		30	
Travel		286	
Electricity		2,081	
Gasoline		117	
Office Supplies		97	
Utilities		385	
Other Charges		4,735	
Other Equipment		33,803	
Total Other Emergency Management			64,180

County Coroner/Medical Examiner

Social Security	\$	79	
Unemployment Compensation		18	
Employer Medicare		18	
Medical and Dental Services		21,285	
Total County Coroner/Medical Examiner			21,400

Public Safety Grant Programs

Deputy(ies)	\$	14,803	
Social Security		187	
State Retirement		192	
Employer Medicare		44	
Total Public Safety Grant Programs			15,226

Other Public Safety

Communication	\$	1,490	
Total Other Public Safety			1,490

(Continued)

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	4,500	
Social Security		279	
Unemployment Compensation		63	
Employer Medicare		65	
Advertising		336	
Communication		3,433	
Contracts with Government Agencies		20,000	
Dues and Memberships		200	
Maintenance and Repair Services - Buildings		461	
Maintenance and Repair Services - Equipment		180	
Custodial Supplies		856	
Electricity		10,597	
Utilities		960	
Other Supplies and Materials		2,597	
Other Charges		1,332	
Total Local Health Center			\$ 45,859

Alcohol and Drug Programs

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

Other Local Health Services

Longevity Pay	\$	700	
Other Salaries and Wages		70,937	
Social Security		4,405	
State Retirement		4,357	
Employee and Dependent Insurance		690	
Unemployment Compensation		410	
Employer Medicare		1,030	
Travel		3,974	
Other Supplies and Materials		5,257	
Total Other Local Health Services			91,760

Regional Mental Health Center

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

Other Local Welfare Services

Contributions	\$	8,000	
Total Other Local Welfare Services			8,000

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Supervisor/Director	\$	33,169	
Deputy(ies)		14,280	
Part-time Personnel		50,228	

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Longevity Pay	\$	2,100	
Social Security		6,188	
State Retirement		2,953	
Employee and Dependent Insurance		1,222	
Unemployment Compensation		851	
Employer Medicare		1,447	
Communication		5,314	
Data Processing Services		1,807	
Dues and Memberships		110	
Maintenance and Repair Services - Office Equipment		420	
Postal Charges		665	
Travel		1,808	
Electricity		4,617	
Gasoline		41	
Library Books/Media		10,977	
Periodicals		273	
Utilities		150	
Water and Sewer		1,021	
Other Supplies and Materials		1,181	
Other Charges		10,289	
Data Processing Equipment		6,277	
Office Equipment		752	
Total Libraries			\$ 158,140

Other Social, Cultural, and Recreational

Communication	\$	1,249	
Contributions		16,000	
Other Charges		64	
Total Other Social, Cultural, and Recreational			17,313

Agriculture and Natural Resources

Agriculture Extension Service

Custodial Personnel	\$	2,700	
Longevity Pay		850	
Other Salaries and Wages		21,857	
Social Security		1,575	
State Retirement		2,244	
Unemployment Compensation		50	
Employer Medicare		368	
Other Fringe Benefits		681	
Communication		1,938	
Dues and Memberships		240	
Other Supplies and Materials		455	
Total Agriculture Extension Service			32,958

Forest Service

Forest Resource Services	\$	4,000	
Total Forest Service			4,000

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Clerical Personnel	\$	19,662	
Longevity Pay		100	
Social Security		1,226	
State Retirement		1,190	
Employee and Dependent Insurance		215	
Unemployment Compensation		130	
Employer Medicare		287	
Communication		207	
Contributions		4,875	
Total Soil Conservation			\$ 27,892

Other Operations

Tourism

Advertising	\$	195	
Other Supplies and Materials		249	
Total Tourism			444

Other Economic and Community Development

Contributions	\$	43,851	
Total Other Economic and Community Development			43,851

Veterans' Services

Supervisor/Director	\$	3,536	
Social Security		219	
Unemployment Compensation		44	
Employer Medicare		51	
Communication		741	
Maintenance and Repair Services - Vehicles		610	
Travel		382	
Gasoline		454	
Other Supplies and Materials		95	
Other Charges		1,345	
Other Equipment		475	
Total Veterans' Services			7,952

Other Charges

Liability Insurance	\$	197,058	
Workers' Compensation Insurance		117,307	
Total Other Charges			314,365

Contributions to Other Agencies

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

Miscellaneous

Trustee's Commission	\$	54,330	
Total Miscellaneous			54,330

(Continued)

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

General Fund (Cont.)

Highways

Litter and Trash Collection

Foremen	\$	18,475	
Longevity Pay		1,550	
Social Security		1,332	
Handling Charges and Administrative Costs		1,500	
State Retirement		1,368	
Employee and Dependent Insurance		180	
Unemployment Compensation		135	
Employer Medicare		312	
Maintenance and Repair Services - Vehicles		9,386	
Gasoline		8,208	
Instructional Supplies and Materials		7,584	
Other Supplies and Materials		1,223	
Total Litter and Trash Collection			\$ 51,253

Support Services

Other Programs

Teachers	\$	1,000	
In-Service Training		458	
Social Security		62	
State Retirement		64	
Employer Medicare		14	
Other Supplies and Materials		4,574	
Total Other Programs			6,172

Total General Fund \$ 5,558,275

Solid Waste/Sanitation Fund

Public Health and Welfare

Other Waste Collection

Truck Drivers	\$	33,522	
Laborers		15,080	
Longevity Pay		1,800	
Social Security		3,063	
State Retirement		3,141	
Employee and Dependent Insurance		315	
Unemployment Compensation		370	
Employer Medicare		716	
Total Other Waste Collection			\$ 58,007

Landfill Operation and Maintenance

Contracts with Private Agencies	\$	1,016	
Fertilizer, Lime, and Seed		866	
Total Landfill Operation and Maintenance			1,882

Other Waste Disposal

Supervisor/Director	\$	30,632	
Salary Supplements		750	
Longevity Pay		2,400	
Overtime Pay		4,083	
Other Salaries and Wages		154,686	

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Other Waste Disposal (Cont.)

In-Service Training	\$	310	
Other Per Diem and Fees		710	
Social Security		10,192	
State Retirement		8,836	
Employee and Dependent Insurance		2,550	
Unemployment Compensation		1,307	
Employer Medicare		2,805	
Advertising		1,145	
Communication		2,586	
Contracts with Private Agencies		391,749	
Evaluation and Testing		805	
Maintenance and Repair Services - Buildings		2,046	
Maintenance and Repair Services - Equipment		23,036	
Maintenance and Repair Services - Vehicles		20,921	
Travel		547	
Custodial Supplies		4,730	
Electricity		7,131	
Fuel Oil		3,721	
Gasoline		19,070	
Uniforms		8,085	
Water and Sewer		642	
Other Supplies and Materials		857	
Trustee's Commission		15,773	
Other Charges		1,195	
Total Other Waste Disposal			\$ 723,300

Total Solid Waste/Sanitation Fund \$ 783,189

Drug Control Fund

Public Safety

Drug Enforcement

Advertising	\$	120	
Communication		1,990	
Confidential Drug Enforcement Payments		15,000	
Maintenance and Repair Services - Vehicles		290	
Animal Food and Supplies		322	
Law Enforcement Supplies		60	
Other Supplies and Materials		383	
Trustee's Commission		253	
Other Charges		640	
Motor Vehicles		5,100	
Total Drug Enforcement			\$ 24,158

Total Drug Control Fund 24,158

Other Special Revenue Fund

Other Operations

Tourism

Supervisor/Director	\$	20,155	
Longevity Pay		200	

(Continued)

Exhibit J-8

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

Other Special Revenue Fund (Cont.)

Other Operations (Cont.)

Tourism (Cont.)

Other Salaries and Wages	\$	7,800	
Social Security		1,729	
Employee and Dependent Insurance		45	
Unemployment Compensation		236	
Employer Medicare		404	
Advertising		1,895	
Contributions		6,368	
Utilities		3,441	
Other Supplies and Materials		1,928	
Trustee's Commission		622	
Total Tourism			\$ 44,823

Tourism-Resort District

Contributions	\$	12,165	
Total Tourism-Resort District			12,165

Total Other Special Revenue Fund \$ 56,988

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	1,586	
Total Chancery Court			\$ 1,586

Total Constitutional Officers - Fees Fund 1,586

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	64,613	
Secretary(ies)		61,697	
Social Security		7,809	
State Retirement		8,279	
Unemployment Compensation		675	
Employer Medicare		1,827	
Dues and Memberships		2,963	
Maintenance and Repair Services - Buildings		3,146	
Maintenance and Repair Services - Office Equipment		321	
Postal Charges		365	
Printing, Stationery, and Forms		191	
Other Contracted Services		23,123	
Custodial Supplies		968	
Office Supplies		684	
Other Supplies and Materials		69	
Other Charges		539	
Data Processing Equipment		4,594	
Other Equipment		140	
Total Administration			\$ 182,003

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$	93,864	
Equipment Operators		146,914	
Truck Drivers		188,028	
Laborers		233,073	
Social Security		40,923	
State Retirement		38,780	
Unemployment Compensation		8,458	
Employer Medicare		9,571	
Freight Expenses		260	
Rentals		12,651	
Other Contracted Services		6,490	
Asphalt - Cold Mix		68,175	
Asphalt - Liquid		409,054	
Crushed Stone		177,714	
General Construction Materials		900	
Pipe		32,931	
Pipe - Metal		12,600	
Road Signs		12,933	
Structural Steel		666	
Wood Products		6,856	
Other Supplies and Materials		3,710	
Other Charges		273	
Total Highway and Bridge Maintenance			\$ 1,504,824

Operation and Maintenance of Equipment

Foremen	\$	24,999	
Mechanic(s)		32,639	
Social Security		4,256	
State Retirement		4,577	
Unemployment Compensation		540	
Employer Medicare		995	
Freight Expenses		969	
Maintenance and Repair Services - Equipment		19,092	
Maintenance and Repair Services - Vehicles		936	
Diesel Fuel		228,357	
Equipment Parts - Light		5,334	
Equipment and Machinery Parts		103,830	
Garage Supplies		4,968	
Gasoline		40,984	
Lubricants		18,511	
Road Signs		370	
Small Tools		1,864	
Tires and Tubes		55,029	
Other Supplies and Materials		1,943	
Other Charges		35	
Total Operation and Maintenance of Equipment			550,228

Other Charges

Communication	\$	11,010
Electricity		5,555

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Food Supplies	\$	6,867	
Utilities		1,488	
Water and Sewer		793	
Trustee's Commission		19,980	
Liability Claims		295	
Other Charges		<u>1,312</u>	
Total Other Charges	\$		47,300

Employee Benefits

Employee and Dependent Insurance	\$	1,480	
Workers' Compensation Insurance		<u>68,451</u>	
Total Employee Benefits			69,931

Capital Outlay

Engineering Services	\$	2,159	
Bridge Construction		176,125	
Communication Equipment		704	
Highway Equipment		14,650	
Motor Vehicles		<u>21,020</u>	
Total Capital Outlay			<u>214,658</u>

Total Highway/Public Works Fund \$ 2,568,944

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	327,798	
Principal on Notes		<u>181,950</u>	
Total General Government	\$		509,748

Highways and Streets

Principal on Bonds	\$	<u>42,050</u>	
Total Highways and Streets			42,050

Education

Principal on Bonds	\$	<u>949,400</u>	
Total Education			949,400

Interest on Debt

General Government

Interest on Bonds	\$	412,110	
Interest on Notes		<u>3,675</u>	
Total General Government			415,785

Highways and Streets

Interest on Bonds	\$	<u>46,334</u>	
Total Highways and Streets			46,334

Education

Interest on Bonds	\$	<u>561,673</u>	
Total Education			561,673

(Continued)

Exhibit J-8

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

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Fiscal Agent Charges	\$	5,000	
Operating Lease Payments		166,115	
Trustee's Commission		34,409	
Other Debt Service		2,097	
Total General Government			\$ 207,621

Highways and Streets

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

Education

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

Total General Debt Service Fund \$ 2,742,611

General Capital Projects Fund

Capital Projects

General Administration Projects

Trustee's Commission	\$	274	
Total General Administration Projects			\$ 274

Public Safety Projects

Building Construction	\$	20,300	
Total Public Safety Projects			20,300

Total General Capital Projects Fund 20,574

Community Development/Industrial Park Fund

Other Operations

Other Economic and Community Development

Contracts with Government Agencies	\$	20,624	
Other Contracted Services		10,875	
Other Supplies and Materials		3,447	
Other Charges		5,643	
Total Other Economic and Community Development			\$ 40,589

Airport

Contributions	\$	9,000	
Total Airport			9,000

Capital Projects

General Administration Projects

Communication	\$	5,702	
Trustee's Commission		208	
Other Charges		4,289	
Motor Vehicles		10,000	
Other Equipment		5,000	
Other Construction		1,754	
Total General Administration Projects			26,953

(Continued)

Exhibit J-8

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

Community Development/Industrial Park Fund (Cont.)

Capital Projects (Cont.)

Social, Cultural, and Recreation Projects

Advertising	\$	370	
Other Construction		<u>2,726</u>	
Total Social, Cultural, and Recreation Projects	\$		3,096

Public Utility Projects

Engineering Services	\$	192,959	
Legal Services		600	
Other Contracted Services		6,000	
Other Construction		<u>1,668,797</u>	
Total Public Utility Projects			<u>1,868,356</u>

Total Community Development/Industrial Park Fund	\$		1,947,994
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Highway Capital Projects Fund

Capital Projects

Highway and Street Capital Projects

Trustee's Commission	\$	<u>426</u>	
Total Highway and Street Capital Projects	\$		<u>426</u>

Total Highway Capital Projects Fund			<u>426</u>
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Total Governmental Funds - Primary Government	\$		<u><u>13,704,745</u></u>
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Exhibit J-9

Wayne County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Wayne County School Department
For the Year Ended June 30, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	6,188,694	
Career Ladder Program		113,095	
Career Ladder Extended Contracts		42,000	
Homebound Teachers		5,464	
Clerical Personnel		6,145	
Educational Assistants		183,514	
Other Salaries and Wages		194,011	
Certified Substitute Teachers		75,333	
Non-certified Substitute Teachers		84,504	
Social Security		390,826	
State Retirement		576,506	
Medical Insurance		614,800	
Unemployment Compensation		23,998	
Employer Medicare		91,768	
Travel		5,114	
Other Contracted Services		34,953	
Food Supplies		475	
Instructional Supplies and Materials		86,588	
Textbooks		38,545	
Other Supplies and Materials		36,825	
Other Charges		13,895	
Regular Instruction Equipment		114,744	
Total Regular Instruction Program			\$ 8,921,797

Alternative Instruction Program

Teachers	\$	56,736	
Social Security		3,262	
State Retirement		5,038	
Medical Insurance		3,517	
Unemployment Compensation		158	
Employer Medicare		763	
Other Supplies and Materials		200	
Total Alternative Instruction Program			69,674

Special Education Program

Teachers	\$	934,549	
Homebound Teachers		9,437	
Educational Assistants		53,966	
Certified Substitute Teachers		8,238	
Non-certified Substitute Teachers		15,360	
Social Security		58,632	
State Retirement		86,866	
Medical Insurance		66,969	
Unemployment Compensation		3,875	
Employer Medicare		13,714	
Other Contracted Services		26,605	
Instructional Supplies and Materials		7,471	
Total Special Education Program			1,285,682

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	384,301	
Certified Substitute Teachers		8,034	
Non-certified Substitute Teachers		1,596	
Social Security		22,316	
State Retirement		34,126	
Medical Insurance		32,714	
Unemployment Compensation		1,519	
Employer Medicare		5,247	
Instructional Supplies and Materials		12,173	
Other Supplies and Materials		2,100	
Vocational Instruction Equipment		8,965	
Total Vocational Education Program			\$ 513,091

Adult Education Program

Teachers	\$	49,577	
Social Security		2,933	
State Retirement		4,188	
Medical Insurance		1,932	
Unemployment Compensation		438	
Employer Medicare		680	
Other Contracted Services		7,312	
Instructional Supplies and Materials		500	
Other Charges		14,747	
Total Adult Education Program			82,307

Support Services

Attendance

Supervisor/Director	\$	32,147	
Social Security		1,713	
State Retirement		2,855	
Medical Insurance		3,762	
Unemployment Compensation		60	
Employer Medicare		401	
Travel		447	
Total Attendance			41,385

Health Services

Medical Personnel	\$	35,420	
Other Salaries and Wages		69,837	
Social Security		5,859	
State Retirement		7,564	
Medical Insurance		8,442	
Unemployment Compensation		716	
Employer Medicare		1,370	
Travel		1,336	
Drugs and Medical Supplies		2,725	
Total Health Services			133,269

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

Guidance Personnel	\$	274,918	
Social Workers		13,594	
Other Salaries and Wages		19,013	
Certified Substitute Teachers		39	
Non-certified Substitute Teachers		180	
Social Security		17,535	
State Retirement		27,290	
Medical Insurance		19,233	
Unemployment Compensation		802	
Employer Medicare		4,102	
Communication		206	
Evaluation and Testing		10,936	
Postal Charges		882	
Travel		7,266	
Other Contracted Services		586	
Instructional Supplies and Materials		573	
Other Supplies and Materials		4,671	
Other Charges		866	
Total Other Student Support			\$ 402,692

Regular Instruction Program

Supervisor/Director	\$	71,406	
Librarians		299,746	
Certified Substitute Teachers		2,172	
Non-certified Substitute Teachers		618	
Social Security		21,251	
State Retirement		32,965	
Medical Insurance		26,168	
Unemployment Compensation		1,093	
Employer Medicare		4,970	
Travel		2,664	
Other Contracted Services		2,986	
Library Books/Media		29,731	
In Service/Staff Development		1,819	
Total Regular Instruction Program			497,589

Special Education Program

Supervisor/Director	\$	71,406	
Psychological Personnel		60,677	
Assessment Personnel		56,804	
Other Salaries and Wages		3,892	
Social Security		10,982	
State Retirement		16,729	
Medical Insurance		11,378	
Unemployment Compensation		386	
Employer Medicare		2,568	
Travel		6,391	
Other Supplies and Materials		1,145	
Total Special Education Program			242,358

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program

Supervisor/Director	\$	65,556	
Secretary(ies)		13,488	
Other Salaries and Wages		14,902	
Certified Substitute Teachers		77	
Social Security		5,769	
State Retirement		7,627	
Medical Insurance		372	
Unemployment Compensation		297	
Employer Medicare		1,353	
Travel		111	
Other Charges		145	
Total Vocational Education Program			\$ 109,697

Adult Programs

Supervisor/Director	\$	53,232	
Other Salaries and Wages		6,648	
Social Security		3,112	
State Retirement		5,131	
Medical Insurance		11,927	
Unemployment Compensation		160	
Employer Medicare		734	
Travel		1,102	
In Service/Staff Development		3,455	
Total Adult Programs			85,501

Other Programs

On-Behalf Payments to OPEB	\$	99,477	
Total Other Programs			99,477

Board of Education

Board and Committee Members Fees	\$	9,800	
Social Security		556	
Unemployment Compensation		137	
Employer Medicare		130	
Audit Services		19,000	
Dues and Memberships		8,070	
Legal Services		2,547	
Licenses		90	
Travel		637	
Trustee's Commission		76,369	
Workers' Compensation Insurance		108,722	
Fines, Assessments, and Penalties		6,076	
Other Charges		7,921	
Total Board of Education			240,055

Director of Schools

County Official/Administrative Officer	\$	86,120	
Secretary(ies)		13,488	
Social Security		6,141	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

State Retirement	\$	8,505	
Medical Insurance		12,220	
Unemployment Compensation		220	
Employer Medicare		1,436	
Communication		6,338	
Dues and Memberships		1,687	
Maintenance and Repair Services - Equipment		1,294	
Postal Charges		455	
Travel		1,488	
Other Contracted Services		1,173	
Office Supplies		292	
In Service/Staff Development		165	
Other Charges		8,157	
Total Director of Schools	\$		149,179

Office of the Principal

Principals	\$	429,887	
Secretary(ies)		94,416	
Non-certified Substitute Teachers		52	
Social Security		30,592	
State Retirement		44,179	
Medical Insurance		22,674	
Unemployment Compensation		1,705	
Employer Medicare		7,155	
Communication		10,200	
Office Supplies		924	
Other Supplies and Materials		169	
Other Charges		1,200	
Total Office of the Principal			643,153

Fiscal Services

Accountants/Bookkeepers	\$	32,182	
Other Salaries and Wages		1,223	
Social Security		1,859	
State Retirement		1,931	
Medical Insurance		6,296	
Unemployment Compensation		171	
Employer Medicare		435	
Data Processing Services		1,104	
Data Processing Supplies		1,073	
Office Supplies		214	
Total Fiscal Services			46,488

Operation of Plant

Custodial Personnel	\$	309,582	
Other Salaries and Wages		1,876	
Social Security		18,756	
State Retirement		17,752	
Medical Insurance		3,002	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Unemployment Compensation	\$	2,837	
Employer Medicare		4,393	
Other Contracted Services		84,564	
Custodial Supplies		53,370	
Electricity		539,898	
Natural Gas		97,871	
Water and Sewer		49,337	
Building and Contents Insurance		144,627	
Total Operation of Plant			\$ 1,327,865

Maintenance of Plant

Maintenance Personnel	\$	131,902	
Social Security		7,919	
State Retirement		8,389	
Medical Insurance		715	
Unemployment Compensation		577	
Employer Medicare		1,852	
Communication		330	
Maintenance and Repair Services - Buildings		88,687	
Maintenance and Repair Services - Equipment		42,133	
Maintenance and Repair Services - Vehicles		52	
Travel		141	
Other Contracted Services		9,063	
Custodial Supplies		501	
Gasoline		1,975	
Other Supplies and Materials		1,313	
Other Charges		438	
Total Maintenance of Plant			295,987

Transportation

Supervisor/Director	\$	11,979	
Mechanic(s)		90,201	
Bus Drivers		397,095	
Other Salaries and Wages		14,546	
Social Security		29,599	
State Retirement		31,796	
Medical Insurance		9,836	
Unemployment Compensation		4,451	
Employer Medicare		7,054	
Communication		615	
Contracts with Parents		2,494	
Maintenance and Repair Services - Vehicles		5,530	
Medical and Dental Services		3,723	
Travel		8	
Other Contracted Services		12,692	
Diesel Fuel		194,877	
Garage Supplies		1,497	
Gasoline		6,917	
Lubricants		6,100	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Tires and Tubes	\$	15,307	
Vehicle Parts		25,150	
Other Supplies and Materials		837	
Other Charges		5,879	
Regular Instruction Equipment		18	
Transportation Equipment		214,687	
Total Transportation			\$ 1,092,888

Operation of Non-Instructional Services

Food Service

Other Salaries and Wages	\$	500	
Social Security		31	
State Retirement		44	
Employer Medicare		7	
Total Food Service			582

Community Services

Teachers	\$	28,422	
Other Salaries and Wages		472	
Social Security		1,863	
State Retirement		2,544	
Medical Insurance		229	
Unemployment Compensation		112	
Employer Medicare		436	
Travel		569	
Total Community Services			34,647

Early Childhood Education

Supervisor/Director	\$	32,151	
Teachers		420,696	
Bus Drivers		405	
Clerical Personnel		1,500	
Educational Assistants		232,721	
Other Salaries and Wages		110,950	
Certified Substitute Teachers		2,666	
Non-certified Substitute Teachers		9,762	
Social Security		47,352	
State Retirement		61,554	
Medical Insurance		39,795	
Unemployment Compensation		4,506	
Employer Medicare		11,074	
Travel		192	
Other Contracted Services		518	
Instructional Supplies and Materials		24,260	
Other Supplies and Materials		20,031	
Other Charges		1,025	
Total Early Childhood Education			1,021,158

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Other Debt Service

Education

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

Total General Purpose School Fund \$ 17,536,521

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 577,014	
Educational Assistants	23,720	
Other Salaries and Wages	7,974	
Certified Substitute Teachers	7,184	
Non-certified Substitute Teachers	11,179	
Social Security	35,516	
State Retirement	53,095	
Medical Insurance	44,397	
Unemployment Compensation	2,051	
Employer Medicare	8,306	
Other Contracted Services	22,095	
Instructional Supplies and Materials	21,217	
Other Supplies and Materials	1,001	
Other Charges	624	
Regular Instruction Equipment	72,681	
Total Regular Instruction Program		\$ 888,054

Special Education Program

Teachers	\$ 32,146	
Educational Assistants	225,082	
Certified Substitute Teachers	5,521	
Non-certified Substitute Teachers	17,905	
Social Security	16,143	
State Retirement	17,044	
Medical Insurance	12,987	
Unemployment Compensation	2,524	
Employer Medicare	3,783	
Maintenance and Repair Services - Equipment	1,803	
Instructional Supplies and Materials	2,389	
Other Supplies and Materials	8,597	
Special Education Equipment	7,262	
Total Special Education Program		353,186

Vocational Education Program

Instructional Supplies and Materials	\$ 2,808	
Vocational Instruction Equipment	25,280	
Total Vocational Education Program		28,088

Adult Education Program

Other Supplies and Materials	\$ 9,613	
Other Charges	415	
Total Adult Education Program		10,028

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Support Services

Other Student Support

Guidance Personnel	\$	54,862	
Bus Drivers		772	
Other Salaries and Wages		22,664	
Social Security		4,413	
State Retirement		6,812	
Medical Insurance		6,348	
Unemployment Compensation		194	
Employer Medicare		1,032	
Maintenance and Repair Services - Equipment		379	
Travel		24,617	
Other Contracted Services		2,054	
Other Supplies and Materials		193	
In Service/Staff Development		16,766	
Total Other Student Support	\$		141,106

Regular Instruction Program

Supervisor/Director	\$	32,151	
Clerical Personnel		9,358	
Certified Substitute Teachers		309	
Non-certified Substitute Teachers		154	
Social Security		2,582	
State Retirement		3,450	
Medical Insurance		1,419	
Unemployment Compensation		117	
Employer Medicare		604	
Travel		448	
Other Supplies and Materials		889	
In Service/Staff Development		10,570	
Other Equipment		396	
Total Regular Instruction Program			62,447

Special Education Program

Assessment Personnel	\$	63,166	
Secretary(ies)		12,977	
Social Security		4,661	
State Retirement		5,958	
Medical Insurance		3,000	
Unemployment Compensation		312	
Employer Medicare		1,090	
Communication		1,311	
Postal Charges		374	
Travel		14,644	
Other Contracted Services		65,385	
Other Supplies and Materials		11,554	
In Service/Staff Development		4,635	
Total Special Education Program			189,067

Vocational Education Program

Travel	\$	473	
Total Vocational Education Program			473

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation

Bus Drivers	\$	18,462	
Social Security		1,128	
State Retirement		1,385	
Medical Insurance		19	
Unemployment Compensation		67	
Employer Medicare		264	
Total Transportation			\$ 21,325

Operation of Non-Instructional Services

Early Childhood Education

Other Salaries and Wages	\$	365	
Social Security		23	
State Retirement		32	
Unemployment Compensation		5	
Employer Medicare		5	
Total Early Childhood Education			430

Total School Federal Projects Fund \$ 1,694,204

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	43,066	
Cafeteria Personnel		373,245	
Other Salaries and Wages		1,716	
Social Security		25,205	
State Retirement		23,553	
Medical Insurance		5,228	
Unemployment Compensation		4,591	
Employer Medicare		5,895	
Communication		3,353	
Maintenance and Repair Services - Equipment		13,073	
Travel		1,474	
Other Contracted Services		4,056	
Food Preparation Supplies		50,617	
Food Supplies		699,920	
Office Supplies		2,742	
USDA - Commodities		77,570	
Other Supplies and Materials		246	
Trustee's Commission		1	
Other Charges		1,162	
Total Food Service			\$ 1,336,713

Total Central Cafeteria Fund 1,336,713

Total Governmental Funds - Wayne County School Department \$ 20,567,438

Exhibit J-10

Wayne County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2013

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 455,618
Total Cash Receipts	<u>\$ 455,618</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 451,062
Trustee's Commission	4,556
Total Cash Disbursements	<u>\$ 455,618</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash, July 1, 2012	<u>0</u>
 Cash, June 30, 2013	 <u>\$ 0</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

Wayne County Executive and
Board of County Commissioners
Wayne 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 Wayne County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Wayne County's basic financial statements, and have issued our report thereon dated December 4, 2013. Our report includes a reference to other auditors who audited the financial statements of the Wayne County Emergency Communications District, as described in our report on Wayne County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report on the aggregate discretely presented component units was adverse due to not including the financial statements of the Wayne County Retirement Facilities (composed of the Wayne County Nursing Home and the Wayne County Assisted Living Facility), whose report had not been made available from other auditors as of the date of this report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wayne 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 Wayne County's internal control. Accordingly, we do not express an opinion on the effectiveness of Wayne County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 2013-002.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2013-001(C,D,E,F), 2013-003, 2013-004, 2013-005, 2013-006(A), 2013-007(A,B,C), 2013-008, 2013-009, 2013-013, 2013-014, 2013-016, 2013-017, 2013-020, 2013-024, 2013-028, 2013-029, and 2013-030.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wayne 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 2013-001(A,B,G,H,I), 2013-006(B,C,D) 2013-007(D,E), 2013-010, 2013-011, 2013-012, 2013-015, 2013-018, 2013-019, 2013-021, 2013-022, 2013-023, 2013-025, 2013-026, and 2013-027.

Wayne County's Responses to Findings

Wayne County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Wayne 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 Wayne 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

December 4, 2013

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 the Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133**

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

We have audited the accompanying Schedule of Expenditures of Federal Awards of Wayne County, Tennessee, for the year ended June 30, 2013.

Management's Responsibility for the Schedule of Expenditures of Federal Awards

Management is responsible for the preparation and fair presentation of the Schedule of Expenditures of Federal Awards in accordance with OMB Circular A-133. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule.

Auditor's Responsibility

Our responsibility is to express an opinion on the Schedule of Expenditures of Federal Awards based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule, 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 schedule 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 Wayne County'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 schedule.

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

Opinion

In our opinion, the Schedule of Expenditures of Federal Awards presents fairly, in all material respects, the expenditures of federal awards of Wayne County in conformity with accounting principles generally accepted in the United States of America for the year ended June 30, 2013.

Other Matters

Wayne County's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Wayne County's response was not subjected to the auditing procedures applied in the audit of the Schedule of Expenditures of Federal Awards and, accordingly, we express no opinion on the response.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2013, on our consideration of Wayne County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Other Reporting Required by OMB Circular A-133

In accordance with OMB Circular A-133 we have also issued our report dated December 4, 2013, on our consideration of compliance for each major program and internal control over compliance. The purpose of that report was to express an opinion on compliance for each major federal program based on our audit and to describe the scope of our testing of internal control over compliance. That report is an integral part of an audit performed in accordance with OMB Circular A-133 and should be considered in assessing the results of our audit.

This report is intended for the purposes described under the Auditor's Responsibility and Opinion paragraphs. Accordingly, this report 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

December 4, 2013

JPW/yu



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

**Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance Required
by OMB Circular A-133**

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Wayne 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 Wayne County's major federal programs for the year ended June 30, 2013. Wayne County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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 Wayne 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 Wayne County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on CFDA No. 84.287 Twenty-first Century Community Learning Centers

As described in the accompanying Schedule of Findings and Questioned Costs, Wayne County did not comply with requirements regarding CFDA No. 84.287 Twenty-first Century Community Learning Centers as described in finding number 2013-031 for Allowable Costs, Eligibility and Reporting. Compliance with such requirements is necessary, in our opinion, for Wayne County to comply with the requirements applicable to that program.

Qualified Opinion on CFDA No. 84.287 Twenty-first Century Community Learning Centers

In our opinion, except for the noncompliance described in the "Basis for Qualified Opinion" on CFDA No. 84.287 paragraph, Wayne County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA No. 84.287 Twenty-first Century Community Learning Centers for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Wayne 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 other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2013.

Wayne County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Wayne County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Wayne 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 Wayne County's internal control over compliance with the types of requirements that could have a direct

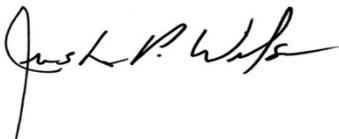
and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular 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 Wayne County's internal control over compliance.

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 4, 2013

JPW/yu

Wayne County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2013

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Rural Business Enterprise Grants	10.769	N/A	\$ 148,874
Emergency Watershed Protection Program	10.923	N/A	72,690
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	248,611
National School Lunch Program	10.555	N/A	629,282 (4)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	77,570 (4)
Passed-through State Department of Human Services:			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	N/A	36,870
Total U.S. Department of Agriculture			\$ 1,213,897
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(2)	\$ 401,811
Total U.S. Department of Housing and Urban Development			\$ 401,811
U.S. Department of Labor:			
Passed-through South Central Tennessee Workforce Alliance:			
WIA Youth Activities	17.259	(2)	\$ 3,943
Total U.S. Department of Labor			\$ 3,943
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z-12-GHS357	\$ 15,883
Total U.S. Department of Transportation			\$ 15,883
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 111,242
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	642,608
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	651,997
Special Education - Preschool Grants	84.173	(2)	15,334
Career and Technical Education - Basic Grants to States	84.048	(2)	40,536
Even Start - State Educational Agencies	84.213	(2)	9,757
Twenty-first Century Community Learning Centers	84.287	(2)	112,772
Educational Technology State Grants	84.318	(2)	12,510
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	(2)	37,922
Rural Education	84.358	N/A	48,628
Improving Teacher Quality State Grants	84.367	N/A	152,696
State Fiscal Stabilization Funds - Race-to-the-Top Incentive Grants, Recovery Act	84.395	(2)	157,710
Total U.S. Department of Education			\$ 1,993,712

(Continued)

Wayne County, Tennessee

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	34101-0000011574	\$ 17,350
Homeland Security Grant Program	97.067	(3)	<u>55,188</u>
Total U.S. Department of Homeland Security			<u>\$ 72,538</u>
Total Expenditures of Federal Awards			<u>\$ 3,701,784</u>
<u>State Grants</u>		<u>Contract Number</u>	
Adult Education - State Department of Education	N/A	(2)	\$ 37,081
Coordinated School Health - State Department of Education	N/A	(2)	90,000
Early Childhood Education - State Department of Education	N/A	(2)	948,933
Family Resource Center Grant - State Department of Education	N/A	(2)	29,612
Energy Efficient Schools Initiative - State Department of Education	N/A	(2)	10,054
FastTrack Industrial Development Program - State Department of Economic and Community Development	N/A	(2)	268,457
Internet Connectivity - State Department of Education	N/A	(2)	7,724
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	(2)	4,500
Litter Program - State Department of Transportation	N/A	(2)	40,459
Library Technology Grant - Tennessee Secretary of State	N/A	(2)	1,938
Lottery for Education Afterschool Program - State Department of Education	N/A	(2)	90,000
Rural Local Health Services - State Department of Health	N/A	(2)	90,835
Statewide Student Management System - State Department of Education	N/A	(2)	<u>6,445</u>
Total State Grants			<u>\$ 1,626,038</u>

CFDA - Catalog of Federal Domestic Assistance

N/A - Not Applicable

(1) - Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) - Information not available.

(3) - HSGP-2009-2556: \$23,100; HSGP-2010-5950: \$32,088.

(4) - Total for CFDA No. 10.555 is \$706,852.

Wayne County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2013

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are the findings from the Annual Financial Report for Wayne County, Tennessee, for the year ended June 30, 2012, which have not been corrected.

OFFICE OF COUNTY EXECUTIVE

Finding Number	Page Number	Subject
12.01	162	Material audit adjustments were required for proper financial statement presentation
12.02	162	General ledger cash accounts were not reconciled with county trustee reports
12.03	163	Expenditures exceeded appropriations
12.04	164	General ledger payroll liability accounts were not reconciled
12.05	164	The office had purchasing deficiencies

OFFICE OF DIRECTOR OF SCHOOLS

Finding Number	Page Number	Subject
12.09	167	General ledger cash accounts were not reconciled with county trustee reports
12.10	167	General ledger payroll liability accounts were not reconciled
12.11	168	The office had deficiencies in budget operations
12.12	169	The School Department had deficiencies in the use of state and federal grant funds, which resulted in questioned costs
12.13	172	Employees received unauthorized payments
12.14	173	An employee made unauthorized purchases using a School Department credit card
12.15	173	Usernames and passwords were shared by employees

OFFICE OF TRUSTEE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.17	174	Delinquent property tax collections were not prorated accurately

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.18	175	Multiple employees operated from the same cash drawer

OFFICE OF CLERK AND MASTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.20	176	Multiple employees operated from the same cash drawer

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.22	177	Duties were not segregated adequately

WAYNE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is adverse. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unmodified.
2. The audit of the financial statements of Wayne County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed eight instances of noncompliance that were material to the financial statements of Wayne County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. A qualified opinion was issued on compliance for the Twenty-first Century Community Learning Centers (CFDA No. 84.287). An unmodified opinion was issued on compliance for the remaining major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the Community Development Block Grants/State's Program (CFDA No. 14.228); the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173); the Twenty-first Century Community Learning Centers (CFDA No. 84.287); and the State Fiscal Stabilization Funds – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Wayne County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY EXECUTIVE

FINDING 2013-001

DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF ACCOUNTING RECORDS FOR THE WAYNE COUNTY BOARD OF PUBLIC UTILITIES

(A. and B. – Material Noncompliance Under *Government Auditing Standards*; C., D., E., and F. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; G., H., and I. – Noncompliance Under *Government Auditing Standards*)

The Wayne County Board of Public Utilities was formed on March 15, 2010, to provide water services to the citizens of Wayne County, and the Wayne County Commission appoints the utility's board of directors. The board consists of the county executive and three county commissioners, and the county executive serves as chairman of the board. In prior years, the board constructed various water lines, which the board operates as a water system. The board purchases its water from several other water systems.

Our audit noted numerous deficiencies in the maintenance of the accounting records. We were unable to ascertain if charges for water sales were accurately billed and whether funds collected were properly accounted for in compliance with sound business practices and applicable state statutes. The following internal control and compliance deficiencies were noted.

- A. The office did not account for transactions of the county-owned water system in an enterprise fund. Instead, these transactions were accounted for in the county's Community Development/Industrial Park Fund (a capital projects fund), along with other unrelated capital projects. Section 5-16-109, *Tennessee Code Annotated*, states "the board or administrative agency shall determine and fix charges ... upon a basis calculated to ensure the fiscal solvency of the operation at all times." Reporting the county-owned water system in an enterprise fund is the method recognized by generally accepted accounting principles to calculate charges sufficient to cover the costs of operations and maintenance, including depreciation and debt service requirements.
- B. Water lines owned and/or under construction by the water system were not recorded in the financial statements and depreciated annually. Generally accepted accounting principles require capital assets (water lines) used in

operations and having a useful life in excess of one year to be capitalized and depreciated annually.

- C. The office did not maintain an adequate accounting system to account for water sales, tap sales, customer deposits, billings, and collections. Although the employee responsible for billings and collections utilized Excel spreadsheets to prepare billing statements and monthly billing summaries, these spreadsheet files were not saved, and only printed copies were available for inspection by auditors. Total water sales and loss figures were not captured by the accounting system. Amounts for water sales, tap sales, and tap deposits were commingled in the accounting records. A list of customer tap deposits was not maintained, and no liabilities of the system were recorded. Due to these deficiencies, auditors were unable to ascertain if all applicable funds and tap deposits had been collected.
- D. Written policies and procedures were not available for employees to ensure consistent application of board policies. Auditors noted that tap fees charged to customers varied in amount, and in some instances, no tap fee was charged at all. Refundable tap deposits were required prior to obtaining water service; however, auditors determined that some customers were billed for their tap deposits on their monthly water bill, subsequent to receiving service. Additionally, auditors were unable to determine if all customers had been required to provide a tap deposit.
- E. One employee calculates the water bills, generates the bills, receipts the payments, posts the payments to the accounts, deposits the revenues received with the county trustee, and maintains all water billing records. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decision based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.
- F. The office did not always issue official receipts for collections as required by Section 9-2-104, *Tennessee Code Annotated*. Auditors noted that no receipts were issued prior to November 2012. At that time, the office began issuing generic receipts. The office began issuing official prenumbered receipts in April 2013. However, receipts were still not issued for all collections. Fund financial statements recorded water sales of \$40,028 and tap sales of \$20,250 totaling \$60,278 for the year ended June 30, 2013. Receipts issued for the period totaled only \$6,012; however, we did verify that the \$60,278 was deposited with the county trustee. The failure to issue receipts or the use of generic receipts exposes the office to risks that collections may not be accounted for properly.
- G. In some instances, the office did not deposit funds within three days of collection. The employee involved in receipting and depositing water sales

advised auditors that she was unaware of this requirement. Collections from water sales were received by mail, in person, and customer deposits into one of two drop-boxes. Payments deposited into the drop-boxes were not collected on a regular basis. During the period under examination, as many as 60 days elapsed between the date funds were received and the date funds were deposited with the county trustee. The delay in depositing funds weakens internal controls over collections and increases the risks for fraud and misappropriation.

- H. Officials failed to file schedules of water loss reports with the state Department of Environment and Conservation oversight agency.
- I. Minutes were not maintained recording the actions taken in the meetings of the Board of Public Utilities. Official minutes are necessary to document the actions taken by the board.

RECOMMENDATION

Officials should establish an enterprise fund to account for the operations of the water system. Capital assets, accumulated depreciation, and current depreciation expense should be recorded in the enterprise fund. Officials should take steps to correct the deficiencies in the accounting system to provide accurate sales, billing, and collection information. Written policies and procedures should be developed and made available to employees to ensure the consistent application of board policies. Officials should segregate duties to the extent possible using available resources. Official prenumbered receipts should be issued for all collections, and funds should be deposited with the county trustee within three days of collection. Officials should file all required reports with the appropriate oversight agency in a timely manner. Minutes should be maintained to document the actions of the board.

FINDING 2013-002

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

At June 30, 2013, certain general ledger account balances in the General and Community Development/Industrial Park funds were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Audit adjustments were required to increase receivables by \$209,437 in the General Fund; and both receivables and payables were increased by \$347,164 and \$492,587, respectively, in the Community Development/Industrial Park Fund. Generally accepted accounting principles require Wayne County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial

statements. This deficiency is the result of a lack of management oversight and management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management, which they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

FINDING 2013-003

GENERAL LEDGER CASH ACCOUNTS WERE NOT ACCURATELY RECONCILED WITH COUNTY TRUSTEE REPORTS

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

Management attempted to reconcile the Cash with Trustee account in the General, Solid Waste/Sanitation, General Debt Service, and Community Development/Industrial Park funds with the county trustee's reports monthly; however, numerous errors were noted in these reconciliations. Prior to closing the books at June 30, 2013, the cash balances in the General, Solid Waste/Sanitation, General Debt Service, and Community Development/Industrial Park funds failed to reconcile with the trustee's cash balances by \$34,246, \$2,823, \$1,442, and \$10,000, respectively. The failure to accurately reconcile the general ledger's Cash with Trustee accounts with the county trustee's reports monthly is an internal control weakness that could result in posting errors not being discovered and corrected in a timely manner. This deficiency is the result of a lack of management oversight and management's failure to correct the finding noted in the prior-year audit report. We provided audit adjustments that management accepted to properly reflect the cash balance accounts in the financial statements of this report.

RECOMMENDATION

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

FINDING 2013-004

EXPENDITURES WERE MISCLASSIFIED IN THE ACCOUNTING RECORDS OF THE GENERAL FUND

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

Journal entries were made at year-end to line-items that exceeded the budget in the General Fund. It appears that these journal entries were made in an attempt to keep expenditures within appropriations to avoid the necessity of budget amendments. These journal entries resulted in expenditure accounts not reflecting the true nature of some

transactions. Auditors noted a variety of expenditures in several different major appropriation categories of the General Fund that had been misclassified as Sheriff's Department salary supplements. We presented audit adjustments to management, which they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Expenditures should be coded to accounts that most appropriately reflect the true nature of the transactions. When necessary, budget amendments should be submitted to the County Commission for consideration and approval.

FINDING 2013-005

THE COMMUNITY DEVELOPMENT/INDUSTRIAL PARK FUND HAD A CASH OVERDRAFT AT JUNE 30, 2013

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

At June 30, 2013, the Community Development/Industrial Park Fund had a cash overdraft of \$22,664. Sound business practices dictate that expenditures be held within available funds. This overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2013.

RECOMMENDATION

County officials should not issue warrants exceeding cash on deposit with the county trustee.

FINDING 2013-006

THE GENERAL FUND HAD DEFICIENCIES IN BUDGET OPERATIONS

(A. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; B., C., and D. – Material Noncompliance Under *Government Auditing Standards*)

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

- A. The budget posted to the accounting records of the General Fund did not agree with the original budget approved by the County Commission. We presented audit adjustments to management that they approved and posted to properly present the budget in the financial statements in this report.
- B. Total expenditures and other uses of the General Fund exceeded total appropriations approved by the County Commission by \$91,393.

- C. Expenditures exceeded appropriations in the following major appropriation categories (the legal level of control) of the General Fund:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
County Mayor/Executive	\$ 7
Register of Deeds	5,576
County Buildings	1,919
Property Assessor's Office	1,576
Reappraisal Program	2,194
County Clerk's Office	1,224
Drug Court	8,273
Sheriff's Department	241,304
Local Health Center	2,023
Libraries	8,613
Agriculture Extension Office	6,379
Tourism	444

- D. Salaries exceeded line-item appropriations in four accounts in the General Fund by amounts ranging from \$350 to \$6,742.

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

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

These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures and management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The original budget adopted by the County Commission should be accurately posted to the accounting records. Expenditures should be held within appropriations approved by the County Commission.

FINDING 2013-007

THE OFFICE HAD PURCHASING DEFICIENCIES

(A., B., and C. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; D. – Noncompliance Under *Government Auditing Standards*; E. – Material Noncompliance Under *Government Auditing Standards*)

As a part of our auditing procedures for determining whether internal controls over purchasing were operating as designed, we selected a sample of 38 disbursements. Our examination revealed the following deficiencies, which can be attributed to a lack of management oversight.

- A. Our sample revealed that purchase orders were not issued for 12 of 18 applicable purchases. This calculates to a 67 percent deviation rate. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments.
- B. In four instances, invoices were paid without documentation that goods had been received or services rendered. The practice of paying invoices without documentation that goods had been received or services rendered increases the risks of paying for goods or services that were not received.
- C. Three of the 38 applicable expenditures were coded to accounts that did not reflect the true nature of the transactions. Misclassifying expenditures diminishes the usefulness of the financial records as a management tool and results in a loss of budgetary control. These misclassifications were not corrected; however, they were not considered material to the financial statements of this report.
- D. Wayne County did not solicit competitive bids for the purchase of commercial insurance coverage for general liability, property, casualty, and workers compensation risks. Purchasing procedures for the Office of County Executive are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-207, *Tennessee Code Annotated*, which provide for all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids. The failure to solicit competitive bids could result in the county paying more than the most competitive price.
- E. Wayne County did not solicit competitive bids for the purchase of inmate meals. On December 10, 2010, Wayne County entered into a contract with ABL Management, Inc., to provide inmate meals at the county jail. Wayne County paid a total of \$171,963 for inmate meals during the fiscal year ended June 30, 2013. The failure to solicit competitive bids could result in the county paying more than the most competitive price.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before

purchases are made. Invoices should not be paid without documentation that goods have been received or services rendered. Expenditures should be properly classified to reflect the true nature of the transactions. Competitive bids should be solicited for purchases exceeding \$10,000 as required by statute.

FINDING 2013-008

GENERAL LEDGER PAYROLL LIABILITY ACCOUNTS WERE NOT RECONCILED

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

General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments monthly. The failure to regularly reconcile payroll liability accounts allows errors to remain undiscovered and uncorrected. These errors were not corrected in the financial statements of this report; however, we do not consider the uncorrected differences to be material to the financial statements. This deficiency is the result of management's failure to correct the finding noted in prior-year audit reports.

RECOMMENDATION

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

FINDING 2013-009

AUTHORIZATIONS WERE NOT ON FILE TO SUPPORT GROSS SALARY AMOUNTS FOR SOME EMPLOYEES

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

As a part of our auditing procedures for determining whether internal controls over payroll were operating as designed, we selected a sample of ten payroll disbursements. Our sample revealed that management was unable to provide supporting documentation for the gross salary of employees from either the employees' personnel file or an approved salary schedule for seven of the ten applicable disbursements. This calculates to a 70 percent deviation rate. Sound business practices dictate that documentation should be on file to support the determination of employee's salaries. This deficiency is the result of the lack of management oversight.

RECOMMENDATION

Documentation should be on file to support gross salary amounts for all employees.

FINDING 2013-010

A TAX ANTICIPATION NOTE WAS NOT ISSUED IN COMPLIANCE WITH STATE STATUTE

(Material Noncompliance Under *Government Auditing Standards*)

During the year, the General Fund borrowed \$165,000 from the General Debt Service Fund to provide cash flow for operations. However, this loan was not approved by the state Comptroller's Office. Section 9-21-801, *Tennessee Code Annotated*, allows the County Commission to issue tax anticipation notes with the approval of the state Comptroller's Office. This deficiency resulted from a lack of oversight by management.

RECOMMENDATION

Tax anticipation notes should be approved by the state Comptroller's Office as required by state statute.

FINDING 2013-011

AMOUNTS WITHHELD FROM CONTRACTOR PAYMENTS WERE NOT DEPOSITED INTO AN ESCROW ACCOUNT

(Noncompliance Under *Government Auditing Standards*)

The county had construction contracts in excess of \$500,000 and did not deposit amounts withheld from contractor payments into an escrow account. Section 66-34-104, *Tennessee Code Annotated*, requires that funds withheld from contractor payments be deposited into an escrow account for contracts of \$500,000 or more. Management advised that they were not aware that amounts withheld from contractor payments had to be deposited into an escrow account. This deficiency could result in the loss of interest earnings for the contractor.

RECOMMENDATION

Amounts withheld from contractor payments on contracts of \$500,000 or more should be deposited into an escrow account in compliance with state statute.

FINDING 2013-012

THE OFFICE DID NOT FILE A REPORT ON DEBT OBLIGATION WITH THE STATE COMPTROLLER'S OFFICE

(Noncompliance Under *Government Auditing Standards*)

The office did not file a Report on Debt Obligation with the state Comptroller's Office for a \$829,985 capital outlay note and a \$200,000 loan that were issued during the year. Section 9-21-151, *Tennessee Code Annotated*, requires that within 45 days following the issuance of debt, a county must provide to the state Comptroller's Office certain information, such as a description of the purchase for which the debt is issued, a description of the debt obligation,

and an itemized description of the cost of issuance. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

The office should file a Report on Debt Obligation with the state Comptroller's Office for each debt issuance.

FINDING 2013-013

WRITTEN AGREEMENTS DO NOT EXIST TO DOCUMENT LOANS TO THE WAYNE COUNTY RETIREMENT FACILITIES

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

In prior years, Wayne County paid various sums of money to the Wayne County Retirement Facilities (WCRF), a discretely presented component unit of Wayne County. Wayne County and the WCRF did not enter into formal written agreements specifying the terms and conditions of repayment, if any, for these payments. Wayne County did not record these payments as receivables in its financial statements. Amounts paid to the component unit were expensed as contributions in the prior-year financial statements of Wayne County; however, the WCRF recorded a \$2,428,047 payable as due to Wayne County in its financial statements as of June 30, 2012. No contributions to or repayments from the WCRF were made during the year ended June 30, 2013.

RECOMMENDATION

The Wayne County Commission should document whether amounts paid to the Wayne County Retirement Facilities were contributions or loans to be repaid. All loans made from county funds should be evidenced by a formal written contract that defines the terms and conditions of the loan.

OFFICE OF COMMISSIONER OF HIGHWAYS

FINDING 2013-014

THE OFFICE HAD PURCHASING DEFICIENCIES

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

As a part of our auditing procedures for determining whether internal controls over purchasing were operating as designed, we selected a sample of 36 disbursements. Our examination revealed the following deficiencies, which can be attributed to a lack of management oversight.

- A. Our sample revealed that purchase orders were not issued for seven of 25 applicable purchases. This calculates to a 28 percent deviation rate.

Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments.

- B. Payments on purchases by local governments are exempt from sales tax. However, in four instances, sales tax totaling \$1,486 was paid on purchases.
- C. In one instance, an invoice was paid late, resulting in late payment penalties of \$75 and interest of \$116.
- D. In one instance, an invoice was overpaid by \$50.
- E. Two of the 36 applicable expenditures were coded to accounts that did not reflect the true nature of the transactions. Misclassifying expenditures diminishes the usefulness of the financial records as a management tool and results in a loss of budgetary control. These misclassifications were not corrected; however, they were not considered material to the financial statements of this report.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases. Sales tax should not be paid on county purchases. Steps should be taken to ensure that invoices are paid accurately and timely to avoid additional charges. Officials should investigate any overpayments to determine if refunds are due. Expenditures should be properly classified to reflect the true nature of the transactions.

MANAGEMENT'S RESPONSE – COMMISSIONER OF HIGHWAYS

- A. This purchase order finding has been addressed with the administrative employees and the individuals who are in the position to purchase items.
- B. The sales taxes paid on the purchases have been credited back to our accounts.
- C. Our check to the vendor was mailed in ample time to be received and processed by the vendor. As a result of this late charge, we have begun making payments on line.
- D. The \$50 overpayment has been credited back to our account.
- E. These expenditure misclassifications were the result of clerical errors and were not intended to misrepresent any financial record.

FINDING 2013-015

EXPENDITURES EXCEEDED APPROPRIATIONS IN A MAJOR APPROPRIATION CATEGORY OF THE HIGHWAY/PUBLIC WORKS FUND (Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations by \$31,358 in the employee benefits major appropriation category (the legal level of control) of the Highway/Public Works Fund. Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source

derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency exists because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – COMMISSIONER OF HIGHWAYS

This finding resulted because of changing employee positions in laborers, mechanics, and drivers. We had to make amendments to properly reflect each employee with the appropriate expenditure. We did not exceed the overall budget; however, this finding will be addressed in the next fiscal year’s budget.

FINDING 2013-016

AUTHORIZATIONS WERE NOT ON FILE TO SUPPORT GROSS SALARY AMOUNTS FOR SOME EMPLOYEES

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

As a part of our auditing procedures for determining whether internal controls over payroll were operating as designed, we selected a sample of ten disbursements. Our sample revealed that management was unable to provide supporting documentation for the gross salary of employees from either the employees’ personnel file or an approved salary schedule for seven of the ten applicable disbursements. This calculates to a 70 percent deviation rate. Sound business practices dictate that documentation should be on file to support the determination of employee’s salaries. This deficiency is the result of the lack of management oversight.

RECOMMENDATION

Documentation should be on file to support gross salary amounts for all employees.

MANAGEMENT’S RESPONSE – COMMISSIONER OF HIGHWAYS

We have adopted a system to document each employee’s gross salary.

OFFICE OF DIRECTOR OF SCHOOLS

During our prior-year audit of the School Department, auditors discovered numerous deficiencies and a suspected misappropriation of funds. Some of these deficiencies are

reported below; however, a special investigation by the Comptroller's Department of Investigations is ongoing, and a special report may be subsequently issued.

FINDING 2013-017

GENERAL LEDGER CASH ACCOUNTS WERE NOT ACCURATELY RECONCILED WITH COUNTY TRUSTEE REPORTS

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

Management failed to reconcile the Cash with Trustee account in the General Purpose School, School Federal Projects, and Central Cafeteria funds with the county trustee's reports monthly. School bookkeepers did not post revenues from the monthly trustee reports from September 2012 through January 2013, rendering them unable to determine actual cash balances in the respective funds. Management later attempted to post the revenues and reconcile the Cash with Trustee accounts; however, numerous errors were noted in these reconciliations. Prior to closing the books at June 30, 2013, the cash balances in the General Purpose School, School Federal Projects, and Central Cafeteria funds failed to reconcile with the trustee's cash balances by \$6,679, \$474, and \$1,693, respectively. The failure to accurately reconcile the general ledger's Cash with Trustee accounts with the county trustee's reports monthly is an internal control weakness that could result in posting errors not being discovered and corrected in a timely manner. We provided audit adjustments that management accepted to properly reflect the cash balance accounts in the financial statements of this report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

This deficiency occurred under the old bookkeeping staff that was terminated in January 2013. Following their dismissal, we asked for and received help from a state Department of Education fiscal consultant to help reconcile the accounts as closely as possible. Our new staff is working diligently to reconcile these accounts monthly.

FINDING 2013-018

SCHOOL BUSES WERE NOT PURCHASED IN COMPLIANCE WITH STATE STATUTES

(Material Noncompliance Under *Government Auditing Standards*)

The School Department purchased two used school buses for \$60,000 each without obtaining bids. Section 12-3-1202, *Tennessee Code Annotated*, permits the purchase of used equipment without competitive bidding if certain documentation is obtained and conditions

met. However, the required documentation was not obtained. Therefore, the department may not have obtained the best and lowest price on these buses.

RECOMMENDATION

All purchases should be made in compliance with applicable state statutes.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

We had bids submitted on new 36-passenger buses (\$83,581), 48-passenger buses (\$85,047), and 78-passenger buses (\$79,979). One company responded with a bid of \$67,900 for used 2010 48-passenger buses. We rejected all of these bids. Later, we negotiated a lower price of \$60,000 each for two 2010 used 48-passenger buses, saving \$15,800 under the original bid price. We believed we had complied with the bid requirements since we had received the original bid in response to a bid request for buses. In the future, we will either rebid or obtain an appraisal on used buses or obtain industry valuations similar to Blue Book pricing when we make a purchase of used buses.

FINDING 2013-019 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**
 (Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations in the major appropriation categories (the legal level of control) of the following funds:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
<u>General Purpose School</u>	
Food Service	\$ 582
Early Childhood Education	13,105
<u>School Federal Projects</u>	
Adult Education Program	1,105
Early Childhood Education	430

Salaries exceeded line-item appropriations in 24 accounts in the General Purpose School, School Federal Projects, and Central Cafeteria funds by amounts ranging from \$154 to \$7,974.

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

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

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

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

When we closed the books for fiscal year 2012-13, we made what we believed to be the necessary budget transfers to avoid any lines being over budget. Overall, we finished significantly under budget. We will renew our efforts to avoid any individual lines being over budget and will enlist the aid of our state Department of Education fiscal consultant to help accomplish this.

FINDING 2013-020

GENERAL LEDGER PAYROLL LIABILITY ACCOUNTS WERE NOT RECONCILED

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

General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments monthly. The failure to regularly reconcile payroll liability accounts allows errors to remain undiscovered and uncorrected. These errors were not corrected in the financial statements of this report; however, we do not consider the uncorrected differences to be material to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

This occurred under the previous bookkeepers and for a short time during the transition to the new bookkeepers. Present bookkeepers are working diligently to reconcile monthly.

FINDING 2013-021

THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN THE USE OF STATE AND FEDERAL GRANT FUNDS, WHICH RESULTED IN QUESTIONED COSTS

(Material Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)

The School Department was awarded a state Lottery for Education After-School Program Grant and a federal Twenty-first Century Community Learning Center Program Grant (CFDA No. 84.287) for the fiscal year ending June 30, 2013. These grants provide funds to support programs, which provide tutoring services for students in selected grades after regular school hours. Grant funds are used to pay the additional salary expense for the teachers who work overtime in the programs and to pay the grant coordinator and clerical help in support of the programs.

The state Lottery for Education After-School Program Grant (LEAPS) served students in the fifth through eighth grades at Waynesboro Middle School, Frank Hughes School, and Collinwood Middle School. The federal Twenty-first Century Community Learning Center Program Grant (CLC) served students in the third and fourth grades at Collinwood Elementary School and Waynesboro Elementary School; and to all high school students in the county. Parents of students enrolled in the after-school programs were required to fill out an enrollment form providing the student's name, parents' names, address, contact information, pertinent medical information, and a transportation plan documenting how the student would get home after school hours. After-school sessions were required to last three hours and focus on selected courses of instruction in order to qualify for the grant. Each school had a grant facilitator who was responsible for supervising the after-school activities for that school. Teachers in the LEAPS program prepared attendance records, which were forwarded to clerical personnel at the central office. Elementary grade teachers in the CLC program also prepared attendance records, which were forwarded to clerical personnel at the central office. High school teachers in the CLC program submitted their attendance records to clerical personnel at the Wayne County Technical Center. The clerical personnel were required to enter the data from the enrollment forms and the daily attendance forms into the computer and submit this report to the state Department of Education. Attendance data for individual students could not be reported until enrollment had been established in the system. A review of the programs revealed the following deficiencies:

State Lottery for Education After-School Program Grant

- A. Clerical personnel reported program attendance days to the state Department of Education electronically using a computer program called SWORPS. Auditors obtained a summary of the attendance data from these reports from the director of Extended Learning Programs with the state Department of Education. Total attendance days reported to the state for the 2012-13 fiscal year were 8,342 days. A review of attendance records reveals that actual attendance days were 2,252 for the fiscal year, for a total of 6,090 over-reported attendance days. Clerical personnel advised they had reported every student enrolled in the program as attending on every school day. Actual attendance records show that after-school tutoring was available to

students no more than two days a week and that many students failed to attend even those days. Clerical personnel stated that they had been directed to enter the fraudulent attendance data by the former grant coordinator. They were told to enter the data without regard to the daily attendance records and sometimes entered data without receiving attendance records.

- B. Students were enrolled in the after-school program without the proper enrollment forms submitted by parents. Clerical personnel stated that they did not know that enrollment forms were required for high school students.
- C. The School Federal Projects Fund bookkeeper received \$900 from this grant that was expensed as teacher salaries. We found no authorization for this payment; therefore, we question the \$900 expensed to this grant.

Twenty-first Century Community Learning Center Program Grant

- D. Clerical personnel reported program attendance days to the state Department of Education electronically using a computer program called SWORPS. Auditors obtained a summary of the attendance data from these reports from the director of Extended Learning Programs with the state Department of Education. Total attendance days reported to the state for the 2012-13 fiscal year were 5,884 days. A review of attendance records reveals that actual attendance days were 4,428 for the fiscal year, for a total of 1,456 over reported attendance days. Clerical personnel from the central office advised that they had reported every elementary student enrolled in the program as attending on every school day. Actual attendance records show that after school tutoring was available to students no more than two days a week, and that many students failed to attend even those days. Clerical personnel from the Wayne County Technical Center did not participate in this activity; however, clerical personnel stated they had been directed to enter the fraudulent attendance data by the former grant coordinator. They were told to enter the data without regard to the daily attendance records and sometimes entered data without receiving attendance records.
- E. Students were enrolled in the after-school program without the proper enrollment forms submitted by parents. Clerical personnel stated they did not know that enrollment forms were required for high school students.
- F. The General Purpose School Fund bookkeeper performed clerical duties for the Twenty-first Century Community Learning Center Program Grant. These duties were required to be performed in addition to her normal job requirements. The work was performed after normal school hours and on weekends. The coordinator stated the bookkeeper was paid \$500 bi-weekly for her work, and that she maintained time sheets, which documented that she had earned this money at a rate of \$20 per hour.

The bookkeeper prepared monthly time sheets to document her clerical activities in support of the grant. Documentation on these time sheets varied, but most reported only a date and a number of hours worked. In no case did the time sheets report actual hours purportedly worked on the grant. The time sheets were signed by the bookkeeper and required the approval signature of the coordinator. It appeared that the coordinator's signature was a facsimile on some of the time sheets and missing on others. The coordinator admitted that he had never actually reviewed the time sheets and did not know how many hours were reported. He did state, however, that he felt sure that the bookkeeper had worked all hours that she reported.

The bookkeeper billed \$9,750 to the grant for the year ended June 30, 2013. She expensed \$4,200 to clerical expense and the remaining \$5,550 to teacher salaries. We noted salaries of some teachers who were to be paid from the grant were not cost centered to the grant so the expenditures would remain within budget. The coordinator stated that he was not aware of this practice. We question the \$9,750 expensed to the grant.

RECOMMENDATION

Management should take appropriate action to correct these deficiencies in the use of state and federal grant funds and review the questioned costs with the grantor agency.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Following the dismissal of the previous bookkeepers and the grant coordinator in January 2013, we believe we made the necessary adjustments to the two grants in question.

FINDING 2013-022

EMPLOYEES RECEIVED UNAUTHORIZED PAYMENTS (Noncompliance Under *Government Auditing Standards*)

Our examination of payroll transactions revealed the following deficiencies.

- A. As noted in Finding 2013-021 above, two School Department bookkeepers prepared time sheets documenting hours purportedly worked on state and federal grants. In many instances, authorization signatures on these time sheets were missing or appear to be photocopied facsimiles. The employee whose authorization appears on the time sheets denies ever having seen time sheets of one bookkeeper and cannot verify having seen time sheets of the other bookkeeper. Both bookkeepers received payroll checks, which they claim were payments for this work. Some checks were expensed to the grant, but many others were expensed to various expenditures unrelated to any work actually performed by the bookkeepers. In most cases, the amounts of the checks do not agree with the reported hours worked. Additionally, both bookkeepers received additional checks, which are not supported by any time records.

- B. A part-time bookkeeper was employed to help primarily with payroll and insurance benefits. Although she prepared time sheets to document her hours, no one reviewed or signed these time sheets, and time sheets could not be located to support all payments that she received.
- C. A contracted consultant exceeded his agreed upon salary. This consultant had agreed under a verbal contract to provide grant administration services for a salary not to exceed \$20,000 funded by a state and a federal grant. After receiving the agreed upon salary, he continued to submit invoices for payment. These invoices were given directly to the bookkeeper and were not authorized by any other person.

Management took appropriate action to stop these unauthorized payments after auditors brought them to their attention in January 2013.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

Management took appropriate action to stop these unauthorized payments after the auditors brought it to their attention in January 2013.

FINDING 2013-023

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

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

RECOMMENDATION

Management should control the use of all credit cards. Credit card purchases should be reconciled with monthly statements and reviewed by supervisory personnel.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

Unauthorized purchases were stopped immediately after being brought to our attention. All active cards were immediately cancelled, and the employee suspected of making unauthorized purchases was dismissed in January 2013. Duties for receiving statements, verifying purchases, and bill paying were further segregated to prevent a re-occurrence.

FINDING 2013-024

USERNAMES AND PASSWORDS WERE SHARED BY EMPLOYEES

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

Although each employee had been assigned a unique username and password for accessing the office’s accounting software, this information was shared with other employees. Employees also processed transactions using other users’ logins. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because employees had access to each other’s username and password. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight. This deficiency was corrected when it was brought to management’s attention in January 2013.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

The new bookkeeping staff is adhering to separate passwords to ensure more accurate tracking of who makes a bookkeeping entry.

OFFICE OF TRUSTEE

FINDING 2013-025

THE TRUSTEE PAID WARRANTS ISSUED FROM THE SCHOOL FEDERAL PROJECTS AND CENTRAL CAFETERIA FUNDS THAT EXCEEDED AVAILABLE CASH ON DEPOSIT

(Noncompliance Under *Government Auditing Standards*)

During the fiscal year, the trustee paid warrants issued from the School Federal Projects and Central Cafeteria funds that exceeded the available cash balance on deposit. Warrants exceeded available cash balance in the School Federal Projects fund in February 2013 by \$50,076, and warrants exceeded available cash balance in the Central Cafeteria Fund in April 2013 and May 2013 by \$18,304 and \$57,366, respectively. These cash overdrafts were liquidated prior to June 30, 2013. Section 8-11-104(5), *Tennessee Code Annotated*, prohibits the trustee from paying a warrant if sufficient funds are not available. This deficiency exists because the School Department continued to issue warrants exceeding cash on deposit with the trustee, and the trustee kept honoring the warrants.

RECOMMENDATION

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

FINDING 2013-026

THE TRUSTEE DID NOT REQUIRE A DEPOSITORY TO ADEQUATELY COLLATERALIZE FUNDS

(Material Noncompliance Under *Government Auditing Standards*)

The trustee did not require a depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2013, deposits at one depository exceeded FDIC coverage and collateral securities pledged by \$684,681. Section 5-8-201, *Tennessee Code Annotated*, provides for county officials to require any bank that is a depository of county funds to deposit collateral security equal to 105 percent of funds exceeding FDIC coverage into an escrow account in a second bank. This deficiency is the result of a lack of management oversight. The failure to adequately collateralize funds could result in a loss for the county.

RECOMMENDATION

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

FINDING 2013-027

REVENUES WERE NOT PRORATED ACCURATELY

(Material Noncompliance Under *Government Auditing Standards*)

During the fiscal year, the trustee did not accurately prorate all revenues according to allocations in the budget resolution approved by the County Commission. Auditors noted the following deficiencies in revenue allocation:

- A. Delinquent property taxes collected by the clerk and master were incorrectly prorated during the year. The budget resolution approved by the County Commission established the allocation of property taxes to each fund; however, the trustee failed to prorate this revenue in September and October 2012. All revenue in these months was credited to the General Fund.
- B. State shared revenues of \$211,479 were received by the Trustee's Office in June 2013. This revenue was allocated to the General Fund in the budget resolution. However, the trustee improperly prorated the revenue among the various tax rate funds as follows:

<u>Fund</u>	<u>Amount</u>
General	\$ 70,493
Solid Wast/Sanitation	29,628
Highway/Public Works	1,532
General Purpose School	70,493
General Debt Service	<u>39,333</u>
 Total	 \$ <u><u>211,479</u></u>

We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report. This deficiency is the result of a lack of management oversight as well as management’s failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The trustee should accurately prorate revenues according to allocations in the budget resolution approved by the County Commission.

FINDING 2013-028

A USERNAME AND PASSWORD WERE SHARED BY EMPLOYEES

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

Although each employee had been assigned a unique username and password for accessing the office’s accounting software, employees also used a shared username and password when processing transactions. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because of the shared username. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight. The shared username was removed in June 2013; therefore, this deficiency no longer exists.

RECOMMENDATION

Each employee should access the application using his or her unique username and password to ensure transactions are properly identified to that employee.

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

FINDING 2013-029

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

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

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

RECOMMENDATION

Officials should assign each employee their own cash drawer.

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

FINDING 2013-030

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

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

RECOMMENDATION

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

BEST PRACTICES

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

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

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

ITEM 2. WAYNE COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE

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

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

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Education: Passed-through State Department of Education: Twenty-first Century Community Learning Centers	2013-031	84.287	Circular A-133, Section 500(d)(1)	Material Noncompliance - See Finding 2013-021(D, E, F)	
				Clerical personnel reported program attendance days to the state Department of Education far in excess of actual student attendance.	\$ 0
				Students were enrolled in the after-school program without the proper enrollment forms submitted by parents.	0
				An employee was paid for work not adequately documented by time sheets. A portion of her salary was coded to expenditures unrelated to any work actually performed.	9,750
Total Questioned Costs					\$ 9,750

**WAYNE COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2013**

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

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

FINDING 2013-031

Contact person: Gailand Grinder, Director of Schools

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

Anticipated completion date: FYE 2014

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

FINDINGS 12.12 and 12.23

The employees and contracted consultant involved are no longer employed by the Wayne County School Department. All employees involved in grant activities have received the training required to properly perform their duties.