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# ANNUAL FINANCIAL REPORT FAYETTE COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2014



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

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

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

*JAN PAGE, CPA, CFE*  
*Audit Manager*

*LEE ANN WEST, CPA, CGFM*  
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*HAYLEY WILLIAMS*  
*ELISHA CROWELL, CISA, CFE*  
*State Auditors*

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

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# ***Summary of Audit Findings***

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

## ***Scope***

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

## ***Results***

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

Our audit resulted in 11 findings and recommendations, which we have reviewed with Fayette County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

## ***Findings***

The following are summaries of the audit findings:

### **OFFICES OF COUNTY MAYOR AND DIRECTOR OF SCHOOLS**

- ◆ Several funds required material audit adjustments for proper financial statement presentation.

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### **OFFICE OF COUNTY MAYOR**

- ◆ Purchase orders were not issued in some instances.
- ◆ The Adequate Facilities Office did not deposit some funds within three days of collection.

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### **OFFICE OF PUBLIC WORKS SUPERINTENDENT**

- ◆ The Public Works Department did not maintain a system to account for some road materials.
-

## **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ The general ledger cash account was not properly reconciled with county trustee reports.
  - ◆ The School Department had deficiencies in budget operations.
  - ◆ The School Department violated the conflict of interest statute by contracting for technical services with a school board member.
  - ◆ General ledger payroll liability accounts were not reconciled with payroll reports and payments.
- 

## **OFFICE OF TRUSTEE**

- ◆ The office did not implement adequate controls to protect its information resources.
- 

## **OFFICE OF REGISTER OF DEEDS**

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

## **OFFICES OF REGISTER OF DEEDS AND SHERIFF**

- ◆ Duties were not segregated adequately.

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# INTRODUCTORY SECTION

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# Fayette County Officials

## June 30, 2014

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### **Officials**

Rhea Taylor, County Mayor  
James Smith, Public Works Superintendent  
James Teague, Director of Schools  
Barbra Parker, Trustee  
Mark Ward, Assessor of Property  
Sue Culver, County Clerk  
Edward Pulliam, Circuit, General Sessions, and Juvenile Courts Clerk  
Vip Lewis, Clerk and Master  
Edward Pattat, Register of Deeds  
Bobby Riles, Sheriff

### **Board of County Commissioners**

Rhea Taylor, County Mayor, Chairman  
Ed Allen  
Joann Allen  
Steve Anderson  
Charles Brewer, Sr.  
Odis Cox  
Charles Dacus, Jr.  
Sissy Dowdle  
Willie German, Jr.  
Reggie Howard

Judy Karcher  
Bill Kelley  
Terry Leggett  
David Lillard, Sr.  
Sylvester Logan  
Claude Oglesby, Jr.  
Steve Reeves  
Ray Seals  
Larry Watkins  
Myles Wilson

### **Board of Education**

James Garrett, Chairman  
Thomas Fleps, Jr.  
Ronnie McCarty  
Dana Pittman  
Robert Redditt

Evangeline Shaw  
Sally Spencer  
Wendell Wainwright  
Marandy Wilkerson

### **Board of Public Works**

Hank Franck, Chairman  
Andrew Avery  
Jimmy Jordan

Wesley Parks  
Russell Wicker

### **Audit Committee - Effective October 28, 2014**

Willie L. German  
Bill Kelley  
David Lillard, Sr.

Claude Oglesby  
Myles Wilson

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## FINANCIAL SECTION

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

Independent Auditor's Report

Fayette County Mayor and  
Board of County Commissioners  
Fayette County, Tennessee

To the County Mayor 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 Fayette County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

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

### ***Change in Accounting Principle***

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

### ***Emphasis of Matter***

We draw attention to Note I.D.8. in the financial statements, which describes prior-period adjustments to the beginning balances of the primary government's and the discretely presented Fayette County School Department's governmental activities net position totaling \$435,000 and (\$435,000), respectively. These adjustments were necessary because in the prior year, note principal and interest requirements were shown as payable by the primary government; however, the requirements are being paid from contributions of the School Department beginning July 1, 2013. Our opinion is not modified with respect to this matter.

## ***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 plans and other postemployment benefit plans on pages 65 - 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

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

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Fayette County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures

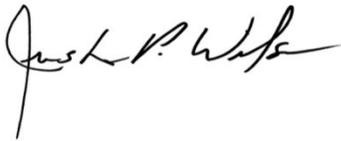
in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Fayette County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2014, on our consideration of Fayette 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 Fayette County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

November 25, 2014

JPW/sb

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	Primary Government Governmental Activities	Component Unit Fayette County School Department
<u>ASSETS</u>		
Cash	\$ 37,594	\$ 0
Equity in Pooled Cash and Investments	14,489,121	1,548,410
Accounts Receivable	1,662,504	29,356
Allowance for Uncollectibles	(998,055)	0
Due from Other Governments	739,426	936,417
Due from Primary Government	0	1,537,852
Due from Component Units	285,000	0
Property Taxes Receivable	9,145,458	6,547,245
Allowance for Uncollectible Property Taxes	(284,912)	(193,666)
Cash Shortage	0	11,204
Capital Assets:		
Assets Not Depreciated:		
Land	2,008,365	359,607
Construction in Progress	252,017	8,244,774
Assets Net of Accumulated Depreciation:		
Land Improvements	0	1,978
Buildings and Improvements	13,396,854	7,835,054
Infrastructure	21,111,366	0
Other Capital Assets	3,204,394	1,904,081
Total Assets	<u>\$ 65,049,132</u>	<u>\$ 28,762,312</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 58,570	\$ 0
Total Deferred Outflows of Resources	<u>\$ 58,570</u>	<u>\$ 0</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 5,831	\$ 247
Accrued Payroll	0	1,567
Payroll Deductions Payable	0	345,881
Contracts Payable	73,016	991,709
Retainage Payable	0	61,164
Due to Primary Government	0	285,000
Due to Component Units	479,347	0
Due to State of Tennessee	0	97,811
Accrued Interest Payable	319,962	0
Noncurrent Liabilities:		
Due Within One Year	1,807,321	62,900
Due in More Than One Year (net of unamortized premiums on debt)	34,101,001	904,785
Total Liabilities	<u>\$ 36,786,478</u>	<u>\$ 2,751,064</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Fayette County School Department</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 8,654,446	\$ 6,221,194
Total Deferred Inflows of Resources	<u>\$ 8,654,446</u>	<u>\$ 6,221,194</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 27,833,454	\$ 18,345,494
Restricted for:		
General Government	179,226	0
Finance	20,225	0
Administration of Justice	78,776	0
Public Safety	401,013	0
Public Health and Welfare	154,938	0
Highway/Public Works	304,217	0
Education	127,531	301,074
Operation of Non-instructional Services	0	596,029
Capital Outlay	5,189,747	34,052
Debt Service	2,475,583	0
Unrestricted	<u>(17,097,932)</u>	<u>513,405</u>
Total Net Position	<u>\$ 19,666,778</u>	<u>\$ 19,790,054</u>

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

Exhibit B

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Governmental Activities	Fayette County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 2,610,576	\$ 718,096	\$ 57,078	\$ 384,297	\$ (1,451,105)	\$ 0
Finance	1,123,044	899,084	0	0	(223,960)	0
Administration of Justice	1,221,860	550,770	73,870	0	(597,220)	0
Public Safety	7,950,118	1,294,196	169,464	0	(6,486,458)	0
Public Health and Welfare	3,360,997	1,609,052	303,638	0	(1,448,307)	0
Social, Cultural, and Recreational Services	234,898	6,802	10,000	0	(218,096)	0
Agriculture and Natural Resources	201,223	0	0	0	(201,223)	0
Highways/Public Works	4,942,712	23,650	2,096,965	259,594	(2,562,503)	0
Education	7,815,904	0	0	0	(7,815,904)	0
Interest on Long-term Debt	816,396	0	0	0	(816,396)	0
Total Primary Government	\$ 30,277,728	\$ 5,101,650	\$ 2,711,015	\$ 643,891	\$ (21,821,172)	\$ 0
Component Unit:						
Fayette County School Department	\$ 30,612,536	\$ 402,513	\$ 5,004,846	\$ 7,677,596	\$ 0	\$ (17,527,581)
Total Component Unit	\$ 30,612,536	\$ 402,513	\$ 5,004,846	\$ 7,677,596	\$ 0	\$ (17,527,581)

(Continued)

Exhibit B

Fayette County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Fayette
				Governmental Activities	County School Department
Expenses					
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 8,819,623	\$ 6,477,220
Property Taxes Levied for Debt Service				20,050	0
Local Option Sales Tax				446,363	3,001,247
Wheel Tax				2,776,144	0
Litigation Tax				161,301	0
Business Tax				264,042	0
Adequate Facilities/Development Tax				391,689	0
Wholesale Beer Tax				76,927	0
Other Local Taxes				2,282	8,922
Grants and Contributions Not Restricted to Specific Programs				1,134,687	16,454,350
Unrestricted Investment Income				73,638	9,910
Miscellaneous				105,141	82,209
Total General Revenues				\$ 14,271,887	\$ 26,033,858
Change in Net Position				\$ (7,549,285)	\$ 8,506,277
Net Position, July 1, 2013				26,781,063	11,718,777
Prior-period Adjustments - See Note I.D.8.				435,000	(435,000)
Net Position, June 30, 2014				\$ 19,666,778	\$ 19,790,054

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

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Capital Projects	Other Governmental Funds	Governmental Funds	
<b>ASSETS</b>							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,594	\$ 37,594	\$ 37,594
Equity in Pooled Cash and Investments	3,952,238	1,522,228	2,736,932	5,559,495	718,228	14,489,121	14,489,121
Accounts Receivable	1,616,053	0	0	0	46,451	1,662,504	1,662,504
Allowance for Uncollectibles	(998,055)	0	0	0	0	(998,055)	(998,055)
Due from Other Governments	216,735	522,691	0	0	0	739,426	739,426
Due from Other Funds	25,908	0	0	0	0	25,908	25,908
Property Taxes Receivable	8,409,434	720,392	15,632	0	0	9,145,458	9,145,458
Allowance for Uncollectible Property Taxes	(256,479)	(21,961)	(6,472)	0	0	(284,912)	(284,912)
<b>Total Assets</b>	\$ 12,965,834	\$ 2,743,350	\$ 2,746,092	\$ 5,559,495	\$ 802,273	\$ 24,817,044	\$ 24,817,044
<b>LIABILITIES</b>							
Accounts Payable	\$ 5,831	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,831	\$ 5,831
Contracts Payable	0	72,452	0	0	564	73,016	73,016
Due to Other Funds	0	0	0	0	25,908	25,908	25,908
Due to Component Units	0	0	0	479,347	0	479,347	479,347
<b>Total Liabilities</b>	\$ 5,831	\$ 72,452	\$ 0	\$ 479,347	\$ 26,472	\$ 584,102	\$ 584,102
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Current Property Taxes	\$ 7,971,542	\$ 682,904	\$ 0	\$ 0	\$ 0	\$ 8,654,446	\$ 8,654,446
Deferred Delinquent Property Taxes	139,306	11,912	9,131	0	0	160,349	160,349
Other Deferred/Unavailable Revenue	676,553	227,709	0	0	0	904,262	904,262
<b>Total Deferred Inflows of Resources</b>	\$ 8,787,401	\$ 922,525	\$ 9,131	\$ 0	\$ 0	\$ 9,719,057	\$ 9,719,057

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	Education Capital Projects	Other	Governmental Funds	
<b>Restricted:</b>							
Restricted for General Government	\$ 39,543	\$ 0	\$ 0	\$ 0	\$ 139,683	\$ 179,226	
Restricted for Finance	20,225	0	0	0	0	20,225	
Restricted for Administration of Justice	78,776	0	0	0	0	78,776	
Restricted for Public Safety	283,356	0	0	0	117,657	401,013	
Restricted for Public Health and Welfare	154,938	0	0	0	0	154,938	
Restricted for Highways/Public Works	0	0	0	0	127,531	127,531	
Restricted for Education	0	0	0	0	127,531	127,531	
Restricted for Capital Outlay	0	0	0	5,080,148	109,599	5,189,747	
Restricted for Debt Service	0	0	2,727,844	0	0	2,727,844	
<b>Committed:</b>							
Committed for Public Safety	34,130	0	0	0	0	34,130	
Committed for Public Health and Welfare	0	0	0	0	153,800	153,800	
Committed for Social, Cultural, and Recreational Services	33,562	0	0	0	0	33,562	
Committed for Other Operations	4,800	0	0	0	0	4,800	
Committed for Highways/Public Works	0	1,748,373	0	0	0	1,748,373	
Committed for Debt Service	0	0	9,117	0	0	9,117	
Unassigned	3,523,272	0	0	0	0	3,523,272	
<b>Total Fund Balances</b>	<b>\$ 4,172,602</b>	<b>\$ 1,748,373</b>	<b>\$ 2,736,961</b>	<b>\$ 5,080,148</b>	<b>\$ 775,801</b>	<b>\$ 14,513,885</b>	
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 12,965,834</b>	<b>\$ 2,743,350</b>	<b>\$ 2,746,092</b>	<b>\$ 5,559,495</b>	<b>\$ 802,273</b>	<b>\$ 24,817,044</b>	

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

Exhibit C-2

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

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 14,513,885
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,008,365	
Add: construction in progress	252,017	
Add: buildings and improvements net of accumulated depreciation	13,396,854	
Add: infrastructure net of accumulated depreciation	21,111,366	
Add: other capital assets net of accumulated depreciation	<u>3,204,394</u>	39,972,996
(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	\$ (877,157)	
Add: debt to be contributed by the School Department	285,000	
Less: bonds payable	(32,885,000)	
Less: capital lease payable	(144,450)	
Add: deferred amount on refunding	58,570	
Less: other deferred revenue - premium on debt	(598,402)	
Less: compensated absences payable	(376,342)	
Less: landfill postclosure care costs	(725,923)	
Less: other postemployment benefits liability	(301,048)	
Less: accrued interest on bonds, notes, and capital lease	<u>(319,962)</u>	(35,884,714)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,064,611</u>
Net position of governmental activities (Exhibit A)		<u>\$ 19,666,778</u>

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

Exhibit C-3

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Capital Projects	Other Governmental Funds	Governmental Funds		
<b>Revenues</b>								
Local Taxes	\$ 9,077,312	\$ 1,888,717	\$ 1,861,911	\$ 0	\$ 391,689	\$ 13,219,629		
Licenses and Permits	220,917	0	0	0	0	220,917		
Fines, Forfeitures, and Penalties	108,386	0	0	0	40,837	149,223		
Charges for Current Services	1,338,931	0	0	0	543,146	1,882,077		
Other Local Revenues	322,587	23,650	0	5,159	276,618	628,014		
Fees Received from County Officials	1,378,132	0	0	0	0	1,378,132		
State of Tennessee	2,045,624	2,336,313	0	0	631,811	5,013,748		
Federal Government	107,753	11,714	0	0	0	119,467		
Other Governments and Citizens Groups	86,893	0	166,830	0	0	253,723		
<b>Total Revenues</b>	<b>\$ 14,686,535</b>	<b>\$ 4,260,394</b>	<b>\$ 2,028,741</b>	<b>\$ 5,159</b>	<b>\$ 1,884,101</b>	<b>\$ 22,864,930</b>		
<b>Expenditures</b>								
Current:								
General Government	\$ 1,084,419	\$ 0	\$ 0	\$ 0	\$ 147,242	\$ 1,231,661		
Finance	958,605	0	0	0	0	958,605		
Administration of Justice	893,971	0	0	0	7,605	901,576		
Public Safety	6,399,153	0	0	0	76,781	6,475,934		
Public Health and Welfare	2,065,572	0	0	0	937,772	3,003,344		
Social, Cultural, and Recreational Services	200,560	0	0	0	0	200,560		
Agriculture and Natural Resources	187,554	0	0	0	0	187,554		
Other Operations	2,269,422	0	0	0	8,712	2,278,134		
Highways	0	4,471,634	0	0	0	4,471,634		
Debt Service:								
Principal on Debt	0	0	1,170,646	0	0	1,170,646		
Interest on Debt	568	0	685,751	0	0	686,319		
Other Debt Service	10,657	0	105,637	138,308	0	254,602		

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Capital Projects	Other Governmental Funds		
<u>Expenditures (Cont.)</u>							
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 7,677,596	\$ 295,560	\$ 7,973,156	
Total Expenditures	\$ 14,070,481	\$ 4,471,634	\$ 1,962,034	\$ 7,815,904	\$ 1,473,672	\$ 29,793,725	
Excess (Deficiency) of Revenues Over Expenditures	\$ 616,054	\$ (211,240)	\$ 66,707	\$ (7,810,745)	\$ 410,429	\$ (6,928,795)	
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 295,000	\$ 0	\$ 0	\$ 8,715,000	\$ 0	\$ 9,010,000	
Notes Issued	0	0	0	495,000	0	495,000	
Refunding Debt Issued	0	0	4,265,000	0	0	4,265,000	
Premiums on Debt Issued	8,869	0	64,204	177,896	0	250,969	
Insurance Recovery	2,594	990	0	0	750	4,334	
Transfers In	0	373,668	138,901	0	0	512,569	
Transfers Out	(32,760)	0	0	0	(479,809)	(512,569)	
Payments to Refunded Debt Escrow Agent	0	0	(4,243,375)	0	0	(4,243,375)	
Total Other Financing Sources (Uses)	\$ 273,703	\$ 374,658	\$ 224,730	\$ 9,387,896	\$ (479,059)	\$ 9,781,928	
Net Change in Fund Balances	\$ 889,757	\$ 163,418	\$ 291,437	\$ 1,577,151	\$ (68,630)	\$ 2,853,133	
Fund Balance, July 1, 2013	3,282,845	1,584,955	2,445,524	3,502,997	844,431	11,660,752	
Fund Balance, June 30, 2014	\$ 4,172,602	\$ 1,748,373	\$ 2,736,961	\$ 5,080,148	\$ 775,801	\$ 14,513,885	

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

Exhibit C-4

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

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 2,853,133
(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	\$ 1,876,448	
Less: current-year depreciation expense	<u>(3,350,112)</u>	(1,473,664)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: proceeds received from the disposal of capital assets		(2,490)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 1,064,611	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(1,069,080)</u>	(4,469)
(4) The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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: bond proceeds	\$ (9,010,000)	
Less: note proceeds	(495,000)	
Less: refunding bond proceeds	(4,265,000)	
Less: change in discount on debt issuances	(3,381)	
Less: change in premium on debt issuances	(230,497)	
Add: principal payments on bonds	965,000	
Add: principal payments on notes	160,557	
Add: principal payments on capital lease	45,089	
Less: contributions from the School Department for note	(150,000)	
Add: refunded bond principal	4,213,897	
Add: change in deferred amount on refunding debt	<u>15,635</u>	(8,753,700)
(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	\$ (130,077)	
Change in compensated absences payable	(12,092)	
Change in other postemployment benefits liability	(26,698)	
Change in landfill postclosure care costs	<u>772</u>	(168,095)
Change in net position of governmental activities (Exhibit B)		<u>\$ (7,549,285)</u>

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

## Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 9,077,312	\$ 8,696,684	\$ 8,696,684	\$ 380,628
Licenses and Permits	220,917	183,000	183,000	37,917
Fines, Forfeitures, and Penalties	108,386	104,950	104,950	3,436
Charges for Current Services	1,338,931	1,224,480	1,224,915	114,016
Other Local Revenues	322,587	261,378	309,445	13,142
Fees Received from County Officials	1,378,132	1,344,650	1,344,650	33,482
State of Tennessee	2,045,624	1,884,373	2,175,134	(129,510)
Federal Government	107,753	74,056	74,056	33,697
Other Governments and Citizens Groups	86,893	273,500	275,000	(188,107)
Total Revenues	\$ 14,686,535	\$ 14,047,071	\$ 14,387,834	\$ 298,701
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 58,523	\$ 72,681	\$ 60,689	\$ 2,166
Beer Board	0	628	628	628
County Mayor/Executive	91,373	93,333	92,810	1,437
County Attorney	85,827	58,286	85,941	114
Election Commission	260,072	214,537	267,939	7,867
Register of Deeds	15,157	20,450	20,450	5,293
Development	200,312	204,389	204,389	4,077
Building	65,448	80,915	81,350	15,902
County Buildings	243,457	178,821	269,547	26,090
Other Facilities	8,841	2,300	8,979	138
Other General Administration	55,409	54,297	58,487	3,078
<u>Finance</u>				
Accounting and Budgeting	187,569	184,719	199,865	12,296
Property Assessor's Office	255,319	267,662	267,663	12,344
Reappraisal Program	51,707	53,267	53,267	1,560
County Trustee's Office	190,839	198,679	198,678	7,839
County Clerk's Office	273,171	279,985	279,985	6,814
<u>Administration of Justice</u>				
Circuit Court	162,730	173,768	174,810	12,080
General Sessions Court	147,239	152,266	158,116	10,877
General Sessions Judge	208,731	196,856	210,554	1,823
General Sessions Court Clerk	65,044	68,351	68,351	3,307
Drug Court	61,742	71,330	71,330	9,588
Chancery Court	181,834	190,256	194,896	13,062
Juvenile Court	44,203	53,800	53,800	9,597
Other Administration of Justice	22,448	32,371	32,371	9,923
<u>Public Safety</u>				
Sheriff's Department	2,418,211	2,355,059	2,515,065	96,854
Drug Enforcement	244,141	225,390	250,795	6,654
Jail	2,683,533	2,672,070	2,811,641	128,108
Workhouse	1,982	0	1,982	0
Fire Prevention and Control	693,981	702,151	702,151	8,170
Civil Defense	184,887	156,077	189,669	4,782
Rescue Squad	1,180	6,618	3,118	1,938
Other Emergency Management	2,461	7,000	7,000	4,539
County Coroner/Medical Examiner	33,403	35,000	35,000	1,597

(Continued)

## Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety (Cont.)</u>				
Other Public Safety	\$ 135,374	\$ 142,868	\$ 142,868	\$ 7,494
<u>Public Health and Welfare</u>				
Local Health Center	83,326	55,653	104,097	20,771
Rabies and Animal Control	76,391	85,875	85,875	9,484
Ambulance/Emergency Medical Services	1,567,879	1,532,875	1,640,289	72,410
Dental Health Program	257,654	308,743	308,743	51,089
Crippled Children Services	2,216	2,216	2,216	0
Other Local Health Services	1,534	1,534	1,534	0
Appropriation to State	13,761	25,761	13,761	0
Aid to Dependent Children	805	2,750	2,750	1,945
Other Local Welfare Services	9,138	9,138	9,138	0
Sanitation Education/Information	52,868	52,612	55,337	2,469
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	11,924	11,925	11,925	1
Libraries	188,636	186,314	191,104	2,468
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	126,375	132,068	132,068	5,693
Soil Conservation	61,179	62,203	62,203	1,024
<u>Other Operations</u>				
Industrial Development	1,113	1,730	1,730	617
Airport	283,838	309,780	288,615	4,777
Veterans' Services	14,140	15,288	15,288	1,148
Other Charges	311,040	300,738	316,092	5,052
Contributions to Other Agencies	67,986	27,225	67,987	1
Employee Benefits	1,584,537	1,694,969	1,598,208	13,671
Miscellaneous	6,768	1,000	7,000	232
<u>Interest on Debt</u>				
General Government	568	20,000	568	0
<u>Other Debt Service</u>				
General Government	10,657	0	10,657	0
Total Expenditures	\$ 14,070,481	\$ 14,046,577	\$ 14,701,369	\$ 630,888
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 616,054	\$ 494	\$ (313,535)	\$ 929,589
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 295,000	\$ 0	\$ 0	\$ 295,000
Premiums on Debt Issued	8,869	0	0	8,869
Insurance Recovery	2,594	0	0	2,594
Transfers Out	(32,760)	0	(32,760)	0
Total Other Financing Sources	\$ 273,703	\$ 0	\$ (32,760)	\$ 306,463
Net Change in Fund Balance	\$ 889,757	\$ 494	\$ (346,295)	\$ 1,236,052
Fund Balance, July 1, 2013	3,282,845	2,926,614	2,926,614	356,231
Fund Balance, June 30, 2014	\$ 4,172,602	\$ 2,927,108	\$ 2,580,319	\$ 1,592,283

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

Exhibit C-6

Fayette 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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 1,888,717	\$ 0	\$ 0	\$ 1,888,717	\$ 2,352,883	\$ 1,979,215	\$ (90,498)
Other Local Revenues	23,650	0	0	23,650	27,380	27,380	(3,730)
State of Tennessee	2,336,313	0	0	2,336,313	2,455,000	2,455,000	(118,687)
Federal Government	11,714	0	0	11,714	0	0	11,714
<b>Total Revenues</b>	<b>\$ 4,260,394</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,260,394</b>	<b>\$ 4,835,263</b>	<b>\$ 4,461,595</b>	<b>\$ (201,201)</b>
<b>Expenditures</b>							
<b>Highways</b>							
Administration	\$ 195,348	\$ 0	\$ 0	\$ 195,348	\$ 202,382	\$ 202,382	\$ 7,034
Highway and Bridge Maintenance	1,395,105	(7,218)	0	1,387,887	1,532,150	1,564,150	176,263
Operation and Maintenance of Equipment	503,977	0	0	503,977	555,000	548,000	44,023
Other Charges	208,655	0	0	208,655	220,000	218,000	9,345
Employee Benefits	609,512	0	0	609,512	685,000	667,000	57,488
Capital Outlay	1,559,037	(98,406)	154,035	1,614,666	1,668,000	1,663,000	48,334
<b>Capital Projects</b>							
Highway and Street Capital Projects	0	0	0	0	14,000	14,000	14,000
<b>Total Expenditures</b>	<b>\$ 4,471,634</b>	<b>\$ (105,624)</b>	<b>\$ 154,035</b>	<b>\$ 4,520,045</b>	<b>\$ 4,876,532</b>	<b>\$ 4,876,532</b>	<b>\$ 356,487</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (211,240)</b>	<b>\$ 105,624</b>	<b>\$ (154,035)</b>	<b>\$ (259,651)</b>	<b>\$ (41,269)</b>	<b>\$ (414,937)</b>	<b>\$ 155,286</b>
<b>Other Financing Sources (Uses)</b>							
Insurance Recovery	\$ 990	\$ 0	\$ 0	\$ 990	\$ 0	\$ 0	\$ 990
Transfers In	373,668	0	0	373,668	0	373,668	0
<b>Total Other Financing Sources</b>	<b>\$ 374,658</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 374,658</b>	<b>\$ 0</b>	<b>\$ 373,668</b>	<b>\$ 990</b>
<b>Net Change in Fund Balance Fund Balance, July 1, 2013</b>	<b>\$ 163,418</b>	<b>\$ 105,624</b>	<b>\$ (154,035)</b>	<b>\$ 115,007</b>	<b>\$ (41,269)</b>	<b>\$ (41,269)</b>	<b>\$ 156,276</b>
	<b>1,584,955</b>	<b>(105,624)</b>	<b>0</b>	<b>1,479,331</b>	<b>1,231,002</b>	<b>1,231,002</b>	<b>248,329</b>
<b>Fund Balance, June 30, 2014</b>	<b>\$ 1,748,373</b>	<b>\$ 0</b>	<b>\$ (154,035)</b>	<b>\$ 1,594,338</b>	<b>\$ 1,189,733</b>	<b>\$ 1,189,733</b>	<b>\$ 404,605</b>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 3,439,547
Equity in Pooled Cash and Investments	42,792
Accounts Receivable	14,529
Due from Other Governments	<u>445,894</u>
Total Assets	<u>\$ 3,942,762</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 488,686
Due to Litigants, Heirs, and Others	<u>3,454,076</u>
Total Liabilities	<u>\$ 3,942,762</u>

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

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**FAYETTE COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements**

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

Fayette County is a public municipal corporation governed by an elected 19-member board. As required by GAAP, these financial statements present Fayette 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 Fayette County School Department operates the public school system in the county, and the voters of Fayette 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 Fayette County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Fayette County, and the Fayette County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Fayette County Emergency Communications District were not available from other auditors in time for inclusion in this report; however, in our opinion, this omission is not material to the component units' opinion unit.

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

Administrative Office:

Fayette County Emergency Communications District  
P.O. Box 159  
Somerville, TN 38068

**Related Organization** – The Fayette County Industrial Development Board is a related organization of Fayette County. The county mayor nominates and the Fayette County Commission confirms the 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 Fayette 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 Fayette 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.

Fayette County issues all debt for the discretely presented Fayette County School Department. Net debt issues totaling \$7,677,596 were contributed by the county to the School Department during the year ended June 30, 2014.

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

Fayette 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.

**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.

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

Additionally, Fayette County reports the following fund type:

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Fayette County, and assets held in a custodial capacity for a watershed district. 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 Fayette County School Department reports the following major governmental funds:

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

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

Additionally, the Fayette 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 expenditures 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 Fayette 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 primary government's Solid Waste/Sanitation Fund. Fayette County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when

purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported 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 ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.58 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 School Department's Education Capital Projects 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 Education Capital Projects Fund.

**3. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. 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>
Land Improvements	10
Buildings and Improvements	25
Other Capital Assets	5 - 10
Infrastructure:	
Roads	10 - 20
Bridges	15 - 30

4. **Deferred Outflows/Inflows of Resources**

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

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

5. **Compensated Absences**

Fayette County permits employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Fayette County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

The discretely presented Fayette County School Department permits 12-month administrative and supervisory employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid upon separation from service. There is no liability for unpaid accumulated sick leave since the School Department does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the School Department. A

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

**6. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net 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, landfill postclosure care costs, and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

**7. 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.

The government-wide Statement of Net Position reports \$8,931,256 of restricted net position for the primary government, of which \$382,977 is restricted by enabling legislation.

As of June 30, 2014, Fayette County had \$22,020,000 in outstanding debt for capital purposes for the discretely presented Fayette County School Department. This debt is a liability of Fayette County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Fayette County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of

Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

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

**8. Prior-period Adjustments**

The beginning balances of the primary government's and the discretely presented Fayette County School Department's governmental activities net position were restated by \$435,000 and (\$435,000), respectively. These adjustments were necessary because in the prior year, note principal and interest requirements were shown as payable by the primary government; however, the requirements are being paid by contributions of the School Department beginning July 1, 2013.

**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 Fayette 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 Fayette 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**

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 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, Beer Board, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

At June 30, 2014, Fayette County reported the following significant encumbrance:

Fund	Description	Amount
Primary Government:		
Major Fund:		
Highway/Public Works	Asphalt	\$ 124,110

**B. Cash Shortage – Prior Years**

On April 27, 2010, a special report was issued on the Fayette County School Food Service Department for the period July 1, 2007, through December 15, 2009. This report disclosed that the food service supervisor circumvented purchasing procedures, resulting in a cash shortage of \$142,433. In addition, the food service supervisor altered time sheets of a part-time cafeteria worker, resulting in a cash shortage of \$35,196.93. In May 2010, the School Department’s insurance carrier paid the department \$149,500. The three individuals entered into plea agreements. As of June 30, 2014, the restitution outstanding totaled \$11,204; however, the restitution outstanding totaled \$10,303.93, as of the date of this report.

**C. Expenditures Exceeded Appropriations**

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

Fund/Major Appropriation Category	Amount Overspent
General Purpose School:	
Instruction - Vocational Education Program	\$ 21,350
Operation of Non-instructional Services - Community Services	9,609
School Federal Projects:	
Instruction - Vocational Education Program	362
Support Services - Health Services	2,541
Support Services - Vocational Education Program	67

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

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

Fayette County and the Fayette 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.

##### Investments

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

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

The county had no pooled and nonpooled investments as of June 30, 2014.

**B. Capital Assets**

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

**Primary Government - Governmental Activities:**

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 2,008,365	\$ 0	\$ 0	\$ 2,008,365
Construction in Progress	479,322	252,017	479,322	252,017
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 2,487,687</b>	<b>\$ 252,017</b>	<b>\$ 479,322</b>	<b>\$ 2,260,382</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 18,994,162	\$ 687,667	\$ 0	\$ 19,681,829
Infrastructure	115,817,555	945,800	0	116,763,355
Other Capital Assets	9,319,651	470,286	33,075	9,756,862
<b>Total Capital Assets Depreciated</b>	<b>\$ 144,131,368</b>	<b>\$ 2,103,753</b>	<b>\$ 33,075</b>	<b>\$ 146,202,046</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,526,426	\$ 758,549	\$ 0	\$ 6,284,975
Infrastructure	93,879,611	1,772,378	0	95,651,989
Other Capital Assets	5,763,868	819,185	30,585	6,552,468
<b>Total Accumulated Depreciation</b>	<b>\$ 105,169,905</b>	<b>\$ 3,350,112</b>	<b>\$ 30,585</b>	<b>\$ 108,489,432</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 38,961,463</b>	<b>\$ (1,246,359)</b>	<b>\$ 2,490</b>	<b>\$ 37,712,614</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 41,449,150</b>	<b>\$ (994,342)</b>	<b>\$ 481,812</b>	<b>\$ 39,972,996</b>

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

**Governmental Activities:**

General Government	\$	41,408
Finance		3,482
Administration of Justice		154,821
Public Safety		890,133
Public Health and Welfare		171,497
Social, Cultural, and Recreational Services		10,200
Other Operations		248,652
Highway/Public Works		<u>1,829,919</u>
Total Depreciation Expense - Governmental Activities	<u>\$</u>	<u>3,350,112</u>

**Discretely Presented Fayette County School Department**

**Governmental Activities:**

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 359,607	\$ 0	\$ 0	\$ 359,607
Construction in Progress	549,800	7,694,974	0	<u>8,244,774</u>
Total Capital Assets Not Depreciated	<u>\$ 909,407</u>	<u>\$ 7,694,974</u>	<u>\$ 0</u>	<u>\$ 8,604,381</u>
Capital Assets Depreciated:				
Land Improvements	\$ 127,792	\$ 0	\$ 0	\$ 127,792
Buildings and Improvements	34,477,821	0	0	34,477,821
Infrastructure	394,280	0	0	394,280
Other Capital Assets	6,119,474	749,903	220,955	<u>6,648,422</u>
Total Capital Assets Depreciated	<u>\$ 41,119,367</u>	<u>\$ 749,903</u>	<u>\$ 220,955</u>	<u>\$ 41,648,315</u>
Less Accumulated Depreciation For:				
Land Improvements	\$ 125,814	\$ 0	\$ 0	\$ 125,814
Buildings and Improvements	25,866,522	776,245	0	26,642,767
Infrastructure	394,280	0	0	394,280
Other Capital Assets	4,459,682	374,882	90,223	<u>4,744,341</u>
Total Accumulated Depreciation	<u>\$ 30,846,298</u>	<u>\$ 1,151,127</u>	<u>\$ 90,223</u>	<u>\$ 31,907,202</u>
Total Capital Assets Depreciated, Net	<u>\$ 10,273,069</u>	<u>\$ (401,224)</u>	<u>\$ 130,732</u>	<u>\$ 9,741,113</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,182,476</u>	<u>\$ 7,293,750</u>	<u>\$ 130,732</u>	<u>\$ 18,345,494</u>

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

**Governmental Activities:**

Instruction	\$ 718,272
Support Services	365,576
Operation of Non-instructional Services	<u>67,279</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,151,127</u></u>

**C. Construction Commitments**

At June 30, 2014, the General Capital Projects Fund had uncompleted construction contracts of \$54,975 for the construction of an industrial tenant warehouse. Funding for these future expenditures is expected to be received from state grants.

At June 30, 2014, the Education Capital Projects Fund of the discretely presented School Department had uncompleted construction contracts of \$4,541,336 for the construction of a new school building. Funding for these future expenditures has been provided by bond proceeds.

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

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

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 25,908
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	39,128

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

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

Receivable Fund	Payable Fund	Amount
	Component Unit:	
Primary Government:	School Department:	
Governmental Activities	Governmental Activities	\$ 285,000
	Component Unit:	
	School Department:	
	General Purpose School	495,000
	Education Capital Projects	1,042,852

The Due to the Primary Government from the School Department is the balance of the note payable issued by the county for the School Department. The School Department has agreed to contribute the funds necessary to retire the debt.

The receivables in the School Department's General Purpose School and Education Capital Projects funds totaling \$495,000 and \$563,505, respectively, were in transit from the primary government's Education Capital Projects Fund at June 30, 2014.

**Interfund Transfers:**

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

**Primary Government**

Transfers Out	Transfers In	
	Highway/ Public Works Fund	General Debt Service Fund
General Fund	\$ 0	\$ 32,760
Nonmajor governmental funds	373,668	106,141
Total	<u>\$ 373,668</u>	<u>\$ 138,901</u>

**Discretely Presented Fayette County School Department**

Transfers Out	Transfers In	
	General Purpose School Fund	Education Capital Projects Fund
General Purpose School Fund	\$ 0	\$ 479,634
Nonmajor governmental fund	39,128	0
<b>Total</b>	<b>\$ 39,128</b>	<b>\$ 479,634</b>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**E. Due to State of Tennessee**

The School Department's General Purpose School Fund reflects a liability of \$97,811 due to the State of Tennessee for a refund of disallowed expenditures of prior-year grant funds. The School Department has agreed to repay the state the \$97,811 in the 2014-15 fiscal year.

**F. Operating Leases**

The discretely presented Fayette County School Department rents copiers under operating leases considered to be noncancelable. The rental expenditures for the year ended June 30, 2014, were \$143,280. There are no provisions for contingent or sublease rentals in the agreements. The future minimum lease payments for these leases are as follows:

Year Ending June 30	Amount
2015	\$ 143,280
2016	<u>143,280</u>
<b>Total</b>	<b><u>\$ 286,560</u></b>

**G. Capital Lease**

On November 2, 2011, Fayette County entered into a five-year lease-purchase agreement for ten patrol cars. The terms of the agreement require total lease payments of \$233,180 plus interest of 3.27 percent. Title to the patrol cars

transfers to Fayette County at the end of the lease period. The lease payments are made by the General Debt Service Fund.

The assets acquired through the capital lease are as follows:

<u>Assets</u>	<u>Governmental Activities</u>
Other Capital Assets	\$ 233,180
Less: Accumulated Depreciation	<u>(124,362)</u>
Total Book Value	<u>\$ 108,818</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2015	\$ 51,381
2016	51,381
2017	<u>51,381</u>
Total Minimum Lease Payments	\$ 154,143
Less: Amount Representing Interest	<u>(9,693)</u>
Present Value of Minimum Lease Payments	<u>\$ 144,450</u>

**H. Long-term Obligations**

**Primary Government**

**General Obligation Bonds and Notes**

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 23 years for bonds and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as

interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2014, will be retired from the General Debt Service Fund.

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

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds	2 to 4 %	4-1-36	\$ 13,585,000	\$ 13,410,000
General Obligation Bonds - Refunding	1.25 to 3.5	4-1-30	21,090,000	19,475,000
Capital Outlay Notes	2.49 to 4.25	3-15-22	1,714,789	877,157
Capital Lease	3.27	11-10-16	233,180	144,450

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 1,190,000	\$ 994,567	\$ 2,184,567
2016	1,315,000	891,833	2,206,833
2017	1,500,000	865,530	2,365,530
2018	1,540,000	835,533	2,375,533
2019	1,500,000	801,480	2,301,480
2020-2024	8,405,000	3,457,399	11,862,399
2025-2029	9,885,000	2,286,656	12,171,656
2030-2034	5,505,000	932,625	6,437,625
2035-2036	2,045,000	115,600	2,160,600
Total	\$ 32,885,000	\$ 11,181,223	\$ 44,066,223

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 221,005	\$ 28,054	\$ 249,059
2016	196,463	19,729	216,192
2017	71,960	12,761	84,721
2018	72,468	10,759	83,227
2019	77,998	8,735	86,733
2020-2022	237,263	13,088	250,351
Total	\$ 877,157	\$ 93,126	\$ 970,283

There is \$2,736,961 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and the capital lease totaled \$883, based on the 2010 federal census.

The School Department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government.

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-14</u>
<u>Notes Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Capital Outlay Note	\$ 285,000

Changes in Long-term Obligations

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

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>	<u>Capital Lease</u>
Balance, July 1, 2013	\$ 24,788,897	\$ 542,714	\$ 189,539
Additions	13,275,000	495,000	0
Reductions	(5,178,897)	(160,557)	(45,089)
Balance, June 30, 2014	<u>\$ 32,885,000</u>	<u>\$ 877,157</u>	<u>\$ 144,450</u>
Balance Due Within One Year	<u>\$ 1,190,000</u>	<u>\$ 221,005</u>	<u>\$ 46,586</u>

	<u>Compensated Absences</u>	<u>Landfill Postclosure Care Costs</u>	<u>Other Postemployment Benefits</u>
Balance, July 1, 2013	\$ 364,250	\$ 726,695	\$ 274,350
Additions	352,870	10,728	32,283
Reductions	(340,778)	(11,500)	(5,585)
Balance, June 30, 2014	<u>\$ 376,342</u>	<u>\$ 725,923</u>	<u>\$ 301,048</u>
Balance Due Within One Year	<u>\$ 338,230</u>	<u>\$ 11,500</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 35,309,920
Less: Balance Due Within One Year	(1,807,321)
Add: Unamortized Premium on Debt	<u>598,402</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 34,101,001</u>

Compensated absences will be paid from the employing funds, primarily the General, Solid Waste/Sanitation, and Highway/Public Works funds. Landfill postclosure care costs will be paid from the Solid Waste/Sanitation Fund. Other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Current Refunding

On April 25, 2014, Fayette County refunded general obligation bonds and rural development bonds with a separate general obligation bond issue. The county issued \$4,560,000 in general obligation bonds of which \$4,265,000 was issued for a current refunding of \$3,655,000 in General Obligation Bonds, Series 2006, and \$558,897 in USDA Rural Development Bonds. As a result the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. Also, as a result of the refunding, total debt service payments over the next 32 years will be reduced by \$744,342, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$498,827 was obtained.

**Discretely Presented Fayette County School Department**

Changes in Long-term Obligations

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

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2013	\$ 172,419	\$ 767,277
Additions	100,884	141,790
Reductions	<u>(67,711)</u>	<u>(146,974)</u>
Balance, June 30, 2014	<u>\$ 205,592</u>	<u>\$ 762,093</u>
Balance Due Within One Year	<u>\$ 62,900</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 967,685
Less: Balance Due Within One Year	<u>(62,900)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 904,785</u>

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

**I. On-Behalf Payments – Discretely Presented Fayette County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Fayette County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2014, were \$55,905 and \$31,919, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**J. Short-term Debt**

Fayette County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General (\$50,000) and General Purpose School (\$2,000,000) funds. These notes were necessary because funds were not available to meet operating expenses coming due before current tax collections. Short-term debt activity for the year ended June 30, 2014, was as follows:

	Balance 7-1-13	Issued	Paid	Balance 6-30-14
Tax Anticipation Notes	\$ 0	\$ 2,050,000	\$ (2,050,000)	\$ 0

## V. OTHER INFORMATION

### A. Risk Management

#### Primary Government

##### Liability, Property, and Casualty

Fayette County participates in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims in excess of \$100,000 for each insured event.

##### Workers' Compensation Insurance

Fayette County participates in the Local Government Workers' Compensation Fund (LGWCF), a public entity risk pool established under the provisions of Section 29-20-401, *Tennessee Code Annotated (TCA)*, by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays an annual premium to the LGWCF for its workers' compensation insurance coverage. The LGWCF is to be self-sustaining through member premiums and reinsures through commercial insurance companies for claims exceeding \$300,000.

##### Employee Health Insurance

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

#### Discretely Presented Fayette County School Department

##### Liability, Property, Casualty, and Workers' Compensation Insurance

The 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 TN-RMT provides for it to be self-sustaining through member premiums.

Employee Health Insurance

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, 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 of losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

**B. Accounting Changes**

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

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

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

**C. Subsequent Events**

Subsequent to June 30, 2014, Fayette County issued tax anticipation notes to provide temporary operating funds for the following funds:

<u>Fund</u>	<u>Date Issued</u>	<u>Amount</u>
General	7-18-14	\$ 25,000
General Purpose School	7-18-14	1,007,100

On August 31, 2014, Edward Pattat left the Office of Register of Deeds and was succeeded by Sissy Dowdle.

On November 21, 2014, Fayette County issued capital outlay notes totaling \$850,000 for an ambulance, fire trucks, and Sheriff's Department vehicles.

**D. Contingent Liabilities**

The county and School Department are involved in several pending lawsuits. Management estimates that any potential claims not covered by insurance resulting from such litigation would not materially affect the county's or School Department's financial statements.

**E. Landfill Closure/Postclosure Care Costs**

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Fayette County closed its sanitary landfill in 1998. The \$725,923 reported as postclosure care liability at June 30, 2014, represents amounts based on what it would cost to perform all postclosure care in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. Joint Venture**

The Twenty-fifth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fifth Judicial District, Fayette, Hardeman, Lauderdale, McNairy and Tipton counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Fayette County made no contributions to the DTF during the year ended June 30, 2014. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Office of District Attorney General  
Twenty-fifth Judicial District Drug Task Force  
121 North Main  
Ripley, TN 38063

**G. Retirement Commitments**

**Plan Description**

Employees of Fayette 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 Fayette 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**

Fayette 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, 2014, was 8.11 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

## Annual Pension Cost

For the year ended June 30, 2014, Fayette County's annual pension cost of \$1,022,512 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 three years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

### Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-14	\$1,022,512	100%	\$0
6-30-13	1,053,877	100	0
6-30-12	1,148,037	100	0

### Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 98.53 percent funded. The actuarial accrued liability for benefits was \$38.88 million, and the actuarial value of assets was \$38.3 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.57 million. The covered payroll (annual payroll of active employees covered by the plan) was \$12.09 million, and the ratio of the UAAL to the covered payroll was 4.73 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 Fayette County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2014, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2014, 2013, and 2012, were \$1,103,265, \$1,212,223, and \$1,306,386, respectively, equal to the required contributions for each year.

**H. Other Postemployment Benefits (OPEB)**

Plan Description

Fayette County and the School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, *Tennessee Code Annotated (TCA)*, for local governments and Section 8-27-302, *TCA*, for local education employees. 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://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plans are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees’ premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2014, Fayette County and the School Department contributed \$5,585 and \$146,974, respectively, for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 141,000	\$ 32,000
Interest on the NOPEBO	30,691	10,974
Adjustment to the ARC	(29,901)	(10,691)
Annual OPEB cost	\$ 141,790	\$ 32,283
Less: Amount of contribution	(146,974)	(5,585)
Increase/decrease in NOPEBO	\$ (5,184)	\$ 26,698
Net OPEB obligation, 7-1-13	<u>767,277</u>	<u>274,350</u>
Net OPEB obligation, 6-30-14	<u>\$ 762,093</u>	<u>\$ 301,048</u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Education Group	\$ 297,751	63 %	\$ 617,891
6-30-13	"	299,481	50	767,277
6-30-14	"	141,790	104	762,093
6-30-12	Local Government Group	62,564	22	226,222
6-30-13	"	62,444	23	274,350
6-30-14	"	32,283	17	301,048

#### Funded Status and Funding Progress

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

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 1,110,000	\$ 202,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,110,000	\$ 202,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 19,245,455	\$ 8,482,068
UAAL as a % of covered payroll	6%	2%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### Actuarial Methods and Assumptions

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

In the July 1, 2013, actuarial valuation for the Local Government Group and the Local Education Group plans, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.5 percent for fiscal year 2014. The trend will decrease to seven percent in fiscal year 2015 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

## **I. Purchasing Laws**

### Office of County Mayor

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

### Office of Public Works Superintendent

Chapter 234, Private Acts of 1974 and Section 54-7-113, *TCA* (Uniform Road Law), govern purchasing procedures for the Highway Department. These statutes require all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

### Office of Director of Schools

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

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-13	\$ 38,304	\$ 38,876	\$ 572	98.53%	\$ 12,093	4.73 %
7-1-11	33,986	35,584	1,598	95.51	12,867	12.42
7-1-09	27,496	28,498	1,002	96.48	12,272	8.17

Exhibit E-2

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

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a
							Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-10	\$ 0	\$ 846	\$ 846	0 %	\$ 7,690	11 %
"	7-1-11	0	423	423	0	7,753	5
"	7-1-13	0	202	202	0	8,482	2
<u>DISCRETELY PRESENTED FAYETTE COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	1,905	1,905	0	19,157	10
"	7-1-11	0	2,132	2,132	0	19,426	11
"	7-1-13	0	1,110	1,110	0	19,245	6

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

NONE

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Fayette County’s garbage collection and convenience center operations.

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

Adequate Facilities/Development Tax Fund – The Adequate Facilities/Development Tax Fund is used to account for operations funded from the local development tax.

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

## Capital Projects Funds

---

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

---

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

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for grant proceeds and capital expenditures of the Fayette County Airport.

Exhibit F-1

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

	Special Revenue Funds				Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitu- tional Officers - Fees	
Cash	\$ 100	\$ 0	\$ 0	\$ 37,494	\$ 37,594
Equity in Pooled Cash and Investments	107,431	117,657	382,977	0	608,065
Accounts Receivable	46,269	0	0	182	46,451
Total Assets	\$ 153,800	\$ 117,657	\$ 382,977	\$ 37,676	\$ 692,110
Contracts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Due to Other Funds	0	0	0	25,908	25,908
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 25,908	\$ 25,908
Restricted for General Government	\$ 0	\$ 0	\$ 127,915	\$ 11,768	\$ 139,683
Restricted for Public Safety	0	117,657	0	0	117,657
Restricted for Highways/Public Works	0	0	127,531	0	127,531
Restricted for Education	0	0	127,531	0	127,531
Restricted for Capital Outlay	0	0	0	0	0
Committed:					
Committed for Public Health and Welfare	153,800	0	0	0	153,800
Total Fund Balances	\$ 153,800	\$ 117,657	\$ 382,977	\$ 11,768	\$ 666,202
Total Liabilities and Fund Balances	\$ 153,800	\$ 117,657	\$ 382,977	\$ 37,676	\$ 692,110

ASSETS

LIABILITIES

FUND BALANCES

(Continued)

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

		<u>Capital Projects Funds (Cont.)</u>		
		<u>Other Capital Projects</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
	\$	0 \$	0 \$	37,594
		89,978	110,163	718,228
		0	0	46,451
	\$	89,978 \$	110,163 \$	802,273
	\$	564 \$	564 \$	564
		0	0	25,908
	\$	564 \$	564 \$	26,472
	\$	0 \$	0 \$	139,683
		0	0	117,657
		0	0	127,531
		0	0	127,531
		89,414	109,599	109,599
	\$	0	0	153,800
	\$	89,414 \$	109,599 \$	775,801
	\$	89,978 \$	110,163 \$	802,273

ASSETS

Cash  
 Equity in Pooled Cash and Investments  
 Accounts Receivable

Total Assets

LIABILITIES

Contracts Payable  
 Due to Other Funds  
 Total Liabilities

FUND BALANCES

Restricted:  
 Restricted for General Government  
 Restricted for Public Safety  
 Restricted for Highways/Public Works  
 Restricted for Education  
 Restricted for Capital Outlay  
 Committed:  
 Committed for Public Health and Welfare  
 Total Fund Balances

Total Liabilities and Fund Balances

Exhibit F-2

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

	Special Revenue Funds				Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitu- tional Officers - Fees	
<u>Revenues</u>					
Local Taxes	\$ 0 \$	0 \$	391,689 \$	0 \$	391,689 \$
Fines, Forfeitures, and Penalties	0	40,837	0	0	40,837
Charges for Current Services	388,397	0	0	154,749	543,146
Other Local Revenues	276,618	0	0	0	276,618
State of Tennessee	314,000	0	0	0	314,000
Total Revenues	\$ 979,015 \$	40,837 \$	391,689 \$	154,749 \$	1,566,290 \$
<u>Expenditures</u>					
Current:					
General Government	\$ 0 \$	0 \$	0 \$	147,242 \$	147,242 \$
Administration of Justice	0	0	0	7,605	7,605
Public Safety	0	76,781	0	0	76,781
Public Health and Welfare	937,772	0	0	0	937,772
Other Operations	0	0	8,712	0	8,712
Capital Projects	0	0	0	0	0
Total Expenditures	\$ 937,772 \$	76,781 \$	8,712 \$	154,847 \$	1,178,112 \$
Excess (Deficiency) of Revenues Over Expenditures	\$ 41,243 \$	(35,944) \$	382,977 \$	(98) \$	388,178 \$
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 750 \$	0 \$	0 \$	0 \$	750 \$
Transfers Out	0	0	(479,809)	0	(479,809)
Total Other Financing Sources (Uses)	\$ 750 \$	0 \$	(479,809) \$	0 \$	(479,059) \$
Net Change in Fund Balances Fund Balance, July 1, 2013	\$ 41,993 \$	(35,944) \$	(96,832) \$	(98) \$	(90,881) \$
Fund Balance, June 30, 2014	111,807	153,601	479,809	11,866	757,083
Fund Balance, June 30, 2014	\$ 153,800 \$	117,657 \$	382,977 \$	11,768 \$	666,202 \$

(Continued)

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

	Capital Projects Funds (Cont.)		Total
	Other Capital Projects	Total	Nonmajor Governmental Funds
<u>Revenues</u>			
Local Taxes	0 \$	0 \$	391,689
Fines, Forfeitures, and Penalties	0	0	40,837
Charges for Current Services	0	0	543,146
Other Local Revenues	0	0	276,618
State of Tennessee	196,046	317,811	631,811
Total Revenues	196,046 \$	317,811 \$	1,884,101
<u>Expenditures</u>			
Current:			
General Government	0 \$	0 \$	147,242
Administration of Justice	0	0	7,605
Public Safety	0	0	76,781
Public Health and Welfare	0	0	937,772
Other Operations	0	0	8,712
Capital Projects	190,681	295,560	295,560
Total Expenditures	190,681 \$	295,560 \$	1,473,672
Excess (Deficiency) of Revenues Over Expenditures	5,365 \$	22,251 \$	410,429
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	0 \$	0 \$	750
Transfers Out	0	0	(479,809)
Total Other Financing Sources (Uses)	0 \$	0 \$	(479,059)
Net Change in Fund Balances	5,365 \$	22,251 \$	(68,630)
Fund Balance, July 1, 2013	84,049	87,348	844,431
Fund Balance, June 30, 2014	89,414 \$	109,599 \$	775,801

Exhibit F-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 388,397	\$ 275,000	\$ 426,385	\$ (37,988)
Other Local Revenues	276,618	265,000	265,000	11,618
State of Tennessee	314,000	320,000	320,000	(6,000)
<b>Total Revenues</b>	<b>\$ 979,015</b>	<b>\$ 860,000</b>	<b>\$ 1,011,385</b>	<b>\$ (32,370)</b>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 335,239	\$ 228,500	\$ 339,650	\$ 4,411
Landfill Operation and Maintenance	602,533	573,650	613,885	11,352
<b>Total Expenditures</b>	<b>\$ 937,772</b>	<b>\$ 802,150</b>	<b>\$ 953,535</b>	<b>\$ 15,763</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 41,243	\$ 57,850	\$ 57,850	\$ (16,607)
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 750	\$ 0	\$ 0	\$ 750
<b>Total Other Financing Sources</b>	<b>\$ 750</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 750</b>
Net Change in Fund Balance	\$ 41,993	\$ 57,850	\$ 57,850	\$ (15,857)
Fund Balance, July 1, 2013	111,807	80,033	80,033	31,774
<b>Fund Balance, June 30, 2014</b>	<b>\$ 153,800</b>	<b>\$ 137,883</b>	<b>\$ 137,883</b>	<b>\$ 15,917</b>

Exhibit F-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 40,837	\$ 33,000	\$ 33,000	\$ 7,837
Total Revenues	\$ 40,837	\$ 33,000	\$ 33,000	\$ 7,837
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 76,781	\$ 137,500	\$ 137,500	\$ 60,719
Total Expenditures	\$ 76,781	\$ 137,500	\$ 137,500	\$ 60,719
Excess (Deficiency) of Revenues Over Expenditures	\$ (35,944)	\$ (104,500)	\$ (104,500)	\$ 68,556
Net Change in Fund Balance	\$ (35,944)	\$ (104,500)	\$ (104,500)	\$ 68,556
Fund Balance, July 1, 2013	153,601	140,371	140,371	13,230
Fund Balance, June 30, 2014	\$ 117,657	\$ 35,871	\$ 35,871	\$ 81,786

Exhibit F-5

Fayette County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Adequate Facilities/Development Tax Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 391,689	\$ 200,000	\$ 204,000	\$ 187,689
Total Revenues	\$ 391,689	\$ 200,000	\$ 204,000	\$ 187,689
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 8,712	\$ 7,500	\$ 11,500	\$ 2,788
Total Expenditures	\$ 8,712	\$ 7,500	\$ 11,500	\$ 2,788
Excess (Deficiency) of Revenues Over Expenditures	\$ 382,977	\$ 192,500	\$ 192,500	\$ 190,477
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (479,809)	\$ (479,809)	\$ (479,809)	\$ 0
Total Other Financing Sources	\$ (479,809)	\$ (479,809)	\$ (479,809)	\$ 0
Net Change in Fund Balance	\$ (96,832)	\$ (287,309)	\$ (287,309)	\$ 190,477
Fund Balance, July 1, 2013	479,809	490,104	490,104	(10,295)
Fund Balance, June 30, 2014	\$ 382,977	\$ 202,795	\$ 202,795	\$ 180,182

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit G

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,861,911	\$ 1,860,273	\$ 1,860,273	\$ 1,638
Other Governments and Citizens Groups	166,830	32,076	198,906	(32,076)
<b>Total Revenues</b>	<b>\$ 2,028,741</b>	<b>\$ 1,892,349</b>	<b>\$ 2,059,179</b>	<b>\$ (30,438)</b>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 625,646	\$ 532,951	\$ 657,793	\$ 32,147
Education	545,000	495,000	545,000	0
<u>Interest on Debt</u>				
General Government	346,369	360,310	346,369	0
Education	339,382	333,452	339,382	0
<u>Other Debt Service</u>				
General Government	18,378	21,000	20,222	1,844
Education	87,259	1,000	87,607	348
<b>Total Expenditures</b>	<b>\$ 1,962,034</b>	<b>\$ 1,743,713</b>	<b>\$ 1,996,373</b>	<b>\$ 34,339</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 66,707	\$ 148,636	\$ 62,806	\$ 3,901
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 4,265,000	\$ 0	\$ 4,265,000	\$ 0
Premiums on Debt Issued	64,204	0	64,204	0
Transfers In	138,901	0	0	138,901
Payments to Refunded Debt Escrow Agent	(4,243,375)	0	(4,243,375)	0
<b>Total Other Financing Sources</b>	<b>\$ 224,730</b>	<b>\$ 0</b>	<b>\$ 85,829</b>	<b>\$ 138,901</b>
Net Change in Fund Balance	\$ 291,437	\$ 148,636	\$ 148,635	\$ 142,802
Fund Balance, July 1, 2013	2,445,524	2,402,942	2,402,942	42,582
<b>Fund Balance, June 30, 2014</b>	<b>\$ 2,736,961</b>	<b>\$ 2,551,578</b>	<b>\$ 2,551,577</b>	<b>\$ 185,384</b>

# Fiduciary Funds

---

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

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

Watershed District Fund – The Watershed District Fund is used to account for prior years' acreage assessments collected on drainage district properties and held in trust for the watershed district.

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

Exhibit H-1

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

	Agency Funds			Total
	Cities - Sales Tax	Watershed District	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 3,439,547	\$ 3,439,547
Equity in Pooled Cash and Investments	0	42,792	0	42,792
Accounts Receivable	0	0	14,529	14,529
Due from Other Governments	445,894	0	0	445,894
Total Assets	<u>\$ 445,894</u>	<u>\$ 42,792</u>	<u>3,454,076</u>	<u>\$ 3,942,762</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 445,894	\$ 42,792	\$ 0	\$ 488,686
Due to Litigants, Heirs, and Others	0	0	3,454,076	3,454,076
Total Liabilities	<u>\$ 445,894</u>	<u>\$ 42,792</u>	<u>\$ 3,454,076</u>	<u>\$ 3,942,762</u>

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,508,257	\$ 2,508,257	\$ 0
Due from Other Governments	385,426	445,894	385,426	445,894
<b>Total Assets</b>	<b>\$ 385,426</b>	<b>\$ 2,954,151</b>	<b>\$ 2,893,683</b>	<b>\$ 445,894</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 385,426	\$ 2,954,151	\$ 2,893,683	\$ 445,894
<b>Total Liabilities</b>	<b>\$ 385,426</b>	<b>\$ 2,954,151</b>	<b>\$ 2,893,683</b>	<b>\$ 445,894</b>
<u>Watershed District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 42,792	\$ 0	\$ 0	\$ 42,792
<b>Total Assets</b>	<b>\$ 42,792</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 42,792</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 42,792	\$ 0	\$ 0	\$ 42,792
<b>Total Liabilities</b>	<b>\$ 42,792</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 42,792</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,106,842	\$ 13,121,372	\$ 11,788,667	\$ 3,439,547
Accounts Receivable	8,028	14,529	8,028	14,529
<b>Total Assets</b>	<b>\$ 2,114,870</b>	<b>\$ 13,135,901</b>	<b>\$ 11,796,695</b>	<b>\$ 3,454,076</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,114,870	\$ 13,135,901	\$ 11,796,695	\$ 3,454,076
<b>Total Liabilities</b>	<b>\$ 2,114,870</b>	<b>\$ 13,135,901</b>	<b>\$ 11,796,695</b>	<b>\$ 3,454,076</b>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,106,842	\$ 13,121,372	\$ 11,788,667	\$ 3,439,547
Equity in Pooled Cash and Investments	42,792	2,508,257	2,508,257	42,792
Accounts Receivable	8,028	14,529	8,028	14,529
Due from Other Governments	385,426	445,894	385,426	445,894
<b>Total Assets</b>	<b>\$ 2,543,088</b>	<b>\$ 16,090,052</b>	<b>\$ 14,690,378</b>	<b>\$ 3,942,762</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 428,218	\$ 2,954,151	\$ 2,893,683	\$ 488,686
Due to Litigants, Heirs, and Others	2,114,870	13,135,901	11,796,695	3,454,076
<b>Total Liabilities</b>	<b>\$ 2,543,088</b>	<b>\$ 16,090,052</b>	<b>\$ 14,690,378</b>	<b>\$ 3,942,762</b>

# Fayette County School Department

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

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

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

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

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

Exhibit I-1

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

Functions/Programs	Program Revenues			Expenses	Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Total
Governmental Activities:						
Instruction	\$ 17,042,587	\$ 60,026	\$ 4,760,110	\$ 17,042,587	\$ 60,026	\$ (10,705,582)
Support Services	10,409,838	4,182	1,689,071	10,409,838	4,182	(7,843,878)
Operation of Non-instructional Services	3,142,387	338,305	1,228,415	3,142,387	338,305	1,039,603
Interest on Long-term Debt	17,724	0	0	17,724	0	(17,724)
<b>Total Governmental Activities</b>	<b>\$ 30,612,536</b>	<b>\$ 402,513</b>	<b>\$ 7,677,596</b>	<b>\$ 30,612,536</b>	<b>\$ 402,513</b>	<b>\$ (17,527,581)</b>
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes						\$ 6,477,220
Local Option Sales Taxes						3,001,247
Other Local Taxes						8,922
Grants and Contributions Not Restricted to Specific Programs						16,454,350
Unrestricted Investment Income						9,910
Miscellaneous						82,209
<b>Total General Revenues</b>						<b>\$ 26,033,858</b>
Change in Net Position						\$ 8,506,277
Net Position, July 1, 2013						11,718,777
Prior-period Adjustment - See Note I.D.8.						(435,000)
<b>Net Position, June 30, 2014</b>						<b>\$ 19,790,054</b>

## Exhibit I-2

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Capital</u>	<u>Other</u>	
	<u>School</u>	<u>Projects</u>	<u>Governmental</u>	<u>Governmental</u>
			<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 1,003,742	\$ 43,073	\$ 501,595	\$ 1,548,410
Accounts Receivable	27,393	0	1,963	29,356
Due from Other Governments	595,310	0	341,107	936,417
Due from Other Funds	39,128	0	0	39,128
Due from Primary Government	495,000	1,042,852	0	1,537,852
Property Taxes Receivable	6,547,245	0	0	6,547,245
Allowance for Uncollectible Property Taxes	(193,666)	0	0	(193,666)
Cash Shortage	0	0	11,204	11,204
<b>Total Assets</b>	<b>\$ 8,514,152</b>	<b>\$ 1,085,925</b>	<b>\$ 855,869</b>	<b>\$ 10,455,946</b>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 0	\$ 247	\$ 247
Accrued Payroll	0	0	1,567	1,567
Payroll Deductions Payable	336,533	0	9,348	345,881
Contracts Payable	0	990,709	1,000	991,709
Retainage Payable	0	61,164	0	61,164
Due to Other Funds	0	0	39,128	39,128
Due to State of Tennessee	97,811	0	0	97,811
<b>Total Liabilities</b>	<b>\$ 434,344</b>	<b>\$ 1,051,873</b>	<b>\$ 51,290</b>	<b>\$ 1,537,507</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 6,221,194	\$ 0	\$ 0	\$ 6,221,194
Deferred Delinquent Property Taxes	101,829	0	0	101,829
Other Deferred/Unavailable Revenue	274,354	0	0	274,354
<b>Total Deferred Inflows of Resources</b>	<b>\$ 6,597,377</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 6,597,377</b>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 92,524	\$ 0	\$ 208,550	\$ 301,074
Restricted for Operation of Non-instructional Services	0	0	596,029	596,029
Restricted for Capital Outlay	0	34,052	0	34,052
Assigned:				
Assigned for Education	127,884	0	0	127,884
Unassigned	1,262,023	0	0	1,262,023
<b>Total Fund Balances</b>	<b>\$ 1,482,431</b>	<b>\$ 34,052</b>	<b>\$ 804,579</b>	<b>\$ 2,321,062</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 8,514,152</b>	<b>\$ 1,085,925</b>	<b>\$ 855,869</b>	<b>\$ 10,455,946</b>

Exhibit I-3

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

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 2,321,062
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 359,607	
Add: construction in progress	8,244,774	
Add: land improvements net of accumulated depreciation	1,978	
Add: buildings and improvements net of accumulated depreciation	7,835,054	
Add: other capital assets net of accumulated depreciation	<u>1,904,081</u>	18,345,494
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: contributions due on primary government debt for note	\$ (285,000)	
Less: compensated absences payable	(205,592)	
Less: other postemployment benefits liability	<u>(762,093)</u>	(1,252,685)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>376,183</u>
Net position of governmental activities (Exhibit A)		<u>\$ 19,790,054</u>

Exhibit I-4

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Capital</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Governmental</u>	<u>Funds</u>
			<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 9,501,359	\$ 0	\$ 0	\$ 9,501,359
Licenses and Permits	2,584	0	0	2,584
Charges for Current Services	63,908	0	338,605	402,513
Other Local Revenues	88,662	1,466	1,991	92,119
State of Tennessee	16,615,078	0	17,477	16,632,555
Federal Government	390,933	0	4,402,301	4,793,234
Other Governments and Citizens Groups	495,000	7,182,596	0	7,677,596
<b>Total Revenues</b>	<b>\$ 27,157,524</b>	<b>\$ 7,184,062</b>	<b>\$ 4,760,374</b>	<b>\$ 39,101,960</b>
<u>Expenditures</u>				
Current:				
Instruction	\$ 14,409,429	\$ 0	\$ 1,619,309	\$ 16,028,738
Support Services	10,095,827	0	774,376	10,870,203
Operation of Non-instructional Services	851,600	0	2,277,027	3,128,627
Capital Outlay	80,072	0	0	80,072
Debt Service:				
Interest on Debt	17,724	0	0	17,724
Other Debt Service	171,580	0	0	171,580
Capital Projects	0	7,629,644	0	7,629,644
<b>Total Expenditures</b>	<b>\$ 25,626,232</b>	<b>\$ 7,629,644</b>	<b>\$ 4,670,712</b>	<b>\$ 37,926,588</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,531,292	\$ (445,582)	\$ 89,662	\$ 1,175,372
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 29,023	\$ 0	\$ 0	\$ 29,023
Transfers In	39,128	479,634	0	518,762
Transfers Out	(479,634)	0	(39,128)	(518,762)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (411,483)</b>	<b>\$ 479,634</b>	<b>\$ (39,128)</b>	<b>\$ 29,023</b>
Net Change in Fund Balances	\$ 1,119,809	\$ 34,052	\$ 50,534	\$ 1,204,395
Fund Balance, July 1, 2013	362,622	0	754,045	1,116,667
<b>Fund Balance, June 30, 2014</b>	<b>\$ 1,482,431</b>	<b>\$ 34,052</b>	<b>\$ 804,579</b>	<b>\$ 2,321,062</b>

Exhibit I-5

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

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 1,204,395
(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	\$ 8,444,877	
Less: current-year depreciation expense	<u>(1,151,127)</u>	7,293,750
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(130,732)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 376,183	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(359,330)</u>	16,853
(4) The contributions of long-term debt (e.g., notes) by the primary government provides current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Add: principal contributions on note to primary government		150,000
(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 compensated absences payable	\$ (33,173)	
Change in other postemployment benefits liability	<u>5,184</u>	<u>(27,989)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 8,506,277</u>

Exhibit I-6

Fayette County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Fayette County School Department  
June 30, 2014

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<b><u>ASSETS</u></b>			
Equity in Pooled Cash and Investments	\$ 36,886	\$ 464,709	\$ 501,595
Accounts Receivable	0	1,963	1,963
Due from Other Governments	218,745	122,362	341,107
Cash Shortage	0	11,204	11,204
	<hr/>		
Total Assets	\$ 255,631	\$ 600,238	\$ 855,869
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 0	\$ 247	\$ 247
Accrued Payroll	0	1,567	1,567
Payroll Deductions Payable	7,953	1,395	9,348
Contracts Payable	0	1,000	1,000
Due to Other Funds	39,128	0	39,128
Total Liabilities	\$ 47,081	\$ 4,209	\$ 51,290
<b><u>FUND BALANCES</u></b>			
Restricted:			
Restricted for Education	\$ 208,550	\$ 0	\$ 208,550
Restricted for Operation of Non-instructional Services	0	596,029	596,029
Total Fund Balances	\$ 208,550	\$ 596,029	\$ 804,579
	<hr/>		
Total Liabilities and Fund Balances	\$ 255,631	\$ 600,238	\$ 855,869

Exhibit I-7

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

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 338,605	\$ 338,605
Other Local Revenues	0	1,991	1,991
State of Tennessee	0	17,477	17,477
Federal Government	2,534,485	1,867,816	4,402,301
Total Revenues	<u>\$ 2,534,485</u>	<u>\$ 2,225,889</u>	<u>\$ 4,760,374</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,619,309	\$ 0	\$ 1,619,309
Support Services	774,376	0	774,376
Operation of Non-instructional Services	0	2,277,027	2,277,027
Total Expenditures	<u>\$ 2,393,685</u>	<u>\$ 2,277,027</u>	<u>\$ 4,670,712</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 140,800</u>	<u>\$ (51,138)</u>	<u>\$ 89,662</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (39,128)	\$ 0	\$ (39,128)
Total Other Financing Sources (Uses)	<u>\$ (39,128)</u>	<u>\$ 0</u>	<u>\$ (39,128)</u>
Net Change in Fund Balances	\$ 101,672	\$ (51,138)	\$ 50,534
Fund Balance, July 1, 2013	106,878	647,167	754,045
Fund Balance, June 30, 2014	<u>\$ 208,550</u>	<u>\$ 596,029</u>	<u>\$ 804,579</u>

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 9,501,359	\$ 0	\$ 0	\$ 9,501,359	\$ 9,176,686	\$ 9,176,686	\$ 324,673
Licenses and Permits	2,584	0	0	2,584	2,750	2,750	(166)
Charges for Current Services	63,908	0	0	63,908	60,700	60,700	3,208
Other Local Revenues	88,662	0	0	88,662	43,000	46,600	42,062
State of Tennessee	16,615,078	0	0	16,615,078	16,614,348	16,717,193	(102,115)
Federal Government	390,933	0	0	390,933	455,531	455,531	(64,598)
Other Governments and Citizens Groups	495,000	0	0	495,000	0	0	495,000
Total Revenues	\$ 27,157,524	\$ 0	\$ 0	\$ 27,157,524	\$ 26,353,015	\$ 26,459,460	\$ 698,064
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 11,775,380	\$ 0	\$ 1,647	\$ 11,777,027	\$ 12,082,286	\$ 12,001,026	\$ 223,999
Special Education Program	1,944,911	0	0	1,944,911	2,000,568	2,000,568	55,657
Vocational Education Program	689,138	0	0	689,138	667,828	667,788	(21,350)
<u>Support Services</u>							
Attendance	114,309	0	0	114,309	129,571	129,571	15,262
Health Services	240,726	0	0	240,726	253,808	253,807	13,081
Other Student Support	495,016	0	0	495,016	506,798	506,798	11,782
Regular Instruction Program	745,957	0	27,675	773,632	873,196	931,361	157,729
Special Education Program	253,303	0	0	253,303	274,100	267,600	14,297
Vocational Education Program	170,327	0	0	170,327	183,869	183,909	13,582
Adult Programs	338,421	0	0	338,421	375,747	375,747	37,326
Other Programs	87,824	0	0	87,824	0	87,824	0
Board of Education	790,482	0	0	790,482	855,640	922,666	132,184
Director of Schools	350,533	0	0	350,533	395,525	445,573	95,040
Office of the Principal	1,327,854	0	0	1,327,854	1,349,694	1,333,244	5,390
Fiscal Services	207,490	0	0	207,490	239,215	216,765	9,275
Operation of Plant	1,536,663	0	5,647	1,542,310	1,733,306	1,701,672	159,362
Maintenance of Plant	524,341	(4,730)	27,586	547,197	581,339	596,360	49,163
Transportation	2,678,447	0	38,419	2,716,866	2,867,281	2,877,976	161,110

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
<u>Central and Other</u>	\$ 234,134	\$ 0	\$ 0	\$ 234,134	\$ 245,766	\$ 245,767	\$ 11,633
<u>Operation of Non-instructional Services</u>							
Community Services	46,540	0	0	46,540	36,931	36,931	(9,609)
Early Childhood Education	805,060	0	0	805,060	841,110	841,110	36,050
<u>Capital Outlay</u>							
Regular Capital Outlay	80,072	0	26,910	106,982	200,000	120,366	13,384
<u>Principal on Debt</u>							
Education	0	0	0	0	150,000	0	0
Interest on Debt							
Education	17,724	0	0	17,724	37,025	20,195	2,471
<u>Other Debt Service</u>							
Education	171,580	0	0	171,580	0	171,580	0
Total Expenditures	\$ 25,626,232	\$ (4,730)	\$ 127,884	\$ 25,749,386	\$ 26,880,603	\$ 26,936,204	\$ 1,186,818
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 1,531,292	\$ 4,730	\$ (127,884)	\$ 1,408,138	\$ (527,588)	\$ (476,744)	\$ 1,884,882
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 29,023	\$ 0	\$ 0	\$ 29,023	\$ 805	\$ 805	\$ 28,218
Transfers In	39,128	0	0	39,128	526,783	526,783	(487,655)
Transfers Out	(479,634)	0	0	(479,634)	0	(479,634)	0
Total Other Financing Sources	\$ (411,483)	\$ 0	\$ 0	\$ (411,483)	\$ 527,588	\$ 47,954	\$ (459,437)
<u>Net Change in Fund Balance</u>	\$ 1,119,809	\$ 4,730	\$ (127,884)	\$ 996,655	\$ 0	\$ (428,790)	\$ 1,425,445
<u>Fund Balance, July 1, 2013</u>	362,622	(4,730)	0	357,892	629,094	629,094	(271,202)
<u>Fund Balance, June 30, 2014</u>	\$ 1,482,431	\$ 0	\$ (127,884)	\$ 1,354,547	\$ 629,094	\$ 200,304	\$ 1,154,243

Exhibit I-9

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 2,534,485	\$ 0	\$ 2,534,485	\$ 2,407,319	\$ 2,896,660	\$ (362,175)
Total Revenues	\$ 2,534,485	\$ 0	\$ 2,534,485	\$ 2,407,319	\$ 2,896,660	\$ (362,175)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 1,079,961	\$ 44,868	\$ 1,124,829	\$ 734,404	\$ 1,337,155	\$ 212,326
Alternative Instruction Program	0	0	0	151,467	0	0
Special Education Program	490,704	0	490,704	464,234	495,941	5,237
Vocational Education Program	48,644	0	48,644	45,857	48,282	(362)
<u>Support Services</u>						
Health Services	155,758	0	155,758	174,452	153,217	(2,541)
Other Student Support	29,882	0	29,882	62,251	33,531	3,649
Regular Instruction Program	289,086	6,995	296,081	427,756	462,360	166,279
Special Education Program	85,286	0	85,286	86,901	102,148	16,862
Vocational Education Program	1,411	0	1,411	3,000	1,344	(67)
Transportation	212,953	0	212,953	217,226	222,907	9,954
Total Expenditures	\$ 2,393,685	\$ 51,863	\$ 2,445,548	\$ 2,367,548	\$ 2,856,885	\$ 411,337
Excess (Deficiency) of Revenues Over Expenditures	\$ 140,800	\$ (51,863)	\$ 88,937	\$ 39,771	\$ 39,775	\$ 49,162
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (39,128)	\$ 0	\$ (39,128)	\$ (39,771)	\$ (39,771)	\$ 643
Total Other Financing Sources	\$ (39,128)	\$ 0	\$ (39,128)	\$ (39,771)	\$ (39,771)	\$ 643
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 101,672	\$ (51,863)	\$ 49,809	\$ 0	\$ 4	\$ 49,805
Fund Balance, July 1, 2013	106,878	0	106,878	106,878	106,878	0
Fund Balance, June 30, 2014	\$ 208,550	\$ (51,863)	\$ 156,687	\$ 106,878	\$ 106,882	\$ 49,805

Exhibit I-10

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 338,605	\$ 365,000	\$ 365,000	\$ (26,395)
Other Local Revenues	1,991	4,500	4,500	(2,509)
State of Tennessee	17,477	18,900	18,900	(1,423)
Federal Government	1,867,816	1,720,500	1,852,290	15,526
Total Revenues	<u>\$ 2,225,889</u>	<u>\$ 2,108,900</u>	<u>\$ 2,240,690</u>	<u>\$ (14,801)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 2,277,027	\$ 2,369,690	\$ 2,501,480	\$ 224,453
Total Expenditures	<u>\$ 2,277,027</u>	<u>\$ 2,369,690</u>	<u>\$ 2,501,480</u>	<u>\$ 224,453</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (51,138)</u>	<u>\$ (260,790)</u>	<u>\$ (260,790)</u>	<u>\$ 209,652</u>
Net Change in Fund Balance	\$ (51,138)	\$ (260,790)	\$ (260,790)	\$ 209,652
Fund Balance, July 1, 2013	647,167	632,712	632,712	14,455
Fund Balance, June 30, 2014	<u>\$ 596,029</u>	<u>\$ 371,922</u>	<u>\$ 371,922</u>	<u>\$ 224,107</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-14
<b>NOTES PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
Sheriff's Department Maintenance Shop	\$ 139,789	4.25 %	7-29-10	3-15-22	\$ 107,714	\$ 0	\$ 10,557	\$ 0	\$ 97,157
School Buses	495,000	2.49	11-18-13	12-1-21	0	495,000	0	0	495,000
Total Payable through General Debt Service Fund					\$ 107,714	\$ 495,000	\$ 10,557	\$ 0	\$ 592,157
<u>Payable by School Department Contributions to the General Debt Service Fund</u>									
School Capital Outlay Note (1)	1,080,000	3.86	9-16-08	6-1-16	\$ 435,000	\$ 0	\$ 150,000	\$ 0	\$ 285,000
Total Notes Payable					\$ 542,714	\$ 495,000	\$ 160,557	\$ 0	\$ 877,157
<b>CAPITAL LEASE PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
Ten Sheriff Cars	233,180	3.27	11-2-11	11-10-16	\$ 189,539	\$ 0	\$ 45,089	\$ 0	\$ 144,450
Total Capital Lease Payable					\$ 189,539	\$ 0	\$ 45,089	\$ 0	\$ 144,450
<b>BONDS PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
General Obligation Bonds, Series 2006	4,950,000	3.5 to 4	11-28-06	4-25-14	\$ 3,825,000	\$ 0	\$ 170,000	\$ 3,655,000	\$ 0
USDA Rural Development Bonds	600,000	4.375	9-16-08	4-25-14	558,897	0	0	558,897	0
General Obligation Refunding Bonds, Series 2011	9,585,000	1.25 to 3.5	9-15-11	4-1-30	8,890,000	0	320,000	0	8,570,000
General Obligation Refunding Bonds, Series 2012A	7,240,000	2 to 3	5-1-12	4-1-29	6,940,000	0	300,000	0	6,640,000
General Obligation Bonds, Series 2012B	4,575,000	2 to 3	12-12-12	4-1-36	4,575,000	0	175,000	0	4,400,000
General Obligation Bonds, Series 2013	8,715,000	2 to 4	12-20-13	4-1-36	0	8,715,000	0	0	8,715,000
General Obligation and Refunding Bonds, Series 2014	4,560,000	2 to 3	4-25-14	4-1-29	0	4,560,000	0	0	4,560,000
Total Bonds Payable					\$ 24,788,897	\$ 13,275,000	\$ 965,000	\$ 4,213,897	\$ 32,885,000

(1) In the prior year, this note was paid by the General Debt Service Fund.

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 221,005	\$ 28,054	\$ 249,059
2016	196,463	19,729	216,192
2017	71,960	12,761	84,721
2018	72,468	10,759	83,227
2019	77,998	8,735	86,733
2020	78,547	6,568	85,115
2021	79,127	4,369	83,496
2022	79,589	2,151	81,740
Total	\$ 877,157	\$ 93,126	\$ 970,283

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2015	\$ 46,586	\$ 4,795	\$ 51,381
2016	48,133	3,248	51,381
2017	49,731	1,650	51,381
Total	\$ 144,450	\$ 9,693	\$ 154,143

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 1,190,000	\$ 994,567	\$ 2,184,567
2016	1,315,000	891,833	2,206,833
2017	1,500,000	865,530	2,365,530
2018	1,540,000	835,533	2,375,533
2019	1,500,000	801,480	2,301,480
2020	1,555,000	768,282	2,323,282
2021	1,625,000	734,032	2,359,032
2022	1,715,000	694,131	2,409,131
2023	1,735,000	650,942	2,385,942
2024	1,775,000	610,012	2,385,012
2025	1,845,000	565,524	2,410,524
2026	1,910,000	515,330	2,425,330
2027	1,980,000	461,280	2,441,280
2028	2,050,000	403,168	2,453,168
2029	2,100,000	341,354	2,441,354
2030	1,770,000	276,025	2,046,025
2031	900,000	213,900	1,113,900
2032	920,000	181,350	1,101,350
2033	935,000	148,150	1,083,150
2034	980,000	113,200	1,093,200
2035	1,000,000	76,500	1,076,500
2036	1,045,000	39,100	1,084,100
Total	\$ 32,885,000	\$ 11,181,223	\$ 44,066,223

Exhibit J-3

Fayette County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Fayette County School Department  
For the Year Ended June 30, 2014

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt retirement	\$ 32,760
Adequate Facilities/Development Tax	"	"	106,141
"	Highway/Public Works	Road paving	373,668
Total Transfers Primary Government			<u>\$ 512,569</u>
<u>DISCRETELY PRESENTED FAYETTE COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 39,128
General Purpose School	Education Capital Projects	School construction	479,634
Total Transfers Discretely Presented Fayette County School Department			<u>\$ 518,762</u>

Exhibit J-4

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

Official	Authorization for Salary	\$	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$	84,483	50,000	Western Surety Company
Public Works Superintendent	Chapter 234, Private Acts of 1974 and Section 8-24-102, TCA		81,357 (1)	100,000	"
Director of Schools	State Board of Education and County Board of Education		107,000 (2)	100,000	"
Trustee	Section 8-24-102, TCA		70,012	1,202,900	"
Assessor of Property	Section 8-24-102, TCA		70,012	10,000	"
County Clerk	Section 8-24-102, TCA		70,012	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA		70,012	50,000	"
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge		70,012 (3)	100,000	"
Register of Deeds	Section 8-24-102, TCA		70,012	25,000	"
Sheriff	Section 8-24-102, TCA		80,459 (4)	25,000	"
Employees Blanket Bond:					
Office:					
County Mayor:					
All Employees				150,000	Local Government Property and Casualty
Public Works Superintendent:					
All Employees				150,000	"
Director of Schools:					
All Employees				150,000	Tennessee Risk Management Trust

- (1) Includes a certified public administrator supplement of \$1,249.
- (2) Includes a chief executive officer training supplement of \$2,000.
- (3) Does not include special commissioner fees of \$7,605.
- (4) Does not include a law enforcement training supplement of \$600.

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 7,828,114	\$ 0	\$ 0	\$ 0	\$ 0	670,630
Trustee's Collections - Prior Year	234,185	0	0	0	0	19,840
Circuit/Clerk and Master Collections - Prior Years	176,219	0	0	0	0	17,193
Interest and Penalty	42,164	0	0	0	0	3,886
Pickup Taxes	6,130	0	0	0	0	525
Payments in-Lieu-of Taxes - Local Utilities	4,929	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	34,651	0	0	0	0	2,969
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	433,443
Hotel/Motel Tax	6,240	0	0	0	0	0
Wheel Tax	185,058	0	0	0	0	740,231
Litigation Tax - General	63,816	0	0	0	0	0
Litigation Tax - Special Purpose	39,300	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	58,185	0	0	0	0	0
Business Tax	264,042	0	0	0	0	0
Mixed Drink Tax	438	0	0	0	0	0
Adequate Facilities/Development Tax	0	0	0	391,689	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	54,414	0	0	0	0	0
Wholesale Beer Tax	76,927	0	0	0	0	0
Interstate Telecommunications Tax	2,500	0	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 9,077,312</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 391,689</b>	<b>\$ 0</b>	<b>\$ 1,888,717</b>

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	18,002 \$	0 \$	0 \$	0 \$	0 \$	0
Cable TV Franchise	150,847	0	0	0	0	0
<u>Permits</u>						
Beer Permits	1,045	0	0	0	0	0
Building Permits	51,023	0	0	0	0	0
Total Licenses and Permits	220,917 \$	0 \$	0 \$	0 \$	0 \$	0

Fines, Forfeitures, and Penalties

<u>Circuit Court</u>						
Fines	4,549 \$	0 \$	0 \$	0 \$	0 \$	0
Officers Costs	12,208	0	0	0	0	0
Drug Control Fines	12,988	0	0	0	0	0
Drug Court Fees	1,530	0	0	0	0	0
Jail Fees	1,469	0	0	0	0	0
DUI Treatment Fines	1,913	0	0	0	0	0
Data Entry Fee - Circuit Court	2,044	0	0	0	0	0
Courtroom Security Fee	2	0	0	0	0	0
<u>Criminal Court</u>						
Drug Control Fines	74	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	13,086	0	0	0	0	0
Officers Costs	25,424	0	0	0	0	0
Game and Fish Fines	290	0	0	0	0	0
Drug Control Fines	1,060	0	1,235	0	0	0
Drug Court Fees	2,454	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Jail Fees	\$ 2,939	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Judicial Commissioner Fees	4,277	0	0	0	0	0
DUI Treatment Fines	6,355	0	0	0	0	0
Data Entry Fee - General Sessions Court	7,518	0	0	0	0	0
Courtroom Security Fee	288	0	0	0	0	0
<u>Juvenile Court</u>						
Officers Costs	395	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	1,882	0	0	0	0	0
Data Entry Fee - Chancery Court	1,835	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Courtroom Security Fee	6	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	39,602	0	0	0
Other Fines, Forfeitures, and Penalties	3,800	0	0	0	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 108,386</b>	<b>\$ 0</b>	<b>\$ 40,837</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Other Employee Benefit Charges/Contributions	\$ 134,600	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Residential Waste Collection Charge	9,400	0	0	0	0	0
Solid Waste Disposal Fee	0	388,397	0	0	0	0
Patient Charges	974,757	0	0	0	0	0
<u>Fees</u>						
Airport Fees	117,565	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Library Fees	\$ 6,802	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Telephone Commissions	66,605	0	0	0	0	0
Vending Machine Collections	1,407	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	154,749	0
Data Processing Fee - Register	14,168	0	0	0	0	0
Data Processing Fee - Sheriff	1,957	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	4,000	0	0	0	0	0
Data Processing Fee - County Clerk	3,010	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	4,660	0	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 1,338,931</b>	<b>\$ 388,397</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 154,749</b>	<b>\$ 0</b>
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 68,479	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	39,152	0	0	0	0	0
Sale of Materials and Supplies	1,814	0	0	0	0	0
Commissary Sales	33,930	0	0	0	0	0
Sale of Gasoline	183,083	0	0	0	0	0
Sale of Recycled Materials	0	159,323	0	0	0	0
Miscellaneous Refunds	58,815	48,816	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	4,518	0	0	0	0	0
Contributions and Gifts	161	0	0	0	0	23,650

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>	\$ 1,114	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 322,587	\$ 276,618	\$ 0	\$ 0	\$ 0	\$ 23,650
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>	\$ 50,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees in-Lieu-of Salary</u>						
County Clerk	351,311	0	0	0	0	0
Circuit Court Clerk	83,193	0	0	0	0	0
General Sessions Court Clerk	117,909	0	0	0	0	0
Clerk and Master	203,266	0	0	0	0	0
Juvenile Court Clerk	29,108	0	0	0	0	0
Sheriff	24,422	0	0	0	0	0
Trustee	518,923	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,378,132	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Airport Maintenance Program	\$ 4,612	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other General Government Grants	81,497	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	24,600	0	0	0	0	0
Other Public Safety Grants	27,317	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	238,962	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants</u>						
Bridge Program	0 \$	0 \$	0 \$	0 \$	0 \$	259,594
Litter Program	40,228	0	0	0	0	0
Tennessee Industrial Infrastructure Program	0	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	38,785	0	0	0	0	0
Beer Tax	17,806	0	0	0	0	0
Vehicle Certificate of Title Fees	6,941	0	0	0	0	0
Alcoholic Beverage Tax	80,366	0	0	0	0	0
State Revenue Sharing - T.V.A.	602,995	314,000	0	0	0	0
Contracted Prisoner Boarding	769,822	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,049,002
Petroleum Special Tax	0	0	0	0	0	27,717
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	58,859	0	0	0	0	0
Other State Revenues	37,670	0	0	0	0	0
Total State of Tennessee	2,045,624 \$	314,000 \$	0 \$	0 \$	0 \$	2,336,313
<u>Federal Government</u>						
<u>Federal through State</u>						
Civil Defense Reimbursement	47,000 \$	0 \$	0 \$	0 \$	0 \$	0
Disaster Relief	0	0	0	0	0	11,714
Homeland Security Grants	60,753	0	0	0	0	0
Total Federal Government	107,753 \$	0 \$	0 \$	0 \$	0 \$	11,714

(Continued)

Exhibit J-5

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works	
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Prisoner Board	\$ 41,130	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	12,625	0	0	0	0	0	0
Contracted Services	17,949	0	0	0	0	0	0
Other	15,189	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 86,893	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 14,686,535	\$ 979,015	\$ 40,837	\$ 391,689	\$ 154,749	\$ 4,260,394	

Exhibit J-5

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

	Debt Service		Capital Projects Funds			Total
	Fund		General Capital Projects	Education Capital Projects	Other Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$	0	\$	0	\$	8,498,744
Trustee's Collections - Prior Year		168		0		254,193
Circuit/Clerk and Master Collections - Prior Years		10,812		0		204,224
Interest and Penalty		76		0		46,126
Pickup Taxes		0		0		6,655
Payments in-Lieu-of-Taxes - Local Utilities		0		0		4,929
Payments in-Lieu-of-Taxes - Other		0		0		37,620
<u>County Local Option Taxes</u>						
Local Option Sales Tax		0		0		433,443
Hotel/Motel Tax		0		0		6,240
Wheel Tax		1,850,855		0		2,776,144
Litigation Tax - General		0		0		63,816
Litigation Tax - Special Purpose		0		0		39,300
Litigation Tax - Jail, Workhouse, or Courthouse		0		0		58,185
Business Tax		0		0		264,042
Mixed Drink Tax		0		0		438
Adequate Facilities/Development Tax		0		0		391,689
<u>Statutory Local Taxes</u>						
Bank Excise Tax		0		0		54,414
Wholesale Beer Tax		0		0		76,927
Interstate Telecommunications Tax		0		0		2,500
<b>Total Local Taxes</b>	\$	1,861,911	\$	0	\$	13,219,629

(Continued)

Exhibit J-5

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

	Debt Service		Capital Projects Funds			Total		
	Fund		General Debt Service	General Capital Projects	Education Capital Projects		Other Capital Projects	
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Animal Registration	\$	0	\$	0	\$	0	\$	18,002
Cable TV Franchise		0	0	0	0	0	0	150,847
<u>Permits</u>								
Beer Permits		0	0	0	0	0	0	1,045
Building Permits		0	0	0	0	0	0	51,023
Total Licenses and Permits	\$	0	\$	0	\$	0	\$	220,917
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$	0	\$	0	\$	0	\$	4,549
Officers Costs		0	0	0	0	0	0	12,208
Drug Control Fines		0	0	0	0	0	0	12,988
Drug Court Fees		0	0	0	0	0	0	1,530
Jail Fees		0	0	0	0	0	0	1,469
DUI Treatment Fines		0	0	0	0	0	0	1,913
Data Entry Fee - Circuit Court		0	0	0	0	0	0	2,044
Courtroom Security Fee		0	0	0	0	0	0	2
<u>Criminal Court</u>								
Drug Control Fines		0	0	0	0	0	0	74
<u>General Sessions Court</u>								
Fines		0	0	0	0	0	0	13,086
Officers Costs		0	0	0	0	0	0	25,424
Game and Fish Fines		0	0	0	0	0	0	290
Drug Control Fines		0	0	0	0	0	0	2,295
Drug Court Fees		0	0	0	0	0	0	2,454

(Continued)

Exhibit J-5

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

	Debt Service		Capital Projects Funds			Total
	Fund		General Capital Projects	Education Capital Projects	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Jail Fees	\$	0 \$	0 \$	0 \$	0 \$	2,939
Judicial Commissioner Fees		0	0	0	0	4,277
DUI Treatment Fines		0	0	0	0	6,355
Data Entry Fee - General Sessions Court		0	0	0	0	7,518
Courtroom Security Fee		0	0	0	0	288
<u>Juvenile Court</u>						
Officers Costs		0	0	0	0	395
<u>Chancery Court</u>						
Officers Costs		0	0	0	0	1,882
Data Entry Fee - Chancery Court		0	0	0	0	1,835
<u>Judicial District Drug Program</u>						
Courtroom Security Fee		0	0	0	0	6
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property		0	0	0	0	39,602
Other Fines, Forfeitures, and Penalties		0	0	0	0	3,800
Total Fines, Forfeitures, and Penalties	\$	0 \$	0 \$	0 \$	0 \$	149,223
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Other Employee Benefit Charges/Contributions	\$	0 \$	0 \$	0 \$	0 \$	134,600
Residential Waste Collection Charge		0	0	0	0	9,400
Solid Waste Disposal Fee		0	0	0	0	388,397
Patient Charges		0	0	0	0	974,757
<u>Fees</u>						
Airport Fees		0	0	0	0	117,565

(Continued)

Exhibit J-5

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

	Debt Service		Capital Projects Funds			Total
	Fund		General Capital Projects	Education Capital Projects	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Library Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,802
Telephone Commissions	0	0	0	0	0	66,605
Vending Machine Collections	0	0	0	0	0	1,407
Constitutional Officers' Fees and Commissions	0	0	0	0	0	154,749
Data Processing Fee - Register	0	0	0	0	0	14,168
Data Processing Fee - Sheriff	0	0	0	0	0	1,957
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	4,000
Data Processing Fee - County Clerk	0	0	0	0	0	3,010
<u>Other Charges for Services</u>						
Other Charges for Services	0	0	0	0	0	4,660
<b>Total Charges for Current Services</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>1,882,077</b>
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 5,159	\$ 0	73,638
Lease/Rentals	0	0	0	0	0	39,152
Sale of Materials and Supplies	0	0	0	0	0	1,814
Commissary Sales	0	0	0	0	0	33,930
Sale of Gasoline	0	0	0	0	0	183,083
Sale of Recycled Materials	0	0	0	0	0	159,323
Miscellaneous Refunds	0	0	0	0	0	107,631
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	4,518
Contributions and Gifts	0	0	0	0	0	23,811

(Continued)

Exhibit J-5

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

	Debt Service					Capital Projects Funds			Total
	Fund	General Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects				
<u>Other Local Revenues (Cont.)</u>									
<u>Other Local Revenues</u>		0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	1,114
Total Other Local Revenues		0 \$	0 \$	5,159 \$	0 \$	0 \$	0 \$	0 \$	628,014
<u>Fees Received from County Officials</u>									
<u>Excess Fees</u>		0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	50,000
<u>Register</u>									
County Clerk		0	0	0	0	0	0	0	351,311
Circuit Court Clerk		0	0	0	0	0	0	0	83,193
General Sessions Court Clerk		0	0	0	0	0	0	0	117,909
Clerk and Master		0	0	0	0	0	0	0	203,266
Juvenile Court Clerk		0	0	0	0	0	0	0	29,108
Sheriff		0	0	0	0	0	0	0	24,422
Trustee		0	0	0	0	0	0	0	518,923
Total Fees Received from County Officials		0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	1,378,132
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Airport Maintenance Program		0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	4,612
Other General Government Grants		0	0	0	0	0	0	0	81,497
<u>Public Safety Grants</u>									
Law Enforcement Training Programs		0	0	0	0	0	0	0	24,600
Other Public Safety Grants		0	0	0	0	0	0	0	27,317
<u>Health and Welfare Grants</u>									
Health Department Programs		0	0	0	0	0	0	0	238,962

(Continued)

Exhibit J-5

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

	Debt Service		Capital Projects Funds			Total
	Fund		General Debt Service	General Capital Projects	Education Capital Projects	
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants</u>						
Bridge Program	\$	0	\$	0	\$	259,594
Litter Program		0		0		40,228
Tennessee Industrial Infrastructure Program		0	121,765	0	0	121,765
<u>Other State Revenues</u>						
Income Tax		0	0	0	0	38,785
Beer Tax		0	0	0	0	17,806
Vehicle Certificate of Title Fees		0	0	0	0	6,941
Alcoholic Beverage Tax		0	0	0	0	80,366
State Revenue Sharing - T.V.A.		0	0	0	0	916,995
Contracted Prisoner Boarding		0	0	0	0	769,822
Gasoline and Motor Fuel Tax		0	0	0	0	2,049,002
Petroleum Special Tax		0	0	0	0	27,717
Registrar's Salary Supplement		0	0	0	0	15,164
Other State Grants		0	0	0	196,046	254,905
Other State Revenues		0	0	0	0	37,670
Total State of Tennessee	\$	0	\$	121,765	\$	5,013,748
<u>Federal Government</u>						
<u>Federal through State</u>						
Civil Defense Reimbursement	\$	0	\$	0	\$	47,000
Disaster Relief		0		0		11,714
Homeland Security Grants		0		0		60,753
Total Federal Government	\$	0	\$	0	\$	119,467

(Continued)

Exhibit J-5

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

	Debt Service		Capital Projects Funds				Total
	Fund		General	Education	Other		
	General	Debt	Capital	Capital	Capital	Projects	
	Service		Projects	Projects	Projects		
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,130
Contributions	166,830	0	0	0	0	0	179,455
Contracted Services	0	0	0	0	0	0	17,949
Other	0	0	0	0	0	0	15,189
<u>Total Other Governments and Citizens Groups</u>	\$ 166,830	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 253,723
<u>Total</u>	\$ 2,028,741	\$ 121,765	\$ 5,159	\$ 196,046	\$ 22,864,930		

Exhibit J-6

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

	General Purpose School	Special Revenue Funds			Capital Projects Fund		Total
		School Federal Projects	Central Cafeteria	Education Capital Projects			
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 6,078,772	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,078,772
Trustee's Collections - Prior Year	211,413	0	0	0	0	0	211,413
Circuit/Clerk and Master Collections - Prior Years	165,500	0	0	0	0	0	165,500
Interest and Penalty	35,466	0	0	0	0	0	35,466
Pickup Taxes	4,784	0	0	0	0	0	4,784
Payments in-Lieu-of Taxes - Local Utilities	3,847	0	0	0	0	0	3,847
Payments in-Lieu-of Taxes - Other	27,043	0	0	0	0	0	27,043
<u>County Local Option Taxes</u>							
Local Option Sales Tax	2,965,695	0	0	0	0	0	2,965,695
Mixed Drink Tax	4,925	0	0	0	0	0	4,925
<u>Statutory Local Taxes</u>							
Interstate Telecommunications Tax	3,914	0	0	0	0	0	3,914
Total Local Taxes	\$ 9,501,359	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,501,359
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	2,584	0	0	0	0	0	2,584
Total Licenses and Permits	\$ 2,584	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,584
<u>Charges for Current Services</u>							
<u>Education Charges</u>							
Tuition - Other	60,026	0	0	0	0	0	60,026
Lunch Payments - Children	0	0	32,956	0	0	0	32,956
Lunch Payments - Adults	0	0	19,033	0	0	0	19,033

(Continued)

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

	Special Revenue Funds			Capital Projects Fund	
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Income from Breakfast	0 \$	0 \$	12,633 \$	0 \$	12,633
TBI Criminal Background Fee	3,882	0	300	0	4,182
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	273,683	0	273,683
Total Charges for Current Services	63,908 \$	0 \$	338,605 \$	0 \$	402,513
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	6,481 \$	0 \$	1,963 \$	1,466 \$	9,910
Lease/Rentals	42,891	0	0	0	42,891
Miscellaneous Refunds	17,614	0	28	0	17,642
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	1,871	0	0	0	1,871
Contributions and Gifts	19,805	0	0	0	19,805
Total Other Local Revenues	88,662 \$	0 \$	1,991 \$	1,466 \$	92,119
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	87,824 \$	0 \$	0 \$	0 \$	87,824
<u>State Education Funds</u>					
Basic Education Program	15,374,001	0	0	0	15,374,001
Early Childhood Education	728,815	0	0	0	728,815
School Food Service	0	0	17,477	0	17,477
Energy Efficient School Initiative	12,421	0	0	0	12,421

(Continued)

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

	General Purpose School	Special Revenue Funds			Capital Projects Fund		Total
		School Projects	Central Cafeteria	Federal Projects	Education Capital Projects		
<u>State of Tennessee (Cont.)</u>							
<u>State Education Funds (Cont.)</u>							
Other State Education Funds	\$ 127,172	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	127,172
Career Ladder Program	77,230	0	0	0	0	0	77,230
Career Ladder - Extended Contract	20,095	0	0	0	0	0	20,095
<u>Other State Revenues</u>							
Other State Revenues	187,520	0	0	0	0	0	187,520
Total State of Tennessee	\$ 16,615,078	\$ 0	\$ 17,477	\$ 0	\$ 0	\$ 0	\$ 16,632,555
<u>Federal Government</u>							
<u>Federal through State</u>							
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,143,507	\$ 0	\$ 0	\$ 0	1,143,507
USDA - Commodities	0	0	131,790	0	0	0	131,790
Breakfast	0	0	555,935	0	0	0	555,935
USDA - Other	0	0	36,584	0	0	0	36,584
Vocational Education - Basic Grants to States	0	0	69,355	0	0	0	69,355
Title I Grants to Local Education Agencies	0	0	1,046,942	0	0	0	1,046,942
Special Education - Grants to States	0	0	803,703	0	0	0	803,703
Special Education Preschool Grants	54,529	0	28,532	0	0	0	83,061
Eisenhower Professional Development State Grants	0	0	296,683	0	0	0	296,683
Job Training Partnership Act	280,967	0	0	0	0	0	280,967
Race-to-the-Top - ARRA	0	0	289,270	0	0	0	289,270
Other Federal through State	55,437	0	0	0	0	0	55,437
Total Federal Government	\$ 390,933	\$ 2,534,485	\$ 1,867,816	\$ 0	\$ 0	\$ 0	\$ 4,793,234
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 495,000	\$ 0	\$ 0	\$ 0	\$ 7,182,596	\$ 0	7,677,596
Total Other Governments and Citizens Groups	\$ 495,000	\$ 0	\$ 0	\$ 0	\$ 7,182,596	\$ 0	7,677,596
Total	\$ 27,157,524	\$ 2,534,485	\$ 2,225,889	\$ 7,184,062	\$ 0	\$ 0	\$ 39,101,960

Exhibit J-7

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	48,512	
State Retirement		2,138	
Communication		240	
Legal Services		887	
Rentals		1,170	
Travel		405	
Duplicating Supplies		3,000	
Office Supplies		1,629	
Other Charges		542	
Total County Commission			\$ 58,523

County Mayor/Executive

County Official/Administrative Officer	\$	84,483	
Communication		1,818	
Legal Notices, Recording, and Court Costs		1,274	
Maintenance and Repair Services - Office Equipment		41	
Postal Charges		92	
Printing, Stationery, and Forms		1,268	
Rentals		585	
Travel		1,113	
Other Contracted Services		200	
Office Supplies		499	
Total County Mayor/Executive			91,373

County Attorney

Other Salaries and Wages	\$	20,074	
Board and Committee Members Fees		1,649	
Other Per Diem and Fees		58,091	
Social Security		4,873	
Employer Medicare		1,140	
Total County Attorney			85,827

Election Commission

Assistant(s)	\$	32,151	
Supervisor/Director		63,010	
Deputy(ies)		28,542	
Temporary Personnel		1,166	
Part-time Personnel		5,832	
Election Commission		3,726	
Election Workers		536	
In-service Training		3,400	
Communication		1,964	
Data Processing Services		12,400	
Dues and Memberships		200	
Janitorial Services		2,700	
Legal Notices, Recording, and Court Costs		751	
Maintenance and Repair Services - Buildings		1,366	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Maintenance and Repair Services - Office Equipment	\$	1,895	
Postal Charges		6,854	
Printing, Stationery, and Forms		3,673	
Rentals		2,899	
Travel		5,229	
Office Supplies		4,643	
Other Supplies and Materials		3,666	
Data Processing Equipment		72,840	
Office Equipment		629	
Total Election Commission			\$ 260,072

Register of Deeds

Communication	\$	534	
Data Processing Services		11,530	
Postal Charges		272	
Rentals		1,080	
Travel		271	
Office Supplies		870	
Office Equipment		600	
Total Register of Deeds			15,157

Development

Assistant(s)	\$	42,869	
Supervisor/Director		56,699	
Deputy(ies)		26,794	
Secretary(ies)		37,943	
Board and Committee Members Fees		4,211	
Communication		2,096	
Consultants		1,999	
Data Processing Services		14,399	
Legal Notices, Recording, and Court Costs		3,000	
Maintenance and Repair Services - Buildings		204	
Postal Charges		98	
Rentals		3,031	
Travel		3,270	
Office Supplies		1,975	
Data Processing Equipment		1,724	
Total Development			200,312

Building

Supervisor/Director	\$	42,870	
Part-time Personnel		9,658	
In-service Training		255	
Communication		1,605	
Contracts with Private Agencies		2,100	
Maintenance and Repair Services - Vehicles		1,984	
Printing, Stationery, and Forms		500	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Gasoline	\$	4,671	
Office Supplies		144	
Other Supplies and Materials		1,461	
Other Charges		200	
Total Building			\$ 65,448

County Buildings

Custodial Personnel	\$	27,010	
Temporary Personnel		3,489	
Communication		1,104	
Contracts with Government Agencies		11,754	
Contracts with Other Public Agencies		14,950	
Maintenance and Repair Services - Buildings		85,939	
Maintenance and Repair Services - Vehicles		301	
Postal Charges		19,994	
Rentals		27,513	
Custodial Supplies		2,754	
Gasoline		2,011	
Small Tools		280	
Uniforms		264	
Utilities		46,094	
Total County Buildings			243,457

Other Facilities

Communication	\$	1,662	
Maintenance and Repair Services - Buildings		540	
Electricity		3,115	
Propane Gas		3,524	
Total Other Facilities			8,841

Other General Administration

Dues and Memberships	\$	55,409	
Total Other General Administration			55,409

Finance

Accounting and Budgeting

Supervisor/Director	\$	40,033	
Purchasing Personnel		45,756	
Clerical Personnel		56,838	
In-service Training		1,530	
Audit Services		11,524	
Communication		1,096	
Data Processing Services		8,293	
Legal Notices, Recording, and Court Costs		859	
Printing, Stationery, and Forms		749	
Rentals		585	
Travel		2,034	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Duplicating Supplies	\$	1,484	
Office Supplies		2,286	
Data Processing Equipment		811	
Office Equipment		13,691	
Total Accounting and Budgeting			\$ 187,569

Property Assessor's Office

County Official/Administrative Officer	\$	70,012	
Assistant(s)		32,151	
Deputy(ies)		76,788	
Investigator(s)		35,898	
Board and Committee Members Fees		130	
Communication		1,050	
Consultants		21,915	
Data Processing Services		5,796	
Dues and Memberships		522	
Legal Notices, Recording, and Court Costs		193	
Maintenance Agreements		3,000	
Maintenance and Repair Services - Office Equipment		110	
Maintenance and Repair Services - Vehicles		254	
Printing, Stationery, and Forms		362	
Rentals		1,022	
Travel		394	
Gasoline		1,348	
Office Supplies		555	
Other Supplies and Materials		336	
Data Processing Equipment		3,483	
Total Property Assessor's Office			255,319

Reappraisal Program

Consultants	\$	30,000	
Data Processing Services		12,500	
Postal Charges		7,500	
Gasoline		1,707	
Total Reappraisal Program			51,707

County Trustee's Office

County Official/Administrative Officer	\$	70,012	
Assistant(s)		32,151	
Deputy(ies)		53,039	
In-service Training		730	
Communication		1,465	
Data Processing Services		9,844	
Dues and Memberships		125	
Legal Notices, Recording, and Court Costs		458	
Maintenance and Repair Services - Office Equipment		80	
Postal Charges		7,339	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Printing, Stationery, and Forms	\$	8,260	
Rentals		1,028	
Travel		1,915	
Office Supplies		1,392	
Other Supplies and Materials		762	
Data Processing Equipment		739	
Office Equipment		1,500	
Total County Trustee's Office			\$ 190,839

County Clerk's Office

County Official/Administrative Officer	\$	70,012	
Assistant(s)		30,616	
Deputy(ies)		133,797	
Other Salaries and Wages		1,534	
In-service Training		175	
Communication		4,780	
Data Processing Services		21,244	
Dues and Memberships		150	
Legal Notices, Recording, and Court Costs		625	
Maintenance and Repair Services - Office Equipment		80	
Printing, Stationery, and Forms		1,120	
Rentals		2,500	
Travel		1,305	
Office Supplies		4,273	
Other Supplies and Materials		85	
Office Equipment		875	
Total County Clerk's Office			273,171

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	70,012	
Assistant(s)		32,151	
Deputy(ies)		30,277	
Jury and Witness Expense		13,837	
In-service Training		585	
Communication		3,173	
Data Processing Services		6,362	
Dues and Memberships		95	
Postal Charges		196	
Printing, Stationery, and Forms		2,414	
Transportation - Other than Students		449	
Travel		842	
Office Supplies		1,839	
Data Processing Equipment		498	
Total Circuit Court			162,730

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Assistant(s)	\$	32,151	
Deputy(ies)		98,840	
Communication		2,190	
Data Processing Services		2,981	
Postal Charges		30	
Printing, Stationery, and Forms		1,611	
Rentals		3,377	
Office Supplies		959	
Data Processing Equipment		5,100	
Total General Sessions Court			\$ 147,239

General Sessions Judge

Judge(s)	\$	165,206	
Deputy(ies)		28,400	
In-service Training		170	
Communication		693	
Legal Services		12,739	
Travel		445	
Office Supplies		313	
Other Supplies and Materials		486	
Other Charges		279	
Total General Sessions Judge			208,731

General Sessions Court Clerk

Assistant(s)	\$	31,153	
Deputy(ies)		26,064	
Communication		547	
Data Processing Services		4,877	
Printing, Stationery, and Forms		358	
Rentals		1,417	
Office Supplies		628	
Total General Sessions Court Clerk			65,044

Drug Court

Temporary Personnel	\$	39,279	
Social Security		2,425	
State Retirement		3,186	
Employee and Dependent Insurance		7,185	
Employer Medicare		567	
Contracts with Private Agencies		160	
Travel		3,471	
Other Contracted Services		2,760	
Office Supplies		1,297	
Workers' Compensation Insurance		1,412	
Total Drug Court			61,742

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	70,012	
Assistant(s)		32,151	
Deputy(ies)		54,571	
Part-time Personnel		340	
Communication		1,245	
Data Processing Services		6,315	
Legal Notices, Recording, and Court Costs		5,327	
Maintenance and Repair Services - Office Equipment		80	
Postal Charges		140	
Printing, Stationery, and Forms		2,845	
Rentals		2,394	
Data Processing Supplies		737	
Office Supplies		1,037	
Data Processing Equipment		4,640	
Total Chancery Court			\$ 181,834

Juvenile Court

Youth Service Officer(s)	\$	40,525	
In-service Training		70	
Communication		2,562	
Maintenance and Repair Services - Office Equipment		178	
Travel		445	
Other Supplies and Materials		423	
Total Juvenile Court			44,203

Other Administration of Justice

Overtime Pay	\$	7,696	
Social Security		466	
State Retirement		598	
Employer Medicare		109	
Evaluation and Testing		2,313	
Travel		4,056	
Other Contracted Services		7,210	
Total Other Administration of Justice			22,448

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	80,459	
Supervisor/Director		136,722	
Deputy(ies)		819,758	
Investigator(s)		126,271	
Captain(s)		90,987	
Lieutenant(s)		122,160	
Sergeant(s)		160,070	
Salary Supplements		21,600	
Part-time Personnel		4,640	
Overtime Pay		27,277	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

In-service Training	\$	5,658	
Employee and Dependent Insurance		213,368	
Communication		39,314	
Maintenance and Repair Services - Office Equipment		709	
Maintenance and Repair Services - Vehicles		52,546	
Medical and Dental Services		6,750	
Postal Charges		1,746	
Printing, Stationery, and Forms		616	
Rentals		5,367	
Travel		1,404	
Gasoline		246,094	
Office Supplies		12,972	
Uniforms		16,892	
Other Supplies and Materials		7,514	
Liability Insurance		62,853	
Liability Claims		500	
Communication Equipment		11,904	
Data Processing Equipment		4,478	
Motor Vehicles		137,582	
Total Sheriff's Department			\$ 2,418,211

Drug Enforcement

Supervisor/Director	\$	44,268	
Investigator(s)		124,643	
Salary Supplements		2,400	
Overtime Pay		15,138	
Social Security		11,337	
State Retirement		14,965	
Employee and Dependent Insurance		28,739	
Employer Medicare		2,651	
Total Drug Enforcement			244,141

Jail

Assistant(s)	\$	43,548	
Supervisor/Director		46,225	
Lieutenant(s)		97,727	
Sergeant(s)		53,495	
Data Processing Personnel		32,151	
Salary Supplements		600	
Dispatchers/Radio Operators		360,906	
Guards		613,464	
Secretary(ies)		32,151	
Maintenance Personnel		63,584	
Part-time Personnel		49,846	
Overtime Pay		20,124	
In-service Training		1,418	
Employee and Dependent Insurance		299,693	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Contracts with Private Agencies	\$	6,030	
Data Processing Services		7,281	
Maintenance and Repair Services - Buildings		93,635	
Maintenance and Repair Services - Vehicles		202	
Medical and Dental Services		222,032	
Postal Charges		500	
Travel		1,932	
Custodial Supplies		43,624	
Food Supplies		231,513	
Gasoline		10,538	
Office Supplies		2,236	
Prisoners Clothing		6,501	
Uniforms		6,980	
Utilities		278,304	
Other Supplies and Materials		4,832	
Liability Insurance		45,368	
Communication Equipment		5,363	
Law Enforcement Equipment		1,616	
Other Equipment		114	
Total Jail			\$ 2,683,533

Workhouse

Guards	\$	1,982	
Total Workhouse			1,982

Fire Prevention and Control

Assistant(s)	\$	29,420	
Supervisor/Director		43,052	
Part-time Personnel		45,000	
In-service Training		12,298	
Communication		10,760	
Contracts with Government Agencies		131,000	
Dues and Memberships		1,309	
Evaluation and Testing		2,315	
Forest Resource Services		2,000	
Operating Lease Payments		10,200	
Licenses		444	
Maintenance and Repair Services - Buildings		17,181	
Maintenance and Repair Services - Equipment		8,777	
Maintenance and Repair Services - Vehicles		46,002	
Postal Charges		445	
Printing, Stationery, and Forms		550	
Travel		2,539	
Data Processing Supplies		2,500	
Diesel Fuel		17,392	
Drugs and Medical Supplies		1,475	
Gasoline		13,060	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Natural Gas	\$	6,526	
Office Supplies		1,515	
Propane Gas		7,936	
Uniforms		7,203	
Utilities		9,400	
Other Supplies and Materials		96,299	
Building and Contents Insurance		10,722	
Liability Insurance		8,043	
Vehicle and Equipment Insurance		47,617	
Workers' Compensation Insurance		10,335	
Other Charges		11,545	
Administration Equipment		1,479	
Communication Equipment		19,942	
Motor Vehicles		17,700	
Office Equipment		1,000	
Other Equipment		39,000	
Total Fire Prevention and Control			\$ 693,981

Civil Defense

Assistant(s)	\$	12,303	
Supervisor/Director		44,130	
Deputy(ies)		26,661	
Communication		4,968	
Maintenance and Repair Services - Vehicles		1,769	
Rentals		897	
Travel		1,012	
Gasoline		7,462	
Office Supplies		383	
Uniforms		463	
Utilities		8,193	
Other Supplies and Materials		60,753	
Liability Insurance		12,901	
Other Charges		950	
Office Equipment		620	
Other Equipment		1,422	
Total Civil Defense			184,887

Rescue Squad

Other Supplies and Materials	\$	562	
Liability Insurance		618	
Total Rescue Squad			1,180

Other Emergency Management

Other Contracted Services	\$	975	
Other Supplies and Materials		1,486	
Total Other Emergency Management			2,461

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)County Coroner/Medical Examiner

Contracts with Government Agencies	\$	29,608	
Medical and Dental Services		745	
Transportation - Other than Students		3,050	
Total County Coroner/Medical Examiner			\$ 33,403

Other Public Safety

Mechanic(s)	\$	64,691	
Employee and Dependent Insurance		14,369	
Communication		1,387	
Equipment Parts - Light		44,265	
Gasoline		4,222	
Uniforms		542	
Utilities		5,898	
Total Other Public Safety			135,374

Public Health and WelfareLocal Health Center

Part-time Personnel	\$	1,728	
Board and Committee Members Fees		272	
Social Security		107	
Employer Medicare		25	
Communication		4,459	
Janitorial Services		12,893	
Maintenance and Repair Services - Buildings		41,421	
Postal Charges		239	
Drugs and Medical Supplies		3,345	
Office Supplies		1,458	
Utilities		14,425	
Other Charges		2,954	
Total Local Health Center			83,326

Rabies and Animal Control

Deputy(ies)	\$	28,495	
Investigator(s)		30,294	
Communication		2,120	
Maintenance and Repair Services - Buildings		17	
Maintenance and Repair Services - Vehicles		164	
Animal Food and Supplies		238	
Gasoline		9,954	
Uniforms		832	
Utilities		2,904	
Other Supplies and Materials		1,373	
Total Rabies and Animal Control			76,391

Ambulance/Emergency Medical Services

Supervisor/Director	\$	50,125	
Secretary(ies)		32,152	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Attendants	\$	508,808	
Part-time Personnel		102,400	
Overtime Pay		239,458	
In-service Training		1,000	
Social Security		57,065	
State Retirement		62,955	
Employee and Dependent Insurance		119,267	
Employer Medicare		13,346	
Communication		5,694	
Debt Collection Services		54,261	
Licenses		3,948	
Maintenance and Repair Services - Buildings		1,590	
Maintenance and Repair Services - Office Equipment		82	
Maintenance and Repair Services - Vehicles		26,665	
Postal Charges		2,000	
Rentals		1,044	
Travel		947	
Custodial Supplies		1,812	
Diesel Fuel		55,612	
Drugs and Medical Supplies		54,682	
Gasoline		1,273	
Office Supplies		2,065	
Uniforms		1,504	
Utilities		8,309	
Building and Contents Insurance		661	
Vehicle and Equipment Insurance		30,005	
Communication Equipment		2,135	
Data Processing Equipment		5,459	
Furniture and Fixtures		1,640	
Motor Vehicles		119,915	
Total Ambulance/Emergency Medical Services			\$ 1,567,879

Dental Health Program

Medical Personnel	\$	133,857	
Paraprofessionals		25,469	
Clerical Personnel		31,347	
Longevity Pay		3,600	
Social Security		11,260	
State Retirement		14,018	
Employee and Dependent Insurance		22,716	
Employer Medicare		2,678	
Other Fringe Benefits		2,495	
Travel		1,714	
Drugs and Medical Supplies		8,500	
Total Dental Health Program			257,654

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Crippled Children Services

Contracts with Government Agencies	\$ 2,216	
Total Crippled Children Services		\$ 2,216

Other Local Health Services

Contracts with Other Public Agencies	\$ 1,534	
Total Other Local Health Services		1,534

Appropriation to State

Contracts with Government Agencies	\$ 13,761	
Total Appropriation to State		13,761

Aid to Dependent Children

Other Supplies and Materials	\$ 805	
Total Aid to Dependent Children		805

Other Local Welfare Services

Contributions	\$ 9,138	
Total Other Local Welfare Services		9,138

Sanitation Education/Information

Foremen	\$ 32,166	
Social Security	1,976	
State Retirement	2,609	
Employee and Dependent Insurance	7,185	
Employer Medicare	462	
Maintenance and Repair Services - Vehicles	18	
Uniforms	200	
Other Supplies and Materials	2,624	
Other Charges	5,628	
Total Sanitation Education/Information		52,868

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Matching Share	\$ 11,924	
Total Senior Citizens Assistance		11,924

Libraries

Assistant(s)	\$ 48,921	
Supervisor/Director	33,118	
Librarians	19,037	
Part-time Personnel	8,694	
Social Security	6,736	
State Retirement	6,816	
Employee and Dependent Insurance	21,554	
Employer Medicare	1,575	
Communication	2,955	
Janitorial Services	4,800	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Maintenance and Repair Services - Buildings	\$	5,746	
Travel		517	
Library Books/Media		13,669	
Utilities		10,636	
Other Supplies and Materials		417	
Other Charges		813	
Data Processing Equipment		2,632	
Total Libraries			\$ 188,636

Agriculture and Natural Resources

Agricultural Extension Service

Board and Committee Members Fees	\$	1,170	
Communication		4,627	
Contracts with Government Agencies		86,629	
Contributions		2,000	
Dues and Memberships		480	
Maintenance and Repair Services - Buildings		2,900	
Rentals		12,798	
Travel		6,158	
Other Contracted Services		1,452	
Custodial Supplies		637	
Utilities		5,193	
Office Equipment		2,331	
Total Agricultural Extension Service			126,375

Soil Conservation

Secretary(ies)	\$	28,401	
Educational Assistants		30,652	
Rentals		2,028	
Office Supplies		98	
Total Soil Conservation			61,179

Other Operations

Industrial Development

Utilities	\$	1,113	
Total Industrial Development			1,113

Airport

Supervisor/Director	\$	37,080	
Temporary Personnel		3,375	
Part-time Personnel		23,844	
Communication		6,068	
Maintenance and Repair Services - Buildings		23,811	
Travel		1,154	
Custodial Supplies		143	
Diesel Fuel		1,972	
Gasoline		156,789	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Office Supplies	\$	1,567	
Small Tools		100	
Uniforms		185	
Utilities		21,271	
Liability Insurance		5,479	
Solid Waste Equipment		1,000	
Total Airport			\$ 283,838

Veterans' Services

Supervisor/Director	\$	9,160	
Communication		1,413	
Travel		718	
Office Supplies		2,351	
Office Equipment		498	
Total Veterans' Services			14,140

Other Charges

Boiler Insurance	\$	50	
Liability Insurance		67,672	
Premiums on Corporate Surety Bonds		14,168	
Trustee's Commission		195,248	
Tax Relief Program		33,902	
Total Other Charges			311,040

Contributions to Other Agencies

Contracts with Other Public Agencies	\$	6,800	
Contributions		61,186	
Total Contributions to Other Agencies			67,986

Employee Benefits

Longevity Pay	\$	92,300	
Social Security		331,360	
State Retirement		415,843	
Employee and Dependent Insurance		359,789	
Unemployment Compensation		337	
Employer Medicare		78,211	
Medical and Dental Services		3,570	
Workers' Compensation Insurance		303,127	
Total Employee Benefits			1,584,537

Miscellaneous

Other Supplies and Materials	\$	20	
Refunds		6,748	
Total Miscellaneous			6,768

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Interest on Debt

General Government

Interest on Notes	\$ 568	
Total General Government		\$ 568

Other Debt Service

General Government

Legal Services	\$ 4,750	
Underwriter's Discount	2,097	
Other Debt Issuance Charges	3,810	
Total General Government		<u>10,657</u>

Total General Fund \$ 14,070,481

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Contracts with Public Carriers	\$ 335,239	
Total Convenience Centers		\$ 335,239

Landfill Operation and Maintenance

Supervisor/Director	\$ 54,690
Accountants/Bookkeepers	30,992
Equipment Operators - Heavy	138,484
Temporary Personnel	13,996
Longevity Pay	3,500
Overtime Pay	19,259
Board and Committee Members Fees	346
In-service Training	1,020
Social Security	16,021
State Retirement	19,412
Employee and Dependent Insurance	43,108
Employer Medicare	3,747
Communication	4,703
Consultants	1,500
Contracts with Government Agencies	39,066
Data Processing Services	6,267
Evaluation and Testing	5,755
Legal Notices, Recording, and Court Costs	368
Licenses	5,126
Maintenance and Repair Services - Equipment	5,647
Travel	346
Diesel Fuel	11,932
Equipment and Machinery Parts	24,558
Gasoline	17,241
Lubricants	220
Tires and Tubes	4,310
Utilities	10,430
Other Supplies and Materials	4,250

(Continued)

Exhibit J-7

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

<u>Solid Waste/Sanitation Fund (Cont.)</u>		
<u>Public Health and Welfare (Cont.)</u>		
<u>Landfill Operation and Maintenance (Cont.)</u>		
Liability Insurance	\$	40,923
Trustee's Commission		6,556
Workers' Compensation Insurance		27,015
Other Charges		4,674
Site Development		16,521
Solid Waste Equipment		20,550
Total Landfill Operation and Maintenance		<u>\$ 602,533</u>
Total Solid Waste/Sanitation Fund		\$ 937,772
<u>Drug Control Fund</u>		
<u>Public Safety</u>		
<u>Drug Enforcement</u>		
Communication	\$	7,423
Contributions		410
Confidential Drug Enforcement Payments		7,500
Veterinary Services		1,134
Animal Food and Supplies		354
Trustee's Commission		357
Law Enforcement Equipment		799
Motor Vehicles		27,847
Other Equipment		30,957
Total Drug Enforcement		<u>\$ 76,781</u>
Total Drug Control Fund		76,781
<u>Adequate Facilities/Development Tax Fund</u>		
<u>Other Operations</u>		
<u>Other Charges</u>		
Refunds	\$	4,795
Trustee's Commission		3,917
Total Other Charges		<u>\$ 8,712</u>
Total Adequate Facilities/Development Tax Fund		8,712
<u>Constitutional Officers - Fees Fund</u>		
<u>General Government</u>		
<u>Register of Deeds</u>		
Constitutional Officers' Operating Expenses	\$	147,242
Total Register of Deeds		\$ 147,242
<u>Administration of Justice</u>		
<u>Chancery Court</u>		
Constitutional Officers' Operating Expenses	\$	7,605
Total Chancery Court		<u>7,605</u>
Total Constitutional Officers - Fees Fund		154,847

(Continued)

Exhibit J-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	80,108	
Accountants/Bookkeepers		66,232	
Educational Incentive - Official/Admin Officer		1,249	
Educational Incentive - Other County Employees		2,498	
Board and Committee Members Fees		6,840	
In-service Training		3,336	
Data Processing Services		14,532	
Dues and Memberships		3,699	
Rentals		2,860	
Office Supplies		3,173	
Other Charges		10,821	
Total Administration			\$ 195,348

Highway and Bridge Maintenance

Supervisor/Director	\$	149,007	
Foremen		79,973	
Equipment Operators		198,155	
Equipment Operators - Light		60,973	
Truck Drivers		268,874	
Laborers		216,977	
Longevity Pay		27,300	
Overtime Pay		30,601	
Freight Expenses		108,847	
Other Contracted Services		104,400	
Asphalt - Liquid		47,987	
Crushed Stone		74,988	
Road Signs		23,043	
Small Tools		199	
Other Supplies and Materials		3,781	
Total Highway and Bridge Maintenance			1,395,105

Operation and Maintenance of Equipment

Mechanic(s)	\$	138,698	
Maintenance and Repair Services - Equipment		11,826	
Diesel Fuel		142,717	
Equipment and Machinery Parts		92,239	
Garage Supplies		4,797	
Gasoline		51,179	
Lubricants		12,785	
Small Tools		942	
Tires and Tubes		33,576	
Other Supplies and Materials		4,596	
Other Capital Outlay		10,622	
Total Operation and Maintenance of Equipment			503,977

Other Charges

Communication	\$	9,778	
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(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Utilities	\$	19,946	
Liability Insurance		131,796	
Trustee's Commission		46,635	
Liability Claims		500	
Total Other Charges			\$ 208,655

Employee Benefits

Social Security	\$	99,887	
State Retirement		102,971	
Employee and Dependent Insurance		259,399	
Unemployment Compensation		2,750	
Evaluation and Testing		1,253	
Workers' Compensation Insurance		143,252	
Total Employee Benefits			609,512

Capital Outlay

Bridge Construction	\$	111,479	
Highway Equipment		172,035	
State Aid Projects		359,944	
Other Construction		915,579	
Total Capital Outlay			1,559,037

Total Highway/Public Works Fund \$ 4,471,634

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	570,000	
Principal on Notes		10,557	
Principal on Capital Leases		45,089	
Total General Government			\$ 625,646

Education

Principal on Bonds	\$	395,000	
Principal on Notes		150,000	
Total Education			545,000

Interest on Debt

General Government

Interest on Bonds	\$	335,499	
Interest on Notes		4,578	
Interest on Capital Leases		6,292	
Total General Government			346,369

Education

Interest on Bonds	\$	322,552	
Interest on Notes		16,830	
Total Education			339,382

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	17,376	
Other Debt Service		<u>1,002</u>	
Total General Government	\$		18,378
<u>Education</u>			
Underwriter's Discount	\$	30,315	
Other Debt Issuance Charges		55,514	
Other Debt Service		<u>1,430</u>	
Total Education			<u>87,259</u>
Total General Debt Service Fund			\$ 1,962,034
<u>General Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Other General Government Projects</u>			
Building Construction	\$	<u>104,879</u>	
Total Other General Government Projects			<u>\$ 104,879</u>
Total General Capital Projects Fund			104,879
<u>Education Capital Projects Fund</u>			
<u>Other Debt Service</u>			
<u>Education</u>			
Underwriter's Discount	\$	63,358	
Other Debt Issuance Charges		<u>74,950</u>	
Total Education	\$		138,308
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Contributions	\$	<u>7,677,596</u>	
Total Education Capital Projects			<u>7,677,596</u>
Total Education Capital Projects Fund			7,815,904
<u>Other Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Other General Government Projects</u>			
Site Development	\$	<u>190,681</u>	
Total Other General Government Projects			<u>\$ 190,681</u>
Total Other Capital Projects Fund			<u>190,681</u>
Total Governmental Funds - Primary Government			<u>\$ 29,793,725</u>

Exhibit J-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,915,070	
Career Ladder Program	49,455	
Career Ladder Extended Contracts	5,682	
Homebound Teachers	2,447	
Educational Assistants	425,880	
Other Salaries and Wages	79,158	
Non-certified Substitute Teachers	147,325	
Social Security	498,899	
State Retirement	732,244	
Medical Insurance	951,417	
Employer Medicare	116,519	
Maintenance and Repair Services - Equipment	936	
Other Contracted Services	266,294	
Instructional Supplies and Materials	92,234	
Textbooks	305,284	
Other Charges	116	
Regular Instruction Equipment	186,420	
<b>Total Regular Instruction Program</b>		<b>\$ 11,775,380</b>

Special Education Program

Teachers	\$ 1,235,171	
Career Ladder Program	4,500	
Homebound Teachers	13,023	
Educational Assistants	102,378	
Non-certified Substitute Teachers	6,750	
Social Security	80,136	
State Retirement	114,072	
Medical Insurance	133,501	
Employer Medicare	18,742	
Other Fringe Benefits	50,473	
Contracts with Other School Systems	66,890	
Contracts with Private Agencies	119,275	
<b>Total Special Education Program</b>		<b>1,944,911</b>

Vocational Education Program

Teachers	\$ 514,681	
Career Ladder Program	1,000	
Non-certified Substitute Teachers	2,160	
Social Security	30,749	
State Retirement	45,778	
Medical Insurance	65,547	
Employer Medicare	7,192	
Other Fringe Benefits	12	
Travel	1,433	
Other Contracted Services	1,190	
Instructional Supplies and Materials	8,408	
Vocational Instruction Equipment	10,988	
<b>Total Vocational Education Program</b>		<b>689,138</b>

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	51,049	
Career Ladder Program		500	
Clerical Personnel		13,099	
Social Security		3,423	
State Retirement		5,579	
Medical Insurance		11,066	
Employer Medicare		800	
Travel		1,859	
Other Contracted Services		25,599	
Other Supplies and Materials		561	
In Service/Staff Development		774	
Total Attendance			\$ 114,309

Health Services

Medical Personnel	\$	172,947	
Social Security		10,545	
State Retirement		11,019	
Medical Insurance		7,674	
Employer Medicare		2,466	
Communication		904	
Travel		4,769	
Other Contracted Services		2,100	
Drugs and Medical Supplies		1,476	
Other Supplies and Materials		26,126	
In Service/Staff Development		700	
Total Health Services			240,726

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		359,304	
Clerical Personnel		16,673	
Social Security		21,948	
State Retirement		32,915	
Medical Insurance		45,953	
Employer Medicare		5,133	
Evaluation and Testing		12,008	
Travel		82	
Total Other Student Support			495,016

Regular Instruction Program

Supervisor/Director	\$	79,520	
Career Ladder Program		3,500	
Librarians		371,891	
Instructional Computer Personnel		51,887	
Social Security		29,907	
State Retirement		44,837	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Medical Insurance	\$	50,596	
Employer Medicare		6,994	
Other Fringe Benefits		130	
Maintenance and Repair Services - Equipment		4,345	
Travel		4,186	
Other Contracted Services		36,567	
Library Books/Media		55,643	
Other Supplies and Materials		2,286	
In Service/Staff Development		2,703	
Other Charges		965	
Total Regular Instruction Program			\$ 745,957

Special Education Program

Supervisor/Director	\$	55,820	
Career Ladder Program		1,000	
Psychological Personnel		46,000	
Assessment Personnel		40,732	
Secretary(ies)		26,198	
Other Salaries and Wages		26,000	
Social Security		11,654	
State Retirement		16,981	
Medical Insurance		12,387	
Employer Medicare		2,726	
Other Fringe Benefits		6,173	
Communication		7,632	
Total Special Education Program			253,303

Vocational Education Program

Supervisor/Director	\$	61,246	
Career Ladder Program		1,500	
Secretary(ies)		27,462	
Other Salaries and Wages		32,689	
Social Security		7,316	
State Retirement		10,507	
Medical Insurance		15,266	
Employer Medicare		1,711	
Other Fringe Benefits		130	
Communication		2,273	
Maintenance and Repair Services - Equipment		3,522	
Travel		140	
Other Supplies and Materials		3,350	
Other Charges		3,215	
Total Vocational Education Program			170,327

Adult Programs

Supervisor/Director	\$	58,800	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Other Salaries and Wages	\$	143,424	
Social Security		11,942	
State Retirement		16,401	
Medical Insurance		27,761	
Employer Medicare		2,793	
Other Contracted Services		50,169	
Other Charges		27,131	
Total Adult Programs			\$ 338,421

Other Programs

On-behalf Payments to OPEB	\$	87,824	
Total Other Programs			87,824

Board of Education

Longevity Pay	\$	28,650	
Board and Committee Members Fees		22,690	
Social Security		3,083	
State Retirement		2,555	
Unemployment Compensation		163,667	
Employer Medicare		755	
Audit Services		1,500	
Dues and Memberships		12,257	
Legal Services		127,736	
Travel		1,366	
Judgments		3,000	
Liability Insurance		59,036	
Premiums on Corporate Surety Bonds		4,377	
Trustee's Commission		223,709	
Workers' Compensation Insurance		128,249	
Criminal Investigation of Applicants - TBI		4,932	
Other Charges		2,920	
Total Board of Education			790,482

Director of Schools

County Official/Administrative Officer	\$	105,000	
Assistant(s)		20,480	
Career Ladder Program		1,000	
Secretary(ies)		26,830	
Clerical Personnel		26,599	
Other Salaries and Wages		75,341	
Social Security		15,701	
State Retirement		21,675	
Life Insurance		3,352	
Medical Insurance		32,341	
Employer Medicare		3,672	
Communication		10,549	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Dues and Memberships	\$	4,457	
Travel		1,594	
Office Supplies		557	
Other Charges		1,385	
Total Director of Schools			\$ 350,533

Office of the Principal

Principals	\$	568,288	
Career Ladder Program		2,000	
Assistant Principals		278,781	
Secretary(ies)		181,711	
Social Security		60,224	
State Retirement		90,133	
Medical Insurance		92,099	
Employer Medicare		14,085	
Communication		40,533	
Total Office of the Principal			1,327,854

Fiscal Services

Supervisor/Director	\$	37,267	
Accountants/Bookkeepers		36,000	
Other Salaries and Wages		42,144	
Social Security		6,841	
State Retirement		9,074	
Medical Insurance		15,289	
Employer Medicare		1,651	
Data Processing Services		11,983	
Travel		2,077	
Other Contracted Services		33,963	
Data Processing Supplies		2,699	
Office Supplies		609	
Other Charges		3,077	
Administration Equipment		4,816	
Total Fiscal Services			207,490

Operation of Plant

Accountants/Bookkeepers	\$	37,661	
Custodial Personnel		370,006	
Social Security		24,414	
State Retirement		27,095	
Medical Insurance		15,609	
Employer Medicare		5,862	
Rentals		11,164	
Travel		691	
Other Contracted Services		41,996	
Custodial Supplies		35,337	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Electricity	\$	534,109	
Natural Gas		138,457	
Water and Sewer		65,450	
Other Supplies and Materials		1,459	
Boiler Insurance		9,688	
Building and Contents Insurance		176,499	
Other Charges		2,685	
Plant Operation Equipment		38,481	
Total Operation of Plant			\$ 1,536,663

Maintenance of Plant

Supervisor/Director	\$	51,000	
Maintenance Personnel		261,239	
Social Security		19,729	
State Retirement		25,079	
Medical Insurance		54,623	
Employer Medicare		4,462	
Maintenance and Repair Services - Buildings		2,040	
Maintenance and Repair Services - Equipment		32,290	
Other Contracted Services		15,777	
General Construction Materials		17,102	
Other Supplies and Materials		36,068	
Other Charges		1,884	
Maintenance Equipment		3,048	
Total Maintenance of Plant			524,341

Transportation

Supervisor/Director	\$	39,561	
Mechanic(s)		214,615	
Bus Drivers		794,982	
Secretary(ies)		22,537	
Social Security		65,981	
State Retirement		71,127	
Medical Insurance		37,697	
Employer Medicare		15,434	
Other Fringe Benefits		6,609	
Communication		7,844	
Maintenance and Repair Services - Vehicles		23,937	
Travel		1,554	
Other Contracted Services		21,635	
Diesel Fuel		437,742	
Equipment and Machinery Parts		9,588	
Gasoline		61,054	
Lubricants		11,719	
Tires and Tubes		24,001	
Vehicle Parts		93,625	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Other Supplies and Materials	\$	4,137	
Vehicle and Equipment Insurance		54,494	
Other Charges		44,193	
Transportation Equipment		614,381	
Total Transportation			\$ 2,678,447

Central and Other

Other Salaries and Wages	\$	187,520	
Social Security		10,738	
State Retirement		12,400	
Medical Insurance		2,544	
Employer Medicare		2,517	
Other Contracted Services		2,975	
Other Equipment		15,440	
Total Central and Other			234,134

Operation of Non-instructional Services

Community Services

Supervisor/Director	\$	6,600	
Other Salaries and Wages		20,941	
Social Security		1,075	
State Retirement		1,320	
Employer Medicare		399	
Other Supplies and Materials		16,205	
Total Community Services			46,540

Early Childhood Education

Supervisor/Director	\$	53,234	
Teachers		337,994	
Career Ladder Program		1,000	
Educational Assistants		137,255	
Other Salaries and Wages		2,179	
Non-certified Substitute Teachers		570	
Social Security		31,611	
State Retirement		45,044	
Medical Insurance		36,177	
Employer Medicare		7,397	
Travel		381	
Instructional Supplies and Materials		17,777	
Other Supplies and Materials		16,677	
In Service/Staff Development		7,118	
Other Charges		1,876	
Other Equipment		108,770	
Total Early Childhood Education			805,060

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 80,072	
Total Regular Capital Outlay		\$ 80,072

Interest on Debt

Education

Interest on Notes	\$ 17,724	
Total Education		17,724

Other Debt Service

Education

Legal Services	\$ 4,750	
Debt Service Contribution to Primary Government	166,830	
Total Education		<u>171,580</u>

Total General Purpose School Fund		\$ 25,626,232
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School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 223,848	
Educational Assistants	105,280	
Other Salaries and Wages	36,600	
Non-certified Substitute Teachers	3,390	
Social Security	21,703	
State Retirement	30,642	
Medical Insurance	23,644	
Employer Medicare	5,093	
Other Fringe Benefits	800	
Maintenance and Repair Services - Equipment	6,565	
Other Contracted Services	217,050	
Instructional Supplies and Materials	82,207	
Other Supplies and Materials	5,180	
Regular Instruction Equipment	317,959	
Total Regular Instruction Program		\$ 1,079,961

Special Education Program

Clerical Personnel	\$ 1,800	
Educational Assistants	290,393	
Social Security	17,969	
State Retirement	21,830	
Employer Medicare	4,200	
Other Fringe Benefits	8,591	
Maintenance and Repair Services - Equipment	841	
Other Contracted Services	46,338	
Instructional Supplies and Materials	94,176	
Other Supplies and Materials	4,566	
Total Special Education Program		490,704

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Educational Assistants	\$	15,744	
Social Security		957	
State Retirement		1,277	
Employer Medicare		224	
Other Fringe Benefits		65	
Instructional Supplies and Materials		999	
Other Charges		1,500	
Vocational Instruction Equipment		27,878	
Total Vocational Education Program			\$ 48,644

Support Services

Health Services

Medical Personnel	\$	90,881	
Social Security		5,445	
State Retirement		7,370	
Medical Insurance		6,402	
Employer Medicare		1,273	
Other Fringe Benefits		2,622	
Other Contracted Services		38,765	
Other Supplies and Materials		3,000	
Total Health Services			155,758

Other Student Support

Bus Drivers	\$	142	
Other Salaries and Wages		2,340	
Social Security		154	
State Retirement		215	
Employer Medicare		36	
Travel		10,701	
Other Contracted Services		6,620	
Other Supplies and Materials		1,795	
In Service/Staff Development		7,879	
Total Other Student Support			29,882

Regular Instruction Program

Supervisor/Director	\$	55,863	
Secretary(ies)		65,453	
Other Salaries and Wages		28,152	
Social Security		8,712	
State Retirement		14,151	
Medical Insurance		21,152	
Employer Medicare		2,031	
Other Fringe Benefits		6,665	
Travel		18,247	
Other Contracted Services		7,705	
Other Supplies and Materials		3,719	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

In Service/Staff Development	\$	31,592	
Other Equipment		<u>25,644</u>	
Total Regular Instruction Program			\$ 289,086

Special Education Program

Travel	\$	42,157	
Other Supplies and Materials		<u>43,129</u>	
Total Special Education Program			85,286

Vocational Education Program

Travel	\$	<u>1,411</u>	
Total Vocational Education Program			1,411

Transportation

Bus Drivers	\$	11,183	
Other Salaries and Wages		101,987	
Social Security		7,546	
State Retirement		7,438	
Employer Medicare		1,765	
Other Fringe Benefits		5,874	
Contracts with Parents		19,731	
Maintenance and Repair Services - Vehicles		4,568	
Diesel Fuel		16,800	
Tires and Tubes		4,435	
Vehicle Parts		4,407	
Transportation Equipment		<u>27,219</u>	
Total Transportation			<u>212,953</u>

Total School Federal Projects Fund \$ 2,393,685

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	38,836	
Accountants/Bookkeepers		24,622	
Cafeteria Personnel		767,485	
Longevity Pay		4,550	
Other Salaries and Wages		37,187	
Social Security		53,834	
State Retirement		59,957	
Medical Insurance		22,876	
Unemployment Compensation		323	
Employer Medicare		12,590	
Communication		11,370	
Maintenance and Repair Services - Equipment		2,893	
Travel		781	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Food Service (Cont.)

Other Contracted Services	\$	29,657	
Food Supplies		902,451	
USDA - Commodities		131,790	
Other Supplies and Materials		75,839	
Workers' Compensation Insurance		30,767	
In Service/Staff Development		1,859	
Food Service Equipment		67,360	
Total Food Service			\$ 2,277,027

Total Central Cafeteria Fund

\$ 2,277,027

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$	49,416	
Consultants		16,320	
Engineering Services		23,000	
Legal Services		17,604	
Other Contracted Services		403,186	
Building Construction		4,769,465	
Food Service Equipment		115,099	
Land		9,114	
Site Development		2,226,440	
Total Education Capital Projects			\$ 7,629,644

Total Education Capital Projects Fund

7,629,644

Total Governmental Funds - Fayette County School Department

\$ 37,926,588

Exhibit J-9

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

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,508,257
Total Cash Receipts	<u>\$ 2,508,257</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 2,483,162
Trustee's Commission	25,095
Total Cash Disbursements	<u>\$ 2,508,257</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2013	<u>0</u>
Cash Balance, June 30, 2014	<u><u>\$ 0</u></u>

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## **SINGLE AUDIT SECTION**

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

**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed  
in Accordance With *Government Auditing Standards***

Independent Auditor's Report

Fayette County Mayor and  
Board of County Commissioners  
Fayette County, Tennessee

To the County Mayor 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 Fayette County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Fayette County's basic financial statements, and have issued our report thereon dated November 25, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Fayette 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 Fayette County's internal control. Accordingly, we do not express an opinion on the effectiveness of Fayette 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: 2014-001.

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: 2014-002, 2014-004, 2014-006(A), 2014-008, 2014-009, 2014-010, and 2014-011.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Fayette County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003, 2014-005, 2014-006(B,C), and 2014-007.

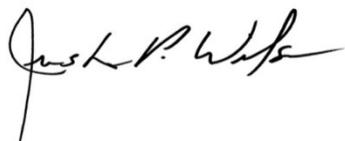
### **Fayette County's Responses to Findings**

Fayette County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Fayette 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 result 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 Fayette County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

November 25, 2014

JPW/sb



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

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

Independent Auditor's Report

Fayette County Mayor and  
Board of County Commissioners  
Fayette County, Tennessee

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Fayette 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 Fayette County's major federal programs for the year ended June 30, 2014. Fayette 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 Fayette 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 Fayette County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

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

### **Report on Internal Control Over Compliance**

Management of Fayette 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 Fayette 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 Fayette County's internal control over compliance.

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

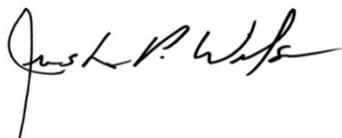
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fayette County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Fayette County's basic financial statements. We issued our report thereon dated November 25, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

November 25, 2014

JPW/sb

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 555,935
National School Lunch Program	10.555	N/A	1,143,507 (3)
Fresh Fruit and Vegetable Program	10.582	N/A	36,584
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	131,790 (3)
Total U.S. Department of Agriculture			<u>\$ 1,867,816</u>
U.S. Department of Justice:			
Direct Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-0939	\$ 9,994
Total U.S. Department of Justice			<u>\$ 9,994</u>
U.S. Department of Labor:			
Passed-through City of Memphis, Tennessee:			
WIA Cluster:			
WIA Adult Program	17.258	29596	\$ 171,353
WIA Youth Activities	17.259	29844	55,437
WIA Dislocated Worker Formula Grants	17.278	29596	109,614
Total U.S. Department of Labor			<u>\$ 336,404</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	3-47-SBGP-29	\$ 196,046
Alcohol Open Container Requirements	20.607	Z13GHS113	11,571
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	20.614	Z13GHS407	5,752
Total U.S. Department of Transportation			<u>\$ 213,369</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,122,691
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	905,742
Special Education - Preschool Grants	84.173	N/A	84,479
Career and Technical Education - Basic Grants to States	84.048	N/A	70,264
Improving Teacher Quality State Grants	84.367	N/A	46,584
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	257,582
Total U.S. Department of Education			<u>\$ 2,487,342</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 66,486
Total U.S. Election Assistance Commission			<u>\$ 66,486</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1974-DR-TN	\$ 11,714
Emergency Management Performance Grants	97.042	(2)	47,000
Homeland Security Grant Program	97.067	(2)	60,753
Total U.S. Department of Homeland Security			<u>\$ 119,467</u>
Total Expenditures of Federal Awards			<u>\$ 5,100,878</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
State Grants:			
Airport Maintenance - State Department of Transportation	N/A	(2)	\$ 4,612
Custodial Parents Access and Visitation - Administrative Office of the Courts	N/A	(2)	15,011
Local Health Services - State Department of Health	N/A	GG1437613	238,962
Litter Program - State Department of Transportation	N/A	(2)	40,228
Certified Drug Court Program - State Department of Mental Health and Substance Abuse Services	N/A	38139	58,859
FastTrack Infrastructure Development Program - State Department of Economic and Community Development	N/A	32458	121,765
Early Childhood Education - State Department of Education	N/A	(2)	728,815
ConnecTenn - State Department of Education	N/A	(2)	10,285
ACT/Explore - State Department of Education	N/A	(2)	8,108
Statewide Student Management System - State Department of Education	N/A	(2)	9,708
Coordinated School Health - State Department of Education	N/A	(2)	80,371
Energy Efficient School Initiative - State Department of Education	N/A	(2)	12,421
Safe Schools - State Department of Education	N/A	(2)	<u>18,700</u>
Total State Grants			<u>\$ 1,347,845</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

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

(2) Information not available.

(3) Total CFDA No. 10.555 is \$1,275,297.

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

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

**OFFICE OF COUNTY MAYOR**

Finding Number	Page Number	Subject
2013-001	156	The General, General Capital Projects, and Other Capital Projects funds required material audit adjustments for proper financial statement presentation
2013-002	156	The office had deficiencies in purchasing procedures
2013-004	158	The Adequate Facilities Office did not deposit some funds within three days of collection

**OFFICE OF DIRECTOR OF SCHOOLS**

Finding Number	Page Number	Subject
2013-006	160	The School Department had deficiencies in budget operations

**OFFICE OF REGISTER OF DEEDS**

Finding Number	Page Number	Subject
2013-009	161	Multiple employees operated from the same cash drawer

**OFFICES OF REGISTER OF DEEDS AND SHERIFF**

Finding Number	Page Number	Subject
2013-011	162	Duties were not segregated adequately

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**FAYETTE COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2014**

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

1. Our report on the financial statements of Fayette County is unmodified.
2. The audit of the financial statements of Fayette County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that was material to the financial statements of Fayette County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555) and Title I Grants to Local Educational Agencies (CFDA No. 84.010) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Fayette 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 provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

### **OFFICES OF COUNTY MAYOR AND DIRECTOR OF SCHOOLS**

#### **FINDING 2014-001**

#### **SEVERAL FUNDS REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**

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

At June 30, 2014, certain general ledger account balances in the primary government's Education Capital Projects Fund and the discretely presented School Department's General Purpose School and Education Capital Projects funds were not materially correct, and audit adjustments totaling \$479,347, \$1,232,046, and \$2,095,445, respectively, were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Fayette County and the School Department to have adequate controls over the maintenance of their accounting records. Material audit adjustments were required because the county's and School Department's financial reporting systems 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 and the School Department have ineffective controls over the maintenance of their accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

#### **RECOMMENDATION**

Fayette County and the School Department should have appropriate processes in place to ensure that their general ledgers are materially correct.

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

The School Department will follow generally accepted accounting principles with adequate internal controls in place to ensure that general ledger account balances are materially correct.

**OFFICE OF COUNTY MAYOR**

**FINDING 2014-002**

**PURCHASE ORDERS WERE NOT ISSUED IN SOME INSTANCES**

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

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 37 disbursements totaling \$382,784 from a population of 5,739 vendor checks totaling \$15,407,839. Our sample revealed that purchase orders were not issued in eight of 11 applicable instances. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. The failure to issue purchase orders could result in unauthorized purchases, purchases made without adequate appropriations, or undocumented purchasing commitments. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

**RECOMMENDATION**

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

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**FINDING 2014-003**

**THE ADEQUATE FACILITIES OFFICE DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION**

(Noncompliance Under *Government Auditing Standards*)

The Adequate Facilities Office did not deposit some funds within three days of collection. As part of our audit procedures for obtaining reasonable assurance that funds were deposited with the county trustee within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected 12 of 68 deposits to examine. In nine instances, collections were held in the Adequate Facilities Office from four to seven days before being deposited with the county trustee. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. The delay in depositing funds increases the risks of fraud and misappropriation.

**RECOMMENDATION**

The Adequate Facilities Office should ensure that all funds are deposited with the county trustee within three days of collection as required by state statute.

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## **OFFICE OF PUBLIC WORKS SUPERINTENDENT**

**FINDING 2014-004**

### **THE PUBLIC WORKS DEPARTMENT DID NOT MAINTAIN A SYSTEM TO ACCOUNT FOR SOME ROAD MATERIALS**

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

The Public Works Department had a system to determine the use of road materials, such as bridge lumber, culvert tiles, and rock for state-aid road projects. However, the department did not have a system to account for materials used on other types of road projects. Sound business practices dictate that all road materials should be accounted for properly. This deficiency exists due to an oversight by management. The failure to maintain a system to document the use of road materials resulted in a loss of control over the assets and increased the risk of inventory loss.

### **RECOMMENDATION**

The Public Works Department should develop and implement a system to account for materials used on all types of road projects.

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## **OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 2014-005**

### **THE GENERAL LEDGER CASH ACCOUNT WAS NOT PROPERLY RECONCILED WITH COUNTY TRUSTEE REPORTS**

(Material Noncompliance Under *Government Auditing Standards*)

The office did not properly reconcile the general ledger cash account in the General Purpose School and School Federal Projects funds with county trustee reports. The office attempted to reconcile the cash accounts with the trustee's reports monthly; however, the accounts did not reconcile with the trustee's reports by \$1,244,065 and \$173,245, respectively, at June 30, 2014. We were advised by school personnel that this was the result of a computer error; however, there had been no attempt made to manually reconcile the funds. Section 9-2-138, *Tennessee Code Annotated*, requires officials to reconcile their respective fund accounts with the trustee's reports monthly. Failure to reconcile the general ledger cash account with the county trustee's reports increases the risks that errors may occur and not be detected. Cash balances were determined by substantive tests and alternative audit procedures.

### **RECOMMENDATION**

The office should reconcile the General Purpose School and School Federal Project funds general ledger cash accounts with county trustee reports monthly as required by state statute, and any errors discovered should be corrected promptly.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

General ledger cash accounts with the county trustee will be properly reconciled each month with errors promptly corrected. If the computer software doesn't complete the proper reconciliation, the reconciliation will be completed manually.

FINDING 2014-006

**THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN BUDGET OPERATIONS**

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

We noted the following deficiencies in budget operations:

- A. Several budget amendments between major categories were posted in the General Purpose School Fund that were not approved by the County Commission. In addition, several budget amendments within major categories were not approved by the Board of Education until after June 30, 2014. Accurate budgetary statements are necessary to provide county officials and departments with available spending limits. We have recognized only those budget amendments that were properly approved before the end of the fiscal year in the financial statements of this report.
- B. Expenditures exceeded appropriations approved by the County Commission in two of 26 major appropriation categories (the legal level of control) of the General Purpose School Fund and in three of 11 major appropriation categories of the School Federal Projects Fund. These amounts are reflected in the following table:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General Purpose School:	
Instruction - Vocational Education Program	\$ 21,350
Operation of Non-instructional Services - Community Services	9,609
School Federal Projects:	
Instruction - Vocational Education Program	362
Support Services - Health Services	2,541
Support Services - Vocational Education Program	67

- C. Nine of 72 salary line-items exceeded appropriations in the General Purpose School Fund by amounts ranging from \$583 to \$36,589, and one of 15 salary line-items exceeded appropriations in the School Federal Projects Fund by

\$1,681. The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county shall not exceed appropriations that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

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

### RECOMMENDATION

Budget amendments should be accurately posted to the accounting records after appropriate approval by the County Commission and/or Board of Education within the fiscal year. Expenditures should be held within major appropriation categories approved by the County Commission.

### MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

All budget amendments will be accurately posted within the fiscal year after approval by the appropriate board (Board of Education and/or County Commission). Expenditures will not exceed approved budget appropriations.

### FINDING 2014-007

### **THE SCHOOL DEPARTMENT VIOLATED THE CONFLICT OF INTEREST STATUTE BY CONTRACTING FOR TECHNICAL SERVICES WITH A SCHOOL BOARD MEMBER**

(Noncompliance Under *Government Auditing Standards*)

On June 6, 2013, the School Department contracted with a school board member to provide technical services relating to the use of a software package for student transportation planning. The school board member received \$31,500 under this contract during the period under audit. The software package was purchased by the board in a prior year, and the school board member had worked with the software package prior to her election to the school board. The contract states that the school board member will provide services “as the sole supplier in Fayette County of design, interface, and other technical services” relating to the software. However, management was unable to provide us with any documentation supporting the determination of the school board member as a sole source supplier for these services. These payments to a school board member violate the state conflict of interest statute, Section 12-4-101(a) (1), *Tennessee Code Annotated*. This statute states that “it is unlawful for any officer, committee member, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in

which any municipal corporation, county ... shall or may be interested, to be directly interested in any such contract.”

RECOMMENDATION

School Department officials should review these payments and resolve the conflict of interest.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

The contract for technical services was not renewed by the Board of Education for the 2014-15 fiscal year.

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FINDING 2014-008

**GENERAL LEDGER PAYROLL LIABILITY ACCOUNTS WERE NOT RECONCILED WITH PAYROLL REPORTS AND PAYMENTS**

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

General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments each month in the General Purpose School Fund. As a result, negative unidentified balances accumulated in the liability accounts for some payroll deductions. Sound business practices dictate that payroll liability accounts should be reconciled with billings monthly. The failure to regularly reconcile payroll liability accounts is a significant deficiency that increases the risk that errors will not be discovered and corrected in a timely manner. This deficiency resulted from a lack of management oversight and a lack of understanding of sound business practices and internal controls.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

General ledger payroll liability accounts will be reconciled monthly with payroll reports and payments. Any errors will be corrected immediately.

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## **OFFICE OF TRUSTEE**

**FINDING 2014-009**

### **THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES**

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

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated*. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur. This deficiency was the result of a lack of management oversight.

### **RECOMMENDATION**

The office should ensure that adequate controls over its information systems and the resources associated with those systems are implemented.

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## **OFFICE OF REGISTER OF DEEDS**

**FINDING 2014-010**

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

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

Multiple employees operated from the same cash drawer in the Office of Register of Deeds. 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 the 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 register of deeds would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the official resulting in a loss of control over assets. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

### **RECOMMENDATION**

The register of deeds should assign each employee their own cash drawer.

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## **OFFICES OF REGISTER OF DEEDS AND SHERIFF**

**FINDING 2014-011**

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

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

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

### **RECOMMENDATION**

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

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

There were no findings and questioned costs for federal awards.

## **BEST PRACTICE**

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice 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 Fayette County.

### **FAYETTE COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

Fayette 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.

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

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