
ANNUAL FINANCIAL REPORT FENTRESS COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2014



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

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

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

FENTRESS COUNTY, TENNESSEE

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Summary of Audit Findings

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

Scope

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

Results

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

Our audit resulted in 15 findings and recommendations, which we have reviewed with Fentress 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:

FENTRESS COUNTY

- ◆ Fentress County had inventory deficiencies and questioned use of surplus federal property.

OFFICE OF FINANCE DIRECTOR

- ◆ Deficiencies were noted in accounting for funds at the Fentress County Public Library.
- ◆ Amounts withheld from contractor payments were not deposited into an escrow account.
- ◆ Drug Control Fund appropriations exceeded estimated available funding.
- ◆ The Solid Waste Department's billing software did not have adequate application controls.
- ◆ The Solid Waste Department's accounting software did not properly identify the user who processed transactions.

OFFICE OF COUNTY CLERK

- ◆ The County Commission's minutes were not bound in the official minute book.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ Customers' checks that had not been receipted totaling \$36,471 were discovered in the office.
 - ◆ Unclaimed funds were not reported and paid to the state.
 - ◆ The office did not prepare an annual financial report.
-

OFFICE OF SHERIFF

- ◆ Multiple employees operated from the same cash drawer.
 - ◆ The office did not deposit some funds within three days of collection.
 - ◆ The annual financial report was not accurate.
 - ◆ A cash shortage totaling \$2,277 existed as of August 31, 2014.
-

FENTRESS COUNTY PUBLIC LIBRARY AND OFFICES OF COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER OF DEEDS, AND SHERIFF

- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Fentress County Officials

June 30, 2014

Officials

Frank Smith, County Executive
Scott Norris, Road Supervisor
Michael Jones, Director of Schools
Wanda Tompkins, Trustee
Harvey Stowers, Assessor of Property
Marilyn Stephens, County Clerk
Tammy Smith, Circuit and General Sessions Courts Clerk
Kathryn Taylor, Clerk and Master
Faye Stephens, Register of Deeds
Tony Choate, Sheriff
Marsha Delk, Finance Director

Board of County Commissioners

Frank Smith, County Executive, Chairman	
Leonard Bilbrey	Gary Peters
Ray Buck	Bill Phipps
William Campau	Bob Pile
Lowell Findley	Floyd Stephens
Rodney Jones	Donal Williams

Board of Education

Gary Tinch, Chairman	Barbara Pile
William Cody	Kathy Pritchett
Karen Cooper	Lynette Pritchett
Philip Michael Hall	Mike Stowers
Myla Leffew	Kathy Williams

Financial Management Committee

Bob Pile, Chairman
Leonard Bilbrey
Ray Buck
Lowell Findley
Michael Jones, Director of Schools
Scott Norris, Road Supervisor
Frank Smith, County Executive

Audit Committee

Bryant Johnson, Chairman
Ray Buck
Joyce Crabtree
Rodney Jones
Donal Williams

FINANCIAL SECTION



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

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Fentress County Emergency Communications District, which represent 4.3 percent, 6.2 percent, and 4.4 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Also, we did not audit the financial statements of the Industrial Development Board of Fentress County, which represent 35.4 percent, 21.9 percent, and six percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished

to us, and our opinion, insofar as it relates to the amounts included for the Fentress County Emergency Communications District and the Industrial Development Board of Fentress County, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

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 plan and other postemployment benefits plan on pages 81 - 83 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 Fentress 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 Fentress 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 Fentress 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 Fentress County School Department (a discretely presented component unit), and miscellaneous schedules

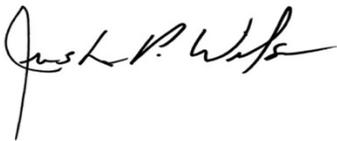
are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 December 17, 2014, on our consideration of Fentress 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 Fentress County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 17, 2014

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government Activities	Component Units			
		Fentress County School Department	Fentress County Emergency Communications District	Industrial Development Board of Fentress County	
\$	15,923	0	909,218	\$	347,125
Equity in Pooled Cash and Investments	5,745,193	4,924,591	0		0
Accounts Receivable	1,589,005	3,388	437		0
Allowance for Uncollectibles	(285,693)	0	0		0
Due from Other Governments	608,848	733,201	463		13,624
Due from Component Units	840,343	0	0		0
Property Taxes Receivable	5,471,380	917,854	0		0
Allowance for Uncollectible Property Taxes	(207,131)	(34,748)	0		0
Prepaid Items	0	0	20,238		4,494
Notes Receivable - Long-term	0	10,599	0		0
Capital Assets:					
Assets Not Depreciated:					
Land	5,446,089	411,763	0		1,002,090
Construction in Progress	0	0	0		8,702,501
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	6,177,834	11,579,739	115,411		1,352,494
Other Capital Assets	2,036,830	1,673,776	397,004		456,650
Infrastructure	25,992,565	0	0		0
Total Assets	\$ 53,431,186	\$ 20,220,163	\$ 1,442,771	\$	11,878,978

ASSETS

Cash	
Equity in Pooled Cash and Investments	
Accounts Receivable	
Allowance for Uncollectibles	
Due from Other Governments	
Due from Component Units	
Property Taxes Receivable	
Allowance for Uncollectible Property Taxes	
Prepaid Items	
Notes Receivable - Long-term	
Capital Assets:	
Assets Not Depreciated:	
Land	
Construction in Progress	
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	
Other Capital Assets	
Infrastructure	
Total Assets	

LIABILITIES

Accounts Payable	\$ 2,435	\$ 0	\$ 26,845	\$ 244,510
Accrued Payroll	0	0	2,907	0
Payroll Deductions Payable	0	242,968	5,472	0

(Continued)

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

	Component Units			
	Primary Governmental Activities	Fentress County School Department	Fentress County Emergency Communications District	Industrial Development Board of Fentress County
<u>LIABILITIES (CONT.)</u>				
Accrued Interest Payable	\$ 6,276	\$ 4,309	\$ 0	\$ 0
Claims and Judgments Payable	38,311	0	0	0
Due to State of Tennessee	0	10,923	0	0
Due to Primary Government	0	840,343	0	0
Noncurrent Liabilities:				
Due Within One Year	1,870,541	236,839	15,870	17,570
Due in More Than One Year	5,967,336	1,827,015	0	6,685,625
Total Liabilities	<u>\$ 7,884,899</u>	<u>\$ 3,162,397</u>	<u>\$ 51,094</u>	<u>\$ 6,947,705</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 5,065,057	\$ 849,691	\$ 0	\$ 0
Total Deferred Inflows of Resources	<u>\$ 5,065,057</u>	<u>\$ 849,691</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 37,115,722	\$ 13,665,278	\$ 512,415	\$ 4,566,029
Restricted for:				
General Government	28,980	0	0	0
Administration of Justice	4,998	0	0	0
Public Safety	107,204	0	0	0
Debt Service	5,899	0	0	0
Capital Projects	11,165	0	0	0
Education	0	834,688	0	0
Other Purposes	0	0	0	13,629
Unrestricted	3,207,262	1,708,109	879,262	351,615
Total Net Position	<u>\$ 40,481,230</u>	<u>\$ 16,208,075</u>	<u>\$ 1,391,677</u>	<u>\$ 4,931,273</u>

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

Exhibit B

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues					Primary Governmental Activities	Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities		Fentress County School Department	Fentress County Emergency Communications District	Industrial Development Board of Fentress County	
Primary Government:										
Governmental Activities:										
General Government	\$ 1,393,511	\$ 297,197	\$ 27,624	\$ 50,213	\$ (1,018,477)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	984,149	401,331	0	0	(582,818)	0	0	0	0	0
Administration of Justice	813,544	318,135	9,000	0	(486,409)	0	0	0	0	0
Public Safety	2,895,191	94,986	56,218	1,070,066	(1,673,921)	0	0	0	0	0
Public Health and Welfare	3,293,124	1,764,947	166,266	68,400	(1,293,511)	0	0	0	0	0
Social, Cultural, and Recreational Services	344,371	40,582	17,500	0	(286,289)	0	0	0	0	0
Agriculture and Natural Resources	86,403	0	0	0	(86,403)	0	0	0	0	0
Highways/Public Works	2,363,521	0	1,697,314	414,756	(251,451)	0	0	0	0	0
Interest on Long-term Debt	115,330	0	0	37,617	(77,713)	0	0	0	0	0
Total Primary Government	\$ 12,289,144	\$ 2,917,178	\$ 1,973,922	\$ 1,641,052	\$ (5,756,992)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:										
Fentress County School Department	\$ 20,411,284	\$ 199,050	\$ 3,510,948	\$ 0	\$ 0	\$ (16,701,286)	\$ 0	\$ 0	\$ 0	\$ 0
Emergency Communications District	854,680	334,208	201,880	0	0	0	(318,592)	0	0	0
Industrial Development Board	107,892	28,919	2,250	1,341,874	0	0	0	0	1,265,151	0
Total Component Units	\$ 21,373,856	\$ 562,177	\$ 3,715,078	\$ 1,341,874	\$ 0	\$ (16,701,286)	\$ (318,592)	\$ 0	\$ 1,265,151	\$ 0

(Continued)

Exhibit B

Fentress County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Program Revenues			Component Units			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total	Fentress County School Department	Fentress County Emergency Communications District	Industrial Development Board of Fentress County
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 4,749,782	\$ 870,294	\$ 0	\$ 0
Property Taxes Levied for Debt Service				450,469	0	0	0
Local Option Sales Tax				980,854	1,634,692	0	0
Wheel Tax				0	402,903	0	0
Wholesale Beer Tax				224,563	0	0	0
Business Tax				86,895	22,521	0	0
Hotel/Motel Tax				37,674	0	0	0
Mineral Severance Tax				32,345	24,391	0	0
Litigation Tax - General				24,918	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse				5,821	0	0	0
Litigation Tax - Victim/Offender Mediation Center				18,022	0	0	0
Other Local Taxes				2,634	1,676	0	0
Grants and Contributions Not Restricted for Specific Programs				679,093	13,717,237	461,511	0
Unrestricted Investment Earnings				43,114	42,070	3,534	42
Miscellaneous				47,396	99,035	435	0
Total General Revenues				\$ 7,383,580	\$ 16,814,819	\$ 465,480	\$ 42
Insurance Recovery				\$ 42,075	\$ 0	\$ 143	\$ 0
Change in Net Position				\$ 1,668,663	\$ 113,533	\$ 147,031	\$ 1,265,193
Net Position, July 1, 2013				38,812,567	16,094,542	1,244,646	3,666,080
Net Position, June 30, 2014				\$ 40,481,230	\$ 16,208,075	\$ 1,391,677	\$ 4,931,273

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

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other	Governmental Funds	
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,923	\$ 15,923
Equity in Pooled Cash and Investments	2,119,309	503,917	189,283	2,820,408	112,276	5,745,193	5,745,193
Accounts Receivable	1,563,782	22,897	0	1,375	951	1,589,005	1,589,005
Allowance for Uncollectibles	(285,693)	0	0	0	0	(285,693)	(285,693)
Due from Other Governments	91,552	148,854	314,318	54,124	0	608,848	608,848
Due from Other Funds	16,874	0	0	0	0	16,874	16,874
Property Taxes Receivable	4,601,834	418,670	0	450,876	0	5,471,380	5,471,380
Allowance for Uncollectible Property Taxes	(174,212)	(15,850)	0	(17,069)	0	(207,131)	(207,131)
Total Assets	\$ 7,933,446	\$ 1,078,488	\$ 503,601	\$ 3,309,714	\$ 129,150	\$ 12,954,399	\$ 12,954,399

ASSETS

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

LIABILITIES

Accounts Payable
 Claims and Judgments Payable
 Due to Other Funds
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

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

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
FUND BALANCES							
Restricted:							
Restricted for General Government	\$ 21,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	21,200
Restricted for Administration of Justice	4,998	0	0	0	0	0	4,998
Restricted for Public Safety	6,093	0	0	0	101,111	0	107,204
Restricted for Other Operations	7,780	0	0	0	0	0	7,780
Restricted for Capital Outlay	0	0	0	0	11,165	0	11,165
Restricted for Debt Service	5,899	0	0	0	0	0	5,899
Committed:							
Committed for Public Health and Welfare	0	619,961	0	0	0	0	619,961
Committed for Social, Cultural, and Recreational Services	15,788	0	0	0	0	0	15,788
Committed for Highways/Public Works	0	0	192,631	0	0	0	192,631
Committed for Debt Service	0	0	0	2,851,377	0	0	2,851,377
Assigned:							
Assigned for Highways/Public Works	0	0	119,579	0	0	0	119,579
Unassigned	2,274,413	0	0	0	0	0	2,274,413
Total Fund Balances	\$ 2,336,171	\$ 619,961	\$ 312,210	\$ 2,851,377	\$ 112,276	\$ 0	6,231,995
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,933,446	\$ 1,078,488	\$ 503,601	\$ 3,309,714	\$ 129,150	\$ 0	12,954,399

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

Exhibit C-2

Fentress 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)		\$ 6,231,995
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 5,446,089	
Add: buildings and improvements net of accumulated depreciation	6,177,834	
Add: other capital assets net of accumulated depreciation	2,036,830	
Add: infrastructure net of accumulated depreciation	<u>25,992,565</u>	39,653,318
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (350,000)	
Less: notes payable	(2,338,837)	
Less: other loans payable	(4,521,406)	
Less: capital leases payable	(20,696)	
Add: debt to be contributed by the School Department	840,343	
Less: accrued interest on bonds, notes, and other loans	(6,276)	
Less: compensated absences payable	(270,601)	
Less: other postemployment benefits liability	(127,914)	
Less: landfill postclosure care costs	<u>(208,423)</u>	(7,003,810)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,599,727</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 40,481,230</u></u>

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

Exhibit C-3

Fentress 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	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other	Governmental Funds	
<u>Revenues</u>							
Local Taxes	\$ 4,896,427	\$ 1,070,295	\$ 32,345	\$ 760,116	\$ 0	\$ 0	\$ 6,759,183
Licenses and Permits	20,168	0	0	0	0	0	20,168
Fines, Forfeitures, and Penalties	67,248	155	0	0	90,822	0	158,225
Charges for Current Services	1,352,459	216,401	0	0	700	0	1,569,560
Other Local Revenues	206,912	155,505	417	69,755	390,321	0	822,910
Fees Received from County Officials	604,354	0	0	0	0	0	604,354
State of Tennessee	331,092	67,110	2,100,070	0	4,093	0	2,502,365
Federal Government	151,229	0	0	0	724,197	0	875,426
Other Governments and Citizens Groups	26,033	0	0	578,627	0	0	604,660
Total Revenues	\$ 7,655,922	\$ 1,509,466	\$ 2,132,832	\$ 1,408,498	\$ 1,210,133	\$ 0	\$ 13,916,851

<u>Expenditures</u>	
Current:	
General Government	\$ 926,588
Finance	939,118
Administration of Justice	596,678
Public Safety	2,438,690
Public Health and Welfare	1,553,691
Social, Cultural, and Recreational Services	247,387
Agriculture and Natural Resources	82,867
Other Operations	685,538
Highways	84,978
Debt Service:	
Principal on Debt	0
Interest on Debt	0
Other Debt Service	0

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	Governmental Funds	
<u>Expenditures (Cont.)</u>								
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,113,466	\$ 1,113,466	
Capital Projects - Donated	403,079	0	0	0	0	0	403,079	
Total Expenditures	\$ 7,958,614	\$ 1,630,196	\$ 2,143,599	\$ 1,720,660	\$ 1,188,770	\$ 14,641,839		
Excess (Deficiency) of Revenues Over Expenditures	\$ (302,692)	\$ (120,730)	\$ (10,767)	\$ (312,162)	\$ 21,363	\$ (724,988)		
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 488	\$ 0	\$ 41,587	\$ 0	\$ 0	\$ 42,075		
Total Other Financing Sources (Uses)	\$ 488	\$ 0	\$ 41,587	\$ 0	\$ 0	\$ 42,075		
Net Change in Fund Balances	\$ (302,204)	\$ (120,730)	\$ 30,820	\$ (312,162)	\$ 21,363	\$ (682,913)		
Fund Balance, July 1, 2013	2,638,375	740,691	281,390	3,163,539	90,913	6,914,908		
Fund Balance, June 30, 2014	\$ 2,336,171	\$ 619,961	\$ 312,210	\$ 2,851,377	\$ 112,276	\$ 6,231,995		

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

Exhibit C-4

Fentress 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)		\$ (682,913)
(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	\$ 1,319,365	
Less: current-year depreciation expense	<u>(800,252)</u>	519,113
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Add: assets donated and capitalized	\$ 314,791	
Less: book value of capital assets disposed	<u>(45,580)</u>	269,211
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 1,599,727	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(1,451,660)</u>	148,067
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, 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 net effect of these differences in the treatment of long-term debt and related items:		
Add: principal payments on bonds	\$ 505,000	
Add: principal payments on notes	1,012,376	
Add: principal payments on other loans	314,272	
Add: capital lease principal payments	10,443	
Less: contributions from the School Department for principal on debt	<u>(411,760)</u>	1,430,331
(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	\$ 2,101	
Change in postclosure care costs	448	
Change in other postemployment benefits liability	(11,797)	
Change in compensated absences payable	<u>(5,898)</u>	<u>(15,146)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,668,663</u>

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

Exhibit C-5

Fentress 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	\$ 4,896,427	\$ 4,847,202	\$ 4,847,202	\$ 49,225
Licenses and Permits	20,168	20,400	20,400	(232)
Fines, Forfeitures, and Penalties	67,248	71,600	72,600	(5,352)
Charges for Current Services	1,352,459	1,341,300	1,353,172	(713)
Other Local Revenues	206,912	150,000	230,876	(23,964)
Fees Received from County Officials	604,354	642,400	642,400	(38,046)
State of Tennessee	331,092	453,314	453,314	(122,222)
Federal Government	151,229	50,000	74,351	76,878
Other Governments and Citizens Groups	26,033	20,900	20,900	5,133
Total Revenues	\$ 7,655,922	\$ 7,597,116	\$ 7,715,215	\$ (59,293)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 101,662	\$ 124,205	\$ 124,205	\$ 22,543
Board of Equalization	482	750	750	268
Beer Board	1,500	1,500	1,500	0
County Mayor/Executive	127,588	157,673	157,673	30,085
Election Commission	207,605	221,514	221,514	13,909
Register of Deeds	183,743	186,410	186,411	2,668
Planning	12,189	12,350	12,350	161
County Buildings	291,819	307,278	308,646	16,827
<u>Finance</u>				
Accounting and Budgeting	265,355	266,812	266,814	1,459
Property Assessor's Office	163,301	160,444	164,233	932
Reappraisal Program	32,155	32,518	32,518	363
County Trustee's Office	207,194	202,318	207,568	374
County Clerk's Office	271,113	272,447	272,448	1,335
<u>Administration of Justice</u>				
Circuit Court	239,032	238,692	239,229	197
General Sessions Court	137,836	138,609	138,609	773
Chancery Court	131,117	131,192	131,193	76
Juvenile Court	22,542	23,398	23,398	856
Other Administration of Justice	23,467	23,500	24,500	1,033
Probation Services	42,684	45,560	45,560	2,876
<u>Public Safety</u>				
Sheriff's Department	1,211,239	1,245,277	1,269,802	58,563
Administration of the Sexual Offender Registry	2,321	2,750	2,750	429
Jail	775,129	759,946	811,427	36,298
Fire Prevention and Control	115,233	117,025	117,513	2,280
Rural Fire Protection	10,645	10,995	10,995	350
Civil Defense	44,829	44,481	44,988	159
Rescue Squad	62,590	26,000	62,892	302
Other Emergency Management	201,800	201,800	201,800	0
County Coroner/Medical Examiner	14,904	11,250	16,750	1,846
<u>Public Health and Welfare</u>				
Local Health Center	40,117	61,967	61,967	21,850
Ambulance/Emergency Medical Services	1,334,084	1,342,095	1,367,095	33,011
Maternal and Child Health Services	1,174	0	10,000	8,826
Alcohol and Drug Programs	58,994	54,479	60,925	1,931

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Other Local Health Services	\$ 79,109	\$ 90,100	\$ 93,900	\$ 14,791
Appropriation to State	35,213	35,213	35,213	0
General Welfare Assistance	0	2,000	2,000	2,000
Other Local Welfare Services	5,000	5,000	5,000	0
Other Public Health and Welfare	0	0	19,351	19,351
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	103,614	97,016	116,106	12,492
Libraries	139,074	142,805	144,805	5,731
Parks and Fair Boards	4,699	4,700	4,814	115
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	51,752	66,349	66,349	14,597
Soil Conservation	31,115	31,115	31,115	0
<u>Other Operations</u>				
Tourism	66,409	66,409	66,409	0
Industrial Development	59,428	59,429	59,429	1
Other Economic and Community Development	15,110	17,090	17,854	2,744
Veterans' Services	47,905	47,778	48,378	473
Contributions to Other Agencies	41,564	45,692	45,896	4,332
Miscellaneous	455,122	401,980	467,180	12,058
<u>Highways</u>				
Highway and Bridge Maintenance	84,978	84,978	84,978	0
<u>Capital Projects</u>				
Public Safety Projects	0	403,079	0	0
<u>Capital Projects - Donated</u>				
Capital Projects Donated to Other Entities	403,079	0	403,079	0
Total Expenditures	<u>\$ 7,958,614</u>	<u>\$ 8,025,968</u>	<u>\$ 8,309,879</u>	<u>\$ 351,265</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (302,692)	\$ (428,852)	\$ (594,664)	\$ 291,972
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 488	\$ 0	\$ 39,990	\$ (39,502)
Total Other Financing Sources	<u>\$ 488</u>	<u>\$ 0</u>	<u>\$ 39,990</u>	<u>\$ (39,502)</u>
Net Change in Fund Balance	\$ (302,204)	\$ (428,852)	\$ (554,674)	\$ 252,470
Fund Balance, July 1, 2013	<u>2,638,375</u>	<u>2,644,976</u>	<u>2,644,976</u>	<u>(6,601)</u>
Fund Balance, June 30, 2014	<u>\$ 2,336,171</u>	<u>\$ 2,216,124</u>	<u>\$ 2,090,302</u>	<u>\$ 245,869</u>

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

Exhibit C-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,070,295	\$ 1,045,738	\$ 1,045,738	\$ 24,557
Fines, Forfeitures, and Penalties	155	0	0	155
Charges for Current Services	216,401	210,050	210,050	6,351
Other Local Revenues	155,505	147,000	147,000	8,505
State of Tennessee	67,110	74,300	74,300	(7,190)
Total Revenues	<u>\$ 1,509,466</u>	<u>\$ 1,477,088</u>	<u>\$ 1,477,088</u>	<u>\$ 32,378</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 119,305	\$ 122,172	\$ 122,172	\$ 2,867
Sanitation Education/Information	7,549	8,500	8,500	951
Waste Pickup	284,428	184,635	293,590	9,162
Convenience Centers	498,318	527,807	517,207	18,889
Problem Waste Centers	5,632	4,800	5,695	63
Other Waste Collection	798	1,200	1,200	402
Recycling Center	289,864	299,641	307,441	17,577
Landfill Operation and Maintenance	351,205	350,000	352,805	1,600
Postclosure Care Costs	3,528	7,400	7,400	3,872
<u>Other Operations</u>				
Other Charges	69,307	69,921	69,921	614
Employee Benefits	262	300	300	38
Total Expenditures	<u>\$ 1,630,196</u>	<u>\$ 1,576,376</u>	<u>\$ 1,686,231</u>	<u>\$ 56,035</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (120,730)</u>	<u>\$ (99,288)</u>	<u>\$ (209,143)</u>	<u>\$ 88,413</u>
Net Change in Fund Balance	\$ (120,730)	\$ (99,288)	\$ (209,143)	\$ 88,413
Fund Balance, July 1, 2013	<u>740,691</u>	<u>740,633</u>	<u>740,633</u>	<u>58</u>
Fund Balance, June 30, 2014	<u>\$ 619,961</u>	<u>\$ 641,345</u>	<u>\$ 531,490</u>	<u>\$ 88,471</u>

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

Exhibit C-7

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 32,345	\$ 43,000	\$ 43,000	\$ (10,655)
Other Local Revenues	417	70,000	70,000	(69,583)
State of Tennessee	2,100,070	2,345,067	2,345,067	(244,997)
Total Revenues	<u>\$ 2,132,832</u>	<u>\$ 2,458,067</u>	<u>\$ 2,458,067</u>	<u>\$ (325,235)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 159,550	\$ 169,183	\$ 169,183	\$ 9,633
Highway and Bridge Maintenance	725,959	1,021,593	1,017,593	291,634
Operation and Maintenance of Equipment	301,248	349,715	353,715	52,467
Quarry Operations	13,449	14,250	14,250	801
Other Charges	93,487	99,600	99,600	6,113
Employee Benefits	52,590	56,200	56,200	3,610
Capital Outlay	530,159	713,591	713,591	183,432
<u>Principal on Debt</u>				
Highways and Streets	243,745	243,444	243,899	154
<u>Interest on Debt</u>				
Highways and Streets	23,412	26,454	25,999	2,587
Total Expenditures	<u>\$ 2,143,599</u>	<u>\$ 2,694,030</u>	<u>\$ 2,694,030</u>	<u>\$ 550,431</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (10,767)</u>	<u>\$ (235,963)</u>	<u>\$ (235,963)</u>	<u>\$ 225,196</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 41,587	\$ 0	\$ 0	\$ 41,587
Total Other Financing Sources	<u>\$ 41,587</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 41,587</u>
Net Change in Fund Balance	\$ 30,820	\$ (235,963)	\$ (235,963)	\$ 266,783
Fund Balance, July 1, 2013	281,390	281,389	281,389	1
Fund Balance, June 30, 2014	<u>\$ 312,210</u>	<u>\$ 45,426</u>	<u>\$ 45,426</u>	<u>\$ 266,784</u>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 482,519
Accounts Receivable	2,093
Due from Other Governments	<u>117,278</u>
Total Assets	<u>\$ 601,890</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 117,278
Due to Litigants, Heirs, and Others	<u>484,612</u>
Total Liabilities	<u>\$ 601,890</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fentress 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 Fentress County:

A. Reporting Entity

Fentress County is a public municipal corporation governed by an elected ten-member board. As required by GAAP, these financial statements present Fentress 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 Fentress County School Department operates the public school system in the county, and the voters of Fentress 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 Fentress County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Fentress County, and the Fentress 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. During the year ended June 30, 2014, the county appropriated an operating subsidy of \$201,800 to the district.

The Industrial Development Board of Fentress County provides assistance in industrial recruitment in Fentress County, and the County Commission appoints its seven-member board. Fentress County substantially funds the Industrial Development Board through annual appropriations. During the

year ended June 30, 2014, the county appropriated an operating subsidy of \$59,428 to the board.

The Fentress County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Fentress County Emergency Communications District and the Industrial Development Board of Fentress County can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Fentress County Emergency Communications District
310 South Main
Jamestown, TN 38556

Industrial Development Board of Fentress County
114 Central Avenue West
Jamestown, TN 38556

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 Fentress 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 Fentress 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.

Fentress County issues all debt for the discretely presented Fentress County School Department. There were no debt issues 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 Fentress 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 outflows of resources, liabilities, deferred inflows 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. Fentress 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. Fentress 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.

Fentress County reports the following major governmental funds:

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

Solid Waste/Sanitation Fund – This special revenue fund accounts for transactions relating to the disposal of Fentress County’s solid waste. Local taxes and general service charges are the foundational revenues of this fund.

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

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

Additionally, Fentress County reports the following fund types:

Capital Projects Funds – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Fentress County. Agency funds are custodial in nature (assets equal liabilities)

and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

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

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 Fentress County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General and General Purpose School funds. Fentress 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 receivable 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 two percent of total taxes levied.

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

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

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

Most payables are disaggregated on the face of the financial statements. Claims and judgments payable totaling \$38,311, are discussed in Note V.B. Risk Financing Activities.

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>
Buildings and Improvements	25 - 40
Other Capital Assets	5 - 30
Infrastructure	20 - 75

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 has no items that qualify for reporting in this category.

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

5. Compensated Absences

Most offices and departments in Fentress County allow employees to earn vacation and sick leave benefits; however, there are several different methods used by county offices and departments regarding the accumulation of these benefits. All county offices, except the Highway Department, allow the unlimited accumulation of sick leave. The Highway Department does not offer sick leave to its employees. There is no liability for unpaid accumulated sick leave in the primary government since Fentress County does not have a policy to pay any amounts when employees separate from service with the government. The Fentress County School Department reports a liability for unpaid accumulated sick leave according to its policy to pay \$25 per accumulated sick leave day when employees separate from service with the School Department.

Noncertified School Department employees and some county offices allow employees to accumulate vacation days beyond year-end. The Finance Department, working together with the elected officials, is responsible for maintaining the balances of accumulated leave in accordance with the policies of the individual offices and departments of the county. All vacation pay is accrued when incurred in the government-wide financial statements for the county and the discretely presented 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, other postemployment benefits, and landfill postclosure care costs, 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.

As of June 30, 2014, Fentress County had \$4,693,343 in outstanding debt for capital purposes for the discretely presented Fentress County School Department. This debt is a liability of Fentress County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Fentress 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 on 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 Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net 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 Fentress 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 Fentress 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 the capital projects funds, which adopt a project length budgets. All annual appropriations lapse at fiscal year end.

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

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

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

B. Cash Shortages – Prior and Current Years

On January 28, 2014, the Comptroller of the Treasury released an investigative audit report regarding misappropriation of funds at the Fentress County Public Library. The report revealed a cash shortage of \$40,217 resulting from the misappropriation of funds by the former library director. During the investigation, the former director deposited \$7,000 in personal funds to the library bank account which left a shortage of \$33,217 at June 30, 2014. On September 25, 2014, the former library director pled guilty to theft of property and received ten years probation. She was also ordered to pay restitution to the library with payments beginning in October 2014. The unpaid restitution, as of the date of this report, totals \$24,617.

On December 17, 2014, the Comptroller's Division of Investigations, Financial and Compliance Division issued an investigative report of selected records of the Fentress County Sheriff's Department. This report provided that on April 2, 2012, the Fentress County Sheriff's Department seized \$2,277 on a drug related offense. In a plea agreement dated April 30, 2012,

the defendant pled no contest to the drug offense and forfeited the \$2,277. However, our review of records of the county trustee and Sheriff's Department disclosed that the forfeited funds were never received by the county trustee or deposited into a Sheriff's Department bank account. In addition, seizure forms for this drug offense were never submitted to the Tennessee Department of Safety as required by *Tennessee Code Annotated*, Section 40-33-204(g). As of August 31, 2014, the \$2,277 is unaccounted.

C. Appropriations Exceeded Estimated Available Funds

The budget and subsequent amendments approved by the County Commission for the Drug Control Fund, a nonmajor special revenue fund, resulted in the appropriations exceeding estimated available funding by \$1,326.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Fentress County and the Fentress 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. Notes Receivable

The General Purpose School Fund had long-term notes receivable of \$10,599 on June 30, 2014. These notes receivable are the result of agreements entered into with two individuals, a current employee and a former employee of the School Department.

The School Department entered into an agreement with an employee in which the department would pay for the employee's training as a speech therapist in return for a service commitment by the employee when the training was completed. The employee did not complete the training, and in accordance with the agreement, became liable for the costs incurred by the School Department. The School Department is deducting \$50 per pay period (\$1,200 annually) until the amount is repaid. The entire amount becomes due and payable if the employee leaves employment with the School Department before payment is made in full. The balance on this note is \$8,132 at June 30, 2014.

A school employee resigned her position with the School Department in December 2013. Following her resignation and after receiving all of the compensation due to her, this former employee received three additional payroll checks from Fentress County totaling \$3,850.12. Upon realizing the error, Fentress County contacted the employee and requested the funds be returned. In February 2014, the county received \$1,238.38 from the former

employee leaving a balance of \$2,566.74. The School Department entered an agreement with this former employee to repay the remaining amount at the rate of \$25 per month beginning on March 15, 2014, and continuing through September 15, 2022. If for any reason a payment is missed or is late, the full balance becomes immediately payable. The balance on this note is \$2,466.74 at June 30, 2014.

C. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 5,446,089	\$ 0	\$ 0	\$ 5,446,089
Total Capital Assets Not Depreciated	<u>\$ 5,446,089</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,446,089</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 8,440,999	\$ 1,126,175	\$ (27,300)	\$ 9,539,874
Infrastructure	32,088,215	0	0	32,088,215
Other Capital Assets	4,711,316	507,981	(129,014)	5,090,283
Total Capital Assets Depreciated	<u>\$ 45,240,530</u>	<u>\$ 1,634,156</u>	<u>\$ (156,314)</u>	<u>\$ 46,718,372</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,254,186	\$ 128,329	\$ (20,475)	\$ 3,362,040
Infrastructure	5,741,851	353,799	0	6,095,650
Other Capital Assets	2,825,588	318,124	(90,259)	3,053,453
Total Accumulated Depreciation	<u>\$ 11,821,625</u>	<u>\$ 800,252</u>	<u>\$ (110,734)</u>	<u>\$ 12,511,143</u>
Total Capital Assets Depreciated, Net	<u>\$ 33,418,905</u>	<u>\$ 833,904</u>	<u>\$ (45,580)</u>	<u>\$ 34,207,229</u>
Governmental Activities Capital Assets, Net	<u>\$ 38,864,994</u>	<u>\$ 833,904</u>	<u>\$ (45,580)</u>	<u>\$ 39,653,318</u>

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

Governmental Activities:

General Government	\$ 17,176
Public Safety	176,324
Public Health and Welfare	173,289
Social, Cultural, and Recreational Services	21,420
Agriculture and Natural Resources	942
Highways/Public Works	<u>411,101</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 800,252</u></u>

Discretely Presented Fentress County School Department

Governmental Activities:

	Balance 7-1-13	Increases	Balance 6-30-14
Capital Assets Not Depreciated:			
Land	\$ 411,763	\$ 0	\$ 411,763
Total Capital Assets Not Depreciated	<u>\$ 411,763</u>	<u>\$ 0</u>	<u>\$ 411,763</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 16,984,032	\$ 493,360	\$ 17,477,392
Other Capital Assets	2,867,840	185,201	3,053,041
Total Capital Assets Depreciated	<u>\$ 19,851,872</u>	<u>\$ 678,561</u>	<u>\$ 20,530,433</u>
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 5,542,743	\$ 354,910	\$ 5,897,653
Other Capital Assets	1,161,973	217,292	1,379,265
Total Accumulated Depreciation	<u>\$ 6,704,716</u>	<u>\$ 572,202</u>	<u>\$ 7,276,918</u>
Total Capital Assets Depreciated, Net	<u>\$ 13,147,156</u>	<u>\$ 106,359</u>	<u>\$ 13,253,515</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 13,558,919</u></u>	<u><u>\$ 106,359</u></u>	<u><u>\$ 13,665,278</u></u>

There were no decreases in capital assets to report during the year ended June 30, 2014.

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

Governmental Activities:

Instruction	\$ 354,910
Support Services	<u>217,292</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 572,202</u></u>

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General	Nonmajor governmental	\$ 16,874

This balance 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:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Primary Government: Governmental Activities	Component Unit: School Department	\$ 840,343

The Due to Primary Government is the balance of a note, other loans, and a bond issued by the county for the School Department. The School Department has agreed to contribute the funds annually to retire these debt obligations. These long-term obligations are reflected in the governmental activities on the Statement of Net Position.

Interfund Transfers:

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

Discretely Presented Fentress County School Department

Transfer Out	Transfer In General Purpose School Fund
School Federal Projects Fund	\$ 18,100

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.

E. Capital Leases

On April 19, 2012, Fentress County entered into a five-year lease-purchase agreement for a tractor. The terms of the agreement require total lease payments of \$23,454 plus interest of 6.59 percent after a trade-in allowance of \$7,000. Title to the tractor transfers to Fentress County at the end of the lease period. The Highway/Public Works Fund is making the lease payments.

On December 3, 2012, Fentress County entered into a three-year lease-purchase agreement for a tractor. The terms of the agreement require total lease payments of \$15,500 plus interest of 6.25 percent after a trade-in allowance of \$15,000. Title to the tractor transfers to Fentress County at the end of the lease period. The Highway/Public Works Fund is making the lease payments.

The assets acquired through capital leases are as follows:

Assets	Governmental Activities
Machinery and Equipment	\$ 60,954
Less: Accumulated Depreciation	<u>(15,588)</u>
Total Book Value	<u>\$ 45,366</u>

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

Year Ending June 30	Governmental Funds
2015	\$ 11,897
2016	7,494
2017	4,555
Total Minimum Lease Payments	<u>\$ 23,946</u>
Less: Amount Representing Interest	<u>(3,250)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 20,696</u></u>

F. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to six years for bonds, 12 years for notes, and up to 25 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans included in long-term debt as of June 30, 2014, will be retired from the General Debt Service Fund. Notes included in long-term debt as of June 30, 2014, will be retired from the General, Highway/Public Works, and General Debt Service funds.

General obligation bonds, capital outlay notes, other loans, and capital leases 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 Bond - Refunding	3 %	4-30-15	\$ 1,950,000	\$ 350,000
Capital Outlay Notes	1.83 to 4	4-15-22	3,689,555	2,179,522
Promissory Note	3.25	12-31-20	224,000	159,315
Other Loans	variable	5-25-26	7,000,000	4,371,000
Other Loans	0	3-1-20	218,936	150,406
Capital Leases	6.25 to 6.59	4-9-17	38,954	20,696

In prior years, Fentress County entered into two loan agreements with the Montgomery County Public Building Authority. Under these agreements, the authority loaned funds to Fentress County for the construction of an elementary school (\$6,000,000) and for various public works projects (\$1,000,000). The loans are repayable at tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. At June 30, 2014, the variable interest rate for each loan was .27 percent, and other fees totaled approximately .57 percent (letter of credit), .08 percent (remarketing) of the outstanding loan principal, and the trustee fee was \$85 per month.

In September 2010, the Rural Development Office of the U.S. Department of Agriculture (USDA) notified the county that it was requiring the repayment of Rural Development Grant 81-07 totaling \$224,000 awarded to the county in 2002. This grant was used to purchase land for a county industrial park, and the grant agreement stipulated that the land was not to be sold. The county chose to sell the land in 2008, and as a result, the USDA demanded repayment of the grant. Under terms of the repayment plan, the county will make annual payments of the principal for ten years at an interest rate of 3.25 percent.

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 350,000	\$ 12,250	\$ 362,250
Total	\$ 350,000	\$ 12,250	\$ 362,250

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 1,034,949	\$ 54,979	\$ 1,089,928
2016	923,423	31,372	954,795
2017	62,751	14,353	77,104
2018	65,089	12,014	77,103
2019	67,517	9,587	77,104
2020-2022	185,108	13,482	198,590
Total	\$ 2,338,837	\$ 135,787	\$ 2,474,624

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2015	\$ 327,272	\$ 11,802	\$ 30,451	\$ 369,525
2016	342,272	11,003	28,527	381,802
2017	358,272	10,163	26,506	394,941
2018	371,722	9,280	24,380	405,382
2019	375,912	8,354	22,151	406,417
2020-2024	1,937,956	26,392	71,697	2,036,045
2025-2026	808,000	3,299	9,983	821,282
Total	\$ 4,521,406	\$ 80,293	\$ 213,695	\$ 4,815,394

There is \$2,851,377 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$403, 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.

Description of Indebtedness	Outstanding 6-30-14
<u>Notes Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Roof Projects	\$ 339,937
<u>Other Loans Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Efficient Schools Initiative Loans	150,406
<u>Bonds Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Refunding Series 2009	<u>350,000</u>
Total	<u>\$ 840,343</u>

Changes in Long-term Obligations

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

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2013	\$ 855,000	\$ 3,351,213	\$ 4,835,678
Reductions	(505,000)	(1,012,376)	(314,272)
Balance, June 30, 2014	<u>\$ 350,000</u>	<u>\$ 2,338,837</u>	<u>\$ 4,521,406</u>
Balance Due Within One Year	<u>\$ 350,000</u>	<u>\$ 1,034,949</u>	<u>\$ 327,272</u>

	Capital Leases	Compensated Absences
Balance, July 1, 2013	\$ 31,139	\$ 264,703
Additions	0	226,141
Reductions	(10,443)	(220,243)
Balance, June 30, 2014	<u>\$ 20,696</u>	<u>\$ 270,601</u>
Balance Due Within One Year	<u>\$ 10,443</u>	<u>\$ 135,301</u>

	Other Postemployment Benefits	Landfill Postclosure Care Costs
Balance, July 1, 2013	\$ 116,117	\$ 208,871
Additions	12,694	0
Reductions	(897)	(448)
Balance, June 30, 2014	<u>\$ 127,914</u>	<u>\$ 208,423</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 12,576</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 7,837,877
Less: Balance Due Within One Year	<u>(1,870,541)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 5,967,336</u>

Compensated absences will be paid from the employing funds, primarily the General and Solid Waste/Sanitation funds. Landfill postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

Discretely Presented Fentress County School Department

Changes in Long-term Obligations

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

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2013	\$ 453,367	\$ 1,495,264
Additions	132,081	341,541
Reductions	(111,773)	(246,626)
Balance, June 30, 2014	<u>\$ 473,675</u>	<u>\$ 1,590,179</u>
Balance Due Within One Year	<u>\$ 236,839</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 2,063,854
Less: Balance Due Within One Year	<u>(236,839)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,827,015</u>

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

G. On-Behalf Payments

Discretely Presented Fentress County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Fentress 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 \$121,676 and \$27,946 respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

Fentress County is exposed to various risks related to general liability, property, casualty, and workers' compensation losses. The county's risk of loss relating to general liability, property, casualty, and workers' compensation is covered by participation in the Local Government Property and Casualty Fund (LGPCF) and the Local Government Workers' Compensation Fund (LGWCF), which are public entity risk pools established by the Tennessee County Services Association, an association of member counties. The county pays annual premiums to these pools for their general liability, property, casualty, and workers' compensation insurance coverage. The creation of these pools provides for them to be self-sustaining through member premiums. The LGPCF and LGWCF reinsure through commercial insurance companies for claims exceeding \$100,000 for each insured event.

Fentress 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, *Tennessee Code Annotated (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 Fentress County School Department

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

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 for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

B. Risk Financing Activities

Fentress County and several other counties, cities, and local government entities were members of the Local Government Insurance Cooperative (LOGIC) for workers' compensation insurance for one or more policy years in 1996-97, 1997-98, or 1999-2000. LOGIC obtained excess coverage insurance from Reliance Insurance Company for claims that exceeded certain amounts. Reliance Insurance Company is now insolvent and is being liquidated in the State of Pennsylvania. The insolvency of Reliance Insurance Company has left LOGIC members exposed to significant claim liabilities for their policy years. In 2003, LOGIC board of directors assessed its members certain amounts for each member's share of outstanding claims unpaid by Reliance Insurance Company. In 2009, the LOGIC board of directors made a second assessment of its members. The Fentress County Highway Department's share of this second assessment totaled \$38,311. The Highway Department's share is still unpaid at June 30, 2014.

C. 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.

D. Subsequent Events

The following changes in administration were noted in Fentress County on September 1, 2014:

<u>Office</u>	<u>Official Leaving</u>	<u>Succeeded By</u>
County Executive	Frank Smith	J. Michael Cross
Circuit and General Sessions Courts Clerk	Tammy Smith	Gina Mullinix
Register of Deeds	Faye Stephens	Patricia Slaven
Sheriff	Tony Choate	Charles Cravens

E. Contingent Liabilities

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

F. Landfill Postclosure Care Costs

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. These closure and postclosure care costs generally are paid near or after the date that the landfill stops accepting waste. Fentress County closed its landfill on July 27, 1994, and has contracted with Scott County for its waste disposal. The Solid Waste/Sanitation Fund (special revenue fund) reports postclosure care costs as expenditures in each period in which they are incurred. The \$208,423 reported as landfill postclosure care liability at June 30, 2014, represents estimated postclosure care costs based on the use of 100 percent of the landfill's capacity. Actual costs may vary from estimates due to inflation, changes in technology, or changes in regulations.

G. Joint Venture

The Eighth Judicial District Drug Task (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Eighth Judicial District and the municipalities within the district. The district is composed of Fentress, Campbell, Claiborne, Scott, and Union 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. Fentress County made no contributions to the DTF for the year ended June 30, 2014, and does not have an equity interest in this joint venture. Complete financial statements for the Eighth Judicial District Task Force can be obtained from its administrative office at the following address:

Administrative Office:

Eighth Judicial District Drug Task Force
P.O. Box 10
Huntsville, TN 37756

H. Retirement Commitments

Plan Description

County Employees

Employees of Fentress 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 Fentress 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/>.

School Department Employees

Employees of the School Department 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 ten 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 Fentress 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

County Employees

Fentress 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 5.94 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.

School Department Employees

The School Department 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 6.45 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

County Employees

For the year ended June 30, 2014, Fentress County's annual pension cost of \$275,784 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

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-14	\$275,784	100%	\$0
6-30-13	273,556	100	0
6-30-12	263,184	100	0

School Department Employees

For the year ended June 30, 2014, the School Department's annual pension cost of \$136,816 to TCRS was equal to the School Department'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 School Department'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 seven years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-14	\$136,816	100%	\$0
6-30-13	143,061	100	0
6-30-12	147,345	100	0

Funded Status and Funding Progress

County Employees

As of July 1, 2013, the most recent actuarial valuation date, the plan was 89.37 percent funded. The actuarial accrued liability for benefits was \$7.29 million, and the actuarial value of assets was \$6.52 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.78 million. The covered payroll (annual payroll of active employees covered by the plan) was \$4.55 million, and the ratio of the UAAL to the covered payroll was 17.05 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 Department Employees

As of July 1, 2013, the most recent actuarial valuation date, the plan was 96.55 percent funded. The actuarial accrued liability for benefits was \$6.63 million, and the actuarial value of assets was \$6.4 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.23 million. The covered payroll (annual payroll of active employees covered by the plan) was \$2.05 million, and the ratio of the UAAL to the covered payroll was 11.16 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 Fentress County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*). State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2014, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2014, 2013, and 2012, were \$773,144, \$766,414, and \$779,241, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Plan Description

Fentress 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 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees and Section 8-27-207, *TCA*, for local governments. 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 plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The School Department pays 100 percent of single coverage for all eligible retirees until the participant is eligible for Medicare benefits. During the year ended June 30, 2014, the county and the discretely presented Fentress County School Department contributed \$897 and \$246,626, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 13,000	\$ 340,000
Interest on the NOPEBO	4,645	59,811
Adjustment to the ARC	(4,951)	(58,270)
Annual OPEB cost	\$ 12,694	\$ 341,541
Amount of contribution	(897)	(246,626)
Increase/decrease in NOPEBO	\$ 11,797	\$ 94,915
Net OPEB obligation, 7-1-13	116,117	1,495,264
Net OPEB obligation, 6-30-14	\$ 127,914	\$ 1,590,179

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Government Group	\$ 37,110	5 %	\$ 81,343
6-30-13	"	36,786	5	116,117
6-30-14	"	12,694	7	127,914
6-30-12	Local Education Group	352,909	66	1,376,360
6-30-13	"	357,615	67	1,495,264
6-30-14	"	341,541	72	1,590,179

Funded Status and Funding Progress

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

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 91,000	\$ 3,607,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 91,000	\$ 3,607,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 2,548,187	\$ 5,524,844
UAAL as a % of covered payroll	4%	65%

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

Actuarial Methods and Assumptions

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

In the July 1, 2013, actuarial valuation for the Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate was 7.5 percent for fiscal year 2014. The trend rate 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.

J. Office of Central Accounting, Budgeting, and Purchasing

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

K. Purchasing Law

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

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

A. **Summary of Significant Accounting Policies**

The financial statements of Fentress County Emergency Communications District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

1. **Reporting Entity**

The Fentress County Emergency Communications District was organized October 1990, under the authority of Title 7, Chapter 86, *Tennessee Code Annotated*, for the purpose of providing to the residence within the boundaries of Fentress County, Tennessee, with emergency 9-1-1 service as a means of securing emergency services quickly and efficiently.

The County Commission of Fentress County, Tennessee, is the basic level of government, which has financial accountability and control over certain activities related to the Fentress County Emergency Communications District. The County Commission of Fentress County, Tennessee, must approve any issuance of debt by the district, has the authority to adjust the district's service charges, and appoints the nine-member Board of Directors, which governs the district. The Fentress County Emergency Communications District is a component unit of Fentress County, Tennessee.

2. **Measurement Focus, Basis of Accounting, and Basis of Presentation**

The district's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Position. Net position (i.e., total assets net of total liabilities) is segregated into net investment in capital assets; restricted for specified purposes; and unrestricted components. The operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total position.

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

3. Deposits and Investments

For the purpose of the Statement of Cash Flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

5. Capital Assets

Capital assets are carried at cost. Capital assets are defined by the district as assets with an initial, individual cost of more than \$2,500 with an estimated useful life in excess of one year.

Capital assets in service are depreciated using the straight-line method at rates that will amortize costs over the estimated useful lives of the assets. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Other Capital Assets	5 - 10

6. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position will sometimes report separate sections for deferred outflows and inflows of resources. Deferred outflows of resources are presented after total assets. A deferred outflow of resources is a consumption of net assets by the district that is applicable to future reporting period(s). Deferred inflows of resources are presented after total liabilities. A deferred inflow of resources is an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources until that time. The district has no items that qualified as a deferred outflow or inflow of resources.

7. **Compensated Absences**

The district's policy provides that vacation time may be accumulated and carried forward by full time employees (those who work more than 35 hours per week) to the next year in an amount not to exceed 30 days or 240 total hours. Any hours exceeding the 240-hour limit may be converted to sick leave at the end of each fiscal year to the next. Upon termination of employment, an employee will be entitled to payment for any unused vacation time. Payment will be based upon the employee's daily rate of compensation at the time of termination. The accumulated amount is charged to expense and corresponding liability in the financial statements.

8. **Revenue and Expenses**

The district distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the district's principal ongoing operations. The principal operating revenues of the district are emergency telephone service charges collected from telephone service providers, shared wireless charges, and other operational funding. Operating expenses include the cost of salaries and wages, employee benefits, contracted services, materials and supplies, other charges, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

9. **Net Position**

Net position is classified into three components: Net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position 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. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted net position – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as debt

covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consist of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

10. Budget

The budget is legally adopted by the Board of Commissioners in accordance with the provisions of *Tennessee Code Annotated*, Section 7-86-120. The legal level of control is at the line-item level.

11. Subsequent Events

The district’s management evaluated subsequent events through the date the financial statements were available to be issued.

B. Deposits and Investments

Investment of the district funds is restricted by State of Tennessee statutes to include the following:

- Bonds, notes, or treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States or any of its agencies;
- Certificates of deposit and other evidence of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations;
- The State of Tennessee local government investment pool;
- Obligations of the United States or its agencies under a repurchase agreement, with certain conditions;
- Bonds rated A or higher by any nationally recognized rating services of the State of Tennessee, bonds of any county or municipal corporations of the State of Tennessee (bonds of any road, levee, or drainage district is expressively excluded), bonds of any other state or political subdivision;

- Nonconvertible debt securities of the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank, the Student Loan Marketing Association provided such securities are rated in the highest category by at least two (2) nationally recognized rating services;
- The county's own bonds or notes issued in accordance with *Tennessee Code Annotated (TCA)*, Title 9, Chapter 21;
- The investment must have a maturity of not greater than two years or with certain authorized approval up to five years.

The district's deposits at June 30, 2014, consisted of the following:

	Bank Balance	Carrying Value
<u>Operating Accounts</u>		
First Volunteer Bank	\$ 618,039	\$ 571,515
Progressive Savings Bank	63,098	63,098
<u>Certificatees of Deposit</u>		
Progressive Savings Bank	41,687	41,687
Union Bank	232,918	232,918
Total	<u>\$ 955,742</u>	<u>\$ 909,218</u>

The difference between the bank balance and carrying amount is due to outstanding checks and/or deposits in transit.

Deposits in each bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000. In addition, First Volunteer Bank is a member of the State of Tennessee Bank Collateral Pool. The Tennessee Bank Collateral Pool is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. The district's deposits in financial institutions were entirely insured or collateralized at June 30, 2014.

The district had no investments at June 30, 2014.

C. Changes in Capital Assets

A summary of changes in capital assets at June 30, 2014, follows:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Depreciated:				
Buildings and Improvements	\$ 169,431	\$ 0	\$ 0	\$ 169,431
Other Capital Assets	276,436	413,973	(245,026)	445,383
Total Capital Assets Depreciated	\$ 445,867	\$ 413,973	\$ (245,026)	\$ 614,814
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 50,574	\$ 3,446	\$ 0	\$ 54,020
Other Capital Assets	257,189	36,216	(245,026)	48,379
Total Accumulated Depreciation	\$ 307,763	\$ 39,662	\$ (245,026)	\$ 102,399
Total Capital Assets Depreciated, Net	\$ 138,104	\$ 374,311	\$ 0	\$ 512,415
Governmental Activities Capital Assets, Net	\$ 138,104	\$ 374,311	\$ 0	\$ 512,415

Depreciation expense for the fiscal year ended June 30, 2014, totaled \$39,662.

D. Employee Retirement System

Plan Description

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

and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 15th Floor, Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Fentress County Emergency Communications District requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 5.63 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2014, the district’s annual pension cost of \$15,606 to TCRS was equal to the district’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 district’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was six years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-14	\$ 15,606	100 %	\$ 0
6-30-13	15,412	100	0
6-30-12	15,486	100	0

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 88.98 percent funded. The actuarial accrued liability for benefits was \$.32 million, and the actuarial value of assets was \$.29 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.04 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.27 million, and the ratio of the UAAL to the covered payroll was 13.03 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.

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-13	\$ 288	\$ 324	\$ 36	88.98 %	\$ 274	13.03 %
7-1-11	200	217	17	92.29	235	7.13
7-1-09	114	133	19	86.02	197	9.43

E. Other Operating Revenues

The district entered into an intergovernmental cooperation agreement with Fentress County, whereby the district will staff and operate the emergency communications center. Fentress County makes quarterly payments to the district for its share of the dispatching cost. The amount received for the fiscal year ended June 30, 2014, was \$201,800.

F. Risk Financing

The district is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and natural disasters. The premises are commercially insured by the Fentress County Government. The building coverage has some hardware insurance coverage for each of the areas where the equipment is located. Additional commercial insurance, as detailed below, has been obtained. No losses have occurred during the past three years that have exceeded coverage.

<u>Commercial General Liability</u>	
General Aggregate	\$ 3,000,000
Products Aggregate	3,000,000
Personal and Advertising Injury	1,000,000
Each Occurrence	1,000,000
Medical Expense, Any One Person	5,000
<u>Vehicle</u>	
Liability, Each Accident	1,000,000
Uninsured Motorists	1,000,000
Medical Payments	10,000
Auto Physical Damage –	
Comprehensive and Collision	Actual Cash Value
Other Than Collision Deductible	250
Collision Deductible	250
<u>Blanket Summary</u>	
Personal Property	329,442
Software	250,000
Money and Securities	10,000
Commercial Blanket Bond	
Computer Fraud	10,000
Identity Fraud	10,000
Employee Dishonesty	5,000
Policy Deductible	
Policy – Per Occurrence	250
Earthquake – Per Item –	
310 South Main Street	8,261
100 South Smith Street	8,211
Flood – Per Premises	1,000
<u>Management Liability</u>	
Aggregate Limit	3,000,000
Wrongful Act – Each	1,000,000
Injunctive Relief – Each Action	25,000
<u>Workmen's Compensation</u>	
Each Accident	100,000
Disease – Each Employee	100,000
– Policy Limit	500,000
<u>Employee Dishonesty</u>	25,000
<u>Crime and Fidelity Coverage</u>	
Blanket Bond – Noncompensatory Officers –	
Treasurer, Secretary, Chairman,	175,000
and Vice Chairman	
Deductible	500

VII. OTHER NOTES – DISCRETELY PRESENTED INDUSTRIAL DEVELOPMENT BOARD OF FENTRESS COUNTY

A. Organization

The Industrial Development Board of Fentress County was incorporated December 27, 1978. The purpose of the Industrial Development Board of Fentress County is to do business as an industrial development corporation as prescribed by Chapter 210 of the Public Act of 1955, as codified in 6-2801, et seq. *Tennessee Code Annotated*, and as amended by Chapter 222, Public Act of 1959. It is a component unit of Fentress County, Tennessee. The directors are elected by the governing body of Fentress County. It must file a budget with Fentress County each year. Upon dissolution, the title to all funds and properties owned by the Industrial Development Board of Fentress County at that time shall become the property of Fentress County. In the governmental fund financial statements, the board considers receivables collected within 30 days after year-end to be available and recognizes them as revenues of the current year. Program revenues consist of rental income, operating and capital grants and contributions.

B. Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report the governmental activities of the Industrial Development Board of Fentress County. The governmental activities are reported on the economic resources measurement focus on the accrual basis of accounting.

C. Fund Financial Statements

To ensure observance of limitations and restrictions placed on the use of resources available to the Industrial Development Board of Fentress County, the accounts of the board are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group. The fund financial statements report using current financial resources measurement focus and the modified accrual basis of accounting. The measurement focus of governmental fund accounting is on expenditures rather than expenses. Most expenditures are measurable and are recorded when the related liability is incurred.

Fund Balances

Nonspendable Fund Balance

- Fund balances reported as nonspendable in the accompanying financial statements represent amounts for prepaid expenses.

Restricted Fund Balance

- Fund balances reported as restricted are the result of externally imposed restrictions placed upon certain resources accounted for in the restricted funds. This includes grant funds.
- When both restricted and unrestricted resources are available for use, it is the board's policy to use restricted resources first, then unrestricted resources as they are needed.

Assigned Fund Balance

- Amounts that are constrained by the board's intent to be used for specific purposes are reflected as assigned in the accompanying financial statements.

Unassigned Fund Balance

- This classification represents fund balance that is not restricted and has not been assigned to specific purposes.
- When both assigned and unassigned resources are available for use, it is the board's policy to use assigned resources first, then unassigned resources as they are needed.

D. Capital Assets and Depreciation

The board's property, plant, and equipment with useful lives of more than one year are stated at historical cost. The capital assets purchased in the current year are reported in the fund financial statements as expenditures in the current year. Donated assets are stated at fair value on the date donated. The board generally capitalizes assets that have a cost of over \$500 and have a useful life of more than one year.

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. All capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

E. Subsequent Events

The board has evaluated subsequent events through the date in which the financial statements were available to be issued.

F. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions. The organization's cash at June 30, 2014, was maintained as follows: the operating fund, the development fund and the justice center fund were maintained in separate checking accounts.

G. Compensated Absences

The board has no employees; therefore compensated absences are not accrued in the financial statements.

H. Property, Plant, and Equipment

The following is a schedule of property as of June 30, 2014:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 1,002,090	\$ 0	\$ 0	\$ 1,002,090
Construction in Progress	758,723	8,070,278	(126,500)	8,702,501
Total Capital Assets Not Depreciated	<u>\$ 1,760,813</u>	<u>\$ 8,070,278</u>	<u>\$ (126,500)</u>	<u>\$ 9,704,591</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 1,614,863	\$ 0	\$ 0	\$ 1,614,863
Waterlines	523,911	126,500	0	650,411
Office Equipment	5,549	0	0	5,549
Total Capital Assets Depreciated	<u>\$ 2,144,323</u>	<u>\$ 126,500</u>	<u>\$ 0</u>	<u>\$ 2,270,823</u>
Total Assets	<u>\$ 3,905,136</u>	<u>\$ 8,196,778</u>	<u>\$ (126,500)</u>	<u>\$ 11,975,414</u>

The following is a schedule of accumulated depreciation as of June 30, 2014:

	Accumulated Depreciation 7-1-13	Increases	Accumulated Depreciation 6-30-14
Capital Assets:			
Buildings and Improvements	\$ 352,990	\$ 35,878	\$ 388,868
Waterlines	45,843	13,098	58,941
Office Equipment	5,549	8,321	13,870
Total Accumulated Depreciation	<u>\$ 404,382</u>	<u>\$ 57,297</u>	<u>\$ 461,679</u>

I. Cash in Bank

The Tennessee government code requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105 percent of the entity's deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund (SAIF).

At June 30, 2014, the carrying amount of the board's cash deposits was \$347,125. All cash deposits are covered by the Federal Deposit Insurance Corporation up to the limit of \$250,000. The board is authorized to deposit and invest funds according to the provisions of Section 5-8-301, *Tennessee Code Annotated*. [Acts 1992, ch. 891, section 10].

J. Budget

The director of the board and staff compile the budget. It is then brought before the city and county for approval. Changes made by the city or county are not reflected in the budget. This is a non-appropriated budget used for guidance only and is not legally binding.

K. Risk

The board maintains general liability and property insurance on buildings. There have been no claims or settlement that exceeded coverage during the prior three years.

L. Chamber

The Fentress County Chamber of Commerce provides staffing services for the board and is reimbursed on a quarterly basis. The total amount of staffing expense for the year ended June 30, 2014, was \$22,500.

M. Loans

On July 11, 2013, the board entered into a loan with First Volunteer Bank for \$52,000. This loan required quarterly payments of \$4,547 beginning October 11, 2013, at an interest rate of 2.537 percent. The following is a schedule of long-term debt payments for First Volunteer Bank.

Due Date	Loan Principal	Loan Balance
		\$ 30,954
6-30-15	\$ 17,570	13,384
6-30-16	13,384	0
Total	<u>\$ 30,954</u>	<u>\$ 0</u>

Beginning October 23, 2013, the board began receiving funds from a USDA construction loan. As of June 30, 2014, nine deposits were made from USDA, and the balance of the loan was \$6,672,241. No payments will be due on this loan until the construction is complete.

A schedule of changes in long-term debt is as follows:

Description	6-30-13 Balance	Additions	Principal Payments	6-30-14 Balance
FVB Loan	\$ 0	\$ 52,000	\$ (21,046)	\$ 30,954
USDA Loan	0	6,672,241	0	6,672,241
Total	<u>\$ 0</u>	<u>\$ 6,724,241</u>	<u>\$ (21,046)</u>	<u>\$ 6,703,195</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Plan Assets (a)	Actuarial 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)
<u>County Employees</u>						
7-1-13	\$ 6,518	\$ 7,293	\$ 775	89.37 %	\$ 4,547	17.05 %
7-1-09	5,394	5,416	22	99.6	4,006	.54
7-1-07	3,953	3,980	27	99.32	3,594	.75
<u>School Department Employees</u>						
7-1-13	6,399	6,628	229	96.55	2,048	11.16
7-1-09	5,873	6,272	399	93.64	2,143	18.63
7-1-07	4,994	5,413	419	92.25	2,031	20.65

Exhibit E-2

Fentress County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Fentress 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	\$ 228	\$ 228	0 %	\$ 2,666	9 %
"	7-1-11	0	212	212	0	2,868	7
"	7-1-13	0	91	91	0	2,548	4
<u>DISCRETELY PRESENTED FENTRESS COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	4,570	4,570	0	8,122	56
"	7-1-11	0	3,630	3,630	0	8,672	42
"	7-1-13	0	3,607	3,607	0	5,525	65

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

NONE

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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 Project 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.

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for funds held to maintain and improve industrial park buildings.

West Fentress Fire Hall Project Fund – The West Fentress Fire Hall Project Fund was used to account for grant funds received from a Community Development Block Grant for construction of a fire hall. This project was completed during the year examined.

Capital Projects Funds (Cont.)

Unit #1 Fire Hall Project Fund – The Unit #1 Fire Hall Project Fund was used to account for grant funds received from a Community Development Block Grant for construction of a fire hall. This project was completed during the year examined.

Emergency Communications Center Project Fund – The Emergency Communications Center Project Fund was used to account for funds received from a Community Development Block Grant for construction of an emergency communications center. This project was completed during the year examined.

Exhibit F-1

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

	Special Revenue Funds			Capital Projects Fund			Total Nonmajor Governmental Funds
	Drug Control	Constitutional Officers - Fees	Total	Community Development/Industrial Park	Total		
\$	0 \$	15,923 \$	15,923 \$	0 \$	15,923	15,923	
	101,111	0	101,111	11,165	112,276	112,276	
	0	951	951	0	951	951	
\$	101,111 \$	16,874 \$	117,985 \$	11,165 \$	129,150	129,150	
<u>ASSETS</u>							
Cash							
Equity in Pooled Cash and Investments							
Accounts Receivable							
Total Assets							
<u>LIABILITIES</u>							
Due to Other Funds							
Total Liabilities							
<u>FUND BALANCES</u>							
Restricted:							
Restricted for Public Safety	101,111 \$	0 \$	101,111 \$	0 \$	101,111	101,111	
Restricted for Capital Outlay	0	0	0	11,165	11,165	11,165	
Total Fund Balances	101,111 \$	0 \$	101,111 \$	11,165 \$	112,276	112,276	
Total Liabilities and Fund Balances	101,111 \$	16,874 \$	117,985 \$	11,165 \$	129,150	129,150	

Exhibit F-2

Fentress 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			
	Drug Control	Constitutional Officers - Fees	Total	Community Development/Industrial Park	West Fentress Fire Hall	Unit #1 Fire Hall	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 90,822	\$ 0	\$ 90,822	\$ 0	\$ 0	\$ 0	0
Charges for Current Services	0	700	700	0	0	0	0
Other Local Revenues	1,052	0	1,052	0	0	0	0
State of Tennessee	4,093	0	4,093	0	0	0	0
Federal Government	0	0	0	43,400	113,987		76,810
Total Revenues	\$ 95,967	\$ 700	\$ 96,667	\$ 43,400	\$ 113,987	\$ 0	\$ 76,810
<u>Expenditures</u>							
Current:							
Administration of Justice	\$ 0	\$ 700	\$ 700	\$ 0	\$ 0	\$ 0	0
Public Safety	74,604	0	74,604	0	0	0	0
Capital Projects	0	0	0	43,400	113,987		76,810
Total Expenditures	\$ 74,604	\$ 700	\$ 75,304	\$ 43,400	\$ 113,987	\$ 0	\$ 76,810
Excess (Deficiency) of Revenues Over Expenditures	\$ 21,363	\$ 0	\$ 21,363	\$ 0	\$ 0	\$ 0	0
Net Change in Fund Balances	\$ 21,363	\$ 0	\$ 21,363	\$ 0	\$ 0	\$ 0	0
Fund Balance, July 1, 2013	79,748	0	79,748	11,165	0	0	0
Fund Balance, June 30, 2014	\$ 101,111	\$ 0	\$ 101,111	\$ 11,165	\$ 0	\$ 0	0

(Continued)

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

	<u>Capital Projects Funds (Cont.)</u>		Total
	Emergency	Communications	Nonmajor
	Center		Governmental
			Funds
<u>Revenues</u>			
Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 90,822
Charges for Current Services	0	0	700
Other Local Revenues	389,269	389,269	390,321
State of Tennessee	0	0	4,093
Federal Government	490,000	724,197	724,197
Total Revenues	\$ 879,269	\$ 1,113,466	\$ 1,210,133
<u>Expenditures</u>			
Current:			
Administration of Justice	\$ 0	\$ 0	\$ 700
Public Safety	0	0	74,604
Capital Projects	879,269	1,113,466	1,113,466
Total Expenditures	\$ 879,269	\$ 1,113,466	\$ 1,188,770
Excess (Deficiency) of Revenues	\$ 0	\$ 0	\$ 21,363
Over Expenditures			
Net Change in Fund Balances	\$ 0	\$ 0	\$ 21,363
Fund Balance, July 1, 2013	0	11,165	90,913
Fund Balance, June 30, 2014	\$ 0	\$ 11,165	\$ 112,276

Exhibit F-3

Fentress 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	\$ 90,822	\$ 21,500	\$ 21,500	\$ 69,322
Other Local Revenues	1,052	1,000	1,000	52
State of Tennessee	4,093	0	0	4,093
Total Revenues	<u>\$ 95,967</u>	<u>\$ 22,500</u>	<u>\$ 22,500</u>	<u>\$ 73,467</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 74,604	\$ 52,944	\$ 103,574	\$ 28,970
Total Expenditures	<u>\$ 74,604</u>	<u>\$ 52,944</u>	<u>\$ 103,574</u>	<u>\$ 28,970</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 21,363</u>	<u>\$ (30,444)</u>	<u>\$ (81,074)</u>	<u>\$ 102,437</u>
Net Change in Fund Balance	\$ 21,363	\$ (30,444)	\$ (81,074)	\$ 102,437
Fund Balance, July 1, 2013	79,748	79,748	79,748	0
Fund Balance, June 30, 2014	<u>\$ 101,111</u>	<u>\$ 49,304</u>	<u>\$ (1,326)</u>	<u>\$ 102,437</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Fentress 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	\$ 760,116	\$ 744,564	\$ 744,564	\$ 15,552
Other Local Revenues	69,755	68,380	68,380	1,375
Other Governments and Citizens Groups	578,627	128,544	578,627	0
Total Revenues	<u>\$ 1,408,498</u>	<u>\$ 941,488</u>	<u>\$ 1,391,571</u>	<u>\$ 16,927</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 774,840	\$ 774,841	\$ 774,841	\$ 1
Education	802,760	391,000	802,760	0
<u>Interest on Debt</u>				
General Government	41,533	68,634	68,634	27,101
Education	52,486	209,000	246,617	194,131
<u>Other Debt Service</u>				
General Government	19,830	22,200	22,200	2,370
Education	29,211	30,000	30,706	1,495
Total Expenditures	<u>\$ 1,720,660</u>	<u>\$ 1,495,675</u>	<u>\$ 1,945,758</u>	<u>\$ 225,098</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (312,162)</u>	<u>\$ (554,187)</u>	<u>\$ (554,187)</u>	<u>\$ 242,025</u>
Net Change in Fund Balance	\$ (312,162)	\$ (554,187)	\$ (554,187)	\$ 242,025
Fund Balance, July 1, 2013	<u>3,163,539</u>	<u>3,138,696</u>	<u>3,138,696</u>	<u>24,843</u>
Fund Balance, June 30, 2014	<u>\$ 2,851,377</u>	<u>\$ 2,584,509</u>	<u>\$ 2,584,509</u>	<u>\$ 266,868</u>

Fiduciary Funds

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

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

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 and general sessions 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

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

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 482,519	\$ 482,519
Accounts Receivable	0	2,093	2,093
Due from Other Governments	117,278	0	117,278
Total Assets	<u>\$ 117,278</u>	<u>\$ 484,612</u>	<u>\$ 601,890</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 117,278	\$ 0	\$ 117,278
Due to Litigants, Heirs, and Others	0	484,612	484,612
Total Liabilities	<u>\$ 117,278</u>	<u>\$ 484,612</u>	<u>\$ 601,890</u>

Exhibit H-2

Fentress 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	\$ 661,618	\$ 661,618	\$ 0
Due from Other Governments	113,484	117,278	113,484	117,278
Total Assets	\$ 113,484	\$ 778,896	\$ 775,102	\$ 117,278
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 113,484	\$ 778,896	\$ 775,102	\$ 117,278
Total Liabilities	\$ 113,484	\$ 778,896	\$ 775,102	\$ 117,278
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 635,584	\$ 9,874,974	\$ 10,028,039	\$ 482,519
Accounts Receivable	2	2,093	2	2,093
Total Assets	\$ 635,586	\$ 9,877,067	\$ 10,028,041	\$ 484,612
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 635,586	\$ 9,877,067	\$ 10,028,041	\$ 484,612
Total Liabilities	\$ 635,586	\$ 9,877,067	\$ 10,028,041	\$ 484,612
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 635,584	\$ 9,874,974	\$ 10,028,039	\$ 482,519
Equity in Pooled Cash and Investments	0	661,618	661,618	0
Accounts Receivable	2	2,093	2	2,093
Due from Other Governments	113,484	117,278	113,484	117,278
Total Assets	\$ 749,070	\$ 10,655,963	\$ 10,803,143	\$ 601,890
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 113,484	\$ 778,896	\$ 775,102	\$ 117,278
Due to Litigants, Heirs, and Others	635,586	9,877,067	10,028,041	484,612
Total Liabilities	\$ 749,070	\$ 10,655,963	\$ 10,803,143	\$ 601,890

Fentress County School Department

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

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

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

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

Exhibit I-1

Fentress County, Tennessee
Statement of Activities
Discretely Presented Fentress County School Department
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	
Governmental Activities:				
Instruction	\$ 12,199,997	\$ 1,000	\$ 1,179,087	\$ (11,019,910)
Support Services	6,375,166	0	1,745,614	(4,629,552)
Operation of Non-instructional Services	1,836,121	198,050	586,247	(1,051,824)
Total Governmental Activities	\$ 20,411,284	\$ 199,050	\$ 3,510,948	\$ (16,701,286)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes			\$	870,294
Local Option Sales Taxes				1,634,692
Wheel Tax				402,903
Mineral Severance Tax				24,391
Business Tax				22,521
Other Local Taxes				1,676
Grants and Contributions Not Restricted to Specific Programs				13,717,237
Unrestricted Investment Earnings				42,070
Miscellaneous				99,035
Total General Revenues				\$ 16,814,819
Change in Net Position				\$ 113,533
Net Position, July 1, 2013				16,094,542
Net Position, June 30, 2014				\$ 16,208,075

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

	Major Funds				Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria		
\$	4,095,622	\$ 113,160	\$ 715,809	\$	4,924,591
	3,388	0	0		3,388
	589,773	37,390	106,038		733,201
	917,854	0	0		917,854
	(34,748)	0	0		(34,748)
	10,599	0	0		10,599
\$	5,582,488	\$ 150,550	\$ 821,847	\$	6,554,885

ASSETS

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

LIABILITIES

Payroll Deductions Payable
 Due to State of Tennessee
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

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

(Continued)

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

	Major Funds				Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria		
\$	10,599	\$ 0	\$ 0	\$ 0	10,599
	4,139	173	819,777		824,089
	2,184,030	0	0	0	2,184,030
	0	150,000	0	0	150,000
	2,109,080	0	0	0	2,109,080
\$	4,307,848	\$ 150,173	\$ 819,777	\$	5,277,798
\$	5,582,488	\$ 150,550	\$ 821,847	\$	6,554,885

FUND BALANCES

Nonspendable:	
Long-term Notes Receivable	
Restricted:	
Restricted for Education	
Committed:	
Committed for Education	
Assigned:	
Assigned for Education	
Unassigned	
Total Fund Balances	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	

Exhibit I-3

Fentress County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Fentress 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)		\$	5,277,798
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	411,763	
Add: buildings and improvements net of accumulated depreciation		11,579,739	
Add: other capital assets net of accumulated depreciation		<u>1,673,776</u>	13,665,278
(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 to the primary government debt for notes	\$	(339,937)	
Less: contributions due to the primary government debt for other loans		(150,406)	
Less: contributions due to the primary government debt for bonds		(350,000)	
Less: accrued interest on debt		(4,309)	
Less: other postemployment benefits liability		(1,590,179)	
Less: compensated absences payable		<u>(473,675)</u>	(2,908,506)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>173,505</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>16,208,075</u></u>

Exhibit I-4

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

	Major Funds				Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria		
<u>Revenues</u>					
Local Taxes	\$ 2,968,388	\$ 0	\$ 0	\$ 0	2,968,388
Licenses and Permits	1,188	0	0	0	1,188
Charges for Current Services	0	0	198,050	0	198,050
Other Local Revenues	206,464	0	3,750	0	210,214
State of Tennessee	13,762,945	0	14,014	0	13,776,959
Federal Government	220,683	2,073,449	1,087,797	0	3,381,929
Total Revenues	\$ 17,159,668	\$ 2,073,449	\$ 1,303,611	\$ 0	\$ 20,536,728
<u>Expenditures</u>					
Current:					
Instruction	\$ 10,106,243	\$ 1,284,159	\$ 0	\$ 0	11,390,402
Support Services	5,564,191	775,034	0	0	6,339,225
Operation of Non-instructional Services	678,363	0	1,157,094	0	1,835,457
Capital Outlay	684,288	0	0	0	684,288
Debt Service:					
Principal on Debt	522,176	0	0	0	522,176
Interest on Debt	37,617	0	0	0	37,617
Other Debt Service	706	0	0	0	706
Total Expenditures	\$ 17,593,584	\$ 2,059,193	\$ 1,157,094	\$ 0	\$ 20,809,871
Excess (Deficiency) of Revenues Over Expenditures	\$ (433,916)	\$ 14,256	\$ 146,517	\$ 0	(273,143)

(Continued)

Exhibit I-4

Fentress County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Fentress County School Department (Cont.)

	Major Funds				Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria		
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 18,100	\$ 0	\$ 0	\$ 0	18,100
Transfers Out	0	(18,100)	0	0	(18,100)
Total Other Financing Sources (Uses)	\$ 18,100	\$ (18,100)	\$ 0	\$ 0	0
Net Change in Fund Balances	\$ (415,816)	\$ (3,844)	\$ 146,517	\$	(273,143)
Fund Balance, July 1, 2013	4,723,664	154,017	673,260		5,550,941
Fund Balance, June 30, 2014	\$ 4,307,848	\$ 150,173	\$ 819,777	\$	\$ 5,277,798

Exhibit I-5

Fentress County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Fentress 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)		\$ (273,143)
(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	\$ 678,561	
Less: current-year depreciation expense	<u>(572,202)</u>	106,359
(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 173,505	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(185,416)</u>	(11,911)
(3) The contribution of long-term debt (e.g., notes, bonds, leases) 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 notes to the primary government	\$ 35,488	
Add: principal contributions on other loans to the primary government	31,272	
Add: principal contributions on bonds to the primary government	<u>345,000</u>	411,760
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest	\$ (4,309)	
Change in accrued compensated absences	(20,308)	
Change in other postemployment benefits liability	<u>(94,915)</u>	(119,532)
Change in net position of governmental activities (Exhibit B)		<u>\$ 113,533</u>

Exhibit I-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,968,388	\$ 2,931,741	\$ 2,931,741	\$ 36,647
Licenses and Permits	1,188	1,333	1,333	(145)
Other Local Revenues	206,464	190,900	191,422	15,042
State of Tennessee	13,762,945	13,533,900	13,683,522	79,423
Federal Government	220,683	294,000	306,891	(86,208)
Total Revenues	\$ 17,159,668	\$ 16,951,874	\$ 17,114,909	\$ 44,759
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 8,712,129	\$ 9,232,450	\$ 9,388,800	\$ 676,671
Alternative Instruction Program	167,314	125,570	170,820	3,506
Special Education Program	1,009,397	1,029,800	1,026,800	17,403
Vocational Education Program	128,375	128,670	129,192	817
Adult Education Program	89,028	122,730	122,730	33,702
<u>Support Services</u>				
Attendance	148,576	175,840	175,840	27,264
Health Services	241,309	280,850	280,850	39,541
Other Student Support	309,134	351,600	351,600	42,466
Regular Instruction Program	655,567	741,020	741,020	85,453
Special Education Program	232,330	237,000	240,000	7,670
Vocational Education Program	31,094	29,606	31,121	27
Adult Programs	81,698	81,720	92,196	10,498
Other Programs	149,622	0	149,622	0
Board of Education	546,602	604,498	604,498	57,896
Director of Schools	170,040	184,060	184,060	14,020
Office of the Principal	616,385	647,700	647,700	31,315
Fiscal Services	105,245	115,530	115,530	10,285
Operation of Plant	1,023,879	1,210,000	1,110,000	86,121
Maintenance of Plant	278,129	404,500	404,500	126,371
Transportation	974,581	1,179,950	1,122,685	148,104
<u>Operation of Non-instructional Services</u>				
Community Services	81,411	80,468	82,883	1,472
Early Childhood Education	596,952	597,280	597,279	327
<u>Capital Outlay</u>				
Regular Capital Outlay	684,288	630,000	739,000	54,712
<u>Principal on Debt</u>				
Education	522,176	523,416	523,416	1,240
<u>Interest on Debt</u>				
Education	37,617	38,600	38,600	983
<u>Other Debt Service</u>				
Education	706	1,000	1,000	294
Total Expenditures	\$ 17,593,584	\$ 18,753,858	\$ 19,071,742	\$ 1,478,158
Excess (Deficiency) of Revenues Over Expenditures	\$ (433,916)	\$ (1,801,984)	\$ (1,956,833)	\$ 1,522,917

(Continued)

Exhibit I-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 18,100	\$ 0	\$ 0	\$ 18,100
Total Other Financing Sources	\$ 18,100	\$ 0	\$ 0	\$ 18,100
Net Change in Fund Balance	\$ (415,816)	\$ (1,801,984)	\$ (1,956,833)	\$ 1,541,017
Fund Balance, July 1, 2013	4,723,664	4,710,013	4,710,013	13,651
Fund Balance, June 30, 2014	\$ 4,307,848	\$ 2,908,029	\$ 2,753,180	\$ 1,554,668

Exhibit I-7

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,073,449	\$ 2,089,482	\$ 2,346,389	\$ (272,940)
Total Revenues	\$ 2,073,449	\$ 2,089,482	\$ 2,346,389	\$ (272,940)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 739,907	\$ 809,849	\$ 877,411	\$ 137,504
Special Education Program	504,506	474,252	536,687	32,181
Vocational Education Program	39,746	39,264	39,785	39
<u>Support Services</u>				
Other Student Support	383,480	352,873	399,981	16,501
Regular Instruction Program	255,320	258,230	326,839	71,519
Special Education Program	99,341	93,910	101,850	2,509
Vocational Education Program	1,242	2,100	1,242	0
Transportation	35,651	39,752	41,651	6,000
Total Expenditures	\$ 2,059,193	\$ 2,070,230	\$ 2,325,446	\$ 266,253
Excess (Deficiency) of Revenues Over Expenditures	\$ 14,256	\$ 19,252	\$ 20,943	\$ (6,687)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (18,100)	\$ (19,251)	\$ (20,943)	\$ 2,843
Total Other Financing Sources	\$ (18,100)	\$ (19,251)	\$ (20,943)	\$ 2,843
Net Change in Fund Balance	\$ (3,844)	\$ 1	\$ 0	\$ (3,844)
Fund Balance, July 1, 2013	154,017	0	0	154,017
Fund Balance, June 30, 2014	\$ 150,173	\$ 1	\$ 0	\$ 150,173

Exhibit I-8

Fentress County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Fentress 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	\$ 198,050	\$ 290,000	\$ 290,000	\$ (91,950)
Other Local Revenues	3,750	18,500	18,500	(14,750)
State of Tennessee	14,014	15,000	15,000	(986)
Federal Government	1,087,797	1,178,000	1,191,510	(103,713)
Total Revenues	<u>\$ 1,303,611</u>	<u>\$ 1,501,500</u>	<u>\$ 1,515,010</u>	<u>\$ (211,399)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 1,157,094	\$ 1,695,900	\$ 1,709,410	\$ 552,316
Total Expenditures	<u>\$ 1,157,094</u>	<u>\$ 1,695,900</u>	<u>\$ 1,709,410</u>	<u>\$ 552,316</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 146,517</u>	<u>\$ (194,400)</u>	<u>\$ (194,400)</u>	<u>\$ 340,917</u>
Net Change in Fund Balance	\$ 146,517	\$ (194,400)	\$ (194,400)	\$ 340,917
Fund Balance, July 1, 2013	<u>673,260</u>	<u>673,244</u>	<u>673,244</u>	<u>16</u>
Fund Balance, June 30, 2014	<u>\$ 819,777</u>	<u>\$ 478,844</u>	<u>\$ 478,844</u>	<u>\$ 340,933</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Fentress County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, 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	Paid and/or Matured During Period	Outstanding 6-30-14
<u>NOTES PAYABLE</u>							
Payable through General Fund							
USDA Promissory Note - Grant 81-07	\$ 224,000 (1)	3.25 %	9-2-10	12-31-20	\$ 180,061	\$ 20,746	\$ 159,315
Payable through Highway/Public Works Fund							
County Highway Improvements, Series 2011	1,000,000 (2)	3	3-1-11	3-1-16	\$ 656,197	\$ 233,302	\$ 422,895
Payable through General Debt Service Fund							
Justice Center Vehicles	2,000,000	1.83	2-8-13	2-1-16	\$ 2,000,000	\$ 654,000	\$ 1,346,000
Total Payable through General Debt Service Fund	212,120	3	10-4-12	11-1-14	\$ 139,530	\$ 68,840	\$ 70,690
Total Payable through General Debt Service Fund					\$ 2,139,530	\$ 722,840	\$ 1,416,690
Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund	477,435	4	6-24-10	4-15-22	\$ 375,425	\$ 35,488	\$ 339,937
School Roof Projects							
Total Notes Payable					\$ 3,351,213	\$ 1,012,376	\$ 2,338,837
<u>OTHER LOANS PAYABLE</u>							
Payable through General Debt Service Fund							
School Construction - Southern System Facility	6,000,000	Variable	10-25-01	5-25-26	\$ 4,084,000	\$ 231,000	\$ 3,853,000
Public Works Project	1,000,000	Variable	5-21-02	5-25-22	570,000	52,000	518,000
Total Payable through General Debt Service Fund					\$ 4,654,000	\$ 283,000	\$ 4,371,000
Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund							
Energy Efficient Schools Initiative Loan	107,530	0	5-1-11	4-1-18	\$ 74,250	\$ 15,360	\$ 58,890
Energy Efficient Schools Initiative Loan	111,406	0	4-1-13	3-1-20	107,428	15,912	91,516
Total Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund					\$ 181,678	\$ 31,272	\$ 150,406
Total Other Loans Payable					\$ 4,835,678	\$ 314,272	\$ 4,521,406

(Continued)

Exhibit J-1

Fentress County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Paid and/or		
						Matured During Period	Outstanding 6-30-14	
<u>CAPITAL LEASES PAYABLE</u>								
Payable through Highway/Public Works Fund								
Tractor	\$ 23,454	6.59 %	4-19-12	4-19-17	\$ 19,190	\$ 5,117	\$ 14,073	
Tractor	15,500	6.25	12-3-12	12-3-15	11,949	5,326	6,623	
Total Capital Leases Payable					\$ 31,139	\$ 10,443	\$ 20,696	
<u>BONDS PAYABLE</u>								
Payable through General Debt Service Fund								
General Obligation Refunding Bonds, School Construction - Allardt, Series 2010	1,435,000	2.106	12-30-10	6-1-14	\$ 160,000	\$ 160,000	\$ 0	
Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund								
School Refunding Series 2009	1,950,000	3	4-30-09	4-30-15	\$ 695,000	\$ 345,000	\$ 350,000	
Total Bonds Payable					\$ 855,000	\$ 505,000	\$ 350,000	

- (1) The county sold a piece of property that was purchased with a Rural Development Grant in 2002. As a result, the USDA ruled that the county had violated the grant contract and must repay the grant. According to a promissory note between the entities, the county will repay this amount over ten years at 3.25 percent interest.
- (2) During the year examined, the interest rate on this note was lowered from four percent to three percent.

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 1,034,949	\$ 54,979	\$ 1,089,928
2016	923,423	31,372	954,795
2017	62,751	14,353	77,104
2018	65,089	12,014	77,103
2019	67,517	9,587	77,104
2020	70,019	7,084	77,103
2021	66,583	4,456	71,039
2022	48,506	1,942	50,448
Total	<u>\$ 2,338,837</u>	<u>\$ 135,787</u>	<u>\$ 2,474,624</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2015	\$ 327,272	\$ 11,802	\$ 30,451	\$ 369,525
2016	342,272	11,003	28,527	381,802
2017	358,272	10,163	26,506	394,941
2018	371,722	9,280	24,380	405,382
2019	375,912	8,354	22,151	406,417
2020	389,956	7,382	19,811	417,149
2021	397,000	6,361	17,354	420,715
2022	417,000	5,289	14,773	437,062
2023	358,000	4,163	11,043	373,206
2024	376,000	3,197	8,716	387,913
2025	394,000	2,182	6,272	402,454
2026	414,000	1,117	3,711	418,828
Total	<u>\$ 4,521,406</u>	<u>\$ 80,293</u>	<u>\$ 213,695</u>	<u>\$ 4,815,394</u>

(Continued)

Exhibit J-2

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

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2015	\$ 10,443	\$ 1,454	\$ 11,897
2016	6,414	1,080	7,494
2017	3,839	716	4,555
Total	<u>\$ 20,696</u>	<u>\$ 3,250</u>	<u>\$ 23,946</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 350,000	\$ 12,250	\$ 362,250
Total	<u>\$ 350,000</u>	<u>\$ 12,250</u>	<u>\$ 362,250</u>

Exhibit J-3

Fentress County, Tennessee
Schedule of Notes Receivable
Discretely Presented Fentress County School Department
For the Year Ended June 30, 2014

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-14
<u>General Purpose School Fund</u>						
Repayment of training expenses	Michelle Wright	\$ 14,133	7-1-09	3-31-21	0 %	\$ 8,132
Repayment of unearned salary	Regina Copeland	2,567	2-14-14	9-30-22	0	<u>2,467</u>
Total Notes Receivable						<u>\$ 10,599</u>

Exhibit J-4

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 18,100
Total Transfers Discretely Presented Fentress County School Department			\$ 18,100

Exhibit J-5

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, TCA	\$ 71,184	\$ 100,000	Western Surety Company
Road Supervisor	Section 8-24-102, TCA	67,795	100,000	"
Director of Schools	State Board of Education and Fentress County Board of Education	85,421 (1)	150,000	"
Trustee	Section 8-24-102, TCA	61,632	690,400	"
Assessor of Property	Section 8-24-102, TCA	61,632	15,000	"
Finance Director	County Commission	49,306	100,000	"
County Clerk	Section 8-24-102, TCA	61,632	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	61,632	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	61,632 (2)	100,000	Ohio Farmers Insurance Company
Register of Deeds	Section 8-24-102, TCA	61,632	25,000	Western Surety Company
Sheriff	Section 8-24-102, TCA	67,795 (3)	25,000	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Local Government Insurance Pool
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Includes a chief executive officer training supplement of \$1,000.
- (2) Does not include special commissioner fees of \$700.
- (3) Does not include a law enforcement training supplement of \$600.

Exhibit J-6

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 4,179,273	\$ 380,740	\$ 0	\$ 0	\$ 0	\$ 412,184
Trustee's Collections - Prior Year	130,734	12,981	0	0	0	12,718
Circuit/Clerk and Master Collections - Prior Years	67,259	7,549	0	0	0	9,976
Interest and Penalty	36,351	3,560	0	0	0	3,601
Pickup Taxes	769	71	0	0	0	76
Payments in-Lieu-of Taxes - Other	69,103	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	2,830	656,025	0	0	0	315,499
Hotel/Motel Tax	37,674	0	0	0	0	0
Litigation Tax - General	24,918	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	5,821	0	0	0	0	0
Litigation Tax - Victim-Offender Mediation Center	18,022	0	0	0	0	0
Business Tax	71,464	9,369	0	0	0	6,062
Mineral Severance Tax	0	0	0	0	32,345	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	25,012	0	0	0	0	0
Wholesale Beer Tax	224,563	0	0	0	0	0
Beer Privilege Tax	950	0	0	0	0	0
Interstate Telecommunications Tax	1,684	0	0	0	0	0
Total Local Taxes	\$ 4,896,427	\$ 1,070,295	\$ 0	\$ 0	\$ 32,345	\$ 760,116
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 19,868	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-6

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	300 \$	0 \$	0 \$	0 \$	0 \$	0
Total Licenses and Permits	20,168 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	4,052 \$	155 \$	0 \$	0 \$	0 \$	0
Officers Costs	4,407	0	0	0	0	0
Drug Control Fines	0	0	51,152	0	0	0
<u>Criminal Court</u>						
Data Entry Fee - Criminal Court	1,404	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	26,196	0	0	0	0	0
Officers Costs	8,952	0	0	0	0	0
Game and Fish Fines	997	0	0	0	0	0
Drug Control Fines	0	0	6,710	0	0	0
Data Entry Fee - General Sessions Court	3,002	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines	769	0	0	0	0	0
Officers Costs	14,078	0	0	0	0	0
DUI Treatment Fines	2,987	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	7,749	0	0	0
Data Entry Fee - Other Courts	404	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	25,211	0	0	0
Total Fines, Forfeitures, and Penalties	67,248 \$	155 \$	90,822 \$	0 \$	0 \$	0

(Continued)

Exhibit J-6

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 215,780	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Disposal Fee	0	621	0	0	0	0
Patient Charges	1,262,769	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	27,189	0	0	0	0	0
Library Fees	13,393	0	0	0	0	0
Vending Machine Collections	551	0	0	0	0	0
Constitutional Officers' Fees and Commissions	12,040	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	23,790	0	0	700	0	0
Data Processing Fee - Register	6,860	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	4,470	0	0	0	0	0
Data Processing Fee - County Clerk	1,397	0	0	0	0	0
Total Charges for Current Services	\$ 1,352,459	\$ 216,401	\$ 0	\$ 700	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 43,114	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	94,250	6,000	0	0	0	65,755
Commissary Sales	11,761	0	0	0	0	0
Sale of Recycled Materials	0	111,738	0	0	0	0
Miscellaneous Refunds	56,377	432	1,052	0	417	4,000
<u>Nonrecurring Items</u>						
Sale of Equipment	0	37,335	0	0	0	0
Contributions and Gifts	1,410	0	0	0	0	0
Total Other Local Revenues	\$ 206,912	\$ 155,505	\$ 1,052	\$ 0	\$ 417	\$ 69,755

(Continued)

Exhibit J-6

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 158,598	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	47,956	0	0	0	0	0
General Sessions Court Clerk	60,906	0	0	0	0	0
Clerk and Master	22,465	0	0	0	0	0
Register	78,913	0	0	0	0	0
Sheriff	12,355	0	0	0	0	0
Trustee	223,161	0	0	0	0	0
Total Fees Received from County Officials	\$ 604,354	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	7,438	0	0	0	0	0
Solid Waste Grants	0	25,000	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	10,200	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	79,110	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	414,756	0
Litter Program	0	33,358	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	38,579	0	0	0	0	0
Beer Tax	17,806	0	0	0	0	0
Vehicle Certificate of Title Fees	6,135	0	0	0	0	0

(Continued)

Exhibit J-6

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Alcoholic Beverage Tax	\$ 46,939	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Prisoner Boarding	66,400	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,672,356	0
Petroleum Special Tax	0	0	0	0	12,958	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	14,970	8,752	0	0	0	0
Other State Revenues	19,351	0	4,093	0	0	0
Total State of Tennessee	\$ 331,092	\$ 67,110	\$ 4,093	\$ 0	\$ 2,100,070	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Other Federal through State	\$ 129,379	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	21,850	0	0	0	0	0
Total Federal Government	\$ 151,229	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	0	0	0	0	0	578,627
Contracted Services	24,700	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	1,333	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 26,033	\$ 0	\$ 0	\$ 0	\$ 0	\$ 578,627
Total	\$ 7,655,922	\$ 1,509,466	\$ 95,967	\$ 700	\$ 2,132,832	\$ 1,408,498

(Continued)

Exhibit J-6

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

	Capital Projects Funds					Total
	Community Development/ Industrial Park	West Fentress Fire Hall	Unit #1 Fire Hall	Emergency Communications Center		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,972,197
Trustee's Collections - Prior Year	0	0	0	0	0	156,433
Circuit/Clerk and Master Collections - Prior Years	0	0	0	0	0	84,784
Interest and Penalty	0	0	0	0	0	43,512
Pickup Taxes	0	0	0	0	0	916
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	69,103
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	974,354
Hotel/Motel Tax	0	0	0	0	0	37,674
Litigation Tax - General	0	0	0	0	0	24,918
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	5,821
Litigation Tax - Victim-Offender Mediation Center	0	0	0	0	0	18,022
Business Tax	0	0	0	0	0	86,895
Mineral Severance Tax	0	0	0	0	0	32,345
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	0	25,012
Wholesale Beer Tax	0	0	0	0	0	224,563
Beer Privilege Tax	0	0	0	0	0	950
Interstate Telecommunications Tax	0	0	0	0	0	1,684
Total Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,759,183
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	19,868

(Continued)

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

	Capital Projects Funds					Total
	Community Development/Industrial Park	West Fentress Fire Hall	Unit #1 Fire Hall	Emergency Communications Center		
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	0 \$	0 \$	0 \$	0 \$	0 \$	300
Total Licenses and Permits	0 \$	0 \$	0 \$	0 \$	0 \$	20,168
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	0 \$	0 \$	0 \$	0 \$	0 \$	4,207
Officers Costs	0	0	0	0	0	4,407
Drug Control Fines	0	0	0	0	0	51,152
<u>Criminal Court</u>						
Data Entry Fee - Criminal Court	0	0	0	0	0	1,404
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	26,196
Officers Costs	0	0	0	0	0	8,952
Game and Fish Fines	0	0	0	0	0	997
Drug Control Fines	0	0	0	0	0	6,710
Data Entry Fee - General Sessions Court	0	0	0	0	0	3,002
<u>Other Courts - In-county</u>						
Fines	0	0	0	0	0	769
Officers Costs	0	0	0	0	0	14,078
DUI Treatment Fines	0	0	0	0	0	2,987
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	7,749
Data Entry Fee - Other Courts	0	0	0	0	0	404
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	25,211
Total Fines, Forfeitures, and Penalties	0 \$	0 \$	0 \$	0 \$	0 \$	158,225

(Continued)

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

	Capital Projects Funds					Total
	Community Development/ Industrial Park	West Fentress Fire Hall	Unit #1 Fire Hall	Emergency Communications Center		
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	215,780
Solid Waste Disposal Fee	0	0	0	0	0	621
Patient Charges	0	0	0	0	0	1,262,769
<u>Fees</u>						
Recreation Fees	0	0	0	0	0	27,189
Library Fees	0	0	0	0	0	13,393
Vending Machine Collections	0	0	0	0	0	551
Constitutional Officers' Fees and Commissions	0	0	0	0	0	12,040
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	24,490
Data Processing Fee - Register	0	0	0	0	0	6,860
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	4,470
Data Processing Fee - County Clerk	0	0	0	0	0	1,397
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,569,560
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	43,114
Lease/Rentals	0	0	0	0	0	166,005
Commissary Sales	0	0	0	0	0	11,761
Sale of Recycled Materials	0	0	0	0	0	111,738
Miscellaneous Refunds	0	0	0	0	0	62,278
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	37,335
Contributions and Gifts	0	0	0	389,269	0	390,679
Total Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 389,269	\$ 0	822,910

(Continued)

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

	Capital Projects Funds					Total
	Community Development/Industrial Park	West Fentress Fire Hall	Unit #1 Fire Hall	Emergency Communications Center		
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	158,598
Circuit Court Clerk	0	0	0	0	0	47,956
General Sessions Court Clerk	0	0	0	0	0	60,906
Clerk and Master	0	0	0	0	0	22,465
Register	0	0	0	0	0	78,913
Sheriff	0	0	0	0	0	12,355
Trustee	0	0	0	0	0	223,161
Total Fees Received from County Officials	0 \$	0 \$	0 \$	0 \$	0 \$	604,354
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	0 \$	0 \$	0 \$	0 \$	0 \$	9,000
Aging Programs	0	0	0	0	0	7,438
Solid Waste Grants	0	0	0	0	0	25,000
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	10,200
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	79,110
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	414,756
Litter Program	0	0	0	0	0	33,358
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	38,579
Beer Tax	0	0	0	0	0	17,806
Vehicle Certificate of Title Fees	0	0	0	0	0	6,135

(Continued)

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

	Capital Projects Funds					Total
	Community Development/Industrial Park	West Fentress Fire Hall	Unit #1 Fire Hall	Emergency Communications Center		
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Alcoholic Beverage Tax	0 \$	0 \$	0 \$	0 \$	0 \$	46,989
Contracted Prisoner Boarding	0	0	0	0	0	66,400
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,672,356
Petroleum Special Tax	0	0	0	0	0	12,958
Registrar's Salary Supplement	0	0	0	0	0	15,164
Other State Grants	0	0	0	0	0	23,722
Other State Revenues	0	0	0	0	0	23,444
Total State of Tennessee	0 \$	0 \$	0 \$	0 \$	0 \$	2,502,365
<u>Federal Government</u>						
<u>Federal Through State</u>						
Other Federal through State	0 \$	113,987 \$	76,810 \$	490,000 \$	0 \$	810,176
<u>Direct Federal Revenue</u>	43,400	0	0	0	0	65,250
Other Direct Federal Revenue	43,400 \$	113,987 \$	76,810 \$	490,000 \$	0 \$	875,426
Total Federal Government						
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	0 \$	0 \$	0 \$	0 \$	0 \$	578,627
Contracted Services	0	0	0	0	0	24,700
Citizens Groups						
Donations	0	0	0	0	0	1,333
Total Other Governments and Citizens Groups	0 \$	0 \$	0 \$	0 \$	0 \$	604,660
Total	43,400 \$	113,987 \$	76,810 \$	879,269 \$	0 \$	13,916,851

Exhibit J-7

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 834,401	\$ 0	\$ 0	\$ 834,401
Trustee's Collections - Prior Year	27,816	0	0	27,816
Circuit/Clerk and Master Collections - Prior Years	15,621	0	0	15,621
Interest and Penalty	7,429	0	0	7,429
Pickup Taxes	146	0	0	146
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,631,484	0	0	1,631,484
Wheel Tax	402,903	0	0	402,903
Business Tax	22,521	0	0	22,521
Mineral Severance Tax	24,391	0	0	24,391
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,676	0	0	1,676
Total Local Taxes	\$ 2,968,388	\$ 0	\$ 0	\$ 2,968,388
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,188	\$ 0	\$ 0	\$ 1,188
Total Licenses and Permits	\$ 1,188	\$ 0	\$ 0	\$ 1,188
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 111,206	\$ 111,206
Lunch Payments - Adults	0	0	27,755	27,755
Income from Breakfast	0	0	32,540	32,540
A la carte Sales	\$ 0	\$ 0	\$ 26,549	\$ 26,549
Total Charges for Current Services	\$ 0	\$ 0	\$ 198,050	\$ 198,050
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 40,297	\$ 0	\$ 1,773	\$ 42,070
E-Rate Funding	52,887	0	0	52,887
Miscellaneous Refunds	95,870	0	1,977	97,847
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	1,000	0	0	1,000
Contributions and Gifts	13,913	0	0	13,913
<u>Other Local Revenues</u>				
Other Local Revenues	2,497	0	0	2,497
Total Other Local Revenues	\$ 206,464	\$ 0	\$ 3,750	\$ 210,214

(Continued)

Exhibit J-7

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 149,622	\$ 0	\$ 0	\$ 149,622
<u>State Education Funds</u>				
Basic Education Program	11,917,000	0	0	11,917,000
Early Childhood Education	597,277	0	0	597,277
School Food Service	0	0	14,014	14,014
Energy Efficient School Initiative	10,000	0	0	10,000
Driver Education	3,300	0	0	3,300
Other State Education Funds	316,012	0	0	316,012
Career Ladder Program	81,671	0	0	81,671
Career Ladder - Extended Contract	21,295	0	0	21,295
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	590,617	0	0	590,617
Other State Grants	76,151	0	0	76,151
Total State of Tennessee	\$ 13,762,945	\$ 0	\$ 14,014	\$ 13,776,959
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 722,132	\$ 722,132
USDA - Commodities	0	0	91,510	91,510
Breakfast	0	0	266,509	266,509
USDA - Other	0	0	7,646	7,646
Adult Education State Grant Program	137,845	0	0	137,845
Vocational Education - Basic Grants to States	0	42,664	0	42,664
Title I Grants to Local Education Agencies	0	793,999	0	793,999
Special Education - Grants to States	0	618,819	0	618,819
Special Education Preschool Grants	0	27,242	0	27,242
Rural Education	0	43,935	0	43,935
Eisenhower Professional Development State Grants	0	152,767	0	152,767
Job Training Partnership Act	0	11,000	0	11,000
Race-to-the-Top - ARRA	0	383,023	0	383,023
Other Federal through State	18,009	0	0	18,009
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	64,829	0	0	64,829
Total Federal Government	\$ 220,683	\$ 2,073,449	\$ 1,087,797	\$ 3,381,929
Total	\$ 17,159,668	\$ 2,073,449	\$ 1,303,611	\$ 20,536,728

Exhibit J-8

Fentress 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	\$	71,184	
Social Security		4,413	
Employer Medicare		1,032	
Audit Services		5,388	
Legal Services		16,522	
Other Charges		3,123	
Total County Commission			\$ 101,662

Board of Equalization

Board and Committee Members Fees	\$	482	
Total Board of Equalization			482

Beer Board

Board and Committee Members Fees	\$	1,500	
Total Beer Board			1,500

County Mayor/Executive

County Official/Administrative Officer	\$	71,184	
Assistant(s)		27,791	
Clerical Personnel		2,767	
Social Security		6,285	
State Retirement		5,891	
Medical Insurance		2,000	
Unemployment Compensation		198	
Employer Medicare		1,470	
Communication		2,638	
Postal Charges		313	
Printing, Stationery, and Forms		507	
Travel		636	
Office Supplies		3,645	
Premiums on Corporate Surety Bonds		350	
Other Equipment		1,913	
Total County Mayor/Executive			127,588

Election Commission

County Official/Administrative Officer	\$	55,468	
Deputy(ies)		25,230	
Clerical Personnel		5,827	
Election Commission		5,250	
Election Workers		8	
Social Security		5,401	
State Retirement		4,793	
Medical Insurance		3,000	
Unemployment Compensation		524	
Employer Medicare		1,263	
Communication		1,430	
Data Processing Services		20,757	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Dues and Memberships	\$	175	
Maintenance and Repair Services - Equipment		2,209	
Postal Charges		3,036	
Printing, Stationery, and Forms		5,350	
Travel		5,003	
Office Supplies		7,579	
Data Processing Equipment		1,563	
Office Equipment		2,065	
Voting Machines		51,674	
Total Election Commission			\$ 207,605

Register of Deeds

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		29,806	
Clerical Personnel		46,342	
Social Security		8,443	
State Retirement		6,414	
Medical Insurance		9,000	
Unemployment Compensation		594	
Employer Medicare		1,975	
Communication		1,489	
Data Processing Services		7,259	
Postal Charges		990	
Printing, Stationery, and Forms		1,845	
Travel		1,590	
Duplicating Supplies		2,884	
Office Supplies		3,276	
Premiums on Corporate Surety Bonds		204	
Total Register of Deeds			183,743

Planning

Board and Committee Members Fees	\$	1,600	
Dues and Memberships		9,250	
Other Supplies and Materials		1,339	
Total Planning			12,189

County Buildings

Deputy(ies)	\$	23,296	
Foremen		52,000	
Social Security		4,139	
State Retirement		4,473	
Medical Insurance		1,500	
Unemployment Compensation		396	
Employer Medicare		968	
Communication		468	
Data Processing Services		1,602	
Maintenance and Repair Services - Buildings		82,717	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Travel	\$	781	
Custodial Supplies		4,403	
Utilities		107,577	
Other Supplies and Materials		1,294	
Furniture and Fixtures		6,205	
Total County Buildings			\$ 291,819

Finance

Accounting and Budgeting

Supervisor/Director	\$	49,306	
Accountants/Bookkeepers		150,802	
In-service Training		500	
Social Security		11,451	
State Retirement		11,887	
Medical Insurance		18,000	
Unemployment Compensation		1,188	
Employer Medicare		2,678	
Communication		3,774	
Postal Charges		1,836	
Printing, Stationery, and Forms		4,134	
Travel		1,005	
Other Contracted Services		1,068	
Office Supplies		5,988	
Premiums on Corporate Surety Bonds		350	
Office Equipment		1,388	
Total Accounting and Budgeting			265,355

Property Assessor's Office

County Official/Administrative Officer	\$	61,632	
Clerical Personnel		27,726	
Part-time Personnel		24,958	
Social Security		7,088	
State Retirement		6,726	
Medical Insurance		6,000	
Unemployment Compensation		420	
Employer Medicare		1,658	
Audit Services		7,435	
Communication		1,105	
Contracts with Government Agencies		9,159	
Postal Charges		506	
Travel		4,784	
Office Supplies		2,866	
Premiums on Corporate Surety Bonds		450	
Office Equipment		788	
Total Property Assessor's Office			163,301

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Clerical Personnel	\$	22,464	
Social Security		1,286	
State Retirement		1,334	
Medical Insurance		3,000	
Unemployment Compensation		198	
Employer Medicare		301	
Data Processing Services		3,230	
Postal Charges		245	
Office Supplies		97	
Total Reappraisal Program	\$		32,155

County Trustee's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		58,676	
Clerical Personnel		25,958	
Social Security		9,055	
State Retirement		8,688	
Medical Insurance		8,250	
Unemployment Compensation		792	
Employer Medicare		2,118	
Communication		2,162	
Contracts with Government Agencies		11,858	
Postal Charges		2,536	
Printing, Stationery, and Forms		1,266	
Travel		47	
Office Supplies		2,772	
Premiums on Corporate Surety Bonds		3,702	
Data Processing Equipment		7,682	
Total County Trustee's Office			207,194

County Clerk's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		106,682	
Clerical Personnel		19,567	
Part-time Personnel		689	
Social Security		11,331	
State Retirement		11,131	
Medical Insurance		13,250	
Unemployment Compensation		1,207	
Employer Medicare		2,650	
Communication		3,549	
Data Processing Services		14,891	
Maintenance Agreements		1,850	
Postal Charges		5,117	
Printing, Stationery, and Forms		3,768	
Office Supplies		4,473	
Premiums on Corporate Surety Bonds		175	
Office Equipment		9,151	
Total County Clerk's Office			271,113

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		88,000	
Clerical Personnel		25,646	
Jury and Witness Expense		3,984	
Social Security		10,457	
State Retirement		8,823	
Medical Insurance		6,500	
Unemployment Compensation		1,102	
Employer Medicare		2,446	
Communication		2,027	
Data Processing Services		9,482	
Postal Charges		523	
Printing, Stationery, and Forms		5,920	
Office Supplies		7,660	
Premiums on Corporate Surety Bonds		250	
Office Equipment		4,580	
Total Circuit Court			\$ 239,032

General Sessions Court

Judge(s)	\$	88,130	
Deputy(ies)		27,726	
Social Security		7,068	
State Retirement		6,882	
Medical Insurance		3,000	
Unemployment Compensation		198	
Employer Medicare		1,653	
Communication		1,728	
Travel		1,039	
Office Supplies		412	
Total General Sessions Court			137,836

Chancery Court

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		28,974	
Clerical Personnel		8,344	
Jury and Witness Expense		499	
Social Security		5,549	
State Retirement		5,382	
Medical Insurance		6,000	
Unemployment Compensation		580	
Employer Medicare		1,298	
Communication		1,429	
Postal Charges		994	
Office Supplies		9,986	
Premiums on Corporate Surety Bonds		450	
Total Chancery Court			131,117

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Social Workers	\$	17,534	
Social Security		1,087	
State Retirement		1,042	
Unemployment Compensation		200	
Employer Medicare		254	
Communication		1,175	
Contracts with Other Public Agencies		900	
Office Supplies		350	
Total Juvenile Court	\$		22,542

Other Administration of Justice

Other Contracted Services	\$	12,719	
Gasoline		10,748	
Total Other Administration of Justice			23,467

Probation Services

Probation Officer(s)	\$	29,000	
Social Workers		6,656	
Social Security		2,211	
State Retirement		1,722	
Unemployment Compensation		344	
Employer Medicare		517	
Communication		168	
Office Supplies		752	
Testing		1,314	
Total Probation Services			42,684

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,795	
Deputy(ies)		630,555	
Clerical Personnel		74,425	
Part-time Personnel		28,856	
Overtime Pay		36,879	
Other Salaries and Wages		7,858	
In-service Training		6,943	
Social Security		51,660	
State Retirement		48,465	
Medical Insurance		22,250	
Unemployment Compensation		5,652	
Employer Medicare		12,081	
Communication		24,414	
Data Processing Services		1,102	
Legal Notices, Recording, and Court Costs		78	
Licenses		110	
Maintenance and Repair Services - Equipment		457	
Maintenance and Repair Services - Office Equipment		2,806	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance and Repair Services - Vehicles	\$	14,325	
Postal Charges		701	
Printing, Stationery, and Forms		478	
Travel		1,586	
Gasoline		132,539	
Law Enforcement Supplies		1,618	
Office Supplies		4,946	
Tires and Tubes		10,372	
Uniforms		3,462	
Other Supplies and Materials		1,241	
Premiums on Corporate Surety Bonds		5,900	
Other Charges		340	
Law Enforcement Equipment		11,065	
Office Equipment		280	
Total Sheriff's Department			\$ 1,211,239

Administration of the Sexual Offender Registry

Remittance of Revenue Collected	\$	1,250	
Office Supplies		1,071	
Total Administration of the Sexual Offender Registry			2,321

Jail

Guards	\$	289,723	
Overtime Pay		5,596	
In-service Training		2,996	
Social Security		18,254	
State Retirement		17,369	
Medical Insurance		6,625	
Unemployment Compensation		2,837	
Employer Medicare		4,270	
Contracts with Government Agencies		118,965	
Data Processing Services		15,242	
Maintenance and Repair Services - Buildings		5,264	
Medical and Dental Services		159,439	
Printing, Stationery, and Forms		200	
Transportation - Other than Students		2,179	
Travel		707	
Custodial Supplies		4,585	
Food Supplies		82,237	
Office Supplies		3,461	
Prisoners Clothing		2,654	
Uniforms		1,322	
Utilities		25,325	
Other Supplies and Materials		2,864	
Other Charges		56	
Furniture and Fixtures		809	
Office Equipment		2,150	
Total Jail			775,129

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

In-service Training	\$	1,295	
Other Per Diem and Fees		23,669	
Contracts with Government Agencies		2,000	
Maintenance and Repair Services - Buildings		1,884	
Maintenance and Repair Services - Equipment		3,785	
Maintenance and Repair Services - Vehicles		19,091	
Medical and Dental Services		677	
Gasoline		7,023	
Utilities		34,920	
Other Supplies and Materials		728	
Other Equipment		20,161	
Total Fire Prevention and Control			\$ 115,233

Rural Fire Protection

Other Contracted Services	\$	5,000	
Building Construction		5,645	
Total Rural Fire Protection			10,645

Civil Defense

Supervisor/Director	\$	25,376	
In-service Training		93	
Social Security		1,573	
State Retirement		1,507	
Medical Insurance		3,000	
Unemployment Compensation		198	
Employer Medicare		368	
Communication		3,111	
Maintenance and Repair Services - Vehicles		2,105	
Gasoline		3,405	
Other Supplies and Materials		525	
Other Equipment		3,568	
Total Civil Defense			44,829

Rescue Squad

Communication	\$	2,000	
Contributions		4,000	
Maintenance and Repair Services - Vehicles		3,500	
Medical and Dental Services		5,356	
Gasoline		5,700	
Other Supplies and Materials		142	
Motor Vehicles		36,892	
Other Equipment		5,000	
Total Rescue Squad			62,590

Other Emergency Management

Contributions	\$	201,800	
Total Other Emergency Management			201,800

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Other Contracted Services	\$	14,845	
Gasoline		59	
Total County Coroner/Medical Examiner			\$ 14,904

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	8,437	
Social Security		523	
Unemployment Compensation		186	
Employer Medicare		122	
Communication		3,810	
Maintenance and Repair Services - Buildings		4,742	
Drugs and Medical Supplies		1,193	
Office Supplies		2,740	
Utilities		18,364	
Total Local Health Center			40,117

Ambulance/Emergency Medical Services

Supervisor/Director	\$	41,964	
Medical Personnel		761,736	
Clerical Personnel		28,142	
Overtime Pay		93,454	
In-service Training		9,367	
Social Security		53,077	
State Retirement		52,035	
Medical Insurance		33,125	
Unemployment Compensation		5,605	
Employer Medicare		12,413	
Communication		8,988	
Maintenance and Repair Services - Vehicles		31,900	
Postal Charges		2,629	
Travel		964	
Other Contracted Services		12,883	
Custodial Supplies		4,728	
Drugs and Medical Supplies		59,776	
Gasoline		63,612	
Office Supplies		9,200	
Uniforms		5,802	
Utilities		14,027	
Refunds		6,767	
Health Equipment		21,890	
Total Ambulance/Emergency Medical Services			1,334,084

Maternal and Child Health Services

Other Supplies and Materials	\$	1,174	
Total Maternal and Child Health Services			1,174

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Alcohol and Drug Programs

Supervisor/Director	\$	36,854	
Social Security		2,018	
Medical Insurance		2,750	
Unemployment Compensation		198	
Employer Medicare		472	
Communication		1,826	
Travel		2,060	
Other Contracted Services		333	
Office Supplies		803	
Other Supplies and Materials		5,354	
Other Charges		6,326	
Total Alcohol and Drug Programs			\$ 58,994

Other Local Health Services

Medical Personnel	\$	58,147	
Social Security		3,605	
State Retirement		3,209	
Unemployment Compensation		487	
Employer Medicare		843	
Travel		5,868	
Instructional Supplies and Materials		6,950	
Total Other Local Health Services			79,109

Appropriation to State

Other Contracted Services	\$	35,213	
Total Appropriation to State			35,213

Other Local Welfare Services

Contributions	\$	5,000	
Total Other Local Welfare Services			5,000

Social, Cultural, and Recreational Services

Adult Activities

Supervisor/Director	\$	25,376	
Other Salaries and Wages		23,046	
Social Security		3,002	
State Retirement		2,876	
Unemployment Compensation		396	
Employer Medicare		702	
Communication		837	
Contracts with Private Agencies		700	
Postal Charges		279	
Travel		1,927	
Custodial Supplies		1,354	
Office Supplies		3,751	
Utilities		21,796	
Other Supplies and Materials		13,737	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Adult Activities (Cont.)

Premiums on Corporate Surety Bonds	\$	175	
Office Equipment		3,660	
Total Adult Activities			\$ 103,614

Libraries

Supervisor/Director	\$	29,536	
Librarians		53,125	
Social Security		4,934	
State Retirement		4,286	
Medical Insurance		6,500	
Unemployment Compensation		887	
Employer Medicare		1,154	
Communication		2,644	
Data Processing Services		3,032	
Maintenance and Repair Services - Buildings		3,592	
Postal Charges		187	
Printing, Stationery, and Forms		2,882	
Travel		789	
Custodial Supplies		1,152	
Office Supplies		3,472	
Utilities		15,931	
Other Supplies and Materials		1,197	
Other Charges		2,406	
Office Equipment		1,368	
Total Libraries			139,074

Parks and Fair Boards

Contributions	\$	2,000	
Maintenance and Repair Services - Equipment		2,699	
Total Parks and Fair Boards			4,699

Agriculture and Natural Resources

Agricultural Extension Service

Communication	\$	2,357	
Contributions		38,697	
Travel		458	
Office Supplies		7,217	
Office Equipment		3,023	
Total Agricultural Extension Service			51,752

Soil Conservation

Contributions	\$	31,115	
Total Soil Conservation			31,115

Other Operations

Tourism

Contributions	\$	66,409	
Total Tourism			66,409

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

Contributions	\$ 59,428	
Total Industrial Development		\$ 59,428

Other Economic and Community Development

Data Processing Services	\$ 12,460	
Postal Charges	90	
Travel	268	
Other Supplies and Materials	1,086	
Other Charges	1,206	
Total Other Economic and Community Development		15,110

Veterans' Services

Supervisor/Director	\$ 26,790	
Social Security	1,661	
State Retirement	1,591	
Unemployment Compensation	198	
Employer Medicare	388	
Communication	1,162	
Contracts with Government Agencies	10,054	
Contributions	500	
Data Processing Services	399	
Postal Charges	32	
Travel	1,351	
Office Supplies	732	
Other Supplies and Materials	1,734	
Office Equipment	1,313	
Total Veterans' Services		47,905

Contributions to Other Agencies

Contributions	\$ 13,092	
Dues and Memberships	11,804	
Remittance of Revenue Collected	16,668	
Total Contributions to Other Agencies		41,564

Miscellaneous

Data Processing Services	\$ 15,335	
Engineering Services	12,424	
Medical and Dental Services	642	
Road Signs	2,685	
Liability Insurance	73,712	
Trustee's Commission	109,487	
Vehicle and Equipment Insurance	49,283	
Workers' Compensation Insurance	89,421	
Fines, Assessments, and Penalties	26,598	
Other Charges	9,658	
Other Capital Outlay	65,877	
Total Miscellaneous		455,122

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Highways

Highway and Bridge Maintenance

Asphalt - Liquid	\$ 84,978	
Total Highway and Bridge Maintenance		\$ 84,978

Capital Projects - Donated

Capital Projects Donated to Other Entities

Contributions	\$ 403,079	
Total Capital Projects Donated to Other Entities		<u>403,079</u>

Total General Fund \$ 7,958,614

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Assistant(s)	\$ 52,541	
Supervisor/Director	38,480	
Social Security	5,389	
State Retirement	3,784	
Medical Insurance	6,000	
Unemployment Compensation	594	
Employer Medicare	1,260	
Communication	3,370	
Maintenance and Repair Services - Office Equipment	454	
Postal Charges	846	
Printing, Stationery, and Forms	200	
Travel	2,052	
Office Supplies	729	
Other Supplies and Materials	3,022	
Office Equipment	<u>584</u>	
Total Sanitation Management		\$ 119,305

Sanitation Education/Information

Advertising	\$ 1,726	
Instructional Supplies and Materials	2,679	
Other Supplies and Materials	<u>3,144</u>	
Total Sanitation Education/Information		7,549

Waste Pickup

Truck Drivers	\$ 57,079	
Laborers	21,494	
Social Security	4,719	
State Retirement	2,986	
Medical Insurance	6,250	
Unemployment Compensation	594	
Employer Medicare	1,104	
Communication	893	
Maintenance and Repair Services - Vehicles	46,199	
Gasoline	40,607	

(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Tires and Tubes	\$	3,126	
Uniforms		1,290	
Other Supplies and Materials		2,732	
Solid Waste Equipment		95,355	
Total Waste Pickup			\$ 284,428

Convenience Centers

Supervisor/Director	\$	54,962	
Paraprofessionals		27,560	
Equipment Operators - Heavy		58,727	
Attendants		257,618	
Social Security		24,558	
State Retirement		13,679	
Medical Insurance		12,625	
Unemployment Compensation		4,393	
Employer Medicare		5,743	
Communication		6,094	
Maintenance and Repair Services - Equipment		3,638	
Permits		1,500	
Uniforms		2,574	
Utilities		12,394	
Other Supplies and Materials		6,884	
Site Development		474	
Other Equipment		4,895	
Total Convenience Centers			498,318

Problem Waste Centers

Advertising	\$	2,737	
Other Supplies and Materials		2,895	
Total Problem Waste Centers			5,632

Other Waste Collection

Other Supplies and Materials	\$	798	
Total Other Waste Collection			798

Recycling Center

Paraprofessionals	\$	28,808	
Truck Drivers		76,593	
Laborers		61,974	
Social Security		10,377	
State Retirement		8,175	
Unemployment Compensation		1,386	
Employer Medicare		2,427	
Communication		1,216	
Contracts with Private Agencies		22,279	
Maintenance and Repair Services - Buildings		4,542	
Maintenance and Repair Services - Equipment		25	

(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center (Cont.)

Maintenance and Repair Services - Vehicles	\$	240	
Travel		50	
Gasoline		21,338	
Tires and Tubes		1,055	
Uniforms		2,031	
Utilities		9,455	
Other Supplies and Materials		4,198	
Solid Waste Equipment		32,851	
Other Equipment		844	
Total Recycling Center			\$ 289,864

Landfill Operation and Maintenance

Contracts with Private Agencies	\$	351,205	
Total Landfill Operation and Maintenance			351,205

Postclosure Care Costs

Engineering Services	\$	2,150	
Permits		900	
Utilities		478	
Total Postclosure Care Costs			3,528

Other Operations

Other Charges

Liability Insurance	\$	7,243	
Trustee's Commission		16,920	
Vehicle and Equipment Insurance		9,071	
Workers' Compensation Insurance		36,073	
Total Other Charges			69,307

Employee Benefits

Medical and Dental Services	\$	262	
Total Employee Benefits			262

Total Solid Waste/Sanitation Fund \$ 1,630,196

Drug Control Fund

Public Safety

Drug Enforcement

Other Salaries and Wages	\$	12,116	
In-service Training		1,206	
Social Security		751	
State Retirement		720	
Unemployment Compensation		266	
Employer Medicare		175	
Contributions		1,500	
Confidential Drug Enforcement Payments		25,000	
Maintenance and Repair Services - Vehicles		1,720	

(Continued)

Exhibit J-8

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Veterinary Services	\$	170	
Animal Food and Supplies		346	
Law Enforcement Supplies		865	
Tires and Tubes		500	
Other Supplies and Materials		5,518	
Trustee's Commission		740	
Other Charges		4,384	
Law Enforcement Equipment		18,627	
Total Drug Enforcement			\$ 74,604
Total Drug Control Fund			\$ 74,604

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	700	
Total Chancery Court			\$ 700
Total Constitutional Officers - Fees Fund			700

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,795	
Clerical Personnel		59,281	
Social Security		7,879	
State Retirement		7,511	
Employer Medicare		1,843	
Communication		6,772	
Dues and Memberships		3,227	
Licenses		35	
Postal Charges		132	
Travel		909	
Custodial Supplies		668	
Office Supplies		1,385	
Other Charges		1,883	
Office Equipment		230	
Total Administration			\$ 159,550

Highway and Bridge Maintenance

Foremen	\$	36,141	
Equipment Operators		102,410	
Truck Drivers		60,293	
Laborers		210,859	
Social Security		25,095	
State Retirement		18,984	
Employer Medicare		5,869	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Other Contracted Services	\$	20,874	
Asphalt - Cold Mix		7,247	
Asphalt - Liquid		64,756	
Crushed Stone		141,394	
Other Road Materials		497	
Pipe - Metal		8,570	
Road Signs		1,194	
Salt		16,900	
Other Charges		4,876	
Total Highway and Bridge Maintenance			\$ 725,959

Operation and Maintenance of Equipment

Foremen	\$	33,716	
Mechanic(s)		35,927	
Social Security		4,058	
State Retirement		4,137	
Employer Medicare		949	
Freight Expenses		957	
Maintenance and Repair Services - Vehicles		6,704	
Diesel Fuel		90,615	
Electricity		6,791	
Equipment and Machinery Parts		52,808	
Garage Supplies		3,124	
Gasoline		24,704	
Lubricants		12,191	
Natural Gas		3,012	
Tires and Tubes		13,839	
Other Supplies and Materials		6,382	
Other Charges		1,334	
Total Operation and Maintenance of Equipment			301,248

Quarry Operations

Operating Lease Payments	\$	10,000	
Licenses		3,449	
Total Quarry Operations			13,449

Other Charges

Water and Sewer	\$	273	
Liability Insurance		30,550	
Premiums on Corporate Surety Bonds		582	
Trustee's Commission		17,109	
Workers' Compensation Insurance		42,949	
Other Charges		2,024	
Total Other Charges			93,487

Employee Benefits

Medical Insurance	\$	45,622	
Unemployment Compensation		6,968	
Total Employee Benefits			52,590

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Bridge Construction	\$	3,027	
Building Improvements		160	
Communication Equipment		100	
Highway Construction		516,902	
Highway Equipment		9,970	
Total Capital Outlay			\$ 530,159

Principal on Debt

Highways and Streets

Principal on Notes	\$	233,302	
Principal on Capital Leases		10,443	
Total Highways and Streets			243,745

Interest on Debt

Highways and Streets

Interest on Notes	\$	21,958	
Interest on Capital Leases		1,454	
Total Highways and Streets			23,412

Total Highway/Public Works Fund \$ 2,143,599

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$	722,840	
Principal on Other Loans		52,000	
Total General Government			\$ 774,840

Education

Principal on Bonds	\$	505,000	
Principal on Notes		35,488	
Principal on Other Loans		262,272	
Total Education			802,760

Interest on Debt

General Government

Interest on Notes	\$	40,132	
Interest on Other Loans		1,401	
Total General Government			41,533

Education

Interest on Bonds	\$	27,400	
Interest on Notes		15,017	
Interest on Other Loans		10,069	
Total Education			52,486

(Continued)

Exhibit J-8

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

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Trustee's Commission	\$	12,583	
Other Debt Service		7,247	
Total General Government			\$ 19,830

Education

Other Debt Service	\$	29,211	
Total Education			29,211

Total General Debt Service Fund \$ 1,720,660

Community Development/Industrial Park Fund

Capital Projects

Other General Government Projects

Engineering Services	\$	10,142	
Other Contracted Services		411	
Other Capital Outlay		32,847	
Total Other General Government Projects			\$ 43,400

Total Community Development/Industrial Park Fund 43,400

West Fentress Fire Hall Fund

Capital Projects

Public Safety Projects

Engineering Services	\$	6,872	
Other Charges		33	
Building Construction		107,082	
Total Public Safety Projects			\$ 113,987

Total West Fentress Fire Hall Fund 113,987

Unit #1 Fire Hall Fund

Capital Projects

Public Safety Projects

Engineering Services	\$	6,420	
Other Contracted Services		3,124	
Building Construction		67,266	
Total Public Safety Projects			\$ 76,810

Total Unit #1 Fire Hall Fund 76,810

Emergency Communications Center Fund

Capital Projects

Public Safety Projects

Engineering Services	\$	25,856	
Other Contracted Services		22,300	
Building Construction		341,113	
Total Public Safety Projects			\$ 389,269

(Continued)

Exhibit J-8

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

<u>Emergency Communications Center Fund (Cont.)</u>		
<u>Capital Projects (Cont.)</u>		
<u>Other General Government Projects</u>		
Engineering Services	\$ 44,240	
Other Contracted Services	16,200	
Building Construction	<u>429,560</u>	
Total Other General Government Projects		<u>\$ 490,000</u>
Total Emergency Communications Center Fund		<u>\$ 879,269</u>
Total Governmental Funds - Primary Government		<u><u>\$ 14,641,839</u></u>

Exhibit J-9

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 5,088,311	
Career Ladder Program	55,000	
Career Ladder Extended Contracts	38,651	
Homebound Teachers	4,138	
Educational Assistants	348,452	
Other Salaries and Wages	129,638	
Certified Substitute Teachers	81,600	
Non-certified Substitute Teachers	55,053	
Social Security	335,595	
State Retirement	483,002	
Medical Insurance	976,318	
Unemployment Compensation	883	
Employer Medicare	79,461	
Maintenance and Repair Services - Equipment	302,389	
Instructional Supplies and Materials	225,108	
Textbooks	217,025	
Other Supplies and Materials	95,482	
Other Charges	11,229	
Regular Instruction Equipment	184,794	
Total Regular Instruction Program		\$ 8,712,129

Alternative Instruction Program

Teachers	\$ 127,978	
Social Security	7,749	
State Retirement	11,364	
Medical Insurance	18,411	
Employer Medicare	1,812	
Total Alternative Instruction Program		167,314

Special Education Program

Teachers	\$ 466,318	
Career Ladder Program	6,000	
Educational Assistants	86,893	
Speech Pathologist	154,218	
Certified Substitute Teachers	4,620	
Non-certified Substitute Teachers	31,598	
Social Security	43,248	
State Retirement	60,624	
Medical Insurance	135,804	
Unemployment Compensation	223	
Employer Medicare	10,118	
Instructional Supplies and Materials	8,359	
Other Supplies and Materials	967	
Other Charges	407	
Total Special Education Program		1,009,397

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	91,415	
Career Ladder Program		1,500	
Social Security		5,467	
State Retirement		8,206	
Medical Insurance		15,844	
Unemployment Compensation		14	
Employer Medicare		1,286	
Instructional Supplies and Materials		4,643	
Total Vocational Education Program	\$		128,375

Adult Education Program

Teachers	\$	11,225	
Career Ladder Program		1,000	
Other Salaries and Wages		19,020	
Social Security		1,604	
State Retirement		1,394	
Medical Insurance		297	
Unemployment Compensation		56	
Employer Medicare		453	
Other Contracted Services		30,540	
Instructional Supplies and Materials		23,439	
Total Adult Education Program			89,028

Support Services

Attendance

Supervisor/Director	\$	64,476	
Career Ladder Program		1,000	
Other Salaries and Wages		47,997	
Social Security		7,022	
State Retirement		8,910	
Medical Insurance		6,388	
Unemployment Compensation		60	
Employer Medicare		1,642	
Maintenance and Repair Services - Equipment		6,436	
Travel		4,645	
Total Attendance			148,576

Health Services

Supervisor/Director	\$	46,436	
Medical Personnel		125,894	
Secretary(ies)		20,650	
Social Security		11,477	
State Retirement		12,686	
Medical Insurance		11,003	
Unemployment Compensation		121	
Employer Medicare		2,684	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Travel	\$	3,453	
Drugs and Medical Supplies		2,611	
Other Supplies and Materials		4,090	
Other Charges		204	
Total Health Services			\$ 241,309

Other Student Support

Career Ladder Program	\$	6,000	
Guidance Personnel		221,048	
Social Security		13,638	
State Retirement		20,142	
Medical Insurance		35,485	
Employer Medicare		3,190	
Evaluation and Testing		8,620	
Other Supplies and Materials		1,011	
Total Other Student Support			309,134

Regular Instruction Program

Supervisor/Director	\$	66,176	
Career Ladder Program		5,400	
Librarians		214,444	
Materials Supervisor		64,976	
In-service Training		6,423	
Social Security		21,012	
State Retirement		31,695	
Medical Insurance		56,505	
Unemployment Compensation		45	
Employer Medicare		4,936	
Travel		55,630	
Other Contracted Services		39,175	
In Service/Staff Development		88,414	
Other Charges		146	
Other Equipment		590	
Total Regular Instruction Program			655,567

Special Education Program

Supervisor/Director	\$	32,650	
Career Ladder Program		2,500	
Psychological Personnel		54,313	
Social Security		5,252	
State Retirement		7,944	
Medical Insurance		12,047	
Employer Medicare		1,228	
Travel		14,189	
Other Contracted Services		95,589	
In Service/Staff Development		4,368	
Other Equipment		2,250	
Total Special Education Program			232,330

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program

Supervisor/Director	\$	30,617	
Unemployment Compensation		33	
Employer Medicare		444	
Total Vocational Education Program			\$ 31,094

Adult Programs

Supervisor/Director	\$	58,863	
Social Security		3,605	
State Retirement		5,227	
Medical Insurance		6,297	
Unemployment Compensation		23	
Employer Medicare		843	
Travel		2,803	
In Service/Staff Development		4,037	
Total Adult Programs			81,698

Other Programs

On-behalf Payments to OPEB	\$	149,622	
Total Other Programs			149,622

Board of Education

Board and Committee Members Fees	\$	12,000	
Social Security		744	
Medical Insurance		103,716	
Employer Medicare		174	
Audit Services		5,500	
Dues and Memberships		9,635	
Legal Services		12,026	
Travel		4,345	
Liability Insurance		174,812	
Premiums on Corporate Surety Bonds		1,426	
Trustee's Commission		69,654	
Workers' Compensation Insurance		140,552	
Criminal Investigation of Applicants - TBI		445	
Other Charges		11,573	
Total Board of Education			546,602

Director of Schools

County Official/Administrative Officer	\$	84,421	
Career Ladder Program		1,000	
Social Security		5,166	
State Retirement		7,585	
Medical Insurance		14,507	
Unemployment Compensation		33	
Employer Medicare		1,208	
Communication		51,804	
Travel		4,316	
Total Director of Schools			170,040

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Principals	\$	292,107	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		946	
Secretary(ies)		184,151	
Social Security		28,629	
State Retirement		37,635	
Medical Insurance		49,116	
Unemployment Compensation		70	
Employer Medicare		6,735	
Communication		12,943	
Other Charges		1,053	
Total Office of the Principal			\$ 616,385

Fiscal Services

Accountants/Bookkeepers	\$	49,632	
Clerical Personnel		26,015	
Social Security		3,725	
State Retirement		4,602	
Unemployment Compensation		48	
Employer Medicare		871	
Data Processing Services		1,380	
Travel		793	
Office Supplies		6,858	
Other Charges		6,990	
Administration Equipment		4,331	
Total Fiscal Services			105,245

Operation of Plant

Custodial Personnel	\$	265,676	
Social Security		15,828	
State Retirement		15,504	
Unemployment Compensation		440	
Employer Medicare		3,796	
Disposal Fees		29,275	
Electricity		448,705	
Natural Gas		120,672	
Water and Sewer		32,557	
Other Supplies and Materials		91,426	
Total Operation of Plant			1,023,879

Maintenance of Plant

Supervisor/Director	\$	23,810	
Other Salaries and Wages		38,936	
Social Security		3,890	
State Retirement		3,943	
Unemployment Compensation		43	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Employer Medicare	\$	910	
Other Contracted Services		38,962	
Equipment and Machinery Parts		162,947	
Other Charges		4,688	
Total Maintenance of Plant			\$ 278,129

Transportation

Supervisor/Director	\$	24,017	
Mechanic(s)		15,974	
Bus Drivers		306,510	
Social Security		20,843	
State Retirement		21,077	
Medical Insurance		93	
Unemployment Compensation		676	
Employer Medicare		5,024	
Contracts with Parents		3,650	
Maintenance and Repair Services - Vehicles		441	
Rentals		3,396	
Equipment and Machinery Parts		27,698	
Gasoline		206,125	
Lubricants		5,184	
Tires and Tubes		35,852	
Vehicle Parts		73,002	
Other Supplies and Materials		3,400	
Other Charges		15,633	
Transportation Equipment		205,986	
Total Transportation			974,581

Operation of Non-instructional Services

Community Services

Teachers	\$	40,418	
Educational Assistants		15,171	
Social Security		3,044	
State Retirement		4,260	
Medical Insurance		11,438	
Unemployment Compensation		28	
Employer Medicare		712	
Travel		1,653	
Instructional Supplies and Materials		3,494	
Indirect Cost		1,193	
Total Community Services			81,411

Early Childhood Education

Supervisor/Director	\$	32,650
Teachers		230,697
Educational Assistants		145,812

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Early Childhood Education (Cont.)

Certified Substitute Teachers	\$	805	
Non-certified Substitute Teachers		2,230	
Social Security		23,619	
State Retirement		28,684	
Medical Insurance		61,783	
Unemployment Compensation		356	
Employer Medicare		5,586	
Travel		7,225	
Food Supplies		7,062	
Instructional Supplies and Materials		28,713	
In Service/Staff Development		792	
Other Charges		20,938	
Total Early Childhood Education			\$ 596,952

Capital Outlay

Regular Capital Outlay

Architects	\$	32,318	
Building Improvements		651,970	
Total Regular Capital Outlay			684,288

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	522,176	
Total Education			522,176

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	37,617	
Total Education			37,617

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	706	
Total Education			706

Total General Purpose School Fund \$ 17,593,584

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	482,087	
Certified Substitute Teachers		4,843	
Non-certified Substitute Teachers		852	
Social Security		28,648	
State Retirement		42,809	
Medical Insurance		95,898	

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Unemployment Compensation	\$	472	
Employer Medicare		6,701	
Instructional Supplies and Materials		69,837	
Regular Instruction Equipment		7,760	
Total Regular Instruction Program			\$ 739,907

Special Education Program

Teachers	\$	186,294	
Educational Assistants		168,837	
Speech Pathologist		36,971	
Social Security		22,942	
State Retirement		30,716	
Medical Insurance		50,754	
Unemployment Compensation		741	
Employer Medicare		5,365	
Other Supplies and Materials		1,886	
Total Special Education Program			504,506

Vocational Education Program

Teachers	\$	10,783	
Unemployment Compensation		22	
Employer Medicare		156	
Instructional Supplies and Materials		50	
Other Supplies and Materials		50	
Vocational Instruction Equipment		28,685	
Total Vocational Education Program			39,746

Support Services

Other Student Support

Other Salaries and Wages	\$	229,024	
Social Security		11,329	
State Retirement		17,544	
Medical Insurance		37,111	
Unemployment Compensation		215	
Employer Medicare		3,106	
Evaluation and Testing		3,834	
Travel		13,498	
Other Contracted Services		57,200	
In Service/Staff Development		1,000	
Other Charges		9,619	
Total Other Student Support			383,480

Regular Instruction Program

Supervisor/Director	\$	60,574	
Instructional Computer Personnel		60,626	
Other Salaries and Wages		47,170	

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Social Security	\$	9,209	
State Retirement		14,951	
Medical Insurance		33,487	
Unemployment Compensation		100	
Employer Medicare		2,154	
Maintenance and Repair Services - Equipment		744	
Travel		18,799	
Library Books/Media		79	
Periodicals		130	
Other Supplies and Materials		1,040	
In Service/Staff Development		6,257	
Total Regular Instruction Program			\$ 255,320

Special Education Program

Psychological Personnel	\$	40,493	
Secretary(ies)		29,086	
Social Security		4,314	
State Retirement		5,472	
Medical Insurance		6,500	
Unemployment Compensation		67	
Employer Medicare		1,009	
Travel		230	
Other Contracted Services		12,170	
Total Special Education Program			99,341

Vocational Education Program

Travel	\$	1,242	
Total Vocational Education Program			1,242

Transportation

Bus Drivers	\$	18,853	
Other Salaries and Wages		13,035	
Social Security		1,977	
State Retirement		1,216	
Unemployment Compensation		108	
Employer Medicare		462	
Total Transportation			35,651

Total School Federal Projects Fund \$ 2,059,193

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	6,000
Secretary(ies)		25,968
Cafeteria Personnel		354,337

(Continued)

Exhibit J-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Food Service (Cont.)

Overtime Pay	\$	493	
Social Security		23,041	
State Retirement		22,674	
Unemployment Compensation		1,037	
Employer Medicare		5,481	
Communication		2,539	
Maintenance and Repair Services - Equipment		48,788	
Travel		5,509	
Other Contracted Services		12,136	
Food Supplies		506,922	
Uniforms		1,800	
USDA - Commodities		91,510	
Other Supplies and Materials		44,106	
Other Charges		3,259	
Food Service Equipment		1,494	
Total Food Service			<u>\$ 1,157,094</u>

Total Central Cafeteria Fund \$ 1,157,094

Total Governmental Funds - Fentress County School Department \$ 20,809,871

Exhibit J-10

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

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 661,618
Total Cash Receipts	<u>\$ 661,618</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 655,002
Trustee's Commission	<u>6,616</u>
Total Cash Disbursements	<u>\$ 661,618</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2013	<u>0</u>
 Cash Balance, June 30, 2014	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

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

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fentress County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Fentress County's basic financial statements, and have issued our report thereon dated December 17, 2014. Our report includes a reference to other auditors who audited the financial statements of the Fentress County Emergency Communications District and the Industrial Development Board of Fentress County, as described in our report on Fentress County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2014-001(A), 2014-004, 2014-005, 2014-006, 2014-007, 2014-011, 2014-13, and 2014-015.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fentress 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: 2014-001(B), 2014-002, 2014-003, 2014-008, 2014-009, 2014-010, 2014-012, and 2014-014.

Fentress County's Responses to Findings

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

Purpose of this Report

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 17, 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
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

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

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Fentress 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 Fentress County's major federal programs for the year ended June 30, 2014. Fentress 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 Fentress 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 Fentress 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 Fentress County's compliance.

Opinion on Each Major Federal Program

In our opinion, Fentress 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133, and is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-017. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of Fentress 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 Fentress 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 Fentress 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be

material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2014-016, that we consider to be a significant deficiency.

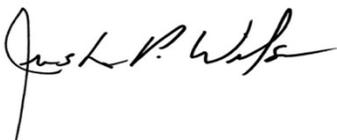
Fentress County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Fentress County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we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

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 Fentress County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Fentress County's basic financial statements. We issued our report thereon dated December 17, 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

December 17, 2014

JPW/sb

Fentress 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	Passed-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	\$ 266,509
National School Lunch Program	10.555	N/A	722,132 (3)
Passed through East Tennessee Human Resource Agency:			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	N/A	7,646
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	91,510 (3)
Total U.S. Department of Agriculture			<u>\$ 1,087,797</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program	12.Unknown	(2)	<u>\$ 289,638</u>
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	(4)	<u>\$ 680,797</u>
U.S. Department of Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	<u>\$ 65,465</u>
U.S. Department of Labor:			
Passed-through Upper Cumberland Human Resource Agency:			
WIA Youth Activities	17.259	(2)	<u>\$ 10,961</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z14GHS122	<u>\$ 16,568</u>
Appalachian Regional Commission:			
Direct Program:			
Appalachian Area Development	23.002	N/A	<u>\$ 43,400</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	\$ 137,845
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	797,298
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	619,028
Special Education - Preschool Grants	84.173	N/A	27,241
Career and Technical Education - Basic Grants to States	84.048	N/A	42,664
Special Education - Grants for Infants and Families	84.181	ED0000KA13AAX13	18,009
Rural Education	84.358	N/A	44,310
Improving Teacher Quality State Grants	84.367	N/A	152,767
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants Recovery Act	84.395	N/A	383,023
Total U.S. Department of Education			<u>\$ 2,222,185</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(5)	<u>\$ 47,703</u>

(Continued)

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

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through Upper Cumberland Development District:			
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 10,062
Passed-through State Department of Mental Health and Substance Abuse Services:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(2)	45,046
Total U.S. Department of Health and Human Services			\$ 55,108
Executive Office of the President:			
Passed through Laurel County, Kentucky Fiscal Court:			
High Intensity Drug Trafficking Areas Program	95.001	(6)	\$ 19,450
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grant Program	97.042	34101-03314	\$ 10,000
Total Expenditures of Federal Awards			\$ 4,549,072
		Contract Number	
<u>State Grants</u>			
Adult Education - State Department of Labor and Workforce Development	N/A	(2)	\$ 45,948
Aging Program - Upper Cumberland Development District	N/A	(2)	7,438
Art Subsidy - Tennessee Arts Commission	N/A	(2)	1,686
ConnecTenn - State Department of Education	N/A	(2)	6,567
Coordinated School Health Grant - State Department of Education	N/A	(2)	90,000
Economic Development ThreeStar Grant Program - State Department of Economic and Community Development	N/A	(2)	12,460
Energy Efficient School Initiative Grant - State Department of Education	N/A	(2)	10,000
Help America Vote Act Requirements Payments - Tennessee Secretary of State	N/A	(7)	2,510
Juvenile Justice State Supplement Grant - State Children's Services Commission	N/A	(2)	9,000
Law Enforcement Training - State Department of Safety	N/A	(2)	10,200
Litter Program - State Department of Transportation	N/A	(2)	33,358
Pilot and Voluntary State Funded Classrooms Grant - State Department of Education	N/A	MX14AAX	597,277
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	(2)	25,000
Rural Local Health Services - State Department of Health	N/A	(2)	79,110
Safe Schools Act - State Department of Education	N/A	(2)	12,490
Tennessee Early Intervention System Grant - State Department of Education	N/A	(2)	28,517
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	8,752
Total State Grants			\$ 980,313

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$813,642.
- (4) GG-10-38445-00: \$76,810; GG-12-38443-00: \$113,987; GG-13-34831-00: \$490,000.
- (5) 30510-00213-03: \$46,240; 30510-00113-25: \$1,463.
- (6) G13AP0001A: \$8,801; G14AP0001A: \$10,649.
- (7) 30510-00213-03: \$2,433; 30510-00113-25: \$77.

Fentress 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 Fentress County, Tennessee, for the year ended June 30, 2013, which have not been corrected.

OFFICE OF COUNTY CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-003	154	The County Commission's minutes were not bound in the official minute book

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-004	155	Unclaimed funds were not reported and paid to the state

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-006	156	Multiple employees operated from the same cash drawer
2013-007	156	The office did not deposit some funds within three days of collection

**FENTRESS COUNTY PUBLIC LIBRARY AND OFFICES OF COUNTY CLERK,
CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER,
REGISTER OF DEEDS, AND SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-008	157	Duties were not segregated adequately

FENTRESS COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Fentress County is unmodified.
2. The audit of the financial statements of Fentress County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Fentress County.
4. The audit disclosed one significant deficiency in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed two findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the Section 1033 Excess Property Program (CFDA No. 12.Unknown); the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CFDA No. 14.228); and the State Fiscal Stabilization Fund – Race-to-the-Top Incentive Grants – Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Fentress 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 finance director and the current sheriff provided written responses, which are included in this report. Other management officials did not provide responses for inclusion in this report.

FENTRESS COUNTY

FINDING 2014-001

FENTRESS COUNTY HAD INVENTORY DEFICIENCIES AND QUESTIONED USE OF SURPLUS FEDERAL PROPERTY

(A. – Internal Control – Significant Deficiency Under *Government Auditing Standards* and OMB Circular A-133;
B. – Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)

During the year, Fentress County received surplus property items through the State of Tennessee, Department of General Services under the federal Department of Defense Section 1033 Excess Property Program. The state and the Department of Defense established guidelines for participants that receive property through the program. These guidelines provide directives as to the use, accountability, reporting, and disposal of property received through the program. The county had the following deficiencies related to these guidelines:

- A. While the county did have an inventory list of property items that had been received through the program, we noted that this list did not include information concerning the detailed description of the property, an identifying number, location of the property, who had custody of the property, or any other identifying information. Program guidelines require the maintenance of an inventory of all property received, which should include information concerning the description, identifying number, location of, and other pertinent information for adequate identification. Without proper identification of items and control of the inventory, there is no means to determine the status of program property that has been received.
- B. We performed a physical observation and noted that some program property had been placed in use for road maintenance and repairs at the Fentress County Highway Department. Program guidelines state that property received is to be used for law enforcement and counter-drug activities and not used for the operations of the Highway Department.

When Section 1033 Excess Property program guidelines are not followed, the state could suspend or terminate Fentress County's participation in the program and initiate corrective action for failure to meet the program guidelines. If terminated, the county could be required to return or transfer any and all program assets received under the program.

RECOMMENDATION

Fentress County should maintain adequate inventory records of all program property. Management should ensure that program property is being used in accordance with program guidelines.

MANAGEMENT RESPONSE – CURRENT SHERIFF CHARLES CRAVENS

- A. The Sheriff's Office will compile and maintain a detailed description of the property that has been obtained by the department through the Law Enforcement Support Office (LESO) program. This will be separate from the inventory maintained by LESO on their web portal.
 - B. Sheriff's Office personnel will meet with the county's road supervisor to discuss and correct the use of surplus military equipment that was obtained by the Sheriff's Office through the LESO program.
-

OFFICE OF FINANCE DIRECTOR

FINDING 2014-002

DEFICIENCIES WERE NOTED IN ACCOUNTING FOR FUNDS AT THE FENTRESS COUNTY PUBLIC LIBRARY

(Noncompliance Under *Government Auditing Standards*)

On January 28, 2014, an investigative report by the Comptroller's Division of Investigations, Special Investigations Unit revealed that during the period January 1, 2010, through May 31, 2013, the former director of the Fentress County Public Library misappropriated library funds totaling at least \$40,217. On September 25, 2014, the former library director pled guilty to theft of property and received ten years probation and was ordered to pay restitution. This investigative report is available at www.comptroller.tn.gov.

FINDING 2014-003

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

(Noncompliance Under *Government Auditing Standards*)

The county did not deposit amounts withheld from contractor payments into an escrow account related to separate construction contracts for a fire hall (\$628,900) and an emergency communications center (\$749,457). Section 66-34-104, *Tennessee Code Annotated*, requires that funds withheld from contractor payments be deposited into an escrow account with a third party for contracts of \$500,000 or more. This deficiency was a result of a lack of management oversight and could result in the loss of interest earnings for the contractors.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We concur. In the past, the grant administrator has always drawn down the money from the grantor based on only what was to be paid out at any given time during the construction process. The retainage was never drawn down until the okay was given to pay it to the contractor. In the future, we will request that the grant administrator draw down the retained funds so they can be deposited into a third-party interest-bearing account. This will be done whether or not a grant administrator is involved with the project.

FINDING 2014-004

DRUG CONTROL FUND APPROPRIATIONS EXCEEDED ESTIMATED AVAILABLE FUNDING

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

The budget and subsequent amendments approved by the County Commission for the Drug Control Fund resulted in appropriations exceeding estimated available funding by \$1,326. Sound budgetary principles dictate that appropriations be held within estimated available funding. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

Appropriations that exceed estimated available funding should not be submitted to the County Commission, and the County Commission should not approve such appropriations.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We concur. We normally look at estimated beginning fund balance, revenues, and expenditures before asking the county to amend the budget in a way that results in taking funds from fund balance. An apparent miscalculation was made, which allowed the appropriations to exceed available funds. We will make a point to scrutinize these numbers more closely in the future in an attempt to avoid repeating this mistake.

FINDING 2014-005

THE SOLID WASTE DEPARTMENT'S BILLING SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS

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

The following control deficiencies relating to the Solid Waste Department's software were identified:

- A. The application did not provide a record of changes made to previously posted charges. Users had the capability to change information regarding these charges, leaving no evidence of the original information.
- B. Users could receipt collections to a previous or future date. Because the application did not assign receipt numbers to collections and because these collections did not display on the current day's collection report, there was no method to account for these receipts easily.

Sound business practices dictate that proper application controls be implemented. These controls would help ensure the reliability and integrity of the information maintained by the system. Since the vendor did not design the system with these controls, inappropriate system activity could occur.

RECOMMENDATION

Management should contact the software vendor concerning the addition of controls to the computer application that would provide an audit trail for any changes to charges. Payments should be assigned sequential receipt numbers and should be properly accounted for on daily collection reports. These controls would help to ensure the reliability and integrity of the information maintained by the system.

FINDING 2014-006

THE SOLID WASTE DEPARTMENT'S ACCOUNTING SOFTWARE DID NOT PROPERLY IDENTIFY THE USER WHO PROCESSED TRANSACTIONS (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Because the software in the Solid Waste Department did not assign unique usernames to individuals and because a shared password was used, transactions were not properly identified to the users that processed the transactions. Since the vendor did not design the system with these controls, the employee responsible for receipting activities would not be easily identified if inappropriate activity were to occur. Sound business practices dictate that each transaction be identified to the individual creating the transaction.

RECOMMENDATION

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

OFFICE OF COUNTY CLERK

FINDING 2014-007

THE COUNTY COMMISSION'S MINUTES WERE NOT BOUND IN THE OFFICIAL MINUTE BOOK

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

As of October 2014, minutes maintained by the county clerk of the meetings of the Fentress County Commission had not been bound in the official minute book since April 2012 but were being stored by the clerk in folders in a filing cabinet in the office. These minutes are the official record of the County Commission and should be bound in the official minute book. This deficiency is a result of the management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The county clerk should ensure that the minutes approved by the County Commission are properly bound in the official minute book.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2014-008

CUSTOMERS' CHECKS THAT HAD NOT BEEN RECEIPTED TOTALING \$36,471 WERE DISCOVERED IN THE OFFICE

(Noncompliance Under *Government Auditing Standards*)

On September 1, 2014, the newly elected clerk took office and immediately discovered 165 customers' checks totaling \$36,471 in the office safe that had not been receipted. The dates on these checks ranged from December 2, 2013, to August 27, 2014, plus many of the checks were still in sealed envelopes that came through the mail. The clerk prepared an itemized listing of the checks by date, case number, and amount by court as noted in the following table:

<u>Court</u>	<u>Date or Range</u>	<u>Number of Checks</u>	<u>Amounts</u>
General Sessions:	12-2-13 to 6-30-14	80	\$ 7,291.50
	7-1-14 to 8-27-14	83	<u>3,609.00</u>
Total General Sessions			\$ 10,900.50
Circuit	7-25-14	2	<u>25,570.15</u>
Total Checks			<u>\$ 36,470.65</u>

All of these checks were subsequently receipted, posted to the general ledgers, deposited, and disbursed properly. The \$7,291.50 that was dated prior to June 30, 2014, has been included in the financial statements of this report. We could not determine the specific reason why these checks were not receipted, deposited, and disbursed. As a result of this discovery, we performed additional audit procedures, but found no additional irregularities. Deficiencies related to these checks are noted below:

- A. Prenumbered receipts were not issued for all collections as required by state statute. Section 9-2-103, *Tennessee Code Annotated (TCA)*, requires that prenumbered receipts should be issued for all collections.
- B. The office did not deposit the above-noted collections to official bank accounts within three days of collection as required by Section 5-8-207, *TCA*. A delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

RECOMMENDATION

Receipts should be issued for all collections when received in the office. All funds should be deposited into the official checking accounts within three business days.

FINDING 2014-009

UNCLAIMED FUNDS WERE NOT REPORTED AND PAID TO THE STATE

(Noncompliance Under *Government Auditing Standards*)

The clerk did not report and pay to the state unclaimed funds (old outstanding checks) totaling \$5,051. At June 30, 2014, Circuit Court had 19 outstanding checks issued before July 1, 2013, totaling \$4,388, and General Sessions Court had 20 outstanding checks issued before July 1, 2013, totaling \$663. The Unclaimed Property Act, Section 66-29-101, et seq., *Tennessee Code Annotated*, provides that any funds held by the court for more than one year and unclaimed by the owner are considered abandoned. This statute further provides for the funds to be reported and paid to the state Treasurer's Office. This deficiency in internal controls was the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The clerk should report and pay to the state unclaimed funds held for more than one year as required by state statute.

FINDING 2014-010

THE OFFICE DID NOT PREPARE AN ANNUAL FINANCIAL REPORT

(Noncompliance Under *Government Auditing Standards*)

The office did not prepare an annual financial report. Section 5-8-505, *Tennessee Code Annotated*, states, “All appointive or elective county public officials, official county boards, committees and commissions ... having in their charge and custody public funds or moneys are required to file with the county executive and with the county clerk ... an annual financial report ...” This deficiency is a result of a lack of management oversight.

RECOMMENDATION

The office should prepare and file an annual financial report as required by state statute.

OFFICE OF SHERIFF

FINDING 2014-011

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 Sheriff’s Office. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to that 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 sheriff would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency in internal controls was the result of a lack of management oversight over risks related to safeguarding assets and the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The sheriff should assign each employee their own cash drawer.

FINDING 2014-012

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

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for obtaining reasonable assurance that funds were deposited to the bank account within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected the months of April and May 2014 to examine receipts and deposits. The office did not deposit some funds to the bank account

within three days of collection in 23 of 44 receipts tested during these months. This deficiency was the result of a lack of management oversight over cash collections and management's failure to correct the finding noted in the prior-year audit report. The delay in depositing the funds increases the risks of fraud and misappropriation.

RECOMMENDATION

All funds should be deposited within three days of collection as required by state statute.

FINDING 2014-013

THE ANNUAL FINANCIAL REPORT WAS NOT ACCURATE

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

The office prepared and filed an annual financial report as required by Section 5-8-505, *Tennessee Code Annotated*; however, this report did not include funds from the operation of the commissary or the drug seizure checking account. This deficiency is the result of a lack of management oversight.

RECOMMENDATION

All financial activity of the office should be reflected on the annual financial report.

FINDING 2014-014

A CASH SHORTAGE TOTALING \$2,277 EXISTED AS OF AUGUST 31, 2014

(Noncompliance Under *Government Auditing Standards*)

On December 17, 2014, the Comptroller's Division of Investigations, Financial and Compliance Division issued an investigative report of selected records of the Fentress County Sheriff. This report provided that on April 2, 2012, the Fentress County Sheriff's Department seized \$2,277 on a drug related offense. In a plea agreement dated April 30, 2012, the defendant pled no contest to the drug offense and forfeited the \$2,277. However, our review of records of the county trustee and Sheriff's Department disclosed that the forfeited funds were never received by the county trustee or deposited into a Sheriff's Department bank account. This report can be accessed at www.comptroller.tn.gov.

**FENTRESS COUNTY PUBLIC LIBRARY AND OFFICES OF COUNTY CLERK,
CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER,
REGISTER OF DEEDS, AND SHERIFF**

FINDING 2014-015

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

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

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We concur. The Finance Department will collaborate with the Fentress County Public Library to devise a plan that appropriately segregates the duties of management and employees in that department.

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

Federal/Pass-through Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Defense: Passed-through State Department of General Services: Section 1033 Excess Property Program	2014-016	12. Unknown	Circular A-133, Compliance Supplement Part 3 Section A	Internal Control - Significant Deficiency - See Finding No. 2014-001(A). The county did not properly document the receipt of federal surplus property.	\$ 0
U.S. Department of Defense: Passed-through State Department of General Services: Section 1033 Excess Property Program	2014-017	12. Unknown	Circular A-133, Compliance Supplement Part 3 Section A	Noncompliance - See Finding No. 2014-001(B) The county utilized donated federal surplus property for uses other than law enforcement or counter-drug activities.	0

**FENTRESS 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-year's Schedule of Findings and Questioned Costs. There were audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

Fentress County – Corrective Action Plan for Current-year's Findings

FINDING 2014-016

Contact Person: Charles Cravens

Corrective Action Planned: The Sheriff's Department will compile and maintain a detailed description of the property obtained by the office through the LESO Program. This will be separate from the inventory maintained on the LESO web portal.

Anticipated Completion Date: June 30, 2015

FINDING 2014-017

Contact Person: Charles Cravens

Corrective Action Planned: The Fentress County Sheriff's Department will meet with the county's road supervisor to discuss and correct the use of surplus military equipment obtained by the Sheriff's Department through the LESO program.

Anticipated Completion Date: June 30, 2015