

**ANNUAL FINANCIAL REPORT**  
**DECATUR COUNTY, TENNESSEE**

**FOR THE YEAR ENDED JUNE 30, 2015**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT  
DECATUR COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2015**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT  
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Director***

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WENDY HEATH, CFE  
State Auditors***

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

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# ***Summary of Audit Findings***

Annual Financial Report  
Decatur County, Tennessee  
For the Year Ended June 30, 2015

## ***Scope***

We have audited the basic financial statements of Decatur County as of and for the year ended June 30, 2015.

## ***Results***

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

Our audit resulted in 19 findings and recommendations, which we have reviewed with Decatur County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

## ***Findings***

The following are summaries of the audit findings:

### **OFFICE OF COUNTY MAYOR – FORMER AND CURRENT COUNTY MAYORS**

- ◆ Accrued leave and compensatory time payments to former employees were not properly documented.

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### **OFFICE OF COUNTY MAYOR – CURRENT COUNTY MAYOR**

- ◆ Accounting records were not maintained on a current basis.
  - ◆ The office had deficiencies in budget operations.
  - ◆ The office had deficiencies in purchasing procedures.
  - ◆ Two employees each received \$300 bonuses without the approval of the County Commission.
  - ◆ General ledger payroll liability accounts were not reconciled with payroll reports and payments.
-

## **OFFICES OF CURRENT COUNTY MAYOR AND ROAD SUPERVISOR**

- ◆ The General, Highway/Public Works, and General Debt Service funds required material audit adjustments for proper financial statement presentation.
  - ◆ A transfer approved by the County Commission from the General Fund to the Highway/Public Works Fund is of questionable legality.
- 

## **OFFICE OF ROAD SUPERVISOR**

- ◆ The office had deficiencies in budget operations.
  - ◆ Purchase orders were not issued in some instances.
- 

## **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ Central Cafeteria Fund appropriations exceeded estimated available funds.
  - ◆ Amounts withheld from contractor payments were not deposited into an escrow account.
- 

## **OFFICE OF TRUSTEE**

- ◆ Unauthorized securities were pledged as collateral.
- 

## **OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER OF DEEDS**

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

## **OFFICE OF SHERIFF**

- ◆ The department had inventory deficiencies, and the department's use of Section 1033 excess federal property is questioned.
  - ◆ The office had accounting deficiencies.
- 

## **OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER OF DEEDS, AND SHERIFF**

- ◆ Duties were not segregated adequately.
-

## **DECATUR COUNTY**

- ◆ Decatur County has a material recurring audit finding.
- ◆ Certain financial activity of the Decatur County Public Library was not audited and was not subject to the budgetary control of the County Commission.

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## INTRODUCTORY SECTION

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# Decatur County Officials

## June 30, 2015

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### **Officials**

Mike Creasy, County Mayor  
Robert Montgomery, Road Supervisor  
Branson Townsend, Director of Schools  
Janis Wright Boyd, Trustee  
Steve Glass, Assessor of Property  
Gwen Pope, County Clerk  
Danny Tanner, Circuit and General Sessions Courts Clerk  
Elizabeth Carpenter, Clerk and Master  
Don Davis, Register of Deeds  
Keith Byrd, Sheriff

### **Board of County Commissioners**

Mike Creasy, County Mayor, Chairman  
David Boroughs  
Mike Box  
Gaylon Clift  
Billy Wayne Goodman  
Ruth Ann Hearington  
Jerry Hunter  
Tim Ivy  
Joe Keeton  
Jimmy Kelley

Jack Martin  
Mickey Mays  
Tim Middleton  
Bryan Smith  
Bobby Swindle  
Mary Ella Teague  
Teresa Tillman  
Eugene Tubbs  
Carl White

### **Board of Education**

Robert Bibbs, Chairman  
Art Bawcum  
Bradley Dodd  
Tom Haggard  
Allen Hays

Dwight Lancaster  
Jeffrey Rhodes  
J. Wayne Stanfill  
Rebecca Stanfill

### **Audit Committee**

Don Moore, Chairman  
Billy Wayne Goodman  
Tim Ivey

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**FINANCIAL SECTION**

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Decatur County, Tennessee, as of and for the year ended June 30, 2015, 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 Decatur County Emergency Communications District. 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 Decatur County Emergency Communications District, is based solely on the report of other auditors. We were unable to determine the Decatur County Emergency Communications District's respective percentage of assets, net position, and revenues of the aggregate discretely presented component units because the Decatur County General Hospital, a component unit requiring

discrete presentation, was not included in the county’s financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Summary of Opinions***

<b><u>Opinion Unit</u></b>	<b><u>Type of Opinion</u></b>
Governmental Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
General Fund	Unmodified
Highway/Public Works Fund	Unmodified
General Debt Service Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

***Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units***

The financial statements of the Decatur County General Hospital, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accounting principles generally accepted in the United States of America require that the component unit be presented as part of the aggregate discretely presented component units. The inclusion of the Decatur County General Hospital would increase the assets, net position, and expenses of the aggregate discretely presented component units. The amount by which this departure would affect the assets, net position, and expenses of the aggregate discretely presented component units has not been determined.

### ***Adverse Opinion***

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units” paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of Decatur County, Tennessee, as of June 30, 2015, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Decatur County, Tennessee, as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As described in Note V.B., Decatur County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

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

We draw attention to Note I.D.9. to the financial statements, which describes a restatement increasing the beginning Governmental Activities net position by \$121,107 and decreasing the discretely presented Decatur County School Department’s net position by \$2,226,972 on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. 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 schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension asset, and schedule of funding progress - other postemployment benefits plans on pages 84 - 90 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 Decatur 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 Decatur 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.

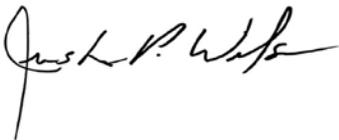
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Decatur County School Department (a discretely presented component unit), and miscellaneous 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, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Decatur 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 January 27, 2016, on our consideration of Decatur 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 Decatur County's internal control over financial reporting and compliance.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 27, 2016

JPW/yu

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Decatur County, Tennessee  
Statement of Net Position  
June 30, 2015

	Primary Governmental Activities	Component Units	
		Decatur County School Department	Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 1,933	\$ 0	\$ 735,176
Equity in Pooled Cash and Investments	3,244,746	4,475,115	0
Accounts Receivable	1,079,796	4,084	0
Allowance for Uncollectibles	(429,129)	0	0
Due from Other Governments	570,494	272,790	0
Due from Component Units	458,371	0	0
Property Taxes Receivable	2,892,878	1,927,837	0
Allowance for Uncollectible Property Taxes	(91,839)	(57,354)	0
Prepaid Items	0	0	8,200
Other Current Assets	0	0	140
Net Pension Asset - Agent Plan	402,645	291,332	0
Net Pension Asset - Cost-sharing Plan	0	27,847	0
Capital Assets:			
Assets Not Depreciated:			
Land	1,637,664	239,448	0
Construction in Progress	0	476,662	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	6,567,565	4,908,841	0
Infrastructure	2,370,663	0	0
Other Capital Assets	2,498,943	1,239,911	242,843
Total Assets	<u>\$ 21,204,730</u>	<u>\$ 13,806,513</u>	<u>\$ 986,359</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Refunding	\$ 19,901	\$ 0	\$ 0
Pension Changes in Experience	0	67,602	0
Pension Contributions After Measurement Date	191,911	619,911	0
Total Deferred Outflows of Resources	<u>\$ 211,812</u>	<u>\$ 687,513</u>	<u>\$ 0</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 33,178	\$ 29,907	\$ 0
Accrued Payroll	38,485	0	0
Payroll Deductions Payable	81,901	585,832	0
Contracts Payable	0	374,416	0
Retainage Payable	0	25,087	0
Due to Primary Government	0	458,371	0
Due to State of Tennessee	13,067	0	0
Accrued Interest Payable	58,340	0	0
Noncurrent Liabilities:			
Due Within One Year	1,172,478	0	0
Due in More Than One Year (net of deferred discount on debt and unamortized premium on debt)	8,780,232	511,306	0
Total Liabilities	<u>\$ 10,177,681</u>	<u>\$ 1,984,919</u>	<u>\$ 0</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units	
		Decatur County School Department	Emergency Communications District
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 2,665,766	\$ 1,792,111	\$ 0
Pension Changes in Experience	60,869	44,041	0
Pension Changes in Investment Earnings	224,016	2,456,387	0
Pension Other Deferrals	0	78,741	0
Total Deferred Inflows of Resources	<u>\$ 2,950,651</u>	<u>\$ 4,371,280</u>	<u>\$ 0</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 5,957,613	\$ 6,864,862	\$ 242,843
Restricted for:			
General Government	1,866	0	0
Finance	13,348	0	0
Administration of Justice	43,956	0	0
Public Safety	229,647	0	0
Public Health and Welfare	456,222	0	0
Highway/Public Works	374,138	0	0
Debt Service	21,959	0	0
Other Purposes	402,645	0	0
Education	0	330,434	0
Operation of Non-instructional Services	0	232,541	0
Unrestricted	<u>786,816</u>	<u>709,990</u>	<u>743,516</u>
Total Net Position	<u>\$ 8,288,210</u>	<u>\$ 8,137,827</u>	<u>\$ 986,359</u>

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

Exhibit B

Decatur County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Units	
					Government Total Governmental Activities	Decatur County School Department	Emergency Communications District
Primary Government:							
Governmental Activities:							
General Government	\$ 1,011,889	\$ 65,822	\$ 18,856	\$ 0	\$ (927,211)	\$ 0	\$ 0
Finance	495,381	275,132	0	0	(220,249)	0	0
Administration of Justice	504,150	373,074	0	0	(131,076)	0	0
Public Safety	2,867,004	348,575	405,697	1,267,212	(845,520)	0	0
Public Health and Welfare	2,446,757	1,651,996	28,818	0	(765,943)	0	0
Social, Cultural, and Recreational Services	415,802	161,905	22,268	0	(231,629)	0	0
Agriculture and Natural Resources	48,871	0	0	0	(48,871)	0	0
Highways/Public Works	1,495,586	0	1,476,455	96,020	76,889	0	0
Interest on Long-term Debt	349,453	0	764,778	0	415,325	0	0
<b>Total Primary Government</b>	<b>\$ 9,634,893</b>	<b>\$ 2,876,504</b>	<b>\$ 2,716,872</b>	<b>\$ 1,363,232</b>	<b>\$ (2,678,285)</b>	<b>\$ 0</b>	<b>\$ 0</b>
Component Units:							
Decatur County School Department	\$ 14,213,639	\$ 371,616	\$ 1,981,691	\$ 0	\$ 0	\$ (11,860,332)	\$ 0
Emergency Communications District	267,794	32,176	186,636	0	0	0	(48,982)
<b>Total Component Units</b>	<b>\$ 14,481,433</b>	<b>\$ 403,792</b>	<b>\$ 2,168,327</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (11,860,332)</b>	<b>\$ (48,982)</b>

(Continued)

Exhibit B

Decatur County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Units	
					Government Total Governmental Activities	Decatur County School Department	Emergency Communications District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 2,410,522	\$ 1,835,919	\$ 0	
Property Taxes Levied for Debt Service				351,403	0	0	
Local Option Sales Taxes				324,313	1,145,928	0	
Wheel Tax				735,811	141,244	0	
Litigation Tax				101,593	0	0	
Business Tax				81,172	0	0	
Mineral Severance Tax				51,908	38,306	0	
Wholesale Beer Tax				166,006	0	0	
Other Local Taxes				30,315	4,885	0	
Grants and Contributions Not Restricted to Specific Programs				740,238	8,732,428	46,773	
Unrestricted Investment Income				2,676	12,159	1,447	
Miscellaneous				40,631	22,056	0	
Pension Income				0	37,005	0	
<b>Total General Revenues</b>				<b>\$ 5,036,588</b>	<b>\$ 11,969,930</b>	<b>\$ 48,220</b>	
Change in Net Position				\$ 2,358,303	\$ 109,598	\$ (762)	
Net Position, July 1, 2014				5,808,800	10,255,201	987,121	
Restatement - Pension Asset and Liability (See Note I.D.9)				121,107	(2,226,972)	0	
Net Position, June 30, 2015				<b>\$ 8,288,210</b>	<b>\$ 8,137,827</b>	<b>\$ 986,359</b>	

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

Exhibit C-1

Decatur County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2015

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,933	\$ 1,933
Equity in Pooled Cash and Investments	1,397,435	445,427	684,399	717,485	3,244,746
Accounts Receivable	1,069,922	0	0	9,874	1,079,796
Allowance for Uncollectibles	(429,129)	0	0	0	(429,129)
Due from Other Governments	214,088	274,708	81,698	0	570,494
Due from Other Funds	40,099	0	0	8,554	48,653
Due from Component Units	378,926	0	79,445	0	458,371
Property Taxes Receivable	2,257,242	0	367,716	267,920	2,892,878
Allowance for Uncollectible Property Taxes	(70,848)	0	(12,370)	(8,621)	(91,839)
Total Assets	\$ 4,857,735	\$ 720,135	\$ 1,200,888	\$ 997,145	\$ 7,775,903
<u>LIABILITIES</u>					
Accounts Payable	\$ 31,653	\$ 0	\$ 0	\$ 1,525	\$ 33,178
Accrued Payroll	27,035	10,560	0	890	38,485
Payroll Deductions Payable	81,008	0	0	893	81,901
Due to Other Funds	8,554	0	38,106	1,993	48,653
Due to State of Tennessee	12,465	0	0	602	13,067
Total Liabilities	\$ 160,715	\$ 10,560	\$ 38,106	\$ 5,903	\$ 215,284
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 2,083,329	\$ 0	\$ 336,021	\$ 246,416	\$ 2,665,766
Deferred Delinquent Property Taxes	97,672	0	18,455	12,245	128,372
Other Deferred/Unavailable Revenue	491,238	139,687	41,943	0	672,868
Total Deferred Inflows of Resources	\$ 2,672,239	\$ 139,687	\$ 396,419	\$ 258,661	\$ 3,467,006

(Continued)

Exhibit C-1

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

	Major Funds		Nonmajor Funds	Total
	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Governmental Funds
<u>FUND BALANCES</u>				
Restricted:				
Restricted for General Government	\$ 1,866	\$ 0	\$ 0	\$ 1,866
Restricted for Finance	13,348	0	0	13,348
Restricted for Administration of Justice	43,956	0	0	43,956
Restricted for Public Safety	191,755	0	37,892	229,647
Restricted for Public Health and Welfare	0	0	443,977	443,977
Restricted for Highways/Public Works	0	234,451	0	234,451
Committed:				
Committed for Public Health and Welfare	0	0	249,470	249,470
Committed for Highways/Public Works	0	335,437	0	335,437
Committed for Capital Outlay	0	0	1,242	1,242
Committed for Debt Service	0	766,363	0	766,363
Unassigned	1,773,856	0	0	1,773,856
Total Fund Balances	\$ 2,024,781	\$ 569,888	\$ 732,581	\$ 4,093,613
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,857,735	\$ 720,135	\$ 1,200,888	\$ 7,775,903

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

Exhibit C-2

Decatur County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
June 30, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	4,093,613
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,637,664	
Add: buildings and improvements net of accumulated depreciation		6,567,565	
Add: infrastructure net of accumulated depreciation		2,370,663	
Add: other capital assets net of accumulated depreciation		<u>2,498,943</u>	13,074,835
(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	\$	(9,630,000)	
Less: note payable		(61,378)	
Add: deferred amount on refunding		19,901	
Add: other deferred charges - discount on debt		4,370	
Less: other deferred revenue - premium on debt		(66,488)	
Less: compensated absences payable		(63,820)	
Less: accrued interest on bonds and note		(58,340)	
Less: other postemployment benefits liability		<u>(135,394)</u>	(9,991,149)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.			
Add: deferred outflows of resources related to pensions	\$	191,911	
Less: deferred inflows of resources related to pensions		<u>(284,885)</u>	(92,974)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			402,645
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>801,240</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>8,288,210</u></u>

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

Exhibit C-3

Decatur County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2015

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 3,074,668	\$ 26,755	\$ 522,718	\$ 704,112	\$ 4,328,253
Licenses and Permits	5,099	0	0	0	5,099
Fines, Forfeitures, and Penalties	102,492	0	0	3,154	105,646
Charges for Current Services	1,656,228	0	0	75,571	1,731,799
Other Local Revenues	27,774	36,777	2,676	48,288	115,515
Fees Received from County Officials	542,339	0	0	0	542,339
State of Tennessee	1,243,415	1,466,103	0	6,322	2,715,840
Federal Government	266,628	96,020	0	0	362,648
Other Governments and Citizens Groups	159,243	0	807,817	3,976	971,036
<b>Total Revenues</b>	<b>\$ 7,077,886</b>	<b>\$ 1,625,655</b>	<b>\$ 1,333,211</b>	<b>\$ 841,423</b>	<b>\$ 10,878,175</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 634,084	\$ 0	\$ 0	\$ 0	\$ 634,084
Finance	428,399	0	0	0	428,399
Administration of Justice	427,978	0	0	1,790	429,768
Public Safety	2,479,957	0	0	4,217	2,484,174
Public Health and Welfare	2,258,726	0	0	259,550	2,518,276
Social, Cultural, and Recreational Services	341,679	0	0	0	341,679
Agriculture and Natural Resources	47,426	0	0	0	47,426
Other Operations	617,753	0	0	54,380	672,133
Highways	0	1,348,384	0	0	1,348,384
Debt Service:					
Principal on Debt	0	0	1,176,558	0	1,176,558
Interest on Debt	0	0	355,484	0	355,484
Other Debt Service	0	0	177,705	0	177,705
<b>Total Expenditures</b>	<b>\$ 7,236,002</b>	<b>\$ 1,348,384</b>	<b>\$ 1,709,747</b>	<b>\$ 319,937</b>	<b>\$ 10,614,070</b>

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ (158,116)	\$ 277,271	\$ (376,536)	\$ 521,486	\$ 264,105
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 14,969	\$ 26,011	\$ 0	\$ 0	\$ 40,980
Transfers In	0	49,000	0	0	49,000
Transfers Out	(49,000)	0	0	0	(49,000)
Total Other Financing Sources (Uses)	\$ (34,031)	\$ 75,011	\$ 0	\$ 0	\$ 40,980
Net Change in Fund Balances	\$ (192,147)	\$ 352,282	\$ (376,536)	\$ 521,486	\$ 305,085
Fund Balance, July 1, 2014	2,216,928	217,606	1,142,899	211,095	3,788,528
Fund Balance, June 30, 2015	\$ 2,024,781	\$ 569,888	\$ 766,363	\$ 732,581	\$ 4,093,613

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

Exhibit C-4

Decatur 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, 2015

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)		\$	305,085
(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	\$	314,626	
Less: current-year depreciation expense		<u>(690,476)</u>	(375,850)
(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	\$	1,010,403	
Less: book value of assets disposed		<u>(59,149)</u>	951,254
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$	801,240	
Less: deferred delinquent property taxes and other deferred June 30, 2014		<u>(628,452)</u>	172,788
(4) The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.			
Add: change in premium on debt issuances	\$	18,061	
Less: change in discount on debt issuances		(367)	
Add: principal payments on notes		81,558	
Add: principal payments on bonds		1,095,000	
Less: contributions from the School Department for note		(61,100)	
Less: change in deferred amount on refunding debt		<u>(12,034)</u>	1,121,118
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	6,031	
Change in compensated absences payable		(3,433)	
Change in other postemployment benefits liability		(7,254)	
Change in net pension asset		281,538	
Change in deferred outflows related to pensions		191,911	
Change in deferred inflows related to pensions		<u>(284,885)</u>	183,908
Change in net position of governmental activities (Exhibit B)		\$	<u>2,358,303</u>

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

## Exhibit C-5

Decatur County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,074,668	\$ 2,784,456	\$ 2,786,956	\$ 287,712
Licenses and Permits	5,099	4,500	4,500	599
Fines, Forfeitures, and Penalties	102,492	72,575	72,575	29,917
Charges for Current Services	1,656,228	1,207,735	1,210,960	445,268
Other Local Revenues	27,774	1,500	4,885	22,889
Fees Received from County Officials	542,339	454,405	454,405	87,934
State of Tennessee	1,243,415	1,409,353	1,406,853	(163,438)
Federal Government	266,628	20,000	20,000	246,628
Other Governments and Citizens Groups	159,243	102,345	102,345	56,898
Total Revenues	\$ 7,077,886	\$ 6,056,869	\$ 6,063,479	\$ 1,014,407
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 27,955	\$ 718,612	\$ 112,672	\$ 84,717
Board of Equalization	550	1,200	1,200	650
Beer Board	850	2,500	2,500	1,650
Other Boards and Committees	1,290	3,500	3,500	2,210
County Mayor/Executive	169,767	161,759	161,759	(8,008)
Personnel Office	10,615	13,100	13,100	2,485
County Attorney	18,298	12,000	12,000	(6,298)
Election Commission	174,955	171,845	171,845	(3,110)
Register of Deeds	102,128	101,431	101,431	(697)
County Buildings	127,676	119,025	119,025	(8,651)
Other General Administration	0	7,822	7,822	7,822
<u>Finance</u>				
Property Assessor's Office	129,029	139,830	139,830	10,801
Reappraisal Program	21,879	23,809	23,809	1,930
County Trustee's Office	144,649	145,067	145,067	418
County Clerk's Office	132,842	129,517	134,517	1,675
<u>Administration of Justice</u>				
Circuit Court	388	0	0	(388)
Circuit Court Clerk	147,341	148,666	148,666	1,325
General Sessions Judge	122,517	119,697	119,697	(2,820)
Drug Court	0	5,000	5,000	5,000
Chancery Court	104,230	101,831	101,831	(2,399)
Juvenile Court	35,020	37,815	37,815	2,795
Victims Assistance Programs	18,482	13,125	13,124	(5,358)
<u>Public Safety</u>				
Sheriff's Department	819,064	827,081	827,081	8,017
Drug Enforcement	107	0	0	(107)
Jail	684,347	739,824	739,824	55,477
Juvenile Services	90,447	73,210	73,210	(17,237)
Work Release Program	421,708	531,892	531,892	110,184
Fire Prevention and Control	73,333	80,888	80,888	7,555
Civil Defense	39,443	55,069	55,069	15,626
Rescue Squad	0	10,000	10,000	10,000
Other Emergency Management	308,999	301,859	301,859	(7,140)
County Coroner/Medical Examiner	42,509	28,000	28,000	(14,509)
Other Public Safety	0	1,077	1,077	1,077

(Continued)

Exhibit C-5

Decatur 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</u>				
Local Health Center	\$ 42,559	\$ 41,552	\$ 41,552	\$ (1,007)
Ambulance/Emergency Medical Services	1,564,916	956,787	956,787	(608,129)
Crippled Children Services	0	796	796	796
Other Local Health Services	605,940	0	605,940	0
General Welfare Assistance	13,300	15,000	15,000	1,700
Aid to Dependent Children	0	1,000	1,000	1,000
Sanitation Education/Information	31,633	36,539	36,539	4,906
Other Public Health and Welfare	378	6,100	6,100	5,722
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	71,548	76,311	76,311	4,763
Libraries	68,034	73,837	73,837	5,803
Parks and Fair Boards	201,332	226,635	226,635	25,303
Other Social, Cultural, and Recreational	765	0	0	(765)
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	44,126	40,663	40,663	(3,463)
Forest Service	0	2,000	2,000	2,000
Soil Conservation	3,300	3,300	3,300	0
<u>Other Operations</u>				
Tourism	5,167	7,500	7,500	2,333
Industrial Development	20,000	20,000	20,000	0
Airport	32,294	28,000	28,000	(4,294)
Veterans' Services	11,882	11,701	11,701	(181)
Other Charges	241,695	216,405	216,405	(25,290)
Contributions to Other Agencies	1,000	0	0	(1,000)
Employee Benefits	278,589	184,500	184,500	(94,089)
Miscellaneous	27,126	25,100	25,100	(2,026)
Total Expenditures	\$ 7,236,002	\$ 6,799,777	\$ 6,804,776	\$ (431,226)
Excess (Deficiency) of Revenues Over Expenditures				
	\$ (158,116)	\$ (742,908)	\$ (741,297)	\$ 583,181
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 14,969	\$ 0	\$ 0	\$ 14,969
Transfers Out	(49,000)	0	0	(49,000)
Total Other Financing Sources	\$ (34,031)	\$ 0	\$ 0	\$ (34,031)
Net Change in Fund Balance				
Fund Balance, July 1, 2014	\$ (192,147)	\$ (742,908)	\$ (741,297)	\$ 549,150
	2,216,928	1,793,471	1,793,471	423,457
Fund Balance, June 30, 2015				
	\$ 2,024,781	\$ 1,050,563	\$ 1,052,174	\$ 972,607

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

Exhibit C-6

Decatur County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 26,755	\$ 21,500	\$ 21,500	\$ 5,255
Other Local Revenues	36,777	10,000	10,000	26,777
State of Tennessee	1,466,103	1,726,769	1,726,769	(260,666)
Federal Government	96,020	83,000	83,000	13,020
Total Revenues	<u>\$ 1,625,655</u>	<u>\$ 1,841,269</u>	<u>\$ 1,841,269</u>	<u>\$ (215,614)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 148,160	\$ 149,450	\$ 162,716	\$ 14,556
Highway and Bridge Maintenance	535,897	530,000	539,051	3,154
Operation and Maintenance of Equipment	310,873	318,400	322,570	11,697
Other Charges	92,096	96,250	94,198	2,102
Employee Benefits	175,401	227,000	234,600	59,199
Capital Outlay	85,957	374,628	346,754	260,797
Total Expenditures	<u>\$ 1,348,384</u>	<u>\$ 1,695,728</u>	<u>\$ 1,699,889</u>	<u>\$ 351,505</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 277,271</u>	<u>\$ 145,541</u>	<u>\$ 141,380</u>	<u>\$ 135,891</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 26,011	\$ 0	\$ 0	\$ 26,011
Transfers In	49,000	0	0	49,000
Total Other Financing Sources	<u>\$ 75,011</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 75,011</u>
Net Change in Fund Balance	\$ 352,282	\$ 145,541	\$ 141,380	\$ 210,902
Fund Balance, July 1, 2014	<u>217,606</u>	<u>295,173</u>	<u>295,173</u>	<u>(77,567)</u>
Fund Balance, June 30, 2015	<u><u>\$ 569,888</u></u>	<u><u>\$ 440,714</u></u>	<u><u>\$ 436,553</u></u>	<u><u>\$ 133,335</u></u>

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

Exhibit D

Decatur County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 886,457
Due from Other Governments	<u>143,535</u>
Total Assets	<u>\$ 1,029,992</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 143,535
Due to Litigants, Heirs, and Others	<u>886,457</u>
Total Liabilities	<u>\$ 1,029,992</u>

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

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## DECATUR COUNTY, TENNESSEE

### Index of Notes to the Financial Statements

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**DECATUR COUNTY, TENNESSEE**  
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**DECATUR COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Decatur County's financial statements are presented in accordance with generally accepted accounting principles (GAAP), except for the aggregate discretely presented component units, which are materially misstated because the financial statements of the Decatur County General Hospital, a material component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

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

**A. Reporting Entity**

Decatur County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Decatur 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 Decatur County School Department operates the public school system in the county, and the voters of Decatur 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 Decatur County General Hospital provides health care and emergency medical services to the citizens of Decatur County, and the Decatur County Commission appoints its governing body. Patient charges provide the majority of the revenues for the entity. Decatur County is obligated to retire any debt issued by the Decatur County General Hospital in the event of default by the hospital. The financial statements of the Decatur County General Hospital were not available from other auditors in time for inclusion in this report.

The Decatur County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Decatur County, and the Decatur County Commission appoints its governing body. The district is funded primarily through a service charge

levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

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

Administrative Offices:

Decatur County General Hospital  
969 Tennessee Avenue South  
Parsons, TN 38363

Decatur County Emergency Communications District  
P.O. Box 628  
Decaturville, TN 38329

**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 Decatur 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 Decatur 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.

Decatur County issues all debt for the discretely presented Decatur County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2015.

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 Decatur 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. Decatur 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. Decatur 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.

Decatur County reports the following major governmental funds:

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

**Highway/Public Works Fund** – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues for 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, Decatur County reports the following fund types:

**Capital Projects Fund** – The General Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**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 Decatur 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 Decatur County School Department reports the following major governmental fund:

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

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

**Special Revenue Funds** – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Central Cafeteria Fund is included for the first time in 2014-15 as cafeteria operations were previously not centralized and were reported by the individual schools.

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

## **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 1.65 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.

Retainage payable in the School Department’s General Purpose School Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the General Purpose School Fund.

**3. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25 - 40
Other Capital Assets	5 - 30
Infrastructure:	
Roads	10 - 20
Bridges	15 - 30

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent 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 items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These

items are for the deferred charge on refunding and for pension changes in experience, as well as employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represent 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 items are from the following sources: current and delinquent property taxes, pension changes in experience and investment earnings, pension changes in proportionate share of contributions, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### **5. Compensated Absences**

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

The Decatur County Highway Department's personnel policy does not provide for employees to accumulate vacation or sick leave days beyond the end of the fiscal year. Therefore, accrual or recording is not required.

The general policy of the School Department permits the unlimited accumulation of unused sick leave days for professional personnel (teachers). The granting of sick leave has no guaranteed payment attached, and therefore, requires no accrual or recording. There is no provision for accumulating vacation days.

#### **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 and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

## **7. Net Position and Fund Balance**

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2015, Decatur County had \$2,590,000 in outstanding debt for capital purposes for the discretely presented Decatur County School Department. This debt is a liability of Decatur County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Decatur County has incurred a liability

significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county's Budget Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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

**8. Minimum Fund Balance Policy**

To provide management with appropriate guidelines and direction to assist in making sound decisions related to managing the fund balance of certain governmental funds, the County Commission has adopted a minimum fund balance policy of 20 percent of expenditures for the General Fund. This minimum fund balance consists of the sum of committed, assigned, and unassigned fund balances.

**9. Restatements**

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a new pension liability in their Statement of Net Position. Therefore, a restatement increasing Decatur County's net position by \$121,107 has been recognized on the Statement of Activities. In addition, a restatement decreasing the Decatur County School Department's beginning net position by \$2,226,972 has been recognized in the Statement of Activities for assets of the pension agent plan of \$87,626 and liabilities of the pension cost-sharing plan of \$2,314,598.

**E. Pension Plans**

**Primary Government**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Decatur County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Decatur County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

**Discretely Presented Decatur County School Department**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the

benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

## **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 Decatur 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 changes 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 Decatur County School Department**

Exhibit I-5 includes explanations of the nature of individual elements of items required to reconcile the net changes 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 General Capital Projects Fund, which adopts 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, Beer Board, Other Boards and Committees, 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 the GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2015, the Decatur County School Department reported significant encumbrances of \$443,357 in the General Purpose School Fund for school roofing projects.

**B. Expenditures Exceeded Appropriations**

Expenditures and other uses exceeded total appropriations approved by the County Commission in the General and Special Purpose funds by \$480,226 and \$3,635, respectively.

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
Solid Waste/Sanitation:	
Other Operations - Employee Benefits	\$ 13,392
Drug Control:	
Public Safety - Drug Enforcement	137
Other Operations - Other Charges	38
General Debt Service:	
Interest on Debt - General Government	1,225

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

**C. Appropriations Exceeded Estimated Available Funds**

The budget and subsequent amendments approved by the County Commission for the discretely presented School Department's Central Cafeteria Fund resulted in appropriations exceeding estimated funding by \$18,336.

**D. The County Had Deposits Exposed to Custodial Credit Risk**

County funds at the trustee's depositories were secured by collateral pledged by the depositories. However, one depository had securities pledged, which included obligations of school districts, counties, and a city of other states, which are not a type of security authorized by Section 9-4-103, *Tennessee Code Annotated*. This statute requires securities to be bonds of the United States, bonds of this state, bonds of any county or municipal corporation of this state, loans to students guaranteed 100 percent by the Tennessee Student Assistance Corporation, or an irrevocable letter of credit issued by the federal home loan bank.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

**Deposits**

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

assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

**Custodial Credit Risk.** Custodial credit risk is the risk that in the event of a bank failure, Decatur County's deposits may not be returned to it. Decatur County does not have a formal policy that limits custodial credit risk for deposits. Separate disclosures concerning bank balances of pooled deposits cannot be made for Decatur County and the discretely presented Decatur County School Department since both pool their deposits and investments through the county trustee. As of June 30, 2015, bank balances of \$862,074 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 862,074
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The above \$862,074 was in the pooled bank balances and consisted of demand deposits and certificates of deposit reported in the Trustee's Office. Although collateral was pledged by the depository to secure deposits, some of the collateral did not meet requirements of state statutes; therefore, the deposits are categorized as uncollateralized.

### **Investments**

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

**Investment Balances.** As of June 30, 2015, Decatur County had the following investments carried at fair value. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Decatur County and the discretely presented Decatur County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity (days)	Fair Value
State Treasurer's Investment Pool	3 to 139	\$ 1,404,450

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

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Decatur County has no investment policy that would further limit its investment choices. As of June 30, 2015, Decatur County's investment in the State Treasurer's Investment Pool was unrated.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2015, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 1,667,664	\$ 0	\$ 30,000	\$ 1,637,664
Total Capital Assets Not Depreciated	\$ 1,667,664	\$ 0	\$ 30,000	\$ 1,637,664

**Governmental Activities (Cont.):**

	Balance			Balance
	7-1-14	Increases	Decreases	6-30-15
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 9,076,589	\$ 0	\$ 0	\$ 9,076,589
Infrastructure	4,661,638	0	0	4,661,638
Other Capital Assets	3,938,731	1,325,029	39,302	5,224,458
Total Capital Assets				
Depreciated	<u>\$ 17,676,958</u>	<u>\$ 1,325,029</u>	<u>\$ 39,302</u>	<u>\$ 18,962,685</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 2,290,686	\$ 218,338	\$ 0	\$ 2,509,024
Infrastructure	2,089,474	201,501	0	2,290,975
Other Capital Assets	2,465,031	270,637	10,153	2,725,515
Total Accumulated				
Depreciation	<u>\$ 6,845,191</u>	<u>\$ 690,476</u>	<u>\$ 10,153</u>	<u>\$ 7,525,514</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 10,831,767</u>	<u>\$ 634,553</u>	<u>\$ 29,149</u>	<u>\$ 11,437,171</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 12,499,431</u>	<u>\$ 634,553</u>	<u>\$ 59,149</u>	<u>\$ 13,074,835</u>

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

**Governmental Activities:**

General Administration	\$ 39,124
Finance	608
Administration of Justice	1,486
Public Safety	252,989
Public Health and Welfare	115,068
Social, Cultural, and Recreational Services	39,916
Agriculture and Natural Resources	984
Highways/Public Works	<u>240,301</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 690,476</u>

**Discretely Presented Decatur County School Department**

**Governmental Activities:**

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 239,448	\$ 0	\$ 0	\$ 239,448
Construction in Progress	0	476,662	0	476,662
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 239,448</b>	<b>\$ 476,662</b>	<b>\$ 0</b>	<b>\$ 716,110</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,033,853	\$ 0	\$ 0	\$ 14,033,853
Other Capital Assets	2,926,631	107,074	109,980	2,923,725
<b>Total Capital Assets Depreciated</b>	<b>\$ 16,960,484</b>	<b>\$ 107,074</b>	<b>\$ 109,980</b>	<b>\$ 16,957,578</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 8,653,976	\$ 471,036	\$ 0	\$ 9,125,012
Other Capital Assets	1,590,618	192,789	99,593	1,683,814
<b>Total Accumulated Depreciation</b>	<b>\$ 10,244,594</b>	<b>\$ 663,825</b>	<b>\$ 99,593</b>	<b>\$ 10,808,826</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 6,715,890</b>	<b>\$ (556,751)</b>	<b>\$ 10,387</b>	<b>\$ 6,148,752</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 6,955,338</b>	<b>\$ (80,089)</b>	<b>\$ 10,387</b>	<b>\$ 6,864,862</b>

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

**Governmental Activities:**

Instruction	\$ 423,804
Support Services	187,842
Operation of Non-instructional Services	<u>52,179</u>
<b>Total Depreciation Expense - Governmental Activities</b>	<b><u>\$ 663,825</u></b>

**C. Construction Commitments**

At June 30, 2015, the discretely presented General Purpose School Fund had uncompleted construction contracts of approximately \$443,357 for roofing projects. Funding has been received for these future expenditures.

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

The composition of interfund balances as of June 30, 2015, was as follows:

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
General	General Debt Service	\$ 38,106
"	Nonmajor governmental	1,993
Nonmajor governmental	General	8,554

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

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

Receivable Fund	Payable Fund	Amount
Primary Government:	Component Unit:	
General	School Department:	
General Debt Service	General Purpose School	\$ 378,926
	"	79,445

**Interfund Transfer:**

Interfund transfer for the year ended June 30, 2015, consisted of the following amount:

Transfer Out	Transfer In Highway/ Public Works Fund
General Fund	\$ 49,000

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. Long-term Obligations**

**Primary Government**

**General Obligation Bonds and Notes**

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay note outstanding were issued for original terms of up to 30 years for bonds and up to 12 years for the note. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and the note included in long-term debt as of June 30, 2015, will be retired from the General Debt Service Fund.

General obligation bonds and the capital outlay note outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
G.O. Improvement Bonds	2.2 to 4.14 %	5-1-37	\$ 6,520,000	\$ 5,455,000
G.O. Bonds - Refunding	1 to 4	6-1-27	8,045,000	4,175,000
Note Payable	4.05	10-21-17	245,500	61,378

The annual requirements to amortize all general obligation bonds and the note outstanding as of June 30, 2015, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 1,125,000	\$ 328,803	\$ 1,453,803
2017	1,155,000	305,899	1,460,899
2018	1,150,000	277,948	1,427,948
2019	305,000	249,929	554,929
2020	325,000	238,568	563,568
2021-2025	1,840,000	995,395	2,835,395
2026-2030	1,595,000	622,537	2,217,537
2031-2035	1,460,000	332,351	1,792,351
2036-2037	675,000	43,351	718,351
<b>Total</b>	<b>\$ 9,630,000</b>	<b>\$ 3,394,781</b>	<b>\$ 13,024,781</b>

Year Ending June 30	Note		
	Principal	Interest	Total
2016	\$ 20,458	\$ 2,486	\$ 22,944
2017	20,458	1,657	22,115
2018	20,462	829	21,291
Total	\$ 61,378	\$ 4,972	\$ 66,350

There is \$766,363 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and the note totaled \$824, based on the 2010 federal census.

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

##### Governmental Activities:

	Bonds	Notes
Balance, July 1, 2014	\$ 10,725,000	\$ 142,936
Reductions	(1,095,000)	(81,558)
Balance, June 30, 2015	\$ 9,630,000	\$ 61,378
Balance Due Within One Year	\$ 1,125,000	\$ 20,458

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2014	\$ 60,387	\$ 128,140
Additions	38,346	9,132
Reductions	(34,913)	(1,878)
Balance, June 30, 2015	\$ 63,820	\$ 135,394
Balance Due Within One Year	\$ 27,020	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 9,890,592
Less: Balance Due Within One Year	(1,172,478)
Less: Deferred Discount on Debt	(4,370)
Add: Unamortized Premium on Debt	<u>66,488</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 8,780,232</u>
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Compensated absences will be paid from the employing funds, which are the General and Solid Waste/Sanitation funds. Other postemployment benefits will be paid from the employing funds, primarily the General Fund.

**Discretely Presented Decatur County School Department**

**Changes in Long-term Obligations**

Long-term obligations activity for the discretely presented Decatur County School Department for the year ended June 30, 2015, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2014	\$ 476,517
Additions	74,491
Reductions	<u>(39,702)</u>
Balance, June 30, 2015	<u>\$ 511,306</u>
Balance Due Within One Year	<u>\$ 0</u>

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

**F. Pledges of Future Revenues**

**Local Option Sales Tax Revenues Pledged**

In 1997, the citizens of Decatur County voted to increase the local option sales tax rate from 1.5 percent to 2.5 percent. Decatur County, the City of Parsons, City of Decaturville, City of Scotts Hill, and the Decatur County School Department have pledged their additional sales tax collections generated from the one percent increase to repay \$10 million in general obligation bonds issued in June 1998 to finance the construction of new school buildings. The bonds are also guaranteed by the county in the event the additional sales tax revenues are insufficient to meet the debt service requirements on the bonds.

Total principal and interest requirements for the bonds are \$2,689,425 payable semiannually through March 2018. For the current year, principal and interest paid and sales tax revenues generated by the increase were \$900,125 and \$905,461, respectively.

**G. On-Behalf Payments – Discretely Presented Decatur County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Decatur 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, 2015, were \$46,040 and \$11,900, 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**

**Liability, Property, and Casualty**

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

Decatur County provides health insurance coverage to its general government employees (excluding the Highway Department) through the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (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 the fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

The county continues to carry commercial insurance for the Highway Department for all other risks of loss, including employee health and accident. Retirees are not allowed to continue coverage in this commercial plan. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### Workers' Compensation Insurance

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

#### **Discretely Presented Decatur County School Department**

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

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

##### Employee Health Insurance

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

#### **B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an*

*Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to amounts of contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**C. Subsequent Event**

On July 5, 2015, Gwen Pope left the Office of County Clerk and was succeeded by Melinda Broadway on July 13, 2015.

**D. Contingent Liabilities**

Decatur County is contingently liable for certain General Obligation Refunding Bonds, Series 2013, of the Decatur County General Hospital. Decatur County would become liable for these bonds and the interest thereon in the event of default by the hospital. The principal of these bonds is reflected on the financial statements of the Decatur County General Hospital. As of June 30, 2015, future principal and interest requirements were \$505,000 and \$21,100, respectively.

Decatur County is contingently liable for a state revolving fund loan of the Benton-Decatur Special Sewer District. Decatur County would become liable for this loan and the interest thereon in the event of default by the sewer district. As of June 30, 2015, future principal and interest requirements were \$789,437 and \$85,528, respectively.

The county attorney has advised of several pending lawsuits involving Decatur County. Any potential claims against the county not covered by insurance resulting from such litigation should not materially affect the county's financial statements.

**E. Changes in Administration**

On August 31, 2014, Michael Smith left the Office of County Mayor and was succeeded by Mike Creasy, David Keeton left the Office of Road Supervisor and was succeeded by Robert Montgomery, and Roy Wyatt left the Office of Sheriff and was succeeded by Keith Byrd.

On October 11, 2014, Dr. Michael Price left the Office of Director of Schools and was succeeded by Branson Townsend.

**F. Joint Ventures**

The Benton-Decatur Special Sewer District was created through a joint agreement between Benton and Decatur counties. The agreement established the Benton-Decatur Special Sewer District Management Board, which plans, constructs, and manages a public sewer system for residents of Benton and Decatur counties. The management board includes six members, three of whom are appointed by the mayor of Benton County and three are appointed by the mayor of Decatur County. Decatur County has control over budgeting and financing only to the extent of representation by the three board members appointed.

The Beech River Regional Airport was established through a joint operations agreement between Decatur County, Henderson County, the City of Parsons, and the City of Lexington. The agreement created the Beech River Regional Airport Board to plan, develop, and maintain a regional airport that will economically benefit all residents of the two-county area. The board comprises nine members, two from each governmental unit and one appointed by the governmental entities on a yearly rotation basis. Each participant retains a 25 percent ownership in the airport. During the year ended June 30, 2015, the county appropriated an operating subsidy of \$32,294 to the airport.

The Twenty-fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fourth Judicial District, Benton, Carroll, Decatur, Hardin, and Henry counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Decatur County made no contributions to the DTF during the year ended June 30, 2015.

Decatur County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Benton-Decatur Special Sewer District, the Beech River Regional Airport, and the Twenty-fourth Judicial

District Drug Task Force can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Benton-Decatur Special Sewer District  
P.O. Box 594  
Parsons, TN 38363

Beech River Regional Airport  
790 Hidden Hill Circle  
Lexington, TN 38351

Office of District Attorney General  
Twenty-fourth Judicial District Drug Task Force  
P.O. Box 686  
Huntingdon, TN 38344

**G. Retirement Commitments**

**Tennessee Consolidated Retirement System (TCRS)**

**Primary Government**

**General Information About the Pension Plan**

*Plan Description.* Employees of Decatur County and non-certified employees of the discretely presented Decatur County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 58.02 percent and the non-certified employees of the discretely presented School Department comprise 41.98 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability

benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

*Employees Covered by Benefit Terms.* At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	21
Inactive Employees Entitled to But Not Yet Receiving Benefits	112
Active Employees	<u>162</u>
 Total	 <u><u>295</u></u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Decatur County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Decatur County were \$382,424 based on a rate of 5.77 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Decatur County’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Net Pension Liability (Asset)**

Decatur County’s net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income Real Estate	4.61	8
Short-term Securities	0.98	29
	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Decatur County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability (Asset)**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 5,197,397	\$ 5,163,052	\$ 34,345
Changes for the year:			
Service Cost	\$ 323,334	\$ 0	\$ 323,334
Interest	408,181	0	408,181
Differences Between Expected and Actual Experience	(122,395)	0	(122,395)
Contributions-Employer	0	243,078	(243,078)
Contributions-Employees	0	219,385	(219,385)
Net Investment Income	0	881,095	(881,095)
Benefit Payments, Including Refunds of Employee Contributions	(156,643)	(156,643)	0
Administrative Expense	0	(6,116)	6,116
Other Changes	0	0	0
Net Changes	\$ 452,477	\$ 1,180,799	\$ (728,322)
Balance, June 30, 2014	\$ 5,649,874	\$ 6,343,851	\$ (693,977)

**Allocation of Agent Plan Changes in the Net Pension Liability (Asset)**

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	58.02%	\$ 3,278,057	\$ 3,680,702	\$ (402,645)
School Department	41.98%	2,371,817	2,663,149	(291,332)
Total		\$ 5,649,874	\$ 6,343,851	\$ (693,977)

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.*  
The following presents the net pension liability (asset) of Decatur County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
<u>Decatur County</u>	6.5%	7.5%	8.5%
Net Pension Liability	\$ 47,180	\$ (693,977)	\$ (1,313,765)

**Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions**

*Pension Expense.* For the year ended June 30, 2015, Decatur County recognized pension expense of \$5,768.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2015, Decatur County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 104,910
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	386,102
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>382,424</u>	<u>N/A</u>
Total	<u>\$ 382,424</u>	<u>\$ 491,012</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and  
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 191,911	\$ 284,885
School Department	190,513	206,127
Total	<u>\$ 382,424</u>	<u>\$ 491,012</u>

Amounts reported as deferred outflows of resources, with the exception of contributions after the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (114,010)
2017	(114,010)
2018	(114,010)
2019	(114,010)
2020	(17,486)
Thereafter	(17,486)

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**Discretely Presented Decatur County School Department**

**Non-certified Employees**

**General Information About the Pension Plan**

*Plan Description.* As noted above under the primary government, employees of Decatur County and non-certified employees of the discretely presented Decatur County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 58.02 percent and the non-certified employees of the discretely presented School Department comprise 41.98 percent of the plan based on census data.

## **Certified Employees**

### **Teacher Retirement Plan**

#### **General Information About the Pension Plan**

*Plan Description.* Teachers of the Decatur County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$8,721, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Liabilities.* Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

*Pension Expense.* Since the measurement date is June 30, 2014, the Decatur County School Department did not recognize any pension expense at June 30, 2015.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2015, the Decatur County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>Resources</u>	
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 8,721	N/A

The Decatur County School Department’s employer contributions of \$8,721 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ended June 30, 2016.

## **Teacher Legacy Pension Plan**

### **General Information About the Pension Plan**

*Plan Description.* Teachers of the Decatur County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer

contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Decatur County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$420,677, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Assets.* At June 30, 2015, the Decatur County School Department reported an asset of \$27,847 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Decatur County School Department's proportion of the net pension asset was based on the Decatur County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, the Decatur County School Department's proportion was .171362 percent. The proportion measured as of June 30, 2013, was .176945 percent.

*Pension Income.* For the year ended June 30, 2015, the Decatur County School Department recognized a pension income of \$37,005.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2015, the Decatur County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 67,602	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,294,301
Changes in proportion of Net Pension Liability (Asset)	0	78,741
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	420,677	N/A
<b>Total</b>	<b>\$ 488,279</b>	<b>\$ 2,373,042</b>

The Decatur County School Department's employer contributions of \$420,677 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (575,432)
2017	(575,432)
2018	(575,432)
2019	(575,432)
2020	(1,856)
Thereafter	(1,856)

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

*Actuarial Assumptions.* The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income Real Estate	4.61	8
	0.98	29
	4.73	7
Short-term Securities	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the four factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents Decatur County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Decatur County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability                   \$ 4,696,477   \$ (27,847)   \$ (3,939,073)

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

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

Plan Description

Decatur County (excluding the Highway Department) and the School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, *Tennessee Code Annotated (TCA)*, for local governments and Section 8-27-302, *TCA*, for local education employees. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization 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 the plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plans are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees’ premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2015, Decatur County and the School Department contributed \$1,878 and \$39,702, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 74,000	\$ 9,000
Interest on the NOPEBO	19,061	5,126
Adjustment to the ARC	(18,570)	(4,994)
Annual OPEB cost	\$ 74,491	\$ 9,132
Less: Amount of contribution	(39,702)	(1,878)
Increase/decrease in NOPEBO	\$ 34,789	\$ 7,254
Net OPEB obligation, 7-1-14	476,517	128,140
Net OPEB obligation, 6-30-15	\$ 511,306	\$ 135,394

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Local Education Group	\$ 147,153	28 %	\$ 450,059
6-30-14	"	71,463	63	476,517
6-30-15	"	74,491	53	511,306
6-30-13	Local Government Group	24,762	7	119,829
6-30-14	"	9,123	9	128,140
6-30-15	"	9,132	21	135,394

Funded Status and Funding Progress

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

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 784,000	\$ 48,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 784,000	\$ 48,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 7,160,167	\$ 3,557,970
UAAL as a % of covered payroll	11%	1%

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

#### Actuarial Methods and Assumptions

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

In the July 1, 2013, actuarial valuation for the Local Government Group and the Local Education Group plans, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in fiscal year 2016 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

### **I. Purchasing Laws**

#### Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*. This act provides for all purchases exceeding \$10,000 to be made based on competitive bids solicited through newspaper advertisement.

#### Office of Road Supervisor

Section 54-7-113, *TCA*, (Uniform Road Law), governs purchasing procedures for the Highway Department. This statute requires all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

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

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

**A. General Information**

**Component Unit**

The district provides 911-emergency assistance to persons living in Decatur County. The district is a component unit of Decatur County. Accordingly, this financial data is incorporated into the county's financial statements. The district is governed by nine members who serve staggered four-year terms. Board members are appointed by the county mayor and ratified by the Decatur County Commission. The County Commission pays for dispatchers' salaries and benefits and furnishes the district's operating headquarters. The district pays the County Commission \$4 per hour per district employee (as well as an additional \$.84 per hour for the assistant director's salary) and pays all of the salary of one employee, which is shown as contracts with governmental agencies expense.

**B. Summary of Significant Accounting Policies**

**1. Basis of Presentation**

The accounts of the district are organized on the basis of funds. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses, as appropriate. The accounts in the financial statements in this report fall under one broad fund category as follows:

**Proprietary Funds**

**Enterprise Funds** – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or

recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**3. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position**

**Cash and Cash Equivalents**

Cash and cash equivalents, as used in the Statement of Cash Flows, include demand deposit accounts and certificates of deposit with original maturities of three months or less when purchased, in accordance with GASB Statement No. 9.

**Receivables**

Receivables consist of all revenues earned at year-end and not yet received. Balances reported at year-end include telephone wireless fees due from phone companies, wireless charges due from the State of Tennessee, and grant receivables due from the Tennessee Emergency Communications Board.

**Capital Assets**

All capital assets of the district are recorded at original cost, except for donated equipment, which is recorded at fair market value. Expenses, which materially increase values or capacities or extend useful lives of these assets, are capitalized while expenses for maintenance and repairs are charged to operations as incurred. Any related interest cost is also added to the cost of the asset as appropriate.

Gains and losses from the sale of capital assets are reflected in operations, and the asset accounts and related allowances for depreciation are reduced. Also, depreciation expense on all depreciable items is systematically charged against operations using the straight-line method over their estimated useful lives. Any related interest cost is also added to the cost of the asset as appropriate.

### **Operating Revenues and Expenses**

Operating revenues and expenses are those that result from providing services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues that are not generated from daily operations are defined as nonoperating.

### **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 district does not have any items that qualify for reporting in this category as of June 30, 2015.

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 district does not have any items that qualify for reporting in this category as of June 30, 2015.

### **Net Position Flow Assumption**

Sometimes the district will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the district's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

### **Net Position**

In the district's 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.

**C. Revenues**

Revenues are derived from telephone customers in the area served by the district. Through December 2014, the telephone company collected the fees on the monthly telephone bills (\$.65 per residence line and \$2 per business line) and remitted them to the district. Beginning January 2015, the telephone companies remitted these fees to the State of Tennessee. The State of Tennessee then remits to the district a base amount. Revenues are also derived from wireless charges from cellular phone fees. Through December 2014, the State of Tennessee collected these fees and remitted them to the district bimonthly. Beginning January 2015, the State of Tennessee remitted a base amount to the district, which included these fees in the calculation.

**D. Risk Management**

All of the district's capital assets are located in or on facilities owned by Decatur County. The district owns all office and communications equipment. The district is exposed to loss of personal property by fire, accident or an act of God, as well as tort liabilities and errors and omissions. The district is insured against these risks under the Decatur County Mayor's commercial insurance policy. It is also named as a component unit of Decatur County for basic general liability coverage of up to \$1,000,000 per liability. The district has had no insurance settlements in excess of insurance coverage during the past three years.

**E. Capital Assets**

Capital assets activity for the year ended June 30, 2015, was as follows:

	Balance		Balance	
	7-1-14	Increases	6-30-15	
Capital Assets Depreciated:				
Furniture and Fixtures	\$ 32,767	\$ 0	\$ 32,767	
Communications Equipment	631,754	0	631,754	
Office Equipment	21,115	0	21,115	
Total Capital Assets Depreciated	<u>\$ 685,636</u>	<u>\$ 0</u>	<u>\$ 685,636</u>	
Less Accumulated Depreciation For:				
Furniture and Fixtures	\$ 16,930	\$ 3,276	\$ 20,206	
Communications Equipment	345,943	1,598	347,541	
Office Equipment	13,394	61,652	75,046	
Total Accumulated Depreciation	<u>\$ 376,267</u>	<u>\$ 66,526</u>	<u>\$ 442,793</u>	
Total Capital Assets, Net	<u>\$ 309,369</u>	<u>\$ (66,526)</u>	<u>\$ 242,843</u>	

Depreciation expense of \$66,526 was recorded by the district.

**F. Stewardship, Compliance, and Accountability**

By its nature as a local government unit, the district is subject to various federal, state, and local laws and contractual regulations. An analysis of the district's compliance with significant laws and regulations and demonstration of its stewardship over the district resources follows:

**1. Deposits and Investments Laws and Regulations**

The district's investment policies are governed by state statute. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts. The district has no policy that further limits allowable investments. At June 30, 2015, investments consisted entirely of a certificate of deposit with a local bank. Investments are carried at cost, which approximates fair value.

For deposits and investments, custodial credit risk is the risk that, in the event of a bank failure, the district's deposits may not be returned to it. The district does not have a policy regarding custodial credit risk for deposits. Collateral is required for demand deposits and certificates of deposit at 105 percent of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State of Tennessee and its subdivisions. As of June 30, 2015, district deposits were not exposed to custodial credit risk due to being insured and collateralized.

**2. Budget Appropriations**

In accordance with state law, the board of the district must adopt and operate under an annual budget. Criteria for the information required in the annual adopted budget are detailed in Section 7-86-120, *Tennessee Code Annotated*. However, for financial reporting purposes, it is only necessary to present budgetary revenues and expenses compared to actual. All purchases must be made within the limits of the approved budget. Expenses must be presented at the legal level of control, which is defined to be at the line-item level.

Depreciation is not required to be budgeted. Since the district opted not to budget for depreciation, the budget is presented on a budget basis and the budgetary comparison schedule reconciles to the accrual basis.

The district's expenses were within appropriations at the line-item level.

**G. Estimates and Assumptions**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Decatur County, Tennessee  
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on  
Participation in the Public Employee Pension Plan of TCRS  
Primary Government  
For the Fiscal Year Ended June 30

	<u>2014</u>
<b>Total Pension Liability (Asset)</b>	
Service Cost	\$ 323,334
Interest	408,181
Differences Between Actual and Expected Experience	(122,395)
Benefit Payments, Including Refunds of Employee Contributions	<u>(156,643)</u>
Net Change in Total Pension Liability (Asset)	\$ 452,477
Total Pension Liability (Asset), Beginning	<u>5,197,397</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 5,649,874</u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 243,078
Contributions - Employee	219,385
Net Investment Income	881,095
Benefit Payments, Including Refunds of Employee Contributions	(156,643)
Administrative Expense	<u>(6,116)</u>
Net Change in Plan Fiduciary Net Position	\$ 1,180,799
Plan Fiduciary Net Position, Beginning	<u>5,163,052</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 6,343,851</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u><u>\$ (693,977)</u></u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 112.28%
Covered Employee Payroll	\$ 4,387,669
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	15.82%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and discretely presented non-certified employees of the School Department.

Exhibit E-2

Decatur County, Tennessee  
Schedule of Contributions Based on Participation in the Public  
Employee Pension Plan of TCRS  
Primary Government  
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 243,078	\$ 382,424
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(243,078)</u>	<u>(382,424)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 4,387,669	\$ 7,150,050
Contributions as a Percentage of Covered Employee Payroll	5.54%	5.35%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and discretely presented non-certified employees of the School Department.

Exhibit E-3

Decatur County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Retirement Plan of TCRS  
Discretely Presented Decatur County School Department  
For the Fiscal Year Ended June 30

	<u>2015</u>
Actuarially Determined Contribution	\$ 5,451
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(8,721)</u>
Contribution Deficiency (Excess)	<u>\$ (3,270)</u>
Covered Employee Payroll	\$ 218,025
Contributions as a Percentage of Covered Employee Payroll	4.00%

Note: ten years of data will be presented when available.

Exhibit E-4

Decatur County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Legacy Pension Plan of TCRS  
Discretely Presented Decatur County School Department  
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 597,266	\$ 420,677
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(597,266)</u>	<u>(420,677)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 6,725,952	\$ 5,101,606
Contributions as a Percentage of Covered Employee Payroll	8.88%	8.25%

Note: ten years of data will be presented when available.

Exhibit E-5

Decatur County, Tennessee  
Schedule of Proportionate Share of the Net Pension Asset  
in the Teacher Legacy Pension Plan of TCRS  
Discretely Presented Decatur County School Department  
For the Fiscal Year Ended June 30 \*

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.171362%
School Department's Proportionate Share of the Net Pension Asset	\$ 27,847
Covered Employee Payroll	\$ 6,725,952
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit E-6

Decatur County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Decatur County School Department  
June 30, 2015

(Dollar amounts in thousands)

<u>Plans</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b)-(a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-10	\$ 0	\$ 208	\$ 208	0 %	\$ 2,282	9 %
"	7-1-11	0	160	160	0	2,254	7
"	7-1-13	0	48	48	0	3,558	1
<u>DISCRETELY PRESENTED DECATUR COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	988	988	0	6,964	14
"	7-1-11	0	1,314	1,314	0	7,142	18
"	7-1-13	0	784	784	0	7,160	11

**DECATUR COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2015**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	1 Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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

Special Purpose Fund – The Special Purpose Fund is used to account for wheel tax revenue collected by Decatur County that is subsequently contributed to the discretely presented Decatur County General Hospital.

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 Fund

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

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

Exhibit F-1

Decatur County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	Special Revenue Funds				Total
	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	1,933	\$ 1,933
Equity in Pooled Cash and Investments	237,828	443,977	34,438	0	716,243
Accounts Receivable	9,814	0	0	60	9,874
Due from Other Funds	4,887	0	3,667	0	8,554
Property Taxes Receivable	267,920	0	0	0	267,920
Allowance for Uncollectible Property Taxes	(8,621)	0	0	0	(8,621)
Total Assets	<u>\$ 511,828</u>	<u>\$ 443,977</u>	<u>\$ 38,105</u>	<u>\$ 1,993</u>	<u>\$ 995,903</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 1,525	\$ 0	\$ 0	\$ 0	1,525
Accrued Payroll	890	0	0	0	890
Payroll Deductions Payable	680	0	213	0	893
Due to Other Funds	0	0	0	1,993	1,993
Due to State of Tennessee	602	0	0	0	602
Total Liabilities	<u>\$ 3,697</u>	<u>\$ 0</u>	<u>\$ 213</u>	<u>\$ 1,993</u>	<u>\$ 5,903</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 246,416	\$ 0	\$ 0	\$ 0	246,416
Deferred Delinquent Property Taxes	12,245	0	0	0	12,245
Total Deferred Inflows of Resources	<u>\$ 258,661</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 258,661</u>

(Continued)

Exhibit F-1

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

	Special Revenue Funds				Total
	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 0	\$ 0	\$ 37,892	\$ 0	\$ 37,892
Restricted for Public Health and Welfare	0	443,977	0	0	443,977
Committed:					
Committed for Public Health and Welfare	249,470	0	0	0	249,470
Committed for Capital Outlay	0	0	0	0	0
Total Fund Balances	<u>\$ 249,470</u>	<u>\$ 443,977</u>	<u>\$ 37,892</u>	<u>\$ 0</u>	<u>\$ 731,339</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 511,828</u>	<u>\$ 443,977</u>	<u>\$ 38,105</u>	<u>\$ 1,993</u>	<u>\$ 995,903</u>

(Continued)

Exhibit F-1

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

	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 1,933
Equity in Pooled Cash and Investments	1,242	717,485
Accounts Receivable	0	9,874
Due from Other Funds	0	8,554
Property Taxes Receivable	0	267,920
Allowance for Uncollectible Property Taxes	0	(8,621)
Total Assets	<u>\$ 1,242</u>	<u>\$ 997,145</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 1,525
Accrued Payroll	0	890
Payroll Deductions Payable	0	893
Due to Other Funds	0	1,993
Due to State of Tennessee	0	602
Total Liabilities	<u>\$ 0</u>	<u>\$ 5,903</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 0	\$ 246,416
Deferred Delinquent Property Taxes	0	12,245
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 258,661</u>

(Continued)

Exhibit F-1

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

FUND BALANCES

Restricted:

    Restricted for Public Safety

    Restricted for Public Health and Welfare

Committed:

    Committed for Public Health and Welfare

    Committed for Capital Outlay

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

<u>Capital</u>		<u>Total</u>
<u>Projects Fund</u>		<u>Nonmajor</u>
General		<u>Governmental</u>
Capital		<u>Funds</u>
Projects		
\$	0	\$ 37,892
	0	443,977
	0	249,470
	<u>1,242</u>	<u>1,242</u>
<u>\$</u>	<u>1,242</u>	<u>\$ 732,581</u>
	<u>1,242</u>	<u>\$ 997,145</u>

Exhibit F-2

Decatur County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2015

	Special Revenue Funds				Total
	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu - tional Officers - Fees	
<u>Revenues</u>					
Local Taxes	\$ 256,463	\$ 447,649	\$ 0	\$ 0	\$ 704,112
Fines, Forfeitures, and Penalties	0	0	3,154	0	3,154
Charges for Current Services	73,781	0	0	1,790	75,571
Other Local Revenues	35,739	0	12,549	0	48,288
State of Tennessee	6,322	0	0	0	6,322
Other Governments and Citizens Groups	0	0	3,976	0	3,976
Total Revenues	<u>\$ 372,305</u>	<u>\$ 447,649</u>	<u>\$ 19,679</u>	<u>\$ 1,790</u>	<u>\$ 841,423</u>
<u>Expenditures</u>					
Current:					
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 1,790	\$ 1,790
Public Safety	0	0	4,217	0	4,217
Public Health and Welfare	259,550	0	0	0	259,550
Other Operations	50,243	3,672	465	0	54,380
Total Expenditures	<u>\$ 309,793</u>	<u>\$ 3,672</u>	<u>\$ 4,682</u>	<u>\$ 1,790</u>	<u>\$ 319,937</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 62,512</u>	<u>\$ 443,977</u>	<u>\$ 14,997</u>	<u>\$ 0</u>	<u>\$ 521,486</u>
Net Change in Fund Balances	\$ 62,512	\$ 443,977	\$ 14,997	\$ 0	\$ 521,486
Fund Balance, July 1, 2014	186,958	0	22,895	0	209,853
Fund Balance, June 30, 2015	<u>\$ 249,470</u>	<u>\$ 443,977</u>	<u>\$ 37,892</u>	<u>\$ 0</u>	<u>\$ 731,339</u>

(Continued)

Exhibit F-2

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

	<u>Capital</u> <u>Projects Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
<hr/>		
<u>Revenues</u>		
Local Taxes	\$ 0	\$ 704,112
Fines, Forfeitures, and Penalties	0	3,154
Charges for Current Services	0	75,571
Other Local Revenues	0	48,288
State of Tennessee	0	6,322
Other Governments and Citizens Groups	0	3,976
Total Revenues	<u>\$ 0</u>	<u>\$ 841,423</u>
<u>Expenditures</u>		
Current:		
Administration of Justice	\$ 0	\$ 1,790
Public Safety	0	4,217
Public Health and Welfare	0	259,550
Other Operations	0	54,380
Total Expenditures	<u>\$ 0</u>	<u>\$ 319,937</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ 521,486</u>
Net Change in Fund Balances	\$ 0	\$ 521,486
Fund Balance, July 1, 2014	1,242	211,095
Fund Balance, June 30, 2015	<u>\$ 1,242</u>	<u>\$ 732,581</u>

Exhibit F-3

Decatur County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 256,463	\$ 256,099	\$ 256,099	\$ 364
Charges for Current Services	73,781	46,040	46,040	27,741
Other Local Revenues	35,739	29,750	29,750	5,989
State of Tennessee	6,322	20,465	20,465	(14,143)
Total Revenues	<u>\$ 372,305</u>	<u>\$ 352,354</u>	<u>\$ 352,354</u>	<u>\$ 19,951</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 187,641	\$ 212,419	\$ 212,419	\$ 24,778
Convenience Centers	71,909	87,853	87,853	15,944
<u>Other Operations</u>				
Other Charges	25,651	45,026	45,026	19,375
Employee Benefits	24,592	11,200	11,200	(13,392)
Total Expenditures	<u>\$ 309,793</u>	<u>\$ 356,498</u>	<u>\$ 356,498</u>	<u>\$ 46,705</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 62,512</u>	<u>\$ (4,144)</u>	<u>\$ (4,144)</u>	<u>\$ 66,656</u>
Net Change in Fund Balance	\$ 62,512	\$ (4,144)	\$ (4,144)	\$ 66,656
Fund Balance, July 1, 2014	<u>186,958</u>	<u>133,890</u>	<u>133,890</u>	<u>53,068</u>
Fund Balance, June 30, 2015	<u>\$ 249,470</u>	<u>\$ 129,746</u>	<u>\$ 129,746</u>	<u>\$ 119,724</u>

Exhibit F-4

Decatur County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Special Purpose Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 447,649	\$ 0	\$ 0	\$ 447,649
Other Local Revenues	0	3,385	3,385	(3,385)
Total Revenues	\$ 447,649	\$ 3,385	\$ 3,385	\$ 444,264
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 3,672	\$ 37	\$ 37	\$ (3,635)
Total Expenditures	\$ 3,672	\$ 37	\$ 37	\$ (3,635)
Excess (Deficiency) of Revenues Over Expenditures	\$ 443,977	\$ 3,348	\$ 3,348	\$ 440,629
Net Change in Fund Balance	\$ 443,977	\$ 3,348	\$ 3,348	\$ 440,629
Fund Balance, July 1, 2014	0	0	0	0
Fund Balance, June 30, 2015	\$ 443,977	\$ 3,348	\$ 3,348	\$ 440,629

Exhibit F-5

Decatur County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 3,154	\$ 2,275	\$ 2,275	\$ 879
Other Local Revenues	12,549	400	400	12,149
Other Governments and Citizens Groups	3,976	0	0	3,976
Total Revenues	<u>\$ 19,679</u>	<u>\$ 2,675</u>	<u>\$ 2,675</u>	<u>\$ 17,004</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 4,217	\$ 4,080	\$ 4,080	\$ (137)
<u>Other Operations</u>				
Other Charges	38	0	0	(38)
Employee Benefits	427	11,200	11,200	10,773
Total Expenditures	<u>\$ 4,682</u>	<u>\$ 15,280</u>	<u>\$ 15,280</u>	<u>\$ 10,598</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 14,997</u>	<u>\$ (12,605)</u>	<u>\$ (12,605)</u>	<u>\$ 27,602</u>
Net Change in Fund Balance	\$ 14,997	\$ (12,605)	\$ (12,605)	\$ 27,602
Fund Balance, July 1, 2014	<u>22,895</u>	<u>50,034</u>	<u>50,034</u>	<u>(27,139)</u>
Fund Balance, June 30, 2015	<u>\$ 37,892</u>	<u>\$ 37,429</u>	<u>\$ 37,429</u>	<u>\$ 463</u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit G

Decatur County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 522,718	\$ 855,465	\$ 984,591	\$ (461,873)
Other Local Revenues	2,676	0	0	2,676
Other Governments and Citizens Groups	807,817	781,000	842,100	(34,283)
Total Revenues	<u>\$ 1,333,211</u>	<u>\$ 1,636,465</u>	<u>\$ 1,826,691</u>	<u>\$ (493,480)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 275,458	\$ 420,458	\$ 275,458	\$ 0
Education	901,100	840,000	901,100	0
<u>Interest on Debt</u>				
General Government	295,359	305,521	294,134	(1,225)
Education	60,125	60,125	60,125	0
<u>Other Debt Service</u>				
General Government	167,205	25,001	181,388	14,183
Highways and Streets	5,000	5,000	5,000	0
Education	5,500	6,000	6,000	500
Total Expenditures	<u>\$ 1,709,747</u>	<u>\$ 1,662,105</u>	<u>\$ 1,723,205</u>	<u>\$ 13,458</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (376,536)</u>	<u>\$ (25,640)</u>	<u>\$ 103,486</u>	<u>\$ (480,022)</u>
Net Change in Fund Balance	\$ (376,536)	\$ (25,640)	\$ 103,486	\$ (480,022)
Fund Balance, July 1, 2014	<u>1,142,899</u>	<u>1,380,981</u>	<u>1,380,981</u>	<u>(238,082)</u>
Fund Balance, June 30, 2015	<u>\$ 766,363</u>	<u>\$ 1,355,341</u>	<u>\$ 1,484,467</u>	<u>\$ (718,104)</u>

# Fiduciary Funds

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

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Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis. Also, the cities have pledged their share of a one-cent local option sales tax increase to retire school bonds.

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

Decatur County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2015

	<u>Agency Funds</u>		
	Cities- Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 886,457	\$ 886,457
Due from Other Governments	143,535	0	143,535
Total Assets	<u>\$ 143,535</u>	<u>\$ 886,457</u>	<u>\$ 1,029,992</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 143,535	\$ 0	\$ 143,535
Due to Litigants, Heirs, and Others	0	886,457	886,457
Total Liabilities	<u>\$ 143,535</u>	<u>\$ 886,457</u>	<u>\$ 1,029,992</u>

Exhibit H-2

Decatur County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 827,613	\$ 827,613	\$ 0
Due from Other Governments	148,229	143,535	148,229	143,535
Total Assets	\$ 148,229	\$ 971,148	\$ 975,842	\$ 143,535
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 148,229	\$ 971,148	\$ 975,842	\$ 143,535
Total Liabilities	\$ 148,229	\$ 971,148	\$ 975,842	\$ 143,535
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 856,741	\$ 3,176,999	\$ 3,147,283	\$ 886,457
Total Assets	\$ 856,741	\$ 3,176,999	\$ 3,147,283	\$ 886,457
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 856,741	\$ 3,176,999	\$ 3,147,283	\$ 886,457
Total Liabilities	\$ 856,741	\$ 3,176,999	\$ 3,147,283	\$ 886,457
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 856,741	\$ 3,176,999	\$ 3,147,283	\$ 886,457
Equity in Pooled Cash and Investments	0	827,613	827,613	0
Due from Other Governments	148,229	143,535	148,229	143,535
Total Assets	\$ 1,004,970	\$ 4,148,147	\$ 4,123,125	\$ 1,029,992
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 148,229	\$ 971,148	\$ 975,842	\$ 143,535
Due to Litigants, Heirs, and Others	856,741	3,176,999	3,147,283	886,457
Total Liabilities	\$ 1,004,970	\$ 4,148,147	\$ 4,123,125	\$ 1,029,992

# Decatur County School Department

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This section presents combining and individual fund financial statements for the Decatur 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. Prior to July 1, 2014, cafeteria operations were not centralized and were reported by the individual schools.

Exhibit I-1

Decatur County, Tennessee  
Statement of Activities  
Discretely Presented Decatur County School Department  
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Total Governmental Activities
Governmental Activities:				
Instruction	\$ 8,440,775	\$ 0	\$ 708,530	\$ (7,732,245)
Support Services	4,216,573	79,546	174,280	(3,962,747)
Operation of Non-instructional Services	1,556,291	292,070	1,098,881	(165,340)
Total Governmental Activities	\$ 14,213,639	\$ 371,616	\$ 1,981,691	\$ (11,860,332)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,835,919
Local Option Sales Taxes				1,145,928
Wheel Tax				141,244
Mineral Severance Tax				38,306
Other Local Taxes				4,885
Grants and Contributions Not Restricted to Specific Programs				8,732,428
Unrestricted Investment Income				12,159
Miscellaneous				22,056
Pension Income				37,005
Total General Revenues				\$ 11,969,930
Change in Net Position				\$ 109,598
Net Position, July 1, 2014				10,255,201
Restatement - Pension Liability (See Note I.D.9)				(2,226,972)
Net Position, June 30, 2015				\$ 8,137,827

Exhibit I-2

Decatur County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Decatur County School Department  
June 30, 2015

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 4,152,096	\$ 323,019	\$ 4,475,115
Accounts Receivable	4,084	0	4,084
Due from Other Governments	206,524	66,266	272,790
Property Taxes Receivable	1,927,837	0	1,927,837
Allowance for Uncollectible Property Taxes	(57,354)	0	(57,354)
Total Assets	<u>\$ 6,233,187</u>	<u>\$ 389,285</u>	<u>\$ 6,622,472</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 29,907	\$ 0	\$ 29,907
Payroll Deductions Payable	529,830	56,002	585,832
Contracts Payable	374,416	0	374,416
Retainage Payable	25,087	0	25,087
Due to Primary Government	458,371	0	458,371
Total Liabilities	<u>\$ 1,417,611</u>	<u>\$ 56,002</u>	<u>\$ 1,473,613</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,792,111	\$ 0	\$ 1,792,111
Deferred Delinquent Property Taxes	73,733	0	73,733
Other Deferred/Unavailable Revenue	105,949	0	105,949
Total Deferred Inflows of Resources	<u>\$ 1,971,793</u>	<u>\$ 0</u>	<u>\$ 1,971,793</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 10,513	\$ 742	\$ 11,255
Restricted for Operation of Non-instructional Services	0	232,541	232,541
Assigned:			
Assigned for Education	444,606	100,000	544,606
Unassigned	2,388,664	0	2,388,664
Total Fund Balances	<u>\$ 2,843,783</u>	<u>\$ 333,283</u>	<u>\$ 3,177,066</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,233,187</u>	<u>\$ 389,285</u>	<u>\$ 6,622,472</u>

Exhibit I-3

Decatur County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
Discretely Presented Decatur County School Department  
June 30, 2015

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)		\$	3,177,066
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	239,448	
Add: construction in progress		476,662	
Add: buildings and improvements net of accumulated depreciation		4,908,841	
Add: other capital assets net of accumulated depreciation		<u>1,239,911</u>	6,864,862
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other postemployment benefits liability			(511,306)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as a component of pension expense in future years.			
Add: deferred outflows of resources related to pensions	\$	687,513	
Less: deferred inflows of resources related to pensions		<u>(2,579,169)</u>	(1,891,656)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	291,332	
Add: net pension asset - cost-sharing plan		<u>27,847</u>	319,179
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			
			<u>179,682</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>8,137,827</u></u>

Exhibit I-4

Decatur County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Decatur County School Department  
For the Year Ended June 30, 2015

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 3,205,947	\$ 0	\$ 3,205,947
Licenses and Permits	703	0	703
Charges for Current Services	117,339	254,277	371,616
Other Local Revenues	54,519	34	54,553
State of Tennessee	8,866,966	0	8,866,966
Federal Government	0	1,813,337	1,813,337
Total Revenues	<u>\$ 12,245,474</u>	<u>\$ 2,067,648</u>	<u>\$ 14,313,122</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 6,796,375	\$ 789,815	\$ 7,586,190
Support Services	4,172,370	231,303	4,403,673
Operation of Non-instructional Services	518,047	1,027,797	1,545,844
Capital Outlay	728,230	0	728,230
Debt Service:			
Other Debt Service	513,414	0	513,414
Total Expenditures	<u>\$ 12,728,436</u>	<u>\$ 2,048,915</u>	<u>\$ 14,777,351</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (482,962)</u>	<u>\$ 18,733</u>	<u>\$ (464,229)</u>
Net Change in Fund Balances	\$ (482,962)	\$ 18,733	\$ (464,229)
Fund Balance, July 1, 2014	<u>3,326,745</u>	<u>314,550</u>	<u>3,641,295</u>
Fund Balance, June 30, 2015	<u>\$ 2,843,783</u>	<u>\$ 333,283</u>	<u>\$ 3,177,066</u>

Exhibit I-5

Decatur County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Decatur County School Department  
For the Year Ended June 30, 2015

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)		\$	(464,229)
(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	\$	583,736	
Less: current-year depreciation expense		<u>(663,825)</u>	(80,089)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Less: book value of capital assets disposed			(10,387)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$	179,682	
Less: deferred delinquent property taxes and other deferred June 30, 2014		<u>(196,185)</u>	(16,503)
(4) The contributions of long-term debt (e.g., notes) by the primary government provides current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
Add: principal contribution on note to primary government			61,100
(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 other postemployment benefits liability	\$	(34,789)	
Change in deferred outflows related to pensions		687,513	
Change in deferred inflows related to pensions		(2,579,169)	
Change in net pension asset - agent plan		203,706	
Change in net pension asset - cost-sharing plan		<u>2,342,445</u>	<u>619,706</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 109,598</u>

Exhibit I-6

Decatur County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Decatur County School Department  
June 30, 2015

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 75,876	\$ 247,143	\$ 323,019
Due from Other Governments	66,266	0	66,266
Total Assets	<u>\$ 142,142</u>	<u>\$ 247,143</u>	<u>\$ 389,285</u>
<u>LIABILITIES</u>			
Payroll Deductions Payable	\$ 41,400	\$ 14,602	\$ 56,002
Total Liabilities	<u>\$ 41,400</u>	<u>\$ 14,602</u>	<u>\$ 56,002</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 742	\$ 0	\$ 742
Restricted for Operation of Non-instructional Services	0	232,541	232,541
Assigned:			
Assigned for Education	100,000	0	100,000
Total Fund Balances	<u>\$ 100,742</u>	<u>\$ 232,541</u>	<u>\$ 333,283</u>
Total Liabilities and Fund Balances	<u>\$ 142,142</u>	<u>\$ 247,143</u>	<u>\$ 389,285</u>

Exhibit I-7

Decatur County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Decatur County School Department  
For the Year Ended June 30, 2015

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 254,277	\$ 254,277
Other Local Revenues	0	34	34
Federal Government	1,195,364	617,973	1,813,337
Total Revenues	<u>\$ 1,195,364</u>	<u>\$ 872,284</u>	<u>\$ 2,067,648</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 789,815	\$ 0	\$ 789,815
Support Services	231,303	0	231,303
Operation of Non-instructional Services	173,504	854,293	1,027,797
Total Expenditures	<u>\$ 1,194,622</u>	<u>\$ 854,293</u>	<u>\$ 2,048,915</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 742</u>	<u>\$ 17,991</u>	<u>\$ 18,733</u>
Net Change in Fund Balances	\$ 742	\$ 17,991	\$ 18,733
Fund Balance, July 1, 2014	100,000	214,550	314,550
Fund Balance, June 30, 2015	<u>\$ 100,742</u>	<u>\$ 232,541</u>	<u>\$ 333,283</u>

Exhibit I-8

Decatur County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Decatur County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,205,947	\$ 0	\$ 0	\$ 3,205,947	\$ 3,232,290	\$ 3,232,290	\$ (26,343)
Licenses and Permits	703	0	0	703	1,500	1,500	(797)
Charges for Current Services	117,339	0	0	117,339	121,000	141,000	(23,661)
Other Local Revenues	54,519	0	0	54,519	34,000	48,193	6,326
State of Tennessee	8,866,966	0	0	8,866,966	8,861,535	8,919,475	(52,509)
<b>Total Revenues</b>	<b>\$ 12,245,474</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 12,245,474</b>	<b>\$ 12,250,325</b>	<b>\$ 12,342,458</b>	<b>\$ (96,984)</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 5,581,735	\$ (1,620)	\$ 0	\$ 5,580,115	\$ 6,136,350	\$ 6,150,543	\$ 570,428
Alternative Instruction Program	157	0	0	157	500	500	343
Special Education Program	829,835	(2,896)	0	826,939	882,700	882,700	55,761
Vocational Education Program	384,648	0	0	384,648	413,650	413,650	29,002
<u>Support Services</u>							
Attendance	104,925	0	0	104,925	120,300	120,300	15,375
Health Services	241,548	(6,112)	0	235,436	242,562	246,063	10,627
Other Student Support	547,561	(9,700)	0	537,861	547,300	559,300	21,439
Regular Instruction Program	729,170	0	0	729,170	756,300	752,800	23,630
Special Education Program	141,992	0	0	141,992	136,400	144,400	2,408
Vocational Education Program	38,703	0	0	38,703	48,800	48,800	10,097
Other Programs	57,940	0	0	57,940	0	57,940	0
Board of Education	162,162	(179)	624	162,607	166,275	166,275	3,668
Director of Schools	141,115	0	0	141,115	148,600	148,600	7,485
Office of the Principal	364,961	0	0	364,961	372,470	372,470	7,509
Fiscal Services	86,415	0	0	86,415	89,750	89,750	3,335
Operation of Plant	792,581	0	0	792,581	882,250	882,250	89,669
Maintenance of Plant	164,529	(209)	625	164,945	205,400	205,400	40,455
Transportation	598,768	(19,372)	0	579,396	678,800	678,800	99,404

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-instructional Services</u>							
Food Service	\$ 46,821	\$ 0	\$ 0	\$ 46,821	\$ 55,997	\$ 55,997	\$ 9,176
Community Services	141,959	0	0	141,959	276,907	276,907	134,948
Early Childhood Education	329,267	0	0	329,267	337,512	337,512	8,245
<u>Capital Outlay</u>							
Regular Capital Outlay	728,230	(36,581)	443,357	1,135,006	200,000	1,198,381	63,375
<u>Principal on Debt</u>							
Education	0	0	0	0	61,100	0	0
<u>Other Debt Service</u>							
Education	513,414	0	0	513,414	0	517,100	3,686
Total Expenditures	\$ 12,728,436	\$ (76,669)	\$ 444,606	\$ 13,096,373	\$ 12,759,923	\$ 14,306,438	\$ 1,210,065
Excess (Deficiency) of Revenues Over Expenditures	\$ (482,962)	\$ 76,669	\$ (444,606)	\$ (850,899)	\$ (509,598)	\$ (1,963,980)	\$ 1,113,081
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0	\$ (456,000)	\$ 0	\$ 0
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0	\$ (456,000)	\$ 0	\$ 0
Net Change in Fund Balance	\$ (482,962)	\$ 76,669	\$ (444,606)	\$ (850,899)	\$ (965,598)	\$ (1,963,980)	\$ 1,113,081
Fund Balance, July 1, 2014	3,326,745	(76,669)	0	3,250,076	2,237,425	2,237,425	1,012,651
Fund Balance, June 30, 2015	\$ 2,843,783	\$ 0	\$ (444,606)	\$ 2,399,177	\$ 1,271,827	\$ 273,445	\$ 2,125,732

Exhibit I-9

Decatur County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Decatur County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,195,364	\$ 1,369,608	\$ 1,372,003	\$ (176,639)
Total Revenues	\$ 1,195,364	\$ 1,369,608	\$ 1,372,003	\$ (176,639)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 429,933	\$ 469,126	\$ 474,126	\$ 44,193
Special Education Program	342,732	416,876	419,293	76,561
Vocational Education Program	17,150	17,150	17,150	0
<u>Support Services</u>				
Other Student Support	34,789	43,831	43,808	9,019
Regular Instruction Program	85,182	116,613	111,613	26,431
Special Education Program	70,459	80,285	80,285	9,826
Vocational Education Program	1,364	1,364	1,364	0
Transportation	39,509	45,363	45,364	5,855
<u>Operation of Non-instructional Services</u>				
Community Services	173,504	179,000	179,000	5,496
Total Expenditures	\$ 1,194,622	\$ 1,369,608	\$ 1,372,003	\$ 177,381
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 742	\$ 0	\$ 0	\$ 742
Net Change in Fund Balance				
Fund Balance, July 1, 2014	\$ 100,000	\$ 0	\$ 0	\$ 742
Fund Balance, June 30, 2015	\$ 100,742	\$ 0	\$ 0	\$ 100,742

Exhibit I-10

Decatur County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Decatur County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 254,277	\$ 0	\$ 254,277	\$ 299,000	\$ 299,000	\$ (44,723)
Other Local Revenues	34	0	34	0	0	34
Federal Government	617,973	0	617,973	545,800	565,800	52,173
Total Revenues	<u>\$ 872,284</u>	<u>\$ 0</u>	<u>\$ 872,284</u>	<u>\$ 844,800</u>	<u>\$ 864,800</u>	<u>\$ 7,484</u>
<u>Expenditures</u>						
<u>Operation of Non-instructional Services</u>						
Food Service	\$ 854,293	\$ 19,071	\$ 873,364	\$ 844,065	\$ 883,136	\$ 9,772
Total Expenditures	<u>\$ 854,293</u>	<u>\$ 19,071</u>	<u>\$ 873,364</u>	<u>\$ 844,065</u>	<u>\$ 883,136</u>	<u>\$ 9,772</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 17,991</u>	<u>\$ (19,071)</u>	<u>\$ (1,080)</u>	<u>\$ 735</u>	<u>\$ (18,336)</u>	<u>\$ 17,256</u>
Net Change in Fund Balance	\$ 17,991	\$ (19,071)	\$ (1,080)	\$ 735	\$ (18,336)	\$ 17,256
Fund Balance, July 1, 2014	<u>214,550</u>	<u>0</u>	<u>214,550</u>	<u>0</u>	<u>0</u>	<u>214,550</u>
Fund Balance, June 30, 2015	<u>\$ 232,541</u>	<u>\$ (19,071)</u>	<u>\$ 213,470</u>	<u>\$ 735</u>	<u>\$ (18,336)</u>	<u>\$ 231,806</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

Decatur County, Tennessee  
Schedule of Changes in Long-term Notes and Bonds  
For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Paid and/or Matured During Period	Outstanding 6-30-15
<u>NOTES PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Beech River Airport	\$ 245,500	4.05	% 10-28-05	10-21-17	\$ 81,836	\$ 20,458	\$ 61,378
<u>Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund</u>							
Energy Efficiency Loan	427,694	0	4-1-08	6-1-15	\$ 61,100	\$ 61,100	\$ 0
Total Notes Payable					<u>\$ 142,936</u>	<u>\$ 81,558</u>	<u>\$ 61,378</u>
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Improvement Bonds, Series 2007	6,000,000	4.14	5-9-07	5-1-37	\$ 5,235,000	\$ 145,000	\$ 5,090,000
General Obligation Refunding Bonds, Series 2008	3,840,000	2.2 to 4	6-5-08	6-1-27	1,670,000	85,000	1,585,000
General Obligation Improvement Bonds, Series 2008	520,000	2.2 to 4	6-5-08	6-1-27	390,000	25,000	365,000
School Refunding Bonds, Series 2013	4,205,000	1 to 2	11-27-13	3-1-18	3,430,000	840,000	2,590,000
Total Bonds Payable					<u>\$ 10,725,000</u>	<u>\$ 1,095,000</u>	<u>\$ 9,630,000</u>

Exhibit J-2

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

Year Ending June 30	Note		
	Principal	Interest	Total
2016	\$ 20,458	\$ 2,486	\$ 22,944
2017	20,458	1,657	22,115
2018	20,462	829	21,291
Total	\$ 61,378	\$ 4,972	\$ 66,350

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 1,125,000	\$ 328,803	\$ 1,453,803
2017	1,155,000	305,899	1,460,899
2018	1,150,000	277,948	1,427,948
2019	305,000	249,929	554,929
2020	325,000	238,568	563,568
2021	335,000	226,169	561,169
2022	350,000	213,388	563,388
2023	365,000	199,801	564,801
2024	385,000	185,626	570,626
2025	405,000	170,411	575,411
2026	420,000	154,406	574,406
2027	440,000	137,606	577,606
2028	235,000	120,006	355,006
2029	245,000	110,313	355,313
2030	255,000	100,206	355,206
2031	270,000	89,688	359,688
2032	280,000	78,550	358,550
2033	290,000	67,000	357,000
2034	305,000	55,038	360,038
2035	315,000	42,075	357,075
2036	330,000	28,688	358,688
2037	345,000	14,663	359,663
Total	\$ 9,630,000	\$ 3,394,781	\$ 13,024,781

Exhibit J-3

Decatur County, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Highway/Public Works	Equipment	<u>\$ 49,000</u>
Total Transfers			<u><u>\$ 49,000</u></u>

Exhibit J-4

Decatur County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Decatur County School Department  
For the Year Ended June 30, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Michael Smith (7-1-14 through 8-31-14)	Section 8-24-102, TCA	\$ 11,231	\$ 25,000	Auto Owners Insurance Company
Mike Creasy (9-1-14 through 6-30-15)	Section 8-24-102, TCA	56,155	100,000	"
Road Supervisor:				
David Keeton (7-1-14 through 8-31-14)	Section 8-24-102, TCA	10,696	100,000	"
Robert Montgomery (9-1-14 through 6-30-15)	Section 8-24-102, TCA	53,482	100,000	"
Director of Schools:				
Dr. Michael Price (7-1-14 through 10-11-14)	State Board of Education and County Board of Education	29,433 (1)	50,000	Ohio Casualty Insurance Company
Branson Townsend (10-12-14 through 6-30-15)	State Board of Education and County Board of Education	68,567	100,000	Auto Owners Insurance Company
Trustee	Section 8-24-102, TCA	58,343	557,241	"
Assessor of Property	Section 8-24-102, TCA	58,343	50,000	"
County Clerk	Section 8-24-102, TCA	58,343	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	58,343	50,000	"
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge	58,343 (2)	35,000	Ohio Casualty Insurance Company
Register of Deeds	Section 8-24-102, TCA	58,343	50,000	Auto Owners Insurance Company
Sheriff:				
Roy Wyatt (7-1-14 through 8-31-14)	Section 8-24-102, TCA	10,696 (3)	25,000	"
Keith Byrd (9-1-14 through 6-30-15)	Section 8-24-102, TCA	53,482	100,000	"
Employee Blanket Bonds:				
Office:				
County Mayor - All Employees			150,000	Local Government Property and Casualty Fund
Road Supervisor - All Employees			150,000	"
Director of Schools - All Employees			150,000	Tennessee Risk Management Trust

(1) Includes a career ladder supplement of \$1,200.

(2) Does not include special commissioner fees of \$1,790.

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

Exhibit J-5

Decatur County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2015

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,980,890	\$ 234,297	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	110,181	13,736	0	0	0	0
Trustee's Collections - Bankruptcy	567	76	0	0	0	0
Circuit/Clerk and Master Collections - Prior Years	44,344	6,002	0	0	0	0
Interest and Penalty	18,905	2,348	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	76,431	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	273	4	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	192,843	0	0	0	0	0
Hotel/Motel Tax	27,147	0	0	0	0	0
Wheel Tax	288,162	0	447,649	0	0	0
Litigation Tax - General	58,685	0	0	0	0	0
Litigation Tax - Special Purpose	325	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Business Tax	81,172	0	0	0	0	0
Mixed Drink Tax	2,521	0	0	0	0	0
Mineral Severance Tax	25,954	0	0	0	0	25,954
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	0	801
Wholesale Beer Tax	166,006	0	0	0	0	0
Interstate Telecommunications Tax	262	0	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 3,074,668</b>	<b>\$ 256,463</b>	<b>\$ 447,649</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 26,755</b>

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 4,257	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits	712	0	0	0	0	0
Other Permits	130	0	0	0	0	0
Total Licenses and Permits	\$ 5,099	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 2,839	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	1,907	0	0	0	0	0
Drug Court Fees	463	0	0	0	0	0
DUI Treatment Fines	570	0	0	0	0	0
Data Entry Fee - Circuit Court	1,793	0	0	0	0	0
Victims Assistance Assessments	1,386	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	31,418	0	0	0	0	0
Officers Costs	14,847	0	0	0	0	0
Game and Fish Fines	1,431	0	0	0	0	0
Drug Control Fines	0	0	0	3,154	0	0
Drug Court Fees	4,490	0	0	0	0	0
Jail Fees	3,063	0	0	0	0	0
DUI Treatment Fines	8,206	0	0	0	0	0
Data Entry Fee - General Sessions Court	6,745	0	0	0	0	0
Courtroom Security Fee	101	0	0	0	0	0
Victims Assistance Assessments	17,230	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court</u>						
Fines	\$ 1,851	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Chancery Court</u>						
Officers Costs	1,929	0	0	0	0	0
Data Entry Fee - Chancery Court	1,263	0	0	0	0	0
Courtroom Security Fee	10	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	950	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 102,492	\$ 0	\$ 0	\$ 3,154	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Host Agency	\$ 0	\$ 72,866	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Disposal Fee	0	448	0	0	0	0
Patient Charges	1,389,656	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	134,720	0	0	0	0	0
Copy Fees	22	0	0	0	0	0
Telephone Commissions	10,314	0	0	0	0	0
Vending Machine Collections	25,484	0	0	0	0	0
Constitutional Officers' Fees and Commissions	3,400	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	1,790	0
Data Processing Fee - Register	5,066	0	0	0	0	0
Probation Fees	26,230	0	0	0	0	0
Data Processing Fee - Sheriff	975	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,000	0	0	0	0	0
Data Processing Fee - County Clerk	421	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>Education Charges</u>						
Community Service Fees - Adults	\$ 26,640	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Charges for Services</u>						
Other Charges for Services	31,300	467	0	0	0	0
Total Charges for Current Services	\$ 1,656,228	\$ 73,781	\$ 0	\$ 0	\$ 1,790	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sale of Materials and Supplies	2,039	0	0	0	0	0
Sale of Recycled Materials	0	30,139	0	0	0	1,123
Miscellaneous Refunds	21,856	0	0	800	0	10,523
<u>Nonrecurring Items</u>						
Sale of Equipment	0	5,600	0	0	0	25,131
Damages Recovered from Individuals	70	0	0	0	0	0
Contributions and Gifts	0	0	0	11,749	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	3,809	0	0	0	0	0
Total Other Local Revenues	\$ 27,774	\$ 35,739	\$ 0	\$ 12,549	\$ 0	\$ 36,777
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 135,073	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	51,200	0	0	0	0	0
General Sessions Court Clerk	119,025	0	0	0	0	0
Clerk and Master	37,129	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials (Cont.)</u>						
<u>Fees in-Lieu-of Salary (Cont.)</u>						
Register	\$ 55,587	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sheriff	12,527	0	0	0	0	0
Trustee	131,798	0	0	0	0	0
Total Fees Received from County Officials	<u>\$ 542,339</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 54,544	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	19,863	0	0	0	0	0
Solid Waste Grants	0	1,435	0	0	0	0
<u>Public Works Grants</u>						
Litter Program	2,287	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	19,850	0	0	0	0	0
Resort District Sales Tax	211,191	0	0	0	0	0
Beer Tax	18,055	0	0	0	0	0
Vehicle Certificate of Title Fees	7,860	0	0	0	0	0
Alcoholic Beverage Tax	32,605	0	0	0	0	0
State Revenue Sharing - T.V.A.	378,926	0	0	0	0	0
Contracted Prisoner Boarding	129,019	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,457,620
Petroleum Special Tax	0	0	0	0	0	8,483
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	16,116	0	0	0	0	0
Other State Revenues	337,935	4,887	0	0	0	0
Total State of Tennessee	<u>\$ 1,243,415</u>	<u>\$ 6,322</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,466,103</u>

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 229,809	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	0	0	0	0	0	96,020
Homeland Security Grants	27,000	0	0	0	0	0
Law Enforcement Grants	3,321	0	0	0	0	0
Other Federal through State	6,498	0	0	0	0	0
Total Federal Government	<u>\$ 266,628</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 96,020</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 130,831	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Citizens Groups</u>						
Donations	2,555	0	0	0	0	0
<u>Other</u>						
Other	25,857	0	0	3,976	0	0
Total Other Governments and Citizens Groups	<u>\$ 159,243</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,976</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 7,077,886</u>	<u>\$ 372,305</u>	<u>\$ 447,649</u>	<u>\$ 19,679</u>	<u>\$ 1,790</u>	<u>\$ 1,625,655</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service</u>		
	<u>Fund</u>		
	General	Debt	Total
	Service		
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 319,496	\$	2,534,683
Trustee's Collections - Prior Year	20,517		144,434
Trustee's Collections - Bankruptcy	75		718
Circuit/Clerk and Master Collections - Prior Years	7,846		58,192
Interest and Penalty	3,472		24,725
Payments in-Lieu-of Taxes - Local Utilities	0		76,431
Payments in-Lieu-of Taxes - Other	5		282
<u>County Local Option Taxes</u>			
Local Option Sales Tax	128,562		321,405
Hotel/Motel Tax	0		27,147
Wheel Tax	0		735,811
Litigation Tax - General	0		58,685
Litigation Tax - Special Purpose	0		325
Litigation Tax - Jail, Workhouse, or Courthouse	42,583		42,583
Business Tax	0		81,172
Mixed Drink Tax	0		2,521
Mineral Severance Tax	0		51,908
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0		801
Wholesale Beer Tax	0		166,006
Interstate Telecommunications Tax	162		424
Total Local Taxes	<u>\$ 522,718</u>	<u>\$</u>	<u>4,328,253</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>		<u>Total</u>
	General		
	Debt		
	Service		
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Cable TV Franchise	\$	0	\$ 4,257
<u>Permits</u>			
Beer Permits		0	712
Other Permits		0	130
Total Licenses and Permits	\$	0	\$ 5,099
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$	0	\$ 2,839
Officers Costs		0	1,907
Drug Court Fees		0	463
DUI Treatment Fines		0	570
Data Entry Fee - Circuit Court		0	1,793
Victims Assistance Assessments		0	1,386
<u>General Sessions Court</u>			
Fines		0	31,418
Officers Costs		0	14,847
Game and Fish Fines		0	1,431
Drug Control Fines		0	3,154
Drug Court Fees		0	4,490
Jail Fees		0	3,063
DUI Treatment Fines		0	8,206
Data Entry Fee - General Sessions Court		0	6,745
Courtroom Security Fee		0	101
Victims Assistance Assessments		0	17,230

(Continued)

Exhibit J-5

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

	Debt Service Fund	
	General	
	Debt	
	Service	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Juvenile Court</u>		
Fines	\$ 0	\$ 1,851
<u>Chancery Court</u>		
Officers Costs	0	1,929
Data Entry Fee - Chancery Court	0	1,263
Courtroom Security Fee	0	10
<u>Other Fines, Forfeitures, and Penalties</u>		
Other Fines, Forfeitures, and Penalties	0	950
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 105,646</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Surcharge - Host Agency	\$ 0	\$ 72,866
Solid Waste Disposal Fee	0	448
Patient Charges	0	1,389,656
<u>Fees</u>		
Recreation Fees	0	134,720
Copy Fees	0	22
Telephone Commissions	0	10,314
Vending Machine Collections	0	25,484
Constitutional Officers' Fees and Commissions	0	3,400
Special Commissioner Fees/Special Master Fees	0	1,790
Data Processing Fee - Register	0	5,066
Probation Fees	0	26,230
Data Processing Fee - Sheriff	0	975
Sexual Offender Registration Fee - Sheriff	0	2,000
Data Processing Fee - County Clerk	0	421

(Continued)

Exhibit J-5

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

	Debt Service Fund		Total
	General		
	Debt		
	Service		
<u>Charges for Current Services (Cont.)</u>			
<u>Education Charges</u>			
Community Service Fees - Adults	\$	0	\$ 26,640
<u>Other Charges for Services</u>			
Other Charges for Services		0	31,767
Total Charges for Current Services	\$	0	\$ 1,731,799
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$	2,676	\$ 2,676
Sale of Materials and Supplies		0	2,039
Sale of Recycled Materials		0	31,262
Miscellaneous Refunds		0	33,179
<u>Nonrecurring Items</u>			
Sale of Equipment		0	30,731
Damages Recovered from Individuals		0	70
Contributions and Gifts		0	11,749
<u>Other Local Revenues</u>			
Other Local Revenues		0	3,809
Total Other Local Revenues	\$	2,676	\$ 115,515
<u>Fees Received from County Officials</u>			
<u>Fees in-Lieu-of Salary</u>			
County Clerk	\$	0	\$ 135,073
Circuit Court Clerk		0	51,200
General Sessions Court Clerk		0	119,025
Clerk and Master		0	37,129

(Continued)

Exhibit J-5

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

	Debt Service Fund	
	General	
	Debt	
	Service	Total
<u>Fees Received from County Officials (Cont.)</u>		
<u>Fees in-Lieu-of Salary (Cont.)</u>		
Register	\$ 0	\$ 55,587
Sheriff	0	12,527
Trustee	0	131,798
Total Fees Received from County Officials	<u>\$ 0</u>	<u>\$ 542,339</u>
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 54,544
Aging Programs	0	19,863
Solid Waste Grants	0	1,435
<u>Public Works Grants</u>		
Litter Program	0	2,287
<u>Other State Revenues</u>		
Income Tax	0	19,850
Resort District Sales Tax	0	211,191
Beer Tax	0	18,055
Vehicle Certificate of Title Fees	0	7,860
Alcoholic Beverage Tax	0	32,605
State Revenue Sharing - T.V.A.	0	378,926
Contracted Prisoner Boarding	0	129,019
Gasoline and Motor Fuel Tax	0	1,457,620
Petroleum Special Tax	0	8,483
Registrar's Salary Supplement	0	15,164
Other State Grants	0	16,116
Other State Revenues	0	342,822
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 2,715,840</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General	
	Debt	
	Service	Total
<hr/>		
<u>Federal Government</u>		
<u>Federal Through State</u>		
Community Development	\$ 0	\$ 229,809
Disaster Relief	0	96,020
Homeland Security Grants	0	27,000
Law Enforcement Grants	0	3,321
Other Federal through State	0	6,498
Total Federal Government	<u>\$ 0</u>	<u>\$ 362,648</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	\$ 807,817	\$ 938,648
<u>Citizens Groups</u>		
Donations	0	2,555
<u>Other</u>		
Other	0	29,833
Total Other Governments and Citizens Groups	<u>\$ 807,817</u>	<u>\$ 971,036</u>
Total	<u>\$ 1,333,211</u>	<u>\$ 10,878,175</u>

Exhibit J-6

Decatur County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Decatur County School Department  
For the Year Ended June 30, 2015

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,703,998	\$ 0	\$ 0	\$ 1,703,998
Trustee's Collections - Prior Year	84,321	0	0	84,321
Trustee's Collections - Bankruptcy	369	0	0	369
Circuit/Clerk and Master Collections - Prior Years	33,720	0	0	33,720
Interest and Penalty	14,631	0	0	14,631
Payments in-Lieu-of Taxes - T.V.A.	9,355	0	0	9,355
Payments in-Lieu-of Taxes - Local Utilities	8,700	0	0	8,700
Payments in-Lieu-of Taxes - Other	3,345	0	0	3,345
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,141,063	0	0	1,141,063
Wheel Tax	141,244	0	0	141,244
Mixed Drink Tax	3,095	0	0	3,095
Mineral Severance Tax	41,329	0	0	41,329
<u>Statutory Local Taxes</u>				
Bank Excise Tax	19,227	0	0	19,227
Interstate Telecommunications Tax	1,550	0	0	1,550
Total Local Taxes	\$ 3,205,947	\$ 0	\$ 0	\$ 3,205,947
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 703	\$ 0	\$ 0	\$ 703
Total Licenses and Permits	\$ 703	\$ 0	\$ 0	\$ 703

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 143,646	\$ 143,646
Lunch Payments - Adults	0	0	21,999	21,999
Income from Breakfast	0	0	33,118	33,118
A la carte Sales	0	0	55,514	55,514
Receipts from Individual Schools	22,648	0	0	22,648
Community Service Fees - Children	37,793	0	0	37,793
<u>Other Charges for Services</u>				
Other Charges for Services	56,898	0	0	56,898
Total Charges for Current Services	\$ 117,339	\$ 0	\$ 254,277	\$ 371,616
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 12,125	\$ 0	\$ 34	\$ 12,159
E-Rate Funding	17,465	0	0	17,465
<u>Nonrecurring Items</u>				
Sale of Equipment	14,193	0	0	14,193
Damages Recovered from Individuals	595	0	0	595
Contributions and Gifts	9,951	0	0	9,951
<u>Other Local Revenues</u>				
Other Local Revenues	190	0	0	190
Total Other Local Revenues	\$ 54,519	\$ 0	\$ 34	\$ 54,553

(Continued)

Exhibit J-6

Decatur County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Decatur 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	\$ 57,940	\$ 0	\$ 0	\$ 57,940
<u>State Education Funds</u>				
Basic Education Program	7,984,614	0	0	7,984,614
Early Childhood Education	290,961	0	0	290,961
School Food Service	8,895	0	0	8,895
Energy Efficient School Initiative	7,550	0	0	7,550
Other State Education Funds	180,459	0	0	180,459
Career Ladder Program	62,589	0	0	62,589
Career Ladder - Extended Contract	22,120	0	0	22,120
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	250,853	0	0	250,853
Other State Grants	985	0	0	985
Total State of Tennessee	\$ 8,866,966	\$ 0	\$ 0	\$ 8,866,966
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 380,109	\$ 380,109
USDA - Commodities	0	0	43,216	43,216
Breakfast	0	0	155,540	155,540
USDA - Other	0	0	20,505	20,505
USDA Food Service Equipment Grant	0	0	18,603	18,603
Vocational Education - Basic Grants to States	0	27,971	0	27,971
Title I Grants to Local Education Agencies	0	445,680	0	445,680
Special Education - Grants to States	0	411,964	0	411,964

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
Special Education Preschool Grants	\$ 0	\$ 41,324	\$ 0	\$ 41,324
English Language Acquisition Grants	0	2,644	0	2,644
Safe and Drug-free Schools - State Grants	0	173,502	0	173,502
Rural Education	0	27,033	0	27,033
Eisenhower Professional Development State Grants	0	65,246	0	65,246
Total Federal Government	<u>\$ 0</u>	<u>\$ 1,195,364</u>	<u>\$ 617,973</u>	<u>\$ 1,813,337</u>
Total	<u>\$ 12,245,474</u>	<u>\$ 1,195,364</u>	<u>\$ 872,284</u>	<u>\$ 14,313,122</u>

Exhibit J-7

Decatur County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	24,050	
Social Security		1,324	
Unemployment Compensation		342	
Employer Medicare		310	
Legal Notices, Recording, and Court Costs		1,429	
Postal Charges		150	
Other Charges		350	
Total County Commission			\$ 27,955

Board of Equalization

Board and Committee Members Fees	\$	550	
Total Board of Equalization			550

Beer Board

Board and Committee Members Fees	\$	850	
Total Beer Board			850

Other Boards and Committees

Board and Committee Members Fees	\$	1,290	
Total Other Boards and Committees			1,290

County Mayor/Executive

County Official/Administrative Officer	\$	67,386	
Accountants/Bookkeepers		70,550	
Social Security		4,189	
Pensions		3,979	
Unemployment Compensation		533	
Employer Medicare		980	
Accounting Services		9,000	
Contributions		300	
Dues and Memberships		1,935	
Maintenance Agreements		1,211	
Maintenance and Repair Services - Office Equipment		157	
Postal Charges		1,813	
Travel		1,343	
Office Supplies		5,035	
Other Charges		189	
Data Processing Equipment		400	
Office Equipment		767	
Total County Mayor/Executive			169,767

Personnel Office

Maintenance Agreements	\$	10,218	
Travel		221	
Other Supplies and Materials		176	
Total Personnel Office			10,615

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

County Official/Administrative Officer	\$	6,426	
Legal Services		11,872	
Total County Attorney			\$ 18,298

Election Commission

County Official/Administrative Officer	\$	52,675	
Part-time Personnel		3,140	
Other Salaries and Wages		24,123	
Election Commission		4,350	
Election Workers		13,530	
Social Security		4,597	
Pensions		2,982	
Unemployment Compensation		361	
Employer Medicare		1,075	
Communication		1,470	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		7,580	
Maintenance Agreements		623	
Maintenance and Repair Services - Buildings		2,400	
Maintenance and Repair Services - Equipment		12,209	
Postal Charges		1,624	
Printing, Stationery, and Forms		22,326	
Rentals		1,300	
Travel		1,610	
Electricity		1,558	
Natural Gas		643	
Office Supplies		1,825	
Water and Sewer		1,321	
Other Supplies and Materials		2,394	
Other Charges		2,000	
Office Equipment		984	
Voting Machines		6,080	
Total Election Commission			174,955

Register of Deeds

County Official/Administrative Officer	\$	58,343	
Secretary(ies)		24,123	
Social Security		4,602	
Pensions		4,694	
Unemployment Compensation		288	
Employer Medicare		1,076	
Dues and Memberships		417	
Maintenance Agreements		1,341	
Office Supplies		697	
Data Processing Equipment		6,547	
Total Register of Deeds			102,128

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Custodial Personnel	\$	8,800	
Communication		25,396	
Maintenance and Repair Services - Buildings		18,292	
Maintenance and Repair Services - Equipment		4,872	
Other Contracted Services		431	
Custodial Supplies		3,004	
Electricity		57,219	
Natural Gas		4,428	
Water and Sewer		1,648	
Other Charges		1,115	
Building Improvements		1,925	
Land		546	
Total County Buildings			\$ 127,676

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	58,343	
Deputy(ies)		23,118	
Other Salaries and Wages		24,123	
In-service Training		295	
Social Security		6,349	
Pensions		6,028	
Unemployment Compensation		432	
Employer Medicare		1,485	
Data Processing Services		1,849	
Dues and Memberships		1,280	
Maintenance Agreements		1,321	
Maintenance and Repair Services - Office Equipment		50	
Maintenance and Repair Services - Vehicles		231	
Postal Charges		490	
Other Contracted Services		800	
Data Processing Supplies		520	
Gasoline		844	
Office Supplies		1,471	
Total Property Assessor's Office			129,029

Reappraisal Program

Other Salaries and Wages	\$	15,104	
Social Security		917	
Unemployment Compensation		237	
Employer Medicare		215	
Data Processing Services		5,381	
Other Supplies and Materials		25	
Total Reappraisal Program			21,879

County Trustee's Office

County Official/Administrative Officer	\$	58,343	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Deputy(ies)	\$	47,641	
Social Security		6,565	
Pensions		6,559	
Unemployment Compensation		432	
Employer Medicare		1,535	
Communication		818	
Data Processing Services		3,254	
Dues and Memberships		637	
Legal Notices, Recording, and Court Costs		14	
Maintenance Agreements		7,191	
Postal Charges		8,578	
Travel		1,114	
Data Processing Supplies		342	
Office Supplies		1,626	
Total County Trustee's Office			\$ 144,649

County Clerk's Office

County Official/Administrative Officer	\$	58,343	
Deputy(ies)		48,246	
Social Security		6,121	
Pensions		6,086	
Unemployment Compensation		432	
Employer Medicare		1,432	
Dues and Memberships		437	
Maintenance Agreements		1,319	
Postal Charges		2,995	
Travel		1,169	
Office Supplies		6,262	
Total County Clerk's Office			132,842

Administration of Justice

Circuit Court

Travel	\$	388	
Total Circuit Court			388

Circuit Court Clerk

County Official/Administrative Officer	\$	58,343	
Deputy(ies)		48,246	
Jury and Witness Expense		4,495	
Social Security		6,139	
Pensions		6,086	
Unemployment Compensation		432	
Employer Medicare		1,436	
Dues and Memberships		402	
Legal Notices, Recording, and Court Costs		877	
Maintenance Agreements		11,800	
Postal Charges		2,338	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court Clerk (Cont.)

Travel	\$	1,424	
Other Contracted Services		2,888	
Office Supplies		2,435	
Total Circuit Court Clerk			\$ 147,341

General Sessions Judge

Judge(s)	\$	89,449	
Probation Officer(s)		16,308	
Social Security		5,756	
Pensions		5,356	
Unemployment Compensation		144	
Employer Medicare		1,346	
Dues and Memberships		175	
Postal Charges		49	
Travel		1,046	
Other Contracted Services		2,888	
Total General Sessions Judge			122,517

Chancery Court

County Official/Administrative Officer	\$	58,343	
Part-time Personnel		60	
Other Salaries and Wages		24,513	
Social Security		6,080	
Pensions		4,694	
Unemployment Compensation		432	
Employer Medicare		1,422	
Dues and Memberships		402	
Maintenance Agreements		5,190	
Postal Charges		478	
Office Supplies		2,616	
Total Chancery Court			104,230

Juvenile Court

County Official/Administrative Officer	\$	30,149	
Social Security		2,144	
Unemployment Compensation		144	
Employer Medicare		502	
Communication		458	
Dues and Memberships		275	
Postal Charges		78	
Travel		705	
Office Supplies		565	
Total Juvenile Court			35,020

Victim Assistance Programs

Other Per Diem and Fees	\$	18,482	
Total Victim Assistance Programs			18,482

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	64,178	
Supervisor/Director		20,293	
Deputy(ies)		403,532	
Investigator(s)		56,792	
Probation Officer(s)		10,035	
Salary Supplements		16,200	
Part-time Personnel		9,091	
Overtime Pay		23,462	
Other Salaries and Wages		4,902	
In-service Training		3,005	
Other Per Diem and Fees		415	
Social Security		26,837	
Pensions		22,054	
Unemployment Compensation		2,981	
Employer Medicare		6,181	
Communication		14,168	
Dues and Memberships		3,799	
Maintenance Agreements		5,313	
Maintenance and Repair Services - Buildings		257	
Maintenance and Repair Services - Equipment		2,794	
Maintenance and Repair Services - Vehicles		17,400	
Postal Charges		2,107	
Travel		4,554	
Other Contracted Services		17,444	
Diesel Fuel		2,106	
Electricity		19	
Gasoline		59,616	
Office Supplies		3,134	
Uniforms		1,316	
Other Supplies and Materials		263	
Other Charges		2,102	
Law Enforcement Equipment		930	
Office Equipment		4,439	
Other Equipment		7,345	
Total Sheriff's Department			\$ 819,064

Drug Enforcement

Social Security	\$	87	
Employer Medicare		20	
Total Drug Enforcement			107

Jail

Supervisor/Director	\$	12,698	
Deputy(ies)		360,670	
Part-time Personnel		6,418	
Overtime Pay		11,178	
In-service Training		1,416	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Social Security	\$	20,986	
Pensions		20,514	
Unemployment Compensation		3,116	
Employer Medicare		4,908	
Accounting Services		4,000	
Communication		508	
Maintenance and Repair Services - Buildings		12,762	
Medical and Dental Services		47,915	
Travel		1,223	
Other Contracted Services		7,227	
Custodial Supplies		13,479	
Drugs and Medical Supplies		1,955	
Electricity		47,930	
Food Supplies		79,076	
Law Enforcement Supplies		560	
Natural Gas		10,622	
Uniforms		1,829	
Water and Sewer		10,355	
Other Supplies and Materials		2,673	
Law Enforcement Equipment		329	
Total Jail			\$ 684,347

Juvenile Services

Assistant(s)	\$	14,789	
Supervisor/Director		21,590	
Youth Service Officer(s)		12,923	
Medical Personnel		28,687	
Social Security		3,462	
Pensions		1,773	
Unemployment Compensation		492	
Employer Medicare		810	
Communication		2,443	
Maintenance Agreements		486	
Postal Charges		98	
Travel		1,331	
Other Contracted Services		500	
Office Supplies		1,063	
Total Juvenile Services			90,447

Work Release Program

Supervisor/Director	\$	45,845	
Probation Officer(s)		178,199	
Accountants/Bookkeepers		9,310	
Part-time Personnel		29,773	
Social Security		14,808	
Pensions		12,547	
Unemployment Compensation		1,452	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Work Release Program (Cont.)

Employer Medicare	\$	3,463	
Other Fringe Benefits		45,122	
Communication		9,234	
Maintenance Agreements		450	
Maintenance and Repair Services - Equipment		1,950	
Postal Charges		540	
Printing, Stationery, and Forms		321	
Travel		12,164	
Other Contracted Services		8,568	
Electricity		1,158	
Natural Gas		971	
Office Supplies		18,839	
Water and Sewer		584	
Building and Contents Insurance		20,360	
Other Charges		1,860	
Motor Vehicles		4,190	
Total Work Release Program			\$ 421,708

Fire Prevention and Control

Supervisor/Director	\$	18,701	
Social Security		1,377	
Pensions		1,361	
Unemployment Compensation		115	
Employer Medicare		322	
Contributions		4,349	
Maintenance and Repair Services - Vehicles		2,200	
General Construction Materials		2,039	
Liability Insurance		42,869	
Total Fire Prevention and Control			73,333

Civil Defense

Supervisor/Director	\$	30,726	
Social Security		420	
Pensions		414	
Unemployment Compensation		55	
Employer Medicare		98	
Communication		1,880	
Diesel Fuel		661	
Electricity		1,102	
Natural Gas		375	
Office Supplies		120	
Other Equipment		3,592	
Total Civil Defense			39,443

Other Emergency Management

Supervisor/Director	\$	35,630	
Probation Officer(s)		2,856	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Dispatchers/Radio Operators	\$	183,706	
Part-time Personnel		53,694	
Overtime Pay		60	
Social Security		15,483	
Pensions		12,411	
Unemployment Compensation		1,538	
Employer Medicare		3,621	
Total Other Emergency Management			\$ 308,999

County Coroner/Medical Examiner

Social Security	\$	341	
Unemployment Compensation		88	
Employer Medicare		80	
Contracts with Government Agencies		41,900	
Other Supplies and Materials		100	
Total County Coroner/Medical Examiner			42,509

Public Health and Welfare

Local Health Center

Salary Supplements	\$	3,926	
Custodial Personnel		5,100	
Communication		3,014	
Maintenance and Repair Services - Buildings		8,536	
Postal Charges		50	
Other Contracted Services		342	
Custodial Supplies		559	
Drugs and Medical Supplies		1,856	
Electricity		4,596	
Instructional Supplies and Materials		5,034	
Natural Gas		927	
Office Supplies		810	
Water and Sewer		2,053	
Other Charges		4,956	
Other Equipment		800	
Total Local Health Center			42,559

Ambulance/Emergency Medical Services

Supervisor/Director	\$	57,968	
Probation Officer(s)		387	
Medical Personnel		467,173	
Dispatchers/Radio Operators		9,993	
Part-time Personnel		161,811	
Overtime Pay		92,131	
In-service Training		21,398	
Social Security		37,053	
Pensions		26,926	
Medical Insurance		34,374	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Unemployment Compensation	\$	4,572	
Employer Medicare		8,665	
Ambulance Services		35	
Communication		7,213	
Dues and Memberships		750	
Evaluation and Testing		785	
Licenses		3,435	
Maintenance Agreements		1,352	
Maintenance and Repair Services - Buildings		3,879	
Maintenance and Repair Services - Equipment		2,707	
Maintenance and Repair Services - Vehicles		34,069	
Postal Charges		263	
Travel		1,457	
Other Contracted Services		70,427	
Custodial Supplies		2,474	
Diesel Fuel		47,423	
Drugs and Medical Supplies		102,908	
Electricity		6,231	
Natural Gas		2,684	
Office Supplies		2,985	
Uniforms		5,693	
Water and Sewer		625	
Other Supplies and Materials		4,693	
Liability Insurance		25,709	
Vehicle and Equipment Insurance		27,340	
Workers' Compensation Insurance		47,518	
Other Charges		4,184	
Motor Vehicles		14,394	
Transportation Equipment		221,232	
Total Ambulance/Emergency Medical Services			\$ 1,564,916
<u>Other Local Health Services</u>			
Contributions	\$	605,940	
Total Other Local Health Services			605,940
<u>General Welfare Assistance</u>			
Contracts with Other Public Agencies	\$	13,300	
Total General Welfare Assistance			13,300
<u>Sanitation Education/Information</u>			
Laborers	\$	23,396	
Overtime Pay		129	
Social Security		1,239	
Unemployment Compensation		144	
Employer Medicare		290	
Other Supplies and Materials		6,435	
Total Sanitation Education/Information			31,633

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare

Supervisor/Director	\$	311	
Travel		67	
Total Other Public Health and Welfare			\$ 378

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	22,350	
Other Salaries and Wages		15,695	
Social Security		3,092	
Pensions		1,290	
Unemployment Compensation		541	
Employer Medicare		723	
Communication		1,656	
Maintenance Agreements		319	
Maintenance and Repair Services - Buildings		728	
Transportation - Other than Students		11,596	
Travel		234	
Electricity		6,021	
Natural Gas		2,041	
Water and Sewer		462	
Other Supplies and Materials		50	
Other Charges		50	
Heating and Air Conditioning Equipment		4,700	
Total Senior Citizens Assistance			71,548

Libraries

Supervisor/Director	\$	23,580	
Other Salaries and Wages		24,709	
Social Security		2,878	
Pensions		1,361	
Unemployment Compensation		517	
Employer Medicare		673	
Communication		1,013	
Dues and Memberships		75	
Maintenance Agreements		1,573	
Maintenance and Repair Services - Buildings		466	
Maintenance and Repair Services - Equipment		180	
Postal Charges		107	
Travel		180	
Data Processing Supplies		1,128	
Library Books/Media		2,262	
Office Supplies		606	
Other Supplies and Materials		715	
Other Charges		2,843	
Data Processing Equipment		3,168	
Total Libraries			68,034

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards

Supervisor/Director	\$	27,477	
Part-time Personnel		29,177	
Social Security		3,306	
Pensions		1,585	
Unemployment Compensation		591	
Employer Medicare		810	
Communication		3,495	
Dues and Memberships		340	
Maintenance and Repair Services - Buildings		3,891	
Maintenance and Repair Services - Equipment		3,070	
Maintenance and Repair Services - Vehicles		57	
Postal Charges		89	
Other Contracted Services		25,924	
Custodial Supplies		7,333	
Electricity		66,377	
Fertilizer, Lime, and Seed		405	
Gasoline		1,799	
Natural Gas		7,818	
Water and Sewer		13,914	
Other Supplies and Materials		654	
Other Charges		112	
Building Construction		1,942	
Other Equipment		1,166	
Total Parks and Fair Boards			\$ 201,332

Other Social, Cultural, and Recreational

Other Charges	\$	765	
Total Other Social, Cultural, and Recreational			765

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	24,772	
Social Security		433	
Pensions		169	
Employee and Dependent Insurance		346	
Other Fringe Benefits		6,508	
Communication		1,424	
Maintenance Agreements		1,008	
Electricity		5,283	
Natural Gas		2,283	
Water and Sewer		894	
Other Supplies and Materials		1,000	
Workers' Compensation Insurance		6	
Total Agricultural Extension Service			44,126

Soil Conservation

Contributions	\$	3,300	
Total Soil Conservation			3,300

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations

Tourism

Advertising	\$ 5,167	
Total Tourism		\$ 5,167

Industrial Development

Contributions	\$ 20,000	
Total Industrial Development		20,000

Airport

Contributions	\$ 32,294	
Total Airport		32,294

Veterans' Services

Supervisor/Director	\$ 9,061	
Social Security	562	
Unemployment Compensation	144	
Employer Medicare	131	
Maintenance Agreements	764	
Postal Charges	49	
Travel	932	
Office Equipment	239	
Total Veterans' Services		11,882

Other Charges

Instructional Supplies and Materials	\$ 6,427	
Liability Insurance	62,541	
Premiums on Corporate Surety Bonds	7,822	
Trustee's Commission	43,513	
Vehicle and Equipment Insurance	19,300	
Workers' Compensation Insurance	85,649	
Other Charges	16,443	
Total Other Charges		241,695

Contributions to Other Agencies

Contributions	\$ 1,000	
Total Contributions to Other Agencies		1,000

Employee Benefits

Social Security	\$ 110,623	
Pensions	18,352	
Medical Insurance	85,934	
Unemployment Compensation	9,974	
Employer Medicare	53,706	
Total Employee Benefits		278,589

Miscellaneous

Contributions	\$ 15,360	
Dues and Memberships	6,663	
Other Charges	5,103	
Total Miscellaneous		27,126

Total General Fund		\$ 7,236,002
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(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	31,481	
Truck Drivers		15,219	
Laborers		34,878	
Overtime Pay		6,817	
Communication		1,577	
Maintenance and Repair Services - Buildings		2,587	
Maintenance and Repair Services - Equipment		5,940	
Maintenance and Repair Services - Vehicles		17,473	
Other Contracted Services		12,488	
Diesel Fuel		14,783	
Electricity		3,842	
Gasoline		16,968	
Natural Gas		12,977	
Tires and Tubes		2,216	
Water and Sewer		524	
Other Supplies and Materials		3,475	
Other Charges		946	
Motor Vehicles		15	
Solid Waste Equipment		3,435	
Total Sanitation Management			\$ 187,641

Convenience Centers

Laborers	\$	64,146	
Communication		524	
Maintenance and Repair Services - Buildings		528	
Maintenance and Repair Services - Equipment		312	
Electricity		4,614	
Water and Sewer		1,589	
Gravel and Chert		147	
Other Supplies and Materials		29	
Other Charges		20	
Total Convenience Centers			71,909

Other Operations

Other Charges

Liability Insurance	\$	10,920	
Trustee's Commission		1,931	
Vehicle and Equipment Insurance		3,640	
Surcharge		4,844	
Other Charges		4,316	
Total Other Charges			25,651

Employee Benefits

Social Security	\$	11,847	
Pensions		3,564	
Medical Insurance		4,925	
Unemployment Compensation		2,059	
Employer Medicare		2,197	
Total Employee Benefits			24,592

Total Solid Waste/Sanitation Fund \$ 309,793

(Continued)

Exhibit J-7

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

Special Purpose Fund

Other Operations

Other Charges

Trustee's Commission	\$ 3,672	
Total Other Charges		\$ 3,672

Total Special Purpose Fund \$ 3,672

Drug Control Fund

Public Safety

Drug Enforcement

Salary Supplements	\$ 3,667	
Law Enforcement Equipment	550	
Total Drug Enforcement		\$ 4,217

Other Operations

Other Charges

Trustee's Commission	\$ 37	
Other Charges	1	
Total Other Charges		38

Employee Benefits

Social Security	\$ 174	
Pensions	212	
Employer Medicare	41	
Total Employee Benefits		427

Total Drug Control Fund 4,682

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 1,790	
Total Chancery Court		\$ 1,790

Total Constitutional Officers - Fees Fund 1,790

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 64,178
Assistant(s)	27,531
Accountants/Bookkeepers	16,682
Advertising	410
Communication	5,477
Dues and Memberships	2,392
Evaluation and Testing	540
Postal Charges	298
Printing, Stationery, and Forms	247
Travel	1,070

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Other Contracted Services	\$	18,694	
Electricity		6,055	
Natural Gas		597	
Office Supplies		3,017	
Water and Sewer		972	
Total Administration			\$ 148,160

Highway and Bridge Maintenance

Laborers	\$	256,146	
Overtime Pay		8,591	
Handling Charges and Administrative Costs		904	
Asphalt - Cold Mix		107,128	
Asphalt - Liquid		1,039	
Crushed Stone		111,485	
Custodial Supplies		127	
Pipe		47,081	
Road Signs		3,396	
Total Highway and Bridge Maintenance			535,897

Operation and Maintenance of Equipment

Mechanic(s)	\$	83,956	
Overtime Pay		16,550	
Diesel Fuel		70,192	
Equipment and Machinery Parts		87,676	
Gasoline		28,011	
Lubricants		4,281	
Tires and Tubes		20,207	
Total Operation and Maintenance of Equipment			310,873

Other Charges

Liability Insurance	\$	33,448	
Trustee's Commission		14,936	
Workers' Compensation Insurance		43,712	
Total Other Charges			92,096

Employee Benefits

Social Security	\$	35,015	
Pensions		22,707	
Medical Insurance		106,749	
Unemployment Compensation		6,130	
Other Fringe Benefits		4,800	
Total Employee Benefits			175,401

Capital Outlay

Other Contracted Services	\$	12,953	
Highway Equipment		71,062	
Office Equipment		1,942	
Total Capital Outlay			85,957

Total Highway/Public Works Fund \$ 1,348,384

(Continued)

Exhibit J-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 255,000	
Principal on Notes	20,458	
Total General Government		\$ 275,458

Education

Principal on Bonds	\$ 840,000	
Principal on Notes	61,100	
Total Education		901,100

Interest on Debt

General Government

Interest on Bonds	\$ 290,819	
Interest on Notes	4,540	
Total General Government		295,359

Education

Interest on Bonds	\$ 60,125	
Total Education		60,125

Other Debt Service

General Government

Contributions	\$ 156,387	
Fiscal Agent Charges	1,358	
Trustee's Commission	4,460	
Other Debt Service	5,000	
Total General Government		167,205

Highways and Streets

Other Debt Service	\$ 5,000	
Total Highways and Streets		5,000

Education

Fiscal Agent Charges	\$ 500	
Other Debt Service	5,000	
Total Education		5,500

Total General Debt Service Fund \$ 1,709,747

Total Governmental Funds - Primary Government \$ 10,614,070

Exhibit J-8

Decatur County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Decatur County School Department  
For the Year Ended June 30, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 3,937,920	
Career Ladder Program	30,348	
Career Ladder Extended Contracts	17,230	
Homebound Teachers	2,300	
Educational Assistants	97,300	
Other Salaries and Wages	15,024	
Non-certified Substitute Teachers	101,100	
Social Security	234,696	
Pensions	351,977	
Medical Insurance	304,981	
Unemployment Compensation	8,903	
Employer Medicare	56,513	
Maintenance and Repair Services - Equipment	10,214	
Other Contracted Services	81,632	
Instructional Supplies and Materials	103,554	
Textbooks	117,121	
Other Supplies and Materials	9,888	
Other Charges	58,982	
Regular Instruction Equipment	42,052	
Total Regular Instruction Program		\$ 5,581,735

Alternative Instruction Program

Other Supplies and Materials	\$ 157	
Total Alternative Instruction Program		157

Special Education Program

Teachers	\$ 510,498	
Career Ladder Program	6,959	
Homebound Teachers	3,360	
Educational Assistants	13,780	
Speech Pathologist	105,525	
Non-certified Substitute Teachers	16,300	
Social Security	36,099	
Pensions	56,024	
Medical Insurance	53,888	
Unemployment Compensation	900	
Employer Medicare	8,690	
Maintenance and Repair Services - Equipment	1,363	
Instructional Supplies and Materials	5,207	
Other Supplies and Materials	3,067	
Other Charges	479	
Special Education Equipment	7,696	
Total Special Education Program		829,835

Vocational Education Program

Teachers	\$ 266,743	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Career Ladder Program	\$	2,000	
Social Security		16,069	
Pensions		24,180	
Medical Insurance		13,128	
Unemployment Compensation		450	
Employer Medicare		3,758	
Other Contracted Services		46,895	
Instructional Supplies and Materials		7,351	
Vocational Instruction Equipment		4,074	
Total Vocational Education Program			\$ 384,648

Support Services

Attendance

Supervisor/Director	\$	81,829	
Clerical Personnel		1,410	
Social Security		3,383	
Pensions		5,217	
Medical Insurance		3,740	
Unemployment Compensation		200	
Employer Medicare		1,154	
Travel		980	
Other Contracted Services		3,067	
Other Supplies and Materials		1,945	
Attendance Equipment		2,000	
Total Attendance			104,925

Health Services

Other Salaries and Wages	\$	80,000	
Social Security		4,621	
Pensions		4,337	
Medical Insurance		4,852	
Unemployment Compensation		100	
Employer Medicare		1,081	
Postal Charges		550	
Travel		4,772	
Other Contracted Services		94,608	
Drugs and Medical Supplies		40	
Other Supplies and Materials		45,838	
Other Charges		500	
Health Equipment		249	
Total Health Services			241,548

Other Student Support

Career Ladder Program	\$	1,500	
Guidance Personnel		159,413	
Social Security		8,170	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Pensions	\$	12,086	
Medical Insurance		3,506	
Unemployment Compensation		100	
Employer Medicare		2,290	
Contracts with Government Agencies		17,258	
Contracts with Other School Systems		296,050	
Evaluation and Testing		4,862	
Travel		300	
Other Contracted Services		11,870	
Other Supplies and Materials		600	
In Service/Staff Development		205	
Other Charges		19,651	
Other Equipment		9,700	
Total Other Student Support			\$ 547,561

Regular Instruction Program

Supervisor/Director	\$	211,604	
Career Ladder Program		5,996	
Librarians		199,300	
Instructional Computer Personnel		29,270	
Secretary(ies)		117,376	
Other Salaries and Wages		33,847	
Social Security		30,180	
Pensions		42,655	
Medical Insurance		31,373	
Unemployment Compensation		500	
Employer Medicare		8,094	
Travel		4,040	
Library Books/Media		6,381	
Other Supplies and Materials		717	
In Service/Staff Development		5,220	
Other Charges		2,617	
Total Regular Instruction Program			729,170

Special Education Program

Supervisor/Director	\$	65,700	
Career Ladder Program		1,000	
Clerical Personnel		10,500	
Social Security		4,707	
Pensions		6,636	
Medical Insurance		2,263	
Unemployment Compensation		100	
Employer Medicare		1,101	
Communication		2,347	
Travel		5,792	
Other Contracted Services		40,369	
Other Equipment		1,477	
Total Special Education Program			141,992

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program

Supervisor/Director	\$	29,495	
Social Security		1,891	
Pensions		2,790	
Unemployment Compensation		50	
Employer Medicare		442	
Travel		2,791	
Other Supplies and Materials		662	
In Service/Staff Development		582	
Total Vocational Education Program			\$ 38,703

Other Programs

On-behalf Payments to OPEB	\$	57,940	
Total Other Programs			57,940

Board of Education

Board and Committee Members Fees	\$	12,000	
Social Security		744	
Employer Medicare		174	
Audit Services		12,000	
Dues and Memberships		6,298	
Legal Services		156	
Trustee's Commission		54,974	
Workers' Compensation Insurance		67,198	
Refund to Applicant for Criminal Investigation		500	
Other Charges		8,118	
Total Board of Education			162,162

Director of Schools

County Official/Administrative Officer	\$	96,800	
Career Ladder Program		1,200	
Social Security		5,999	
Pensions		8,823	
Medical Insurance		880	
Unemployment Compensation		50	
Employer Medicare		1,409	
Communication		14,991	
Maintenance and Repair Services - Equipment		65	
Postal Charges		2,865	
Travel		2,645	
Other Contracted Services		2,000	
Office Supplies		1,991	
Other Charges		1,397	
Total Director of Schools			141,115

Office of the Principal

Principals	\$	274,014	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Career Ladder Program	\$	4,000	
Social Security		15,557	
Pensions		25,129	
Medical Insurance		24,411	
Unemployment Compensation		200	
Employer Medicare		3,638	
Communication		17,626	
Other Charges		386	
Total Office of the Principal			\$ 364,961

Fiscal Services

Accountants/Bookkeepers	\$	58,464	
Social Security		3,610	
Pensions		3,000	
Unemployment Compensation		100	
Employer Medicare		844	
Travel		1,470	
Other Contracted Services		9,992	
Office Supplies		2,877	
Administration Equipment		6,058	
Total Fiscal Services			86,415

Operation of Plant

Custodial Personnel	\$	189,811	
Social Security		11,607	
Pensions		10,435	
Unemployment Compensation		500	
Employer Medicare		2,716	
Custodial Supplies		38,341	
Electricity		302,789	
Natural Gas		84,828	
Water and Sewer		44,683	
Building and Contents Insurance		106,709	
Other Charges		162	
Total Operation of Plant			792,581

Maintenance of Plant

Maintenance Personnel	\$	75,688	
Social Security		4,638	
Pensions		2,477	
Medical Insurance		2,428	
Unemployment Compensation		200	
Employer Medicare		1,083	
Maintenance and Repair Services - Buildings		52,020	
Maintenance and Repair Services - Equipment		1,125	
Other Contracted Services		16,270	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Gasoline	\$	4,564	
Other Charges		2,546	
Maintenance Equipment		1,490	
Total Maintenance of Plant			\$ 164,529

Transportation

Supervisor/Director	\$	39,780	
Mechanic(s)		19,480	
Bus Drivers		250,186	
Social Security		18,843	
Pensions		10,174	
Medical Insurance		5,917	
Unemployment Compensation		1,300	
Employer Medicare		4,407	
Communication		6,911	
Maintenance and Repair Services - Vehicles		26,703	
Medical and Dental Services		3,926	
Travel		1,000	
Diesel Fuel		94,760	
Garage Supplies		1,285	
Gasoline		4,889	
Tires and Tubes		14,448	
Vehicle and Equipment Insurance		3,000	
Other Charges		151	
Transportation Equipment		91,608	
Total Transportation			598,768

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	28,859	
Clerical Personnel		6,996	
Other Salaries and Wages		65	
Social Security		2,205	
Pensions		2,972	
Unemployment Compensation		50	
Employer Medicare		515	
Travel		816	
In Service/Staff Development		841	
Food Service Equipment		3,502	
Total Food Service			46,821

Community Services

Supervisor/Director	\$	53,200	
Other Salaries and Wages		48,895	
Social Security		5,249	
Pensions		6,673	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Medical Insurance	\$	6,458	
Unemployment Compensation		100	
Employer Medicare		1,327	
Travel		41	
Food Supplies		843	
Other Supplies and Materials		15,803	
Other Charges		3,370	
Total Community Services			\$ 141,959

Early Childhood Education

Supervisor/Director	\$	10,300	
Teachers		128,500	
Clerical Personnel		2,000	
Educational Assistants		78,688	
Social Security		11,935	
Pensions		16,506	
Medical Insurance		15,876	
Employer Medicare		2,925	
Maintenance and Repair Services - Equipment		5,646	
Travel		4,828	
Instructional Supplies and Materials		24,447	
Other Supplies and Materials		7,058	
Other Equipment		20,558	
Total Early Childhood Education			329,267

Capital Outlay

Regular Capital Outlay

Architects	\$	77,018	
Building Improvements		651,212	
Total Regular Capital Outlay			728,230

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	513,414	
Total Education			513,414

Total General Purpose School Fund \$ 12,728,436

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	321,969	
Other Salaries and Wages		4,480	
Social Security		18,360	
Pensions		29,106	
Medical Insurance		24,063	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Unemployment Compensation	\$	400	
Employer Medicare		4,300	
Instructional Supplies and Materials		25,655	
Regular Instruction Equipment		1,600	
Total Regular Instruction Program			\$ 429,933

Special Education Program

Teachers	\$	42,800	
Educational Assistants		243,668	
Social Security		17,584	
Pensions		16,158	
Medical Insurance		1,634	
Unemployment Compensation		950	
Employer Medicare		4,111	
Maintenance and Repair Services - Equipment		2,018	
Instructional Supplies and Materials		2,027	
Special Education Equipment		11,782	
Total Special Education Program			342,732

Vocational Education Program

Vocational Instruction Equipment	\$	17,150	
Total Vocational Education Program			17,150

Support Services

Other Student Support

Travel	\$	9,457	
Other Contracted Services		19,033	
Other Supplies and Materials		836	
Other Charges		5,463	
Total Other Student Support			34,789

Regular Instruction Program

Supervisor/Director	\$	60,250	
Social Security		3,661	
Pensions		5,447	
Unemployment Compensation		50	
Employer Medicare		856	
Travel		2,988	
Other Supplies and Materials		500	
In Service/Staff Development		10,975	
Other Equipment		455	
Total Regular Instruction Program			85,182

Special Education Program

Psychological Personnel	\$	47,296	
Clerical Personnel		10,500	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Social Security	\$	3,430	
Pensions		4,881	
Medical Insurance		3,500	
Unemployment Compensation		50	
Employer Medicare		802	
		<hr/>	
Total Special Education Program	\$		70,459

Vocational Education Program

Supervisor/Director	\$	1,364	
		<hr/>	
Total Vocational Education Program			1,364

Transportation

Bus Drivers	\$	35,290	
Social Security		2,185	
Pensions		1,471	
Unemployment Compensation		50	
Employer Medicare		513	
		<hr/>	
Total Transportation			39,509

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	34,369	
Teachers		106,025	
Clerical Personnel		6,000	
Social Security		9,047	
Pensions		12,955	
Employer Medicare		2,116	
Travel		1,815	
Instructional Supplies and Materials		1,177	
		<hr/>	
Total Community Services			173,504

Total School Federal Projects Fund \$ 1,194,622

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Clerical Personnel	\$	24,260	
Cafeteria Personnel		309,190	
Social Security		19,935	
Pensions		14,657	
Medical Insurance		8,069	
Employer Medicare		4,662	
Communication		1,726	
Maintenance and Repair Services - Equipment		11,424	
Postal Charges		49	
Travel		1,951	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Other Contracted Services	\$	26,753	
Food Preparation Supplies		21,522	
Food Supplies		327,686	
Office Supplies		1,680	
USDA - Commodities		43,216	
Other Supplies and Materials		3,849	
Other Charges		6,647	
Food Service Equipment		27,017	
Total Food Service			\$ 854,293

Total Central Cafeteria Fund \$ 854,293

Total Governmental Funds - Decatur County School Department \$ 14,777,351

Exhibit J-9

Decatur County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2015

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 827,613
Total Cash Receipts	<u>\$ 827,613</u>
<u>Cash Disbursements</u>	
Remittance of Revenue Collected	\$ 491,602
Trustee's Commission	8,276
Contributions	<u>327,735</u>
Total Cash Disbursements	<u>\$ 827,613</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2014	<u>0</u>
 Cash Balance, June 30, 2015	<u><u>\$ 0</u></u>

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## **SINGLE AUDIT SECTION**

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

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Decatur County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Decatur County's basic financial statements, and have issued our report thereon dated January 27, 2016. Our report on the aggregate discretely presented component units financial statements was adverse due to not including the financial statements of the Decatur County General Hospital, which had not been audited as of the date of this report. Our report includes a reference to other auditors who audited the financial statements of the Decatur County Emergency Communications District, as described in our report on Decatur 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 Decatur 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 Decatur County's internal control. Accordingly, we do not express an opinion on the effectiveness of Decatur County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 2015-002, 2015-007, 2015-015 (A,B), and 2015-018.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2015-001, 2015-004(A-E), 2015-006, 2015-009(B), 2015-010, 2015-011, 2015-014, 2015-016(A-C), and 2015-017.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Decatur 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: 2015-003, 2015-004(F), 2015-005, 2015-008, 2015-009(A), 2015-012, 2015-013, 2015-015(C,D), 2015-016(D,E), and 2015-019.

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

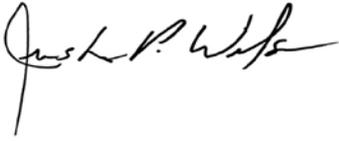
Decatur County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Decatur County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness

of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Decatur 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 at the end.

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 27, 2016

JPW/yu



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

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

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

We have audited Decatur County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Decatur County's major federal programs for the year ended June 30, 2015. Decatur 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 Decatur 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 Decatur 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 Decatur County's compliance.

***Basis for Qualified Opinion on CFDA No. 12.UNKNOWN Section 1033 Excess Property Program***

As described in the accompanying Schedule of Findings and Questioned Costs, Decatur County did not comply with requirements regarding CFDA No. 12.UNKNOWN Section 1033 Excess Property Program as described in finding number 2015-020 for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Equipment and Real Property Management, and Special Tests and Provisions. Compliance with such requirements is necessary, in our opinion, for Decatur County to comply with the requirements applicable to that program.

***Qualified Opinion on CFDA No. 12.UNKNOWN Section 1033 Excess Property Program***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Decatur County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA No. 12.UNKNOWN Section 1033 Excess Property Program for the year ended June 30, 2015.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, Decatur County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2015.

***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 2015-020. Our opinion on each major federal program is not modified with respect to this matter.

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness.

*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 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2015-020 to be a material weakness.

Decatur 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 and Corrective Action Plan. Decatur County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

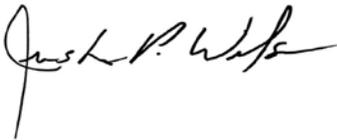
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## **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 Decatur County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Decatur County's

basic financial statements. We issued our report thereon dated January 27, 2016. Our report on the aggregate discretely presented component units financial statements was adverse due to not including the financial statements of the Decatur County General Hospital, which were not available from other auditors as of the date of this report. 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 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 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,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent initial "J" and "W".

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 27, 2016

JPW/yu

Schedule of Expenditures and Federal Awards and State Grants (1)  
For the Year Ended June 30, 2015

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 155,540
National School Lunch Program	10.555	N/A	382,095 (3)
Special Milk Program for Children	10.556	N/A	18,519
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	18,603
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	43,216 (3)
Total U.S. Department of Agriculture			\$ 617,973
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program	12.UNKNOWN	(2)	\$ 1,279,498
Total U.S. Department of Defense			\$ 1,279,498
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	7804	\$ 229,809
Total U.S. Department of Housing and Urban Development			\$ 229,809
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z15GHS096	\$ 3,321
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	34101-40344	6,498
Total U.S. Department of Transportation			\$ 9,819
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(2)	\$ 2,405
Total U.S. Institute of Museum and Library Services			\$ 2,405
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 445,680
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	411,377
Special Education - Preschool Grants	84.173	N/A	41,324
Career and Technical Education - Basic Grants to States	84.048	N/A	27,971
Twenty-first Century Community Learning Centers	84.287	N/A	173,502
Rural Education	84.358	N/A	27,033
English Language Acquisition State Grants	84.365	N/A	2,644
Improving Teacher Quality State Grants	84.367	N/A	65,091
Total U.S. Department of Education			\$ 1,194,622
U.S. Department of Health and Human Services:			
Passed-through Southwest Tennessee Development District:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 19,863
Total U.S. Department of Health and Human Services			\$ 19,863
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 96,020
Emergency Management Performance Grants	97.042	EMW2015EP00012	27,000
Total U.S. Department of Homeland Security			\$ 123,020
Total Expenditures of Federal Awards			\$ 3,477,009

(Continued)

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

Federal/Pass Through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Juvenile Justice and Delinquency Prevention - State Dept. of Children's Services	N/A	(2)	\$ 54,544
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	1,435
Litter Grant - State Department of Transportation	N/A	(2)	2,287
Art Student Ticket Subsidy Grant - State Department of Education	N/A	(2)	985
Early Childhood Education - State Department of Education	N/A	(2)	290,961
Safe Schools - State Department of Education	N/A	(2)	9,370
ConnectTenn - State Department of Education	N/A	(2)	4,598
Family Resource Center - State Department of Education	N/A	(2)	29,612
Coordinated School Health - State Department of Education	N/A	(2)	93,000
Alternative Punishment Program - State Department of Correction	N/A	(2)	336,083
ACT Explore Plan - State Department of Education	N/A	(2)	2,355
Energy Efficient School Initiative - State Department of Education	N/A	(2)	<u>7,550</u>
<b>Total State Grants</b>			<u><u>\$ 832,780</u></u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$425,311.

Decatur County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2015

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report of Decatur County, Tennessee, for the year ended June 30, 2014, which have not been corrected.

**OFFICES OF COUNTY MAYOR AND ROAD SUPERVISOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-001	159	The General, Highway/Public Works, and General Debt Service funds required material audit adjustments for proper financial statement presentation

**OFFICE OF COUNTY MAYOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-002	159	Accounting records were not maintained on a current basis
2014-003	160	The office had deficiencies in budget operations

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-006	162	Duties were not segregated adequately
2014-007	162	Multiple employees operated from the same cash drawer

**OFFICE OF SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-008	163	The office had accounting deficiencies

**DECATUR COUNTY**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-009	164	Decatur County has a material recurring audit finding
2014-010	165	Certain financial activity of the Decatur County Public Library was not audited and was not subject to the budgetary control of the County Commission

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**DECATUR COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2015**

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

1. Our report on the aggregate discretely presented component units is adverse. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unmodified.
2. The audit of the financial statements of Decatur County disclosed significant deficiencies in internal control. Four of these deficiencies were considered to be material weaknesses.
3. The audit disclosed two instances of noncompliance that were material to the financial statements of Decatur County.
4. The audit disclosed a material weakness in internal control over major programs.
5. A qualified opinion was issued on compliance for the Section 1033 Excess Property Program (CFDA No. 12.UNKNOWN). An unmodified opinion was issued on compliance for the remaining major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Special Milk Program for Children (CFDA Nos. 10.553, 10.555, and 10.556); Section 1033 Excess Property Program (CFDA No. 12.UNKNOWN); and the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Decatur 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 former and current county mayors, the director of schools, and the sheriff provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

### **OFFICE OF COUNTY MAYOR – FORMER AND CURRENT COUNTY MAYORS**

**FINDING 2015-001**                    **ACCRUED LEAVE AND COMPENSATORY TIME PAYMENTS TO FORMER EMPLOYEES WERE NOT PROPERLY DOCUMENTED**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

From August 2014 through October 2014, nine former employees of the County Mayor's Office, the Sheriff's Department, Solid Waste Department, and the Emergency Management Agency received payments totaling \$65,242 for accrued leave and compensatory time. Due to a lack of adequate documentation on file to support these payments, as well as a lack of adequate time and leave records maintained by the offices, we were unable to determine the validity of these payments. Also, we could not determine if the county's personnel policy regarding the payment of accrued leave and compensatory time was followed. This deficiency was a result of a lack of management oversight and may have resulted in unauthorized compensation.

### **RECOMMENDATION**

Adequate payroll records and supporting documentation should be maintained to support all payments to employees. Accrued leave and compensatory time records should be accurately maintained to ensure proper accountability for these employee benefits. The county should follow its personnel policy when paying individuals for their accrued leave and compensatory time. Officials should determine the propriety of these payments to the former employees.

### **MANAGEMENT'S RESPONSE – MICHAEL SMITH, FORMER COUNTY MAYOR**

County records for compensatory time have historically been maintained by the supervising official. For example, the sheriff is responsible for maintaining the records for his employees. Upon receipt of the request from the sheriff to make these payments, the county mayor did seek the counsel of the County Technical Assistance Service (CTAS) and was advised by senior level CTAS officials that if the supervising official approves the compensatory time and there is money in the budget, then the county is required to make those payments. It was made very clear to this official that my job was to write the check and not maintain the sheriff's records.

Records for any employee under the supervision of the county mayor were in place in the employee's personnel file upon my exit from office, and employees were in no instance paid any sums that exceeded policy. It was and continues to be my belief that should the county owe an employee money, that employee should be paid.

## AUDITOR'S COMMENT

The only documentation provided to auditors to support the payroll disbursements were separation forms filled out by the employees requesting payment of various amounts of leave or compensatory time. There were no time sheets or other records provided that supported these accrued leave and compensatory hours. As noted in the finding above, we were unable to determine the validity of these payments or determine if they complied with the county's personnel policy. It is the responsibility of the County Mayor's Office to ensure that accurate time sheets and summary accrued leave information are maintained for all county offices and departments of the general county government. It is also the responsibility of the office to maintain adequate documentation of all disbursements and ensure that county personnel policies are followed.

## MANAGEMENT'S RESPONSE – MIKE CREASY, CURRENT COUNTY MAYOR

We concur. The County Mayor's Office had previously delegated maintenance of the time records including accrued leave to the various department managers. The County Mayor's office now maintains all time records and is now utilizing an electronic record-keeping system for all accrued leave and vacation. The county has amended the personnel policies to address compensatory time.

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## OFFICE OF COUNTY MAYOR – CURRENT COUNTY MAYOR

### FINDING 2015-002

### **ACCOUNTING RECORDS WERE NOT MAINTAINED ON A CURRENT BASIS**

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

Accounting records were not maintained on a current basis, and these records were as many as six months behind throughout the audit period. Consequently, accurate financial reports had not been presented to the County Commission to be used as a tool for financial decisions. The failure to properly maintain accounting records on a current basis diminishes the usefulness of the financial records as a management tool and results in a loss of budgetary and accounting control. This deficiency can be attributed to the failure of management to take proper responsibility for the accounting records.

### RECOMMENDATION

The office should maintain accounting records on a current basis and provide current financial reports to the County Commission each month.

## MANAGEMENT'S RESPONSE – MIKE CREASY, CURRENT COUNTY MAYOR

We concur. This finding has been addressed with accounting records maintained on a current basis and financial reports are presented monthly to the County Commission.

FINDING 2015-003

**THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**

(Material Noncompliance Under *Government Auditing Standards*)

Our examination revealed numerous deficiencies in budget operations of the office. These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures, and management failed to provide sufficient oversight. Also, these deficiencies resulted from the lack of current accounting records available for budgetary control as noted in Finding 2015-002.

- A. Budget amendments were posted in the General, Solid Waste/Sanitation, and General Debt Service funds that were not approved by the County Commission until after June 30, 2015. Accurate budgetary statements are necessary to provide county officials and departments with available spending limits. We have recognized only those budget amendments that were properly approved before the end of the fiscal year in the financial statements of this report.
- B. Expenditures and other uses exceeded total appropriations approved by the County Commission in the General and Special Purpose funds by \$480,226 and \$3,635, respectively.
- C. Expenditures exceeded appropriations approved by the County Commission in one of four major appropriation categories (the legal level of control) of the Solid Waste/Sanitation Fund, in two of three major appropriation categories of the Drug Control Fund, and in one of seven major appropriation categories of the General Debt Service Fund. These amounts are reflected in the following table:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
Solid Waste/Sanitation:	
Other Operations - Employee Benefits	\$ 13,392
Drug Control:	
Public Safety - Drug Enforcement	137
Other Operations - Other Charges	38
General Debt Service:	
Interest on Debt - General Government	1,225

- D. Salaries exceeded appropriations in 35 of 76 salary line-items of the General Fund by amounts ranging from \$52 to \$123,111, and in three of five salary line-items of the Solid Waste/Sanitation Fund by amounts ranging from \$567 to \$6,928. The single salary line-item in the Drug Control Fund exceeded appropriations by \$167. The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county shall not exceed appropriations that

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

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

#### RECOMMENDATION

Budget amendments should be posted to the accounting records after approval by the County Commission within the fiscal year. Expenditures should be held within appropriations approved by the County Commission.

#### MANAGEMENT’S RESPONSE – MIKE CREASY, CURRENT COUNTY MAYOR

We concur. A new process has been established for budget amendments to properly obtain County Commission approval before posting and to hold expenditures within appropriations as approved by the County Commission.

#### FINDING 2015-004

#### **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**

(A. through E. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; F. – Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 85 disbursements totaling \$419,552 from a population of 2,628 vendor checks totaling \$3,884,497. Our examination revealed the following deficiencies, which are the result of a lack of management oversight and a lack of understanding of internal controls and sound business practices.

- A. Our sample revealed that purchase orders were not issued in five of 52 applicable purchases. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. The failure to issue purchase orders increases the risks of unauthorized purchases.
- B. Purchase orders were issued after the purchases were made in 11 of 52 applicable instances. This practice defeats the purpose of the purchase order and makes the purchase order an approval of payment rather than an approval of the purchase.
- C. In ten of 84 applicable purchases, there were no invoices on file to support disbursements. In one additional instance, the invoice was only a summary statement that did not include the supporting documentation. Due to the lack

of documentation for these items, we were unable to determine what goods or services had been purchased. The failure to maintain adequate documentation increases the risks of unauthorized purchases.

- D. The office paid invoices without canceling or marking them paid in eight of 83 applicable instances. In five of these instances, the same invoices had been paid more than once resulting in overpayments of \$594.
- E. In four of 83 applicable instances, purchases were coded to accounts that did not reflect the true nature of the expenditures. Sound budgetary principles require expenditures to be coded to accounts that reflect the true nature of the expenditures. Misclassifying expenditures diminishes the usefulness of the accounting records as a management tool.
- F. The county has adopted a travel policy regarding the reimbursement of employee business related travel expenses. This travel policy includes provisions that meals will be reimbursed only when overnight travel is required outside of the county, requires receipts for lodging, and prohibits expenditures for entertainment. We noted several instances in which the county's travel policy was not followed. An employee in the County Mayor's Office was reimbursed for meals when overnight travel was not incurred. There were no receipts on file to support the pre-payment of lodging for employees of the Community Corrections program to attend training. In one instance, tickets to an amusement park were included in the pre-payment of lodging for employees in the Mayor's Office; however, the employee later reimbursed the county for the ticket purchases totaling \$72 when this was brought to the mayor's attention during the audit. The failure to follow the county's travel policy increases the risks of unauthorized expenditures.

#### RECOMMENDATION

The County Mayor's Office should issue purchase orders for all applicable purchases before purchases are made to strengthen internal controls over purchasing procedures and to document purchasing commitments. Adequate documentation should be maintained to support all disbursements. All invoices should be canceled when paid, and the county should seek reimbursement of the overpaid amounts. Expenditures should be coded to accounts that most appropriately reflect the true nature of the transactions. The county should comply with its travel policy for the payment of employee business related travel expenses.

#### MANAGEMENT'S RESPONSE – MIKE CREASY, CURRENT COUNTY MAYOR

We concur. Office personnel have been trained on the proper purchasing procedures. Appropriate documentation is now being required before any expenditure is made. The county's travel policy has been reviewed and additional procedures have been put in place to enable compliance.

FINDING 2015-005

**TWO EMPLOYEES EACH RECEIVED \$300 BONUSES WITHOUT THE APPROVAL OF THE COUNTY COMMISSION**

(Noncompliance Under *Government Auditing Standards*)

In December 2014, two employees of the County Mayor’s Office each received \$300 in one-time bonuses, which were approved by the county mayor; however, these bonuses were not approved by the County Commission. In addition, these bonuses were not classified as salaries in the expenditure accounts of the General Fund, but were instead classified under the line-item “Personnel Office – Maintenance Agreements.” Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency was the result of a lack of management oversight and resulted in unauthorized compensation.

RECOMMENDATION

All compensation should be approved by the County Commission and should be classified properly in the accounting records. The County Commission should determine the propriety of the bonuses for these employees.

MANAGEMENT’S RESPONSE – MIKE CREASY, CURRENT COUNTY MAYOR

We concur. New administration was unaware of the inability to offer bonuses without appropriation to such use by the County Commission. This will not occur in the future.

FINDING 2015-006

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

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

General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments each month in the General, Solid Waste/Sanitation, and Drug Control funds. As a result, unidentified balances accumulated in the liability accounts for several payroll deductions. Management attempted to correct the liability accounts at June 30, 2015, by posting numerous unexplained general journal entries without reconciling the account balances. Sound business practices dictate that payroll liability accounts should be reconciled with payroll reports and payments monthly. The failure to regularly reconcile payroll liability accounts is a significant deficiency that increases the risk that errors will not be discovered and corrected in a timely manner. This deficiency resulted from a lack of management oversight and a lack of understanding of sound business practices and internal controls.

RECOMMENDATION

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and any errors discovered should be corrected promptly. All general journal entries should be documented sufficiently.

MANAGEMENT'S RESPONSE – MIKE CREASY, CURRENT COUNTY MAYOR

We concur. Monthly reconciliations are now performed for all payroll liability accounts.

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OFFICES OF CURRENT COUNTY MAYOR AND ROAD SUPERVISOR

FINDING 2015-007

**THE GENERAL, HIGHWAY/PUBLIC WORKS, AND  
GENERAL DEBT SERVICE FUNDS REQUIRED  
MATERIAL AUDIT ADJUSTMENTS FOR PROPER  
FINANCIAL STATEMENT PRESENTATION**

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

At June 30, 2015, certain general ledger account balances in the General, Highway/Public Works, and General Debt Service funds were not materially correct, and audit adjustments totaling \$552,087, \$162,307, and \$201,437, respectively, were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Decatur County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of a lack of management oversight. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – MIKE CREASY, CURRENT COUNTY MAYOR

We concur. Steps have been taken to incorporate effective controls over the maintenance of the accounting records.

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FINDING 2015-008

**A TRANSFER APPROVED BY THE COUNTY COMMISSION FROM THE GENERAL FUND TO THE HIGHWAY/PUBLIC WORKS FUND IS OF QUESTIONABLE LEGALITY**

(Noncompliance Under *Government Auditing Standards*)

In March 2015, the County Commission adopted a resolution approving a \$49,000 transfer from the General Fund’s unassigned fund balance to the Highway/Public Works Fund for the purchase of equipment. Section 67-5-102(a)(1) *Tennessee Code Annotated (TCA)*, authorizes counties to levy an ad valorem tax for county general purposes. Section 67-5-102(a)(3), *TCA*, states that “...a county general purpose levy is a levy for all county purposes except roads, bridges, schools, debt service, sinking funds, and levies pursuant to special tax laws.” Also, in *Kennedy v. Montgomery County*, the court, in passing upon the legality of the use of county tax funds for a purpose other than that for which the tax was levied and collected states “...the taxpayers of every county have the right to know for what purpose they are being taxed, and also to know that taxes collected from them for any specific purpose are applied to such purpose.” Therefore, we question the legality of using General Fund monies to help pay for equipment in the Highway/Public Works Fund.

RECOMMENDATION

Highway equipment should be appropriated and paid from highway funds. General Fund monies should not be used to pay highway expenditures.

MANAGEMENT’S RESPONSE – MIKE CREASY, CURRENT COUNTY MAYOR

We concur. The funds used for the highway equipment were from funds obtained other than from taxes but not designated clearly in the paperwork as such. The process has been revised to ensure proper designation in the future.

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OFFICE OF ROAD SUPERVISOR

FINDING 2015-009

**THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**

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

Our examination revealed the following deficiencies in budget operations of the office. These deficiencies exist due to a lack of oversight by management and because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

- A. Salaries exceeded appropriations in one of seven salary line-items in the Highway/Public Works Fund by \$3,956. The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each

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

- B. The original budget posted to the accounting records was not the same as the budget approved by the County Commission for the Highway/Public Works Fund. In addition, several subsequent budget amendments were posted to the accounting records that were not approved by the County Commission. Accurate budgetary statements are necessary to provide county officials and departments with available spending limits. We have recognized only the original budget and amendments approved by the County Commission in the financial statements of this report.

**RECOMMENDATION**

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

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**FINDING 2015-010**

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

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

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 35 disbursements totaling \$143,321 from a population of 475 vendor checks totaling \$790,210. Our sample revealed that purchase orders were not issued in four of 22 applicable instances. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. The failure to issue purchase orders could result in unauthorized purchases, purchases made without adequate appropriations, or undocumented purchasing commitments. This deficiency was the result of a lack of management oversight.

**RECOMMENDATION**

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

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**OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 2015-011**

**CENTRAL CAFETERIA FUND APPROPRIATIONS  
EXCEEDED ESTIMATED AVAILABLE FUNDS**

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

The budget and subsequent amendments submitted to and approved by the County Commission for the Central Cafeteria Fund resulted in appropriations exceeding estimated available funding by \$18,336. Sound budgetary principles dictate that appropriations be held within estimated available funding. The budget deficiency was a result of a lack of management oversight.

**RECOMMENDATION**

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

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

Starting July 2014, the Decatur County School Department’s cafeteria funds were combined into one centralized fund. The reserve funds were withdrawn from the individual school funds, combined, and deposited with the county trustee into the Central Cafeteria Fund. Establishing a new fund is a rare occurrence for the bookkeeping staff. Bookkeeping staff is now aware of the budgeting procedures for appropriations and funding of a new fund, and will comply accordingly.

**FINDING 2015-012**

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

(Noncompliance Under *Government Auditing Standards*)

The office did not deposit amounts withheld from contractor payments into an escrow account related to a \$945,106 construction contract for school improvements. Section 66-34-104, *Tennessee Code Annotated*, requires 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 the result of a lack of management oversight that could result in the loss of interest earnings for the contractor.

**RECOMMENDATION**

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

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

New roofs for two elementary schools were a large project for the Decatur County Board of Education. It was scheduled to be a short-term project; therefore, board staff and the construction project manager chose not to establish an escrow account. The bookkeeping staff is now aware of the requirement on projects of \$500,000 or more to establish the escrow account and will comply accordingly.

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OFFICE OF TRUSTEE

FINDING 2015-013                      **UNAUTHORIZED SECURITIES WERE PLEDGED AS COLLATERAL**  
(Noncompliance Under *Government Auditing Standards*)

County funds in the trustee’s depositories were secured by collateral pledged by the depositories. However, one depository had securities pledged that included obligations from school districts, counties, and cities of other states, which are not a type of security authorized by Section 9-4-103, *Tennessee Code Annotated*. This statute requires securities to be bonds of the United States, bonds of this state, bonds of any county or municipal corporation of this state, loans to students guaranteed 100 percent by the Tennessee Student Assistance Corporation, or an irrevocable letter of credit issued by the federal home loan bank. This deficiency was due to a lack of management oversight.

RECOMMENDATION

The trustee should ensure all depositories pledge securities authorized by state statute.

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OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER OF DEEDS

FINDING 2015-014                      **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 Offices of Circuit and General Sessions Courts Clerk, Clerk and Master, and Register of Deeds. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but the beginning amount at the end of the day. This amount should be verified to the employee’s receipts at the end of each day. Failure to adhere to this control regime greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision resulting in a loss of

control over assets. Also, this deficiency was the result of management's failure to correct the finding noted in the prior-year audit report.

## RECOMMENDATION

Officials should assign each employee their own cash drawer.

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## OFFICE OF SHERIFF

### FINDING 2015-015

### **THE DEPARTMENT HAD INVENTORY DEFICIENCIES, AND THE DEPARTMENT'S USE OF SECTION 1033 EXCESS FEDERAL PROPERTY IS QUESTIONED**

(A. and B. – Internal Control – Material Weakness Under *Government Auditing Standards* and *OMB Circular A-133*; C. and D. – Material Noncompliance Under *Government Auditing Standards* and *OMB Circular A-133*)

During the year, the Sheriff's Department 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 this program. The Sheriff's Department had the following deficiencies in complying with these guidelines:

- A. The Sheriff's Department had an inventory list of property items that had been received through the program; however, this list was the exact listing provided by the state as the property was acquired. During the audit period, the department received 364 different surplus property items valued at \$1,279,498. The department had not maintained a current inventory of these items since the inventory did not include information concerning a detailed description of the property or other 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 inventory, there is no means to determine the status of program property that has been received.
- B. We noted that formal tracking procedures had not been implemented, and property received had not been stored in a secure central location. Auditors made multiple trips to the county in an attempt to locate and verify the inventory items. In some instances, department personnel did not know where the items were located and sometimes were unable to identify the listed items. We were unable to locate one item described on the inventory only as "cat gn sngl fix" and valued at \$3,236. The sheriff advised us that he did not know

what this item was or where it was located. Property was being stored and/or used in several locations, no procedures were in place to document the location or use of the property, and in some areas, access was not limited to authorized personnel. It should also be noted that some of these items were located on private property. A wrecker, portable heater, electronic shop semi-trailer, liquid storage tank, winch, multiple shipping and storage containers, and a utility truck (Humvee) were located on the sheriff's personal property. A mobile tool cabinet was located on the chief deputy's personal property. Program property accountability guidelines require the proper storage and security of the property with asset tracking and sign-out procedures in place. In the absence of these procedures, the department has no way to determine where the property is located, if the property is secure, who has custody of the property, if the property is being used for program purposes, or if the property should be reported/identified as lost, missing, stolen, or unused.

- C. Program guidelines state that property received is to be placed into use within one year of receipt for law enforcement and counter-drug activities and not used for the operation of jails. During our physical observation of inventory, we noted that some property had been placed in use at the Highway Department, Beech River Regional Airport, and a lot owned by the City of Parsons. Activities related to highways/public works and airports are generally not considered law enforcement activities. Also, it was noted that numerous items had been requested and received for use in the kitchen at the Decatur County Jail. The failure to follow program guidelines concerning the use of items resulted in questioned costs of \$403,570, the value at which those items are reported on the Schedule of Expenditures of Federal Awards.
- D. Program guidelines also require that items should not be requested for speculative use. However, we noted that numerous items do appear to have been requested for speculative use, including equipment requested to build and maintain a firing range on land that the county does not currently own and for a mobile command post and barracks that currently do not exist. Although it appears unlikely that the items will be used as requested, the county does still have the opportunity to return the items or put them to use as specified since they have been held for less than one year. Therefore, these items have not been included in the above-noted questioned costs.

When Section 1033 Excess Property Program guidelines are not followed, the state could suspend or terminate Decatur 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

The Sheriff's Department should maintain adequate inventory records of all program property, provide proper storage and security of the property, and implement an asset tracking system where the status of each asset can be readily determined. Program equipment should not be on private property. Management should ensure that program property is being used in accordance with program guidelines. Program property should not

be requested for speculative use and should be returned if not placed into use within one year.

#### MANAGEMENT'S RESPONSE – SHERIFF

A plan is in place to mark each item received through the Section 1033 Excess Federal Property program, when practical, with a property identification number (PIN). When multiple items are in a requisition lot, the number of each item will follow the PIN. The PIN can be matched to a master inventory list. Photos and documents for each item will be catalogued into one of three equipment categories: motorized and self-propelled; motorized and non-self-propelled; and non-motorized. A notebook and master list shall be maintained for each category and cross-referenced by PIN. The program items shall be stored, used, and maintained on county property, unless operational or maintenance requirements dictate otherwise. As soon as possible and practical, items that are no longer needed by the department will be disposed of or returned to the applicable Defense Logistics Agency facility as required. A separate listing of these items will be maintained.

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#### FINDING 2015-016

#### **THE OFFICE HAD ACCOUNTING DEFICIENCIES**

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

The following deficiencies were noted during our examination of the office's accounting records. These deficiencies exist due to a lack of management oversight and an apparent lack of effort by administrative staff. We were advised by the jail administrator/bookkeeper that he did not consider the financial records his primary job and was more concerned with the operations of the department. Cash receipts and disbursements for this office were determined by substantive testing and alternative auditing procedures.

- A. Accounting records were not properly maintained on a current basis. As of April 2015, a cash journal had not been maintained to record financial transactions of the office since August 31, 2014. During April 2015, the cash journal was posted for the period September 1, 2014, through March 31, 2015; however, the cash journal was incomplete and did not include all financial transactions of the office. The months of April, May, and June 2015, were not posted to the cash journal until November 2015. The official cash journal is the primary cash control record of the office that summarizes financial operations; therefore, the proper maintenance of the cash journal on a current basis is necessary for the official to determine the financial position of the office. Also, subsidiary account ledgers were not maintained in some instances. A separate bank account was used by the office for the prisoner commissary, and the vendor provided software to maintain a subsidiary ledger. However, the commissary subsidiary records had not been printed since August 31, 2014, and the transactions were not always posted to the cash journal. The amounts that were posted to the cash journal appeared to have been taken from the bank account transactions and were not reconciled with the subsidiary ledgers.

- B. Bank statements had not been reconciled since August 31, 2014, and outstanding check lists had not been prepared for the office's main checking account. The jail administrator was unable to locate all of the bank statements and had to obtain copies of statements for several months from the bank. Sound business practices dictate that bank statements should be reconciled with the general ledger monthly, and outstanding check lists should be prepared to ensure all cash collections and disbursements are recorded accurately in the accounting records, and any errors discovered are identified and corrected promptly.
- C. The office did not provide records for auditors to review on a timely basis, resulting in unnecessary delays in the audit process. Auditors were unable to obtain any accounting records during preliminary audit work in April 2015. We began requesting records again in September 2015, to complete the audit for the year ended June 30, 2015. However, we did not receive all of the required records until November 2015, after repeated requests had been made.
- D. Profits from commissary operations were not remitted to the county trustee monthly. The state attorney general opined in November 1989, that profits earned from commissary operations are local revenues and should be administered as any other local revenue. Section 8-24-103, *Tennessee Code Annotated (TCA)*, provides that all funds earned by the Sheriff's Department should be reported to the county trustee monthly.
- E. The office did not prepare an annual financial report. Section 5-8-505, *TCA*, 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 ..."

### RECOMMENDATION

The official cash journal should accurately reflect all financial operations of the Sheriff's Department and should be reconciled with subsidiary records. Bank statements should be reconciled monthly with the general ledger, and accurate lists of outstanding checks should be prepared. Records should be provided to auditors on a timely basis. Profits from commissary operations should be remitted to the county trustee monthly, and the office should prepare an annual financial report as required by state statutes.

### MANAGEMENT'S RESPONSE – SHERIFF

At the change of administration on September 1, 2014, there was no transition period to hand over accounting records, which were in a manual, paper-ledger system. In 2015, the department implemented a QuickBooks accounting system for both the general financial information and the commissary transactions. The accounting records have been brought up to date and are current as of the date of this response. All bank statements have also been reconciled as of the date of this response and are being maintained in the department office. Implementation of the QuickBooks software will enable the department to keep this function current and has addressed the availability of records for auditors in the future. All profits

(commissions) from commissary operations have been submitted to the Trustee's Office as of the date of this response. The department is taking steps to have commissions deposited directly to the trustee's account. The department is preparing the annual financial report to be presented to the County Commission at the next monthly meeting.

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**OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER OF DEEDS, AND SHERIFF**

**FINDING 2015-017**

**DUTIES WERE NOT SEGREGATED ADEQUATELY**

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

Duties were not segregated adequately among the officials and employees in the Offices of Circuit and General Sessions Courts Clerk, Clerk and Master, Register of Deeds, and Sheriff. Employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Sound business practices dictate that management is responsible for designing internal controls 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 – SHERIFF**

Separate employees are now responsible for specific functions relating to funds: receipting is done by detention center booking desk officers; depositing is done by the chief deputy or warrants clerk; and disbursements and records maintenance are handled by the chief administrator. Due to the small size and limited budget of the department, it is not feasible to have employees dedicated only to receipting, depositing, and disbursement. However, by separating the functions to three separate areas, no single person controls the entire financial transaction. The previous administration held receipts in an unsecured bank deposit bag in the booking area. This has been replaced by a locked strongbox that is secured to a cabinet in the booking area.

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**DECATUR COUNTY**

**FINDING 2015-018**

**DECATUR COUNTY HAS A MATERIAL RECURRING  
AUDIT FINDING**

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

Decatur County has a material audit finding that has been reported in its Annual Financial Reports for three or more consecutive years. This recurring material finding is listed below:

<u>Finding Numbers</u>	<u>Description</u>
2015-007, 2014-001, 2013-002	Several funds required material audit adjustments for proper financial statement presentation

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. Decatur County has established an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

**RECOMMENDATION**

Decatur County should work with its Audit Committee to correct the above-noted material weakness in internal control.

**MANAGEMENT’S RESPONSE – MIKE CREASY, CURRENT COUNTY MAYOR**

We concur. New bookkeeping processes are in place to address the prior weakness in internal control.

**FINDING 2015-019**

**CERTAIN FINANCIAL ACTIVITY OF THE DECATUR  
COUNTY PUBLIC LIBRARY WAS NOT AUDITED AND  
WAS NOT SUBJECT TO THE BUDGETARY CONTROL  
OF THE COUNTY COMMISSION**

(Noncompliance Under *Government Auditing Standards*)

The Decatur County Public Library operates as a department within the county’s General Fund. A significant portion of the library’s expenditures for the year was paid through the county’s General Fund (\$68,034), which is included in the financial statements of this report. However, the Library Board maintained two checking accounts and one certificate of deposit outside of the county’s control to deposit various revenues and to pay certain operating expenses. The balance of the two checking accounts and the certificate of deposit totaled \$115,485 at June 30, 2015. Section 5-9-401, *Tennessee Code Annotated (TCA)*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the

various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” Also, Section 10-3-106, *TCA*, states that “All library accounts of every character shall be audited annually by or under the county legislative body and/or city governing body.” This deficiency remains uncorrected from prior years as a result of management’s failure to take corrective action. Therefore, the funds channeled through the Library Board’s bank accounts, including the certificate of deposit, did not flow through the county’s budgetary process, have not been audited, and are not included in the financial statements of this report. We do not consider the exclusion of these amounts to be material to the financial statements of this report.

#### RECOMMENDATION

The Decatur County Public Library should remit all collections to the county’s General Fund. All revenues and expenditures related to the library’s operation should be audited and subject to the budgetary control of the County Commission as required by state statutes.

#### MANAGEMENT’S RESPONSE – MIKE CREASY, CURRENT COUNTY MAYOR

We concur. Efforts will be made to correct the current system for any collections not remitted to the county’s General Fund and to ensure all revenues and expenditures related to the library’s operations are subject to the budgetary control of the County Commission as required by state statutes.

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

Federal 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	2015-020	12.UNKNOWN	Section 1033 Excess Property Program Guidelines and Circular A-133 Compliance Supplement, Part 3, Sections A,B,F, and N	Material weakness in internal control and material noncompliance, see Finding 2015-015: The Sheriff's Department had inventory deficiencies and the department's use of Section 1033 Excess Federal Property is questioned.	\$ 403,570

## **BEST PRACTICE**

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

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

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

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

**DECATUR COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2015**

There were no audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs. There was an audit finding relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

**Sheriff – Corrective Action Plan for Current-Year's Findings**

**FINDING 2015-020**

Contact person: Keith Byrd

Corrective action planned: A plan is in place to mark each item received through the Section 1033 Excess Federal Property program with a property identification number (PIN). The PIN can be matched to a master inventory list. Photos and documents will be catalogued for each item and a master list maintained for each category.

The program items shall be stored, used, and maintained on county property, unless operational or maintenance requirements dictate otherwise.

Items that are no longer needed by the department will be disposed of or returned to the applicable Defense Logistics Agency facility as required. A separate listing of these items will be maintained.

Anticipated completion date: April 30, 2016