

ANNUAL FINANCIAL REPORT
FAYETTE COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



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FOR THE YEAR ENDED JUNE 30, 2015

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

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Summary of Audit Findings

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

Scope

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

Results

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

Our audit resulted in 14 findings and recommendations, which we have reviewed with Fayette County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The General and General Debt Service funds required material audit adjustments for proper financial statement presentation.
- ◆ The office had deficiencies in purchasing procedures.
- ◆ Expenditures exceeded appropriations.
- ◆ The office had accounting deficiencies.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ General ledger cash accounts were not properly reconciled with county trustee reports.
 - ◆ The School Department had deficiencies in budget operations.
 - ◆ General ledger payroll deduction accounts were not reconciled with payroll reports and payments.
 - ◆ The School Federal Projects Fund had a cash overdraft and a deficit in unassigned fund balance at June 30, 2015.
 - ◆ Some invoices were not paid timely.
-

OFFICE OF TRUSTEE

- ◆ The trustee paid warrants issued by the School Federal Projects Fund that exceeded available funds.
 - ◆ The office did not review its software audit logs.
-

OFFICE OF REGISTER OF DEEDS

- ◆ Bank statements were not reconciled with the general ledger, and lists of outstanding checks were not prepared.
-

OFFICE OF SHERIFF

- ◆ Duties were not segregated adequately.
-

FAYETTE COUNTY

- ◆ Fayette County has a material recurring audit finding.

INTRODUCTORY SECTION

Fayette County Officials

June 30, 2015

Officials

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

Board of County Commissioners

Rhea Taylor, County Mayor, Chairman
Ed Allen
Charles Brewer, Sr.
Homer Bunker
Odis Cox
Charles Dacus, Jr.
Ben Farley
Willie German, Jr.
Tim Goodroe
Reggie Howard

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

Board of Education

Bob Doll, Chairman
James Garrett
Ronnie McCarty
Dana Pittman
Robert Redditt

Sally Spencer
Tracy Wade
Wendell Wainwright
Marandy Wilkerson

Board of Public Works

Hank Franck, Chairman
Andrew Avery
Jimmy Jordan

Wesley Parks
Russell Wicker

Audit Committee

Myles Wilson, Chairman
Willie L. German
Bill Kelley

David Lillard, Sr.
Claude Oglesby

FINANCIAL SECTION



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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fayette County, Tennessee, as of and for the year ended June 30, 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 Fayette County Emergency Communications District, which represent 5.7 percent, 8.7 percent, and 1.5 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Fayette County Emergency Communications District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of

America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Change in Accounting Principle

As described in Note V.B., Fayette County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 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.8. to the financial statements, which describes prior-period adjustments increasing the beginning net position of the primary government on the Government-wide Statement of Activities by \$735,942 and decreasing the discretely presented Fayette County School Department's beginning net position by \$505,230. These adjustments were necessary because capital assets had been omitted in prior years for the primary government and capital assets had been added in error to the School Department. These adjustments were also necessary because in the prior year, note principal and interest requirements were shown as payable by the primary government; however, the requirements

are being paid from contributions of the School Department beginning July 1, 2014. Our opinion is not modified with respect to these matters.

We also draw attention to Notes I.D.9. and VI.D.5. to the financial statements, which describe restatements increasing the beginning Governmental Activities net position by \$318,542, and decreasing the discretely presented Fayette County School Department's net position by \$4,325,272 and the discretely presented Fayette County Emergency Communications District's net position by \$9,858 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 these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 - 22 and the schedules of changes in the county's net pension liability (asset) 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 97 - 103 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Fayette County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and

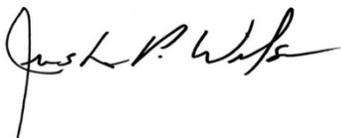
other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2016, on our consideration of Fayette County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fayette County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 25, 2016

JPW/sb

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Fayette County Government (the county), we offer readers of the county's financial statements this narrative overview and analysis of the financial activities of the county for the fiscal year ended June 30, 2015.

Accounting principles generally accepted in the United States of America for governmental entities are established by the Governmental Accounting Standards Board (GASB). The county follows all GASB standards as well as other authoritative literature known collectively within the accounting profession as "generally accepted accounting principles."

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the financial statements and required supplementary information. The MD&A represents management's examination of the county's financial condition and performance.

FINANCIAL HIGHLIGHTS

Management believes that the county's financial condition is strong. The county as a whole is within its budget, and continues to implement procedures and controls to improve the accuracy and effectiveness of its financial reporting. The following are some key financial highlights:

- Total assets and deferred outflows of resources at year-end exceeded liabilities and deferred inflows of resources by \$17,541,719 (i.e., net position).
- Total revenues of the governmental funds were \$24,289,813, an increase of \$1,424,883 from fiscal year 2014.
- Total expenditures of the governmental funds were \$27,909,331, a decrease of \$1,884,394 from fiscal year 2014.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

The Annual Financial Report consists of three sections: 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements. These statements are organized so the reader can understand the county as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the county's finances in a manner similar to a private-sector business. These statements include all assets and liabilities using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. Because these statements are designed to give a broad overview, they use highly summarized information.

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

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

Both of the government-wide financial statements distinguish functions of the county that are principally supported by taxes and intergovernmental revenues, known as governmental activities, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, known as business-type activities. The governmental activities of the county include: general government; finance; administration of justice; public safety; public health and welfare; social, cultural, and recreational services; agriculture and natural resources; highways/public works; education; and interest on long-term debt. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.

The government-wide financial statements not only include the county, known as the primary government, but also legally separate entities for which the county is financially accountable. These entities, Fayette County School Department and Fayette County Emergency Communications District, are listed as component units and are reported separately from the financial information presented for the primary government itself. This discussion and analysis is devoted to the county rather than the component units.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet

and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Fayette County maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Highway/Public Works, General Debt Service, and Educational Capital Projects funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the nonmajor governmental funds combining statements elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the county's programs.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. "Notes" is the traditional term applied to this information; however the term is misleading in that the notes can vary in length from one paragraph to several pages. Please refer to the table of contents to locate these notes.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning pension information and other postemployment benefits information. This required information has been presented in the required supplementary information section of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Fayette County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$17,541,719 at the close of the most recent fiscal year for the governmental activities. The Constitution for the State of Tennessee allows only the local legislative body authorization to issue debt. Therefore, whenever the Fayette County Board of Education requires additional money to fund school construction and equipment, the related debt must be issued by the Fayette County Government. As of June 30, 2015, Fayette County had outstanding debt totaling \$21,365,000 for capital purposes for the Fayette County Board of Education, but the capital assets are reported in the financial statements of the Fayette County Board of Education. As a result, the county has incurred the related liability without a corresponding increase in the county's capital assets, thereby significantly decreasing its unrestricted net position.

The amount listed under Expenses – Education on the Fayette County Changes in Net Position are contributions of bond funds related to the construction of schools in Fayette County.

Fayette County Net Position

	Governmental Activities	
	2015	2014
Assets:		
Current and Other Assets	\$ 24,341,084	\$ 25,076,136
Capital Assets	38,599,463	39,972,996
Total Assets	\$ 62,940,547	\$ 65,049,132
Deferred Outflows of Resources:		
Deferred Charge on Refunding	\$ 46,755	\$ 58,570
Pension Contributions after Measurement Date	599,672	0
Total Deferred Outflows of Resources	\$ 646,427	\$ 58,570
Liabilities:		
Other Liabilities	\$ 2,257,479	\$ 2,685,477
Long-term Liabilities Outstanding	33,259,187	34,101,001
Total Liabilities	\$ 35,516,666	\$ 36,786,478
Deferred Inflows of Resources:		
Deferred Current Property Taxes	\$ 9,252,894	\$ 8,654,446
Pension Changes in Experience	19,334	0
Pension Changes in Investment Earnings	1,256,361	0
Total Deferred Inflows of Resources	\$ 10,528,589	\$ 8,654,446
Net Position:		
Net Investment in Capital Assets	\$ 26,444,133	\$ 27,833,454
Restricted	6,653,017	8,931,256
Unrestricted	(15,555,431)	(17,097,932)
Total Net Position	\$ 17,541,719	\$ 19,666,778

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

An additional portion of the county's net position (\$6,653,017) represents resources that are subject to external restrictions on how they may be used.

Fayette County Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 5,562,109	\$ 5,101,650
Operating Grants and Contributions	3,034,080	2,711,015
Capital Grants and Contributions	550,657	643,891
General Revenues:		
Property Taxes	9,322,742	8,839,673
Other Taxes	4,117,329	4,118,748
Grants and Contributions Not Restricted to Specific Programs	1,429,456	1,134,687
Unrestricted Investment Income	23,618	73,638
Miscellaneous	46,507	105,141
Pension Income	104,728	0
Total Revenues	<u>\$ 24,191,226</u>	<u>\$ 22,728,443</u>
Expenses:		
General Government	\$ 2,438,865	\$ 2,610,576
Finance	1,131,461	1,123,044
Administration of Justice	1,177,390	1,221,860
Public Safety	8,046,801	7,950,118
Public Health and Welfare	3,362,507	3,360,997
Social, Cultural, and Recreational Services	323,236	234,898
Agriculture and Natural Resources	198,882	201,223
Highway/Public Works	5,174,667	4,942,712
Education	4,564,930	7,815,904
Interest on Long-term Debt	952,030	816,396
Total Expenses	<u>\$ 27,370,769</u>	<u>\$ 30,277,728</u>
Change in Net Position	\$ (3,179,543)	\$ (7,549,285)
Net Position, July 1	19,666,778	26,781,063
Prior-period Adjustments	735,942	435,000
Restatement	318,542	0
Net Position, June 30	<u>\$ 17,541,719</u>	<u>\$ 19,666,778</u>

Capital Assets and Debt Administration

Capital assets. The county's investment in capital assets for its governmental activities as of June 30, 2015, totaled \$38,599,463 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, other capital assets (includes equipment), and infrastructure (roads, highway, and bridges). The total decrease in Fayette County Government's investment in capital assets for the current fiscal year was \$1,373,533 (net of accumulated depreciation). This decrease was mainly attributable to depreciation expense for the year.

Long-term debt. At the end of the current fiscal year, Fayette County had notes payable of \$1,491,332, of which \$575,000 will be the responsibility of the Fayette County Board of Education. Fayette County had a capital lease payable of \$97,864 for sheriff's vehicles, and bonds payable of \$31,695,000. Fayette County's total long-term debt is \$33,284,196, of which \$21,365,000 was for capital purposes for the Fayette County Board of Education, as previously mentioned. All debt is backed by full faith and credit of the county.

Fayette County's Outstanding Debt As of June 30, 2015

	<u>Governmental Activities</u>
Notes Payable through General Debt Service Fund	\$ 916,332
Notes Payable by Board of Education Contributions	575,000
Total Notes Payable	<u>\$ 1,491,332</u>
Capital Leases Payable through General Debt Service Fund	\$ 97,864
Total Capital Lease Payable	<u>\$ 97,864</u>
Bonds Payable through General Debt Service Fund	\$ 31,695,000
Total Bonds Payable	<u>\$ 31,695,000</u>
Total Long-term Debt	<u><u>\$ 33,284,196</u></u>

OPERATIONAL HIGHLIGHTS

Fayette County Ambulance Service Added 4th Ambulance

In response to the hospital closure in Somerville, the Fayette County Ambulance Service took one of its reserve ambulances and activated it as the fourth operational ambulance. This was done in anticipation of longer run times to hospital/emergency rooms outside of the county. Revenue from the additional runs is helping to pay for the increased costs of maintaining four active ambulances.

The county is also consulting with an expert in the emergency medical services field to perform a computerized time-distance analysis to identify ideal coverage in the county and

the adequacy of the ambulance units now in service, or to identify the proper number of ambulances needed without an emergency room in Fayette County. This will allow the county to plan for the future emergency medical services on items that would provide the greatest benefit to the citizens of Fayette County.

Insurance Services Office (ISO) rating

During the course of the ISO review, the Fayette County Fire Department was able to improve its ratings from a 9 to 6/10. This score is used by insurance agencies to figure the cost of home insurance. This was due to newer equipment and better training for the Fire Department.

Adopt-a-Road Program

Fayette County recently adopted an Adopt-a-Road Program to help control roadside litter on county roads. This will allow the county to utilize civic groups to clean the right-of-way on county roads with a minimal cost to the county. There are several Tennessee trails and byways that run through Fayette County, and they help to bring tourism to the county. Keeping our county roads clean and well maintained is an important factor in encouraging growth for the county.

ECONOMIC FACTORS

Unemployment: Fayette County vs. Tennessee vs. United States

The unemployment rates for June 2015 were 6.6, 6.3, and 5.5 percent, respectively, for Fayette County, Tennessee, and the United States.

Resident Growth

Fayette County's population has grown in the past few years. The 2010 census put the county's population at 38,413, and estimates the population for Fayette County at July 1, 2014, the beginning of the fiscal year for the county at 39,011. This is an increase of 1.6 percent over the four years since the last census.

An increasing population is beneficial to the financial status of the county as long as the increased revenues associated with increasing property values, increased sales tax revenue, and intergovernmental revenues, exceed the increased demand for services. A steady increase in population is more conducive to allowing the service capacity of the county to grow as the demand for services increases without necessitating a large increase in capacity from one year to the next.

Hospital Closure

Due to the closure of the Methodist Hospital in Somerville, there is no longer a hospital or emergency room within the borders of the county. This creates an extra burden on the Ambulance/EMS Department as an ambulance can't deliver a patient to a minor medical center. Depending on the location in the county where the call originates, the closest hospital/emergency room could be in Brownsville, Bartlett, Collierville, or Memphis.

Memphis Regional Megasite

The Memphis Regional Megasite is located on the northern border of the county in Haywood County. This is a 4,100-acre industrial park owned by the State of Tennessee. The goal of the park is to attract an automobile manufacturer/assembly plant. The park is projected to create about 1,500 jobs on site, with another 1,500-3,000 jobs throughout the region. Progress is being made to install the needed utilities and road system. The State of Tennessee is marketing the park. The park is probably two to five years away from having a major tenant.

Memphis Regional Intermodal Facility

The Memphis Regional Intermodal Facility in southern Rossville near the Mississippi state line is a railyard operated by Norfolk Southern Railroad and is the largest one in its system. This railyard transfers containers between rail and truck for delivery in the region and throughout the eastern United States. The yard opened in 2012 and is currently looking to expand with a second phase. The operation employs only 150-200 workers, but offers a service that is expected to create many jobs related to the distribution and logistics industries. Interest is high in the area from businesses, and several have already located across the state line in Mississippi.

Highway 385 Opening

The completion of State Highway 385 from Collierville to the Mississippi state line finishes the Tennessee portion of an interstate quality four lane highway. This connects all of western Fayette County to a transportation network that goes nationwide. This also opens up opportunities for further commercial and residential growth.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Fayette County's finances for all those with an interest in the county's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Fayette County Mayor's Office
Attn: Accounting & Budgeting
P.O. Box 218
13095 North Main Street
Somerville, TN 38068

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Fayette County School Department	Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 43,834	\$ 0	\$ 1,695,400
Equity in Pooled Cash and Investments	11,080,270	3,820,388	0
Accounts Receivable	2,093,490	84,388	0
Allowance for Uncollectibles	(1,417,999)	0	0
Due from Other Governments	821,923	1,345,589	0
Due from Component Units	575,000	0	0
Property Taxes Receivable	9,672,012	6,133,037	0
Allowance for Uncollectible Property Taxes	(226,411)	(147,791)	0
Prepaid Items	0	0	24,283
Accrued Interest Receivable	0	0	3,209
Cash Shortage	0	8,325	0
Net Pension Asset - Agent Plan	1,698,965	1,928,203	0
Net Pension Asset - Cost-sharing Plan	0	51,435	0
Capital Assets:			
Assets Not Depreciated:			
Land	2,041,595	349,377	0
Construction in Progress	0	12,717,996	0
Assets Net of Accumulated Depreciation:			
Land Improvements	0	1,978	0
Buildings and Improvements	12,630,377	7,116,119	0
Infrastructure	20,391,563	0	0
Other Capital Assets	3,535,928	1,982,305	411,140
Total Assets	<u>\$ 62,940,547</u>	<u>\$ 35,391,349</u>	<u>\$ 2,134,032</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Refunding	\$ 46,755	\$ 0	\$ 0
Pension Changes in Experience	0	124,875	6,205
Pension Contributions after Measurement Date	599,672	1,396,641	5,247
Total Deferred Outflows of Resources	<u>\$ 646,427</u>	<u>\$ 1,521,516</u>	<u>\$ 11,452</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 46,764	\$ 3,006
Accrued Payroll	0	736,973	0
Payroll Deductions Payable	0	92,353	0
Cash Overdraft	0	247,705	0
Contracts Payable	1,075	3,749	0
Due to Primary Government	0	575,000	0
Accrued Interest Payable	244,784	0	0
Other Current Liabilities	0	1,102	0
Noncurrent Liabilities:			
Due Within One Year	2,011,620	104,029	1,684
Due in More Than One Year (net of unamortized premiums on debt)	33,259,187	792,824	12,928
Total Liabilities	<u>\$ 35,516,666</u>	<u>\$ 2,600,499</u>	<u>\$ 17,618</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Fayette County School Department	Emergency Communications District
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 9,252,894	\$ 5,855,523	\$ 0
Pension Changes in Experience	19,334	21,943	0
Pension Changes in Investment Earnings	1,256,361	5,663,896	4,794
Pension Other Deferrals	0	497,978	0
Total Deferred Inflows of Resources	<u>\$ 10,528,589</u>	<u>\$ 12,039,340</u>	<u>\$ 4,794</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 26,444,133	\$ 22,167,775	\$ 411,140
Restricted for:			
General Government	190,875	0	0
Finance	27,728	0	0
Administration of Justice	114,619	0	0
Public Safety	496,206	0	0
Public Health and Welfare	182,858	0	0
Highway/Public Works	295,930	0	0
Education	150,069	2,228,808	0
Operation of Non-instructional Services	0	634,847	0
Capital Outlay	796,787	4,728	0
Debt Service	2,698,980	0	0
Other Purposes	1,698,965	0	0
Unrestricted	<u>(15,555,431)</u>	<u>(2,763,132)</u>	<u>1,711,932</u>
Total Net Position	<u>\$ 17,541,719</u>	<u>\$ 22,273,026</u>	<u>\$ 2,123,072</u>

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

Exhibit B

Fayette County, Tennessee
Statement of Activities
For the Year Ended June 30, 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			
					Governmental Total Activities	Fayette County School Department	Emergency Communications District		
Primary Government:									
Governmental Activities:									
General Government	\$ 2,438,865	\$ 715,434	\$ 79,892	\$ 45,482	\$ (1,598,057)	\$ 0	\$ 0	\$ 0	\$ 0
Finance	1,131,461	860,344	0	0	(271,117)	0	0	0	0
Administration of Justice	1,177,390	753,305	68,713	0	(355,372)	0	0	0	0
Public Safety	8,046,801	1,598,900	92,924	97,880	(6,257,097)	0	0	0	0
Public Health and Welfare	3,362,507	1,566,732	350,691	0	(1,445,084)	0	0	0	0
Social, Cultural, and Recreational Services	323,236	9,844	12,500	0	(300,892)	0	0	0	0
Agriculture and Natural Resources	198,882	0	0	0	(198,882)	0	0	0	0
Highways/Public Works	5,174,667	57,550	2,122,283	407,295	(2,587,539)	0	0	0	0
Education	4,564,930	0	307,077	0	(4,257,853)	0	0	0	0
Interest on Long-term Debt	952,030	0	0	0	(952,030)	0	0	0	0
Total Primary Government	\$ 27,370,769	\$ 5,562,109	\$ 3,034,080	\$ 550,657	\$ (18,223,923)	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:									
Fayette County School Department	\$ 28,643,366	\$ 316,213	\$ 4,710,515	\$ 4,593,537	\$ 0	\$ (19,023,101)	\$ 0	\$ 0	\$ 0
Emergency Communications District	461,165	121,065	416,467	0	0	0	0	76,367	0
Total Component Units	\$ 29,104,531	\$ 437,278	\$ 5,126,982	\$ 4,593,537	\$ 0	\$ (19,023,101)	\$ 0	\$ 76,367	\$ 0

(Continued)

Exhibit B

Fayette 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	Fayette County School Department	Emergency Communications District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 9,322,742	\$ 6,273,358	\$ 0
Local Option Sales Tax					368,324	3,148,267	0
Wheel Tax					2,800,601	0	0
Litigation Tax					190,317	0	0
Business Tax					222,480	0	0
Adequate Facilities/Development Tax					454,615	0	0
Wholesale Beer Tax					68,754	0	0
Other Local Taxes					12,238	11,496	0
Grants and Contributions Not Restricted to Specific Programs					1,429,456	16,445,056	0
Unrestricted Investment Income					23,618	9,808	8,268
Miscellaneous					46,507	202,622	0
Pension Income					104,728	245,968	0
Total General Revenues					<u>\$ 15,044,380</u>	<u>\$ 26,336,575</u>	<u>\$ 8,268</u>
Change in Net Position					\$ (3,179,543)	\$ 7,313,474	\$ 84,635
Net Position, July 1, 2014					19,666,778	19,790,054	2,048,295
Prior-period Adjustments (See Note I.D.8)					735,942	(505,230)	0
Restatement - Pension Asset and Liability (See Note I.D.9)					318,542	(4,325,272)	0
Restatement - Pension Liability (See Note VI.D.5)					0	0	(9,858)
Net Position, June 30, 2015					<u>\$ 17,541,719</u>	<u>\$ 22,273,026</u>	<u>\$ 2,123,072</u>

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

Exhibit C-1

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	43,834	\$ 43,834
Equity in Pooled Cash and Investments	5,135,933	1,700,392	2,906,126	515,218	822,601	11,080,270
Accounts Receivable	2,056,882	0	0	0	36,608	2,093,490
Allowance for Uncollectibles	(1,417,999)	0	0	0	0	(1,417,999)
Due from Other Governments	359,390	459,208	0	0	3,325	821,923
Due from Other Funds	44,085	0	0	0	0	44,085
Property Taxes Receivable	8,730,483	941,529	0	0	0	9,672,012
Allowance for Uncollectible Property Taxes	(206,704)	(19,707)	0	0	0	(226,411)
Total Assets	\$ 14,702,070	\$ 3,081,422	\$ 2,906,126	\$ 515,218	\$ 906,368	\$ 22,111,204
<u>LIABILITIES</u>						
Contracts Payable	\$ 0	\$ 0	\$ 0	\$ 0	1,075	\$ 1,075
Due to Other Funds	0	0	0	0	44,085	44,085
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 0	45,160	\$ 45,160
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 8,345,673	\$ 907,221	\$ 0	\$ 0	0	\$ 9,252,894
Deferred Delinquent Property Taxes	135,816	11,114	0	0	0	146,930
Other Deferred/Unavailable Revenue	657,261	238,494	0	0	0	895,755
Total Deferred Inflows of Resources	\$ 9,138,750	\$ 1,156,829	\$ 0	\$ 0	0	\$ 10,295,579

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Capital Projects	Other Govern- mental Funds	
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 39,974	\$ 0	\$ 0	\$ 0	\$ 150,901	\$ 190,875
Restricted for Finance	27,728	0	0	0	0	27,728
Restricted for Administration of Justice	114,619	0	0	0	0	114,619
Restricted for Public Safety	363,517	0	0	0	132,689	496,206
Restricted for Public Health and Welfare	182,858	0	0	0	0	182,858
Restricted for Highways/Public Works	0	0	0	0	150,069	150,069
Restricted for Education	0	0	0	0	150,069	150,069
Restricted for Capital Outlay	169,720	0	0	515,218	111,849	796,787
Restricted for Debt Service	0	0	2,897,009	0	0	2,897,009
Committed:						
Committed for Public Safety	45,539	0	0	0	0	45,539
Committed for Public Health and Welfare	0	0	0	0	165,631	165,631
Committed for Social, Cultural, and Recreational Services	43,406	0	0	0	0	43,406
Committed for Other Operations	4,800	0	0	0	0	4,800
Committed for Highways/Public Works	0	1,924,593	0	0	0	1,924,593
Committed for Debt Service	0	0	9,117	0	0	9,117
Unassigned	4,571,159	0	0	0	0	4,571,159
Total Fund Balances	\$ 5,563,320	\$ 1,924,593	\$ 2,906,126	\$ 515,218	\$ 861,208	\$ 11,770,465
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,702,070	\$ 3,081,422	\$ 2,906,126	\$ 515,218	\$ 906,368	\$ 22,111,204

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

Exhibit C-2

Fayette County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 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)		\$ 11,770,465
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,041,595	
Add: buildings and improvements net of accumulated depreciation	12,630,377	
Add: infrastructure net of accumulated depreciation	20,391,563	
Add: other capital assets net of accumulated depreciation	<u>3,535,928</u>	38,599,463
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (1,491,332)	
Add: debt to be contributed by the School Department	575,000	
Less: bonds payable	(31,695,000)	
Less: capital lease payable	(97,864)	
Add: deferred amount on refunding	46,755	
Less: premium on debt	(559,751)	
Less: compensated absences payable	(388,299)	
Less: landfill postclosure care costs	(726,258)	
Less: other postemployment benefits liability	(312,303)	
Less: accrued interest on bonds, notes, and capital lease	<u>(244,784)</u>	(34,893,836)
(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	\$ 599,672	
Less: deferred inflows of resources related to pensions	<u>(1,275,695)</u>	(676,023)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		1,698,965
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,042,685</u>
Net position of governmental activities (Exhibit A)		<u>\$ 17,541,719</u>

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

Exhibit C-3

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Education Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 9,444,441	\$ 1,823,317	\$ 1,875,117	\$ 0	\$ 454,615	\$ 13,597,490
Licenses and Permits	229,617	0	0	0	0	229,617
Fines, Forfeitures, and Penalties	236,825	0	0	0	78,903	315,728
Charges for Current Services	1,381,614	0	0	0	382,415	1,764,029
Other Local Revenues	254,187	74,603	0	0	186,635	515,425
Fees Received from County Officials	1,581,476	0	0	0	0	1,581,476
State of Tennessee	2,431,751	2,344,972	0	0	371,876	5,148,599
Federal Government	352,506	66,424	0	0	97,880	516,810
Other Governments and Citizens Groups	108,562	0	512,077	0	0	620,639
Total Revenues	\$ 16,020,979	\$ 4,309,316	\$ 2,387,194	\$ 0	\$ 1,572,324	\$ 24,289,813
<u>Expenditures</u>						
Current:						
General Government	\$ 1,264,826	\$ 0	\$ 0	\$ 0	\$ 28,867	\$ 1,293,693
Finance	994,998	0	0	0	0	994,998
Administration of Justice	893,926	0	0	0	4,150	898,076
Public Safety	7,303,431	0	0	0	63,871	7,367,302
Public Health and Welfare	2,231,343	0	0	0	912,364	3,143,707
Social, Cultural, and Recreational Services	206,847	0	0	0	0	206,847
Agriculture and Natural Resources	189,525	0	0	0	0	189,525
Other Operations	2,283,679	0	0	0	6,553	2,290,232
Highways	0	4,299,974	0	0	0	4,299,974
Debt Service:						
Principal on Debt	0	0	1,452,591	0	0	1,452,591
Interest on Debt	113	0	1,027,095	0	0	1,027,208
Other Debt Service	14,700	0	24,436	0	0	39,136

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Capital Projects	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 4,564,930	\$ 141,112	\$ 4,706,042
Total Expenditures	\$ 15,383,388	\$ 4,299,974	\$ 2,504,122	\$ 4,564,930	\$ 1,156,917	\$ 27,909,331
<u>Excess (Deficiency) of Revenues Over Expenditures</u>						
	\$ 637,591	\$ 9,342	\$ (116,928)	\$ (4,564,930)	\$ 415,407	\$ (3,619,518)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 830,180	\$ 0	\$ 0	\$ 0	\$ 0	\$ 830,180
Insurance Recovery	5,707	40,211	0	0	0	45,918
Transfers In	0	126,667	286,093	0	50,000	462,760
Transfers Out	(82,760)	0	0	0	(380,000)	(462,760)
Total Other Financing Sources (Uses)	\$ 753,127	\$ 166,878	\$ 286,093	\$ 0	\$ (330,000)	\$ 876,098
<u>Net Change in Fund Balances</u>						
Fund Balance, July 1, 2014	\$ 4,172,602	\$ 1,748,373	\$ 2,736,961	\$ 5,080,148	\$ 775,801	\$ 14,513,885
Fund Balance, June 30, 2015	\$ 5,563,320	\$ 1,924,593	\$ 2,906,126	\$ 515,218	\$ 861,208	\$ 11,770,465

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

Exhibit C-4

Fayette County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 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)		\$ (2,743,420)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,871,634	
Less: current-year depreciation expense	<u>(3,471,069)</u>	(1,599,435)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: proceeds received from the disposal of capital assets		(15,040)
(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	\$ 1,042,685	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(1,064,611)</u>	(21,926)
(4) The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Less: note proceeds	\$ (830,180)	
Add: change in premium on debt issuances	38,651	
Add: principal payments on bonds	1,190,000	
Add: principal payments on notes	216,005	
Add: principal payments on capital lease	46,586	
Less: contributions from the School Department for notes	(205,000)	
Less: change in deferred amount on refunding debt	<u>(11,815)</u>	444,247
(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	\$ 75,178	
Change in compensated absences payable	(11,957)	
Change in other postemployment benefits liability	(11,255)	
Change in landfill postclosure care costs	(335)	
Change in net pension asset	1,380,423	
Change in deferred outflows related to pensions	599,672	
Change in deferred inflows related to pensions	<u>(1,275,695)</u>	756,031
Change in net position of governmental activities (Exhibit B)		<u>\$ (3,179,543)</u>

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

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 9,444,441	\$ 9,062,753	\$ 9,063,253	\$ 381,188
Licenses and Permits	229,617	203,000	203,000	26,617
Fines, Forfeitures, and Penalties	236,825	99,950	99,950	136,875
Charges for Current Services	1,381,614	1,375,000	1,375,000	6,614
Other Local Revenues	254,187	256,500	256,500	(2,313)
Fees Received from County Officials	1,581,476	1,295,000	1,456,100	125,376
State of Tennessee	2,431,751	2,117,400	1,942,409	489,342
Federal Government	352,506	52,000	361,432	(8,926)
Other Governments and Citizens Groups	108,562	83,500	83,500	25,062
Total Revenues	\$ 16,020,979	\$ 14,545,103	\$ 14,841,144	\$ 1,179,835
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 80,217	\$ 74,329	\$ 97,014	\$ 16,797
Beer Board	415	700	700	285
County Mayor/Executive	106,236	108,333	108,333	2,097
Personnel Office	29,667	0	30,276	609
County Attorney	81,091	59,183	82,121	1,030
Election Commission	293,565	314,064	314,065	20,500
Register of Deeds	140,129	19,850	180,079	39,950
Development	178,589	215,581	193,721	15,132
Building	96,437	84,255	106,333	9,896
County Buildings	183,459	179,625	197,399	13,940
Other Facilities	16,718	2,300	17,700	982
Other General Administration	58,303	58,664	58,664	361
<u>Finance</u>				
Accounting and Budgeting	179,389	207,473	184,514	5,125
Property Assessor's Office	260,246	269,984	271,934	11,688
Reappraisal Program	45,448	47,500	46,700	1,252
County Trustee's Office	204,382	200,660	207,559	3,177
County Clerk's Office	305,533	302,443	312,144	6,611
<u>Administration of Justice</u>				
Circuit Court	164,597	174,726	180,826	16,229
General Sessions Court	149,756	160,754	169,156	19,400
General Sessions Judge	203,571	200,188	213,489	9,918
General Sessions Court Clerk	68,407	70,804	71,235	2,828
Drug Court	64,338	70,000	70,001	5,663
Chancery Court	182,863	192,165	192,165	9,302
Juvenile Court	47,811	55,016	56,016	8,205
Other Administration of Justice	12,583	37,371	37,371	24,788
<u>Public Safety</u>				
Sheriff's Department	2,461,716	2,465,134	2,593,488	131,772
Drug Enforcement	248,521	233,367	256,667	8,146
Jail	2,733,735	2,822,016	2,812,616	78,881
Fire Prevention and Control	1,572,065	762,385	1,642,408	70,343
Civil Defense	123,682	132,578	154,004	30,322
Rescue Squad	1,366	6,618	6,618	5,252
Other Emergency Management	2,678	7,000	7,000	4,322
County Coroner/Medical Examiner	30,645	36,400	36,500	5,855

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety (Cont.)</u>				
Other Public Safety	\$ 129,023	\$ 144,820	\$ 144,820	\$ 15,797
<u>Public Health and Welfare</u>				
Local Health Center	60,020	73,742	73,742	13,722
Rabies and Animal Control	75,942	87,648	88,648	12,706
Ambulance/Emergency Medical Services	1,751,743	1,592,355	1,882,733	130,990
Dental Health Program	249,970	291,000	291,000	41,030
Crippled Children Services	2,216	2,216	2,216	0
Other Local Health Services	1,534	1,534	1,534	0
Appropriation to State	25,761	25,761	25,761	0
Aid to Dependent Children	1,265	2,750	2,750	1,485
Other Local Welfare Services	7,500	7,500	7,500	0
Sanitation Education/Information	55,392	55,855	56,955	1,563
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	11,924	11,925	11,925	1
Libraries	194,923	206,388	206,388	11,465
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	124,791	134,878	134,878	10,087
Soil Conservation	64,734	66,146	66,146	1,412
<u>Other Operations</u>				
Industrial Development	1,026	1,730	1,730	704
Airport	232,082	346,243	290,382	58,300
Veterans' Services	14,437	15,585	15,850	1,413
Other Charges	329,237	321,487	351,487	22,250
Contributions to Other Agencies	51,062	51,062	51,062	0
Employee Benefits	1,649,579	1,753,036	1,675,843	26,264
Miscellaneous	6,256	1,000	4,200	(2,056)
<u>Interest on Debt</u>				
General Government	113	20,000	113	0
<u>Other Debt Service</u>				
General Government	14,700	0	14,887	187
Total Expenditures	\$ 15,383,388	\$ 14,786,127	\$ 16,311,366	\$ 927,978
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 637,591	\$ (241,024)	\$ (1,470,222)	\$ 2,107,813
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 830,180	\$ 0	\$ 830,180	\$ 0
Insurance Recovery	5,707	0	5,707	0
Transfers Out	(82,760)	0	(82,760)	0
Total Other Financing Sources	\$ 753,127	\$ 0	\$ 753,127	\$ 0
Net Change in Fund Balance	\$ 1,390,718	\$ (241,024)	\$ (717,095)	\$ 2,107,813
Fund Balance, July 1, 2014	4,172,602	3,876,790	3,876,790	295,812
Fund Balance, June 30, 2015	\$ 5,563,320	\$ 3,635,766	\$ 3,159,695	\$ 2,403,625

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

Exhibit C-6

Fayette County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 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	\$ 1,823,317	\$ 0	\$ 0	\$ 1,823,317	\$ 2,148,769	\$ 2,148,769	\$ (325,452)
Other Local Revenues	74,603	0	0	74,603	36,500	36,500	38,103
State of Tennessee	2,344,972	0	0	2,344,972	2,763,000	2,763,000	(418,028)
Federal Government	66,424	0	0	66,424	0	0	66,424
Total Revenues	\$ 4,309,316	\$ 0	\$ 0	\$ 4,309,316	\$ 4,948,269	\$ 4,948,269	\$ (638,953)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 199,617	\$ 0	\$ 0	\$ 199,617	\$ 209,924	\$ 209,924	\$ 10,307
Highway and Bridge Maintenance	1,443,343	0	0	1,443,343	1,581,805	1,606,305	162,962
Operation and Maintenance of Equipment	437,011	0	0	437,011	567,000	567,000	129,989
Other Charges	209,395	0	0	209,395	217,000	220,000	10,605
Employee Benefits	616,880	0	0	616,880	697,500	680,500	63,620
Capital Outlay	1,393,728	(154,035)	254,134	1,493,827	1,711,580	2,240,080	746,253
Total Expenditures	\$ 4,299,974	\$ (154,035)	\$ 254,134	\$ 4,400,073	\$ 4,984,809	\$ 5,523,809	\$ 1,123,736
Excess (Deficiency) of Revenues Over Expenditures	\$ 9,342	\$ 154,035	\$ (254,134)	\$ (90,757)	\$ (36,540)	\$ (575,540)	\$ 484,783
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 40,211	\$ 0	\$ 0	\$ 40,211	\$ 0	\$ 39,000	\$ 1,211
Transfers In	126,667	0	0	126,667	0	0	126,667
Total Other Financing Sources	\$ 166,878	\$ 0	\$ 0	\$ 166,878	\$ 0	\$ 39,000	\$ 127,878
Net Change in Fund Balance	\$ 176,220	\$ 154,035	\$ (254,134)	\$ 76,121	\$ (36,540)	\$ (536,540)	\$ 612,661
Fund Balance, July 1, 2014	1,748,373	(154,035)	0	1,594,338	1,743,690	1,743,690	(149,352)
Fund Balance, June 30, 2015	\$ 1,924,593	\$ 0	\$ (254,134)	\$ 1,670,459	\$ 1,707,150	\$ 1,207,150	\$ 463,309

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,566,927
Equity in Pooled Cash and Investments	42,792
Accounts Receivable	12,479
Due from Other Governments	<u>476,948</u>
Total Assets	<u>\$ 3,099,146</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 519,740
Due to Litigants, Heirs, and Others	<u>2,579,406</u>
Total Liabilities	<u>\$ 3,099,146</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Fayette County is a public municipal corporation governed by an elected 19-member board. As required by GAAP, these financial statements present Fayette County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

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

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

Administrative Office:

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

Related Organization – The Fayette County Industrial Development Board is a related organization of Fayette County. The county mayor nominates and the Fayette County Commission confirms the board members, but the county's accountability for the organization does not extend beyond making the appointments.

B. Government-wide and Fund Financial Statements

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

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

Fayette County issues all debt for the discretely presented Fayette County School Department. Net debt issues totaling \$4,564,930 were 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 Fayette County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Fayette County has no proprietary funds to report.

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

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

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable

(reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

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

Fayette County reports the following major governmental funds:

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

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

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

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

Additionally, Fayette County reports the following fund type:

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

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

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

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

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

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

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

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

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Fayette County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the primary government's Solid Waste/Sanitation Fund. Fayette County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including

collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.22 percent of total taxes levied.

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

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

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

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are

reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. 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, pension changes in experience, and 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

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

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

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other

financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

7. Net Position and Fund Balance

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

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

The government-wide Statement of Net Position reports \$6,653,017 of restricted net position for the primary government, of which \$451,039 is restricted by enabling legislation.

As of June 30, 2015, Fayette County had \$21,365,000 in outstanding debt for capital purposes for the discretely presented Fayette County School Department. This debt is a liability of Fayette County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Fayette County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

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

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

8. Prior-period Adjustments

Capital assets of the primary government were restated (increased by \$240,942) from the prior year because two buildings, land, and road improvements had been omitted. Capital assets of the discretely presented Fayette County School Department were restated (decreased by \$10,230) because land and a building actually owned by the primary government had been incorrectly added to the School Department's capital assets in a prior year. Also, the beginning balances of the primary government's and the School Department's net position of governmental activities were restated by an increase of \$495,000 and a decrease of \$495,000, respectively. These adjustments were necessary because in the prior year, note principal and interest requirements were shown as payable by the primary government; however, the requirements are being paid by contributions of the School Department beginning July 1, 2014. As a result of the adjustments noted above, the beginning balance of the primary government's net position of the governmental activities was increased by a total of \$735,942, and the discretely presented Fayette County School Department's net position of governmental activities was decreased by a total of \$505,230.

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 net pension liability in their Statement of Net Position. Therefore, a restatement increasing Fayette County's net position by \$318,542 has been recognized on the Statement of Activities. In addition, a restatement decreasing the Fayette County School Department's beginning net position by \$4,325,272 has been recognized on the Statement of Activities for assets of the pension agent plan of \$361,523 and liabilities of the pension cost-sharing plan of \$4,686,795.

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 Fayette County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Fayette 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 Fayette 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 Fayette County School Department

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

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Fayette County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

At June 30, 2015, Fayette County and the Fayette County School Department reported the following significant encumbrances:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Primary Government:		
Major Fund:		
Highway/Public Works	Paving Project	\$ 254,134
School Department:		
Major Fund:		
General Purpose School	Roofing Project	138,980

B. Cash Overdraft and Fund Deficit

The discretely presented School Federal Projects Fund had a cash overdraft of \$247,705 and a deficit in unassigned fund balance of \$125,239 at

June 30, 2015. The cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee, and the deficit in unassigned fund balance resulted from expenditures exceeding available funds.

C. Cash Shortage – Prior Years

On April 27, 2010, a special report was issued on the Fayette County School Food Service Department for the period July 1, 2007, through December 15, 2009. This report disclosed that the food service supervisor circumvented purchasing procedures, resulting in a cash shortage of \$142,433. In addition, the food service supervisor altered time sheets of a part-time cafeteria worker, resulting in a cash shortage of \$35,196.93. In May 2010, the School Department’s insurance carrier paid the department \$149,500. Three individuals entered into plea agreements. As of June 30, 2015, the restitution outstanding totaled \$8,325.

D. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations approved by the County Commission in the Solid Waste/Sanitation Fund by \$9,703. Also, 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>
Primary Government:	
General:	
Other Operations - Miscellaneous	\$ 2,056
General Debt Service:	
Other Debt Service - General Government	2,436
School Department:	
General Purpose School:	
Support Services - Other Student Support	16,814
Support Services - Special Education Program	1,113
Support Services - Director of Schools	23,432
Support Services - Human Services/Personnel	4,081
Support Services - Central and Other	5,922
Other Financing Uses - Transfers Out	120,607
School Federal Projects:	
Instruction - Vocational Education Program	68

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

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

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

The county had no pooled and nonpooled investments as of June 30, 2015.

B. Capital Assets

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

Primary Government

Governmental Activities:

	* Restated Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 2,041,595	\$ 0	\$ 0	\$ 2,041,595
Construction in Progress	252,017	0	252,017	0
Total Capital Assets Not Depreciated	\$ 2,293,612	\$ 0	\$ 252,017	\$ 2,041,595
Capital Assets Depreciated:				
Buildings and Improvements	\$ 21,333,829	\$ 0	\$ 0	\$ 21,333,829
Infrastructure	117,024,355	912,516	0	117,936,871
Other Capital Assets	9,756,862	1,211,135	457,344	10,510,653
Total Capital Assets Depreciated	\$ 148,115,046	\$ 2,123,651	\$ 457,344	\$ 149,781,353
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 7,936,975	\$ 766,477	\$ 0	\$ 8,703,452
Infrastructure	95,705,277	1,840,031	0	97,545,308
Other Capital Assets	6,552,468	864,561	442,304	6,974,725
Total Accumulated Depreciation	\$ 110,194,720	\$ 3,471,069	\$ 442,304	\$ 113,223,485
Total Capital Assets Depreciated, Net	\$ 37,920,326	\$ (1,347,418)	\$ 15,040	\$ 36,557,868
Governmental Activities Capital Assets, Net	\$ 40,213,938	\$ (1,347,418)	\$ 267,057	\$ 38,599,463

* See Note I.D.8. for prior-period adjustment.

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

Governmental Activities:

General Government	\$ 299,461
Finance	3,482
Administration of Justice	154,821
Public Safety	903,050
Public Health and Welfare	176,994
Social, Cultural, and Recreational Services	10,200
Highway/Public Works	<u>1,923,061</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 3,471,069</u></u>

Discretely Presented Fayette County School Department

Governmental Activities:

	* Restated			
	Balance			Balance
	7-1-14	Increases	Decreases	6-30-15
Capital Assets Not Depreciated:				
Land	\$ 349,377	\$ 0	\$ 0	\$ 349,377
Construction in Progress	8,244,774	4,473,222	0	12,717,996
Total Capital Assets				
Not Depreciated	<u>\$ 8,594,151</u>	<u>\$ 4,473,222</u>	<u>\$ 0</u>	<u>\$ 13,067,373</u>
Capital Assets Depreciated:				
Land Improvements	\$ 127,792	\$ 0	\$ 0	\$ 127,792
Buildings and Improvements	34,345,933	0	0	34,345,933
Infrastructure	394,280	0	0	394,280
Other Capital Assets	6,648,422	515,551	16,169	7,147,804
Total Capital Assets				
Depreciated	<u>\$ 41,516,427</u>	<u>\$ 515,551</u>	<u>\$ 16,169</u>	<u>\$ 42,015,809</u>

Governmental Activities (Cont.):

	* Restated			
	Balance			Balance
	7-1-14	Increases	Decreases	6-30-15
Less Accumulated Depreciation For:				
Land Improvements	\$ 125,814	\$ 0	\$ 0	\$ 125,814
Buildings and Improvements	26,510,879	718,935	0	27,229,814
Infrastructure	394,280	0	0	394,280
Other Capital Assets	4,744,341	423,853	2,695	5,165,499
Total Accumulated Depreciation	\$ 31,775,314	\$ 1,142,788	\$ 2,695	\$ 32,915,407
Total Capital Assets Depreciated, Net	\$ 9,741,113	\$ (627,237)	\$ 13,474	\$ 9,100,402
Governmental Activities Capital Assets, Net	\$ 18,335,264	\$ 3,845,985	\$ 13,474	\$ 22,167,775

* See Note LD.8. for prior-period adjustment.

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

Governmental Activities:

Instruction	\$ 671,205
Support Services	403,538
Operation of Non-instructional Services	<u>68,045</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,142,788</u>

C. Construction Commitments

At June 30, 2015, the Highway Department had uncompleted construction contracts of approximately \$254,134 for a paving project. Also, at June 30, 2015, the School Department had uncompleted construction contracts of approximately \$138,980 for a roofing project and \$391,049 for a new school building in the General Purpose School and Education Capital Projects funds, respectively. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 44,085
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	109,614
Nonmajor governmental	General Purpose School	32

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.

A portion of the receivable in the General Purpose School Fund (\$6,810) was in transit from the Central Cafeteria Fund at June 30, 2015.

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
Governmental Activities	Component Unit: School Department: Governmental Activities	\$ 575,000

The Due to the Primary Government from the School Department is the balance of notes payable issued by the county for the School Department as discussed in Note IV.G. The School Department has agreed to contribute the funds necessary to retire the debt.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2015, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		
	Highway/ Public Works Fund	General Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 32,760	\$ 50,000
Nonmajor governmental funds	126,667	253,333	0
Total	<u>\$ 126,667</u>	<u>\$ 286,093</u>	<u>\$ 50,000</u>

Discretely Presented Fayette County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 120,607
Nonmajor governmental funds	27,098	0
Total	<u>\$ 27,098</u>	<u>\$ 120,607</u>

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

E. Operating Leases

The discretely presented Fayette County School Department rents copiers under operating leases considered to be noncancelable. The rental expenditures for the year ended June 30, 2015, were \$143,280. There are no provisions for contingent or sublease rentals in the agreements. The future minimum lease payments for these leases are as follows:

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

F. Capital Lease

On November 2, 2011, Fayette County entered into a five-year lease-purchase agreement for ten patrol cars. The terms of the agreement require total lease payments of \$233,180 plus interest of 3.27 percent. Title to the patrol cars transfers to Fayette County at the end of the lease period. The lease payments are made by the General Debt Service Fund.

The assets acquired through the capital lease are as follows:

<u>Assets</u>	<u>Governmental Activities</u>
Other Capital Assets	\$ 233,180
Less: Accumulated Depreciation	<u>(170,997)</u>
Total Book Value	<u>\$ 62,183</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2016	\$ 51,381
2017	<u>51,381</u>
Total Minimum Lease Payments	\$ 102,762
Less: Amount Representing Interest	<u>(4,898)</u>
Present Value of Minimum Lease Payments	<u>\$ 97,864</u>

G. Long-term Obligations

Primary Government

General Obligation Bonds and Notes

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds

and capital outlay notes outstanding were issued for original terms of up to 23 years for bonds and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2015, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and the capital lease 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
General Obligation Bonds	2 to 4 %	4-1-36	\$ 13,585,000	\$ 13,090,000
General Obligation Bonds - Refunding	1.25 to 3.5	4-1-30	21,090,000	18,605,000
Capital Outlay Notes	2.49 to 4.25	3-1-25	2,544,969	1,491,332
Capital Lease	3.27	11-10-16	233,180	97,864

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 1,315,000	\$ 891,833	\$ 2,206,833
2017	1,500,000	865,530	2,365,530
2018	1,540,000	835,533	2,375,533
2019	1,500,000	801,480	2,301,480
2020	1,555,000	768,282	2,323,282
2021-2025	8,695,000	3,254,641	11,949,641
2026-2030	9,810,000	1,997,157	11,807,157
2031-2035	4,735,000	733,100	5,468,100
2036	1,045,000	39,100	1,084,100
Total	\$ 31,695,000	\$ 10,186,656	\$ 41,881,656

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 300,913	\$ 45,441	\$ 346,354
2017	179,960	31,029	210,989
2018	182,468	26,327	208,795
2019	189,998	21,553	211,551
2020	194,547	16,586	211,133
2021-2025	443,446	27,436	470,882
Total	\$ 1,491,332	\$ 168,372	\$ 1,659,704

There is \$2,906,126 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and the capital lease totaled \$866, based on the 2010 federal census.

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

Description of Indebtedness	Outstanding 6-30-15
<u>Notes Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Capital Outlay Note	\$ 135,000
School Buses	440,000
	<hr/>
Total	<u>\$ 575,000</u>

Changes in Long-term Obligations

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

Governmental Activities:	Bonds	Notes	Capital Lease
Balance, July 1, 2014	\$ 32,885,000	\$ 877,157	\$ 144,450
Additions	0	830,180	0
Reductions	(1,190,000)	(216,005)	(46,586)
	<hr/>		
Balance, June 30, 2015	\$ 31,695,000	\$ 1,491,332	\$ 97,864
	<hr/>		
Balance Due Within One Year	\$ 1,315,000	\$ 300,913	\$ 48,133
	<hr/>		
	Compensated Absences	Landfill Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2014	\$ 376,342	\$ 725,923	\$ 301,048
Additions	358,732	11,085	33,310
Reductions	(346,775)	(10,750)	(22,055)
	<hr/>		
Balance, June 30, 2015	\$ 388,299	\$ 726,258	\$ 312,303
	<hr/>		
Balance Due Within One Year	\$ 336,824	\$ 10,750	\$ 0
	<hr/>		

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 34,711,056
Less: Balance Due Within One Year	(2,011,620)
Add: Unamortized Premium on Debt	<u>559,751</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 33,259,187</u>
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Compensated absences will be paid from the employing funds, primarily the General, Solid Waste/Sanitation, and Highway/Public Works funds. Landfill postclosure care costs will be paid from the Solid Waste/Sanitation Fund. Other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Discretely Presented Fayette County School Department

Changes in Long-term Obligations

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

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2014	\$ 205,592	\$ 762,093
Additions	82,066	146,786
Reductions	<u>(183,629)</u>	<u>(116,055)</u>
Balance, June 30, 2015	<u>\$ 104,029</u>	<u>\$ 792,824</u>
Balance Due Within One Year	<u>\$ 104,029</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 896,853
Less: Balance Due Within One Year	<u>(104,029)</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 792,824</u>
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Compensated absences will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds. Other postemployment benefits will be paid from the employing funds, primarily the General Purpose School Fund.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Fayette County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2015, were \$55,905 and \$28,713, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

I. Short-term Debt

Fayette County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General (\$25,000) and General Purpose School (\$1,007,100) funds. These notes were necessary because funds were not available to meet operating expenses coming due before current tax collections. Short-term debt activity for the year ended June 30, 2015, was as follows:

	Balance		Balance	
	7-1-14	Issued	Paid	6-30-15
Tax Anticipation Notes	\$ 0	\$ 1,032,100	\$ (1,032,100)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Primary Government

Liability, Property, and Casualty

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

Workers' Compensation Insurance

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

Employee Health Insurance

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

Discretely Presented Fayette County School Department

Liability, Property, Casualty, and Workers' Compensation Insurance

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

Employee Health Insurance

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 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 Events

On July 2, 2015, James Teague left the Office of Director of Schools and was succeeded by Dr. Marlon King on August 1, 2015.

On August 18, 2015, Fayette County issued tax anticipation notes totaling \$50,000 to provide temporary operating funds to the General Purpose School Fund.

On November 30, 2015, Fayette County issued capital outlay notes totaling \$334,889 for highway equipment.

D. Contingent Liabilities

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

E. Change in Administration

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

F. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Fayette County closed its sanitary landfill in 1998. The \$726,258 reported as postclosure care liability at June 30, 2015, represents amounts based on what it would cost to perform all postclosure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. Joint Venture

The Twenty-fifth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fifth Judicial District, Fayette, Lauderdale, and Tipton counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Fayette County made no contributions to the DTF during the year ended June 30, 2015. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

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

H. Retirement Commitments

Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Fayette County and non-certified employees of the discretely presented Fayette 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 46.84 percent and the non-certified employees of the discretely presented School Department comprise 53.16 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.

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.

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.

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	257
Inactive Employees Entitled to But Not Yet Receiving Benefits	282
Active Employees	<u>427</u>
Total	<u><u>966</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. Fayette 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 Fayette County were \$1,023,307 based on a rate of 7.36 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Fayette 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)

Fayette 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
Cost of Living Adjustment	2.5%

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
	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 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 Fayette 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	\$ 37,386,660	\$ 37,044,213	\$ 342,447
Changes for the Year:			
Service Cost	\$ 1,031,073	\$ 0	\$ 1,031,073
Interest	2,815,322	0	2,815,322
Differences Between Expected and Actual Experience	(51,596)	0	(51,596)
Contributions-Employer	0	1,022,512	(1,022,512)
Contributions-Employees	0	633,135	(633,135)
Net Investment Income	0	6,126,528	(6,126,528)
Benefit Payments, Including Refunds of Employee Contributions	(1,760,198)	(1,760,198)	0
Administrative Expense	0	(17,761)	17,761
Other Changes	0	0	0
Net Changes	\$ 2,034,601	\$ 6,004,216	\$ (3,969,615)
Balance, June 30, 2014	\$ 39,421,261	\$ 43,048,429	\$ (3,627,168)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	46.84%	\$ 18,464,919	\$ 20,163,884	\$ (1,698,965)
School Department	53.16%	20,956,342	22,884,545	(1,928,203)
Total		<u>\$ 39,421,261</u>	<u>\$ 43,048,429</u>	<u>\$ (3,627,168)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Fayette 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 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Fayette County			
Net Pension Liability	\$ 1,312,010	\$ (3,627,168)	\$ (7,738,113)

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

Pension Income. For the year ended June 30, 2015, Fayette County recognized pension income of \$223,587.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Fayette 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	\$ 41,277
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,682,239
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>1,023,307</u>	N/A
Total	<u>\$ 1,023,307</u>	<u>\$ 2,723,516</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	\$ 599,672	\$ 1,275,695
School Department	<u>423,635</u>	<u>1,447,821</u>
Total	<u>\$ 1,023,307</u>	<u>\$ 2,723,516</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	\$ (680,879)
2017	(680,879)
2018	(680,879)
2019	(680,879)
2020	0
Thereafter	0

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

Discretely Presented Fayette County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Fayette County and non-certified employees of the discretely presented Fayette 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 46.84 percent and the non-certified employees of the discretely presented School Department comprise 53.16 percent of the plan based on census data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Fayette 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.

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 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 \$55,945, 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 Fayette 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 Fayette County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 55,945	N/A

The Fayette County School Department’s employer contributions of \$55,945 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 ending June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Fayette 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.

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 Fayette County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$917,061, 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 Fayette County School Department reported an asset of \$51,435 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 Fayette County School Department's proportion of the net pension liability was based on Fayette 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 Fayette County School Department's proportion was .316540 percent. The proportion measured as of June 30, 2013, was .351844 percent.

Pension Income. For the year ended June 30, 2015, the Fayette County School Department recognized a pension income of \$127,109.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Fayette 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
	<u>Resources</u>	<u>Resources</u>
Differences Between Expected and Actual Experience	\$ 124,875	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	4,238,018
Changes in Proportion of Net Pension Liability (Asset)	0	497,978
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	<u>917,061</u>	<u>N/A</u>
Total	<u>\$ 1,041,936</u>	<u>\$ 4,735,996</u>

The Fayette County School Department's employer contributions of \$917,061 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 ending 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	\$ (1,121,688)
2017	(1,121,688)
2018	(1,121,688)
2019	(1,121,688)
2020	(62,184)
Thereafter	(62,185)

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	4.61	8
Real Estate	0.98	29
Short-term Securities	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 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 Fayette 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 Fayette 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 \$ 8,675,301 \$ (51,435) \$ (7,276,229)

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

I. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plans are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees’ premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2015, Fayette County and the School Department contributed \$22,055 and \$116,055, respectively, for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 146,000	\$ 33,000
Interest on the NOPEBO	30,484	12,042
Adjustment to the ARC	(29,698)	(11,732)
Annual OPEB cost	\$ 146,786	\$ 33,310
Less: Amount of contribution	(116,055)	(22,055)
Increase/decrease in NOPEBO	\$ 30,731	\$ 11,255
Net OPEB obligation, 7-1-14	762,093	301,048
Net OPEB obligation, 6-30-15	\$ 792,824	\$ 312,303

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	\$ 299,481	50	% \$ 767,277
6-30-14	"	141,790	104	762,093
6-30-15	"	146,786	79	792,824
6-30-13	Local Government Group	62,444	23	274,350
6-30-14	"	32,283	17	301,048
6-30-15	"	33,310	66	312,303

Funded Status and Funding Progress

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

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

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

Actuarial Methods and Assumptions

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

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

J. Purchasing Laws

Office of County Mayor

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

Office of Public Works Superintendent

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

Office of Director of Schools

Purchasing procedures for the discretely presented Fayette County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education,

through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

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

A. Summary of Significant Accounting Policies

1. Reporting Entity

The Fayette County Emergency Communications District, a component unit of Fayette County, Tennessee, was established by voter referendum in November 1988, and the assessment of service fees began May 1989.

The purpose of the district is to provide a simplified means of securing emergency services by telephone to those persons living in Fayette County, Tennessee.

The district is considered a component unit of the county because its Board of Directors is appointed by the Fayette County Commission. The Fayette County Commission must approve any long-term debt issuance by the district, and also has the authority to decrease, but not increase, the user fees charged by the district.

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

The district is accounted for as a single enterprise fund as prescribed by the state. Enterprise funds are a type of proprietary fund, and as such, are reported in accordance with generally accepted accounting principles for proprietary funds as defined by the Government Accounting Standards Board (GASB). Proprietary fund types are reported using the economic resources measurement focus and the accrual basis of accounting. The aim of this measurement focus is to report all inflows, outflows, and balances affecting or reflecting the entities net position. The accrual basis of accounting recognizes income as it is earned and expenses as they are incurred, whether or not cash is received or paid out at that time.

Operating revenues in proprietary funds are those revenues generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. The state has defined grants and reimbursements from the Tennessee Emergency Communications Board (TECB) to be nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

3. **Assets, Liabilities, and Net Position**

Deposits and Investments

The district's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of inception. Investments consist of certificates of deposit.

Accounts Receivable

Accounts receivable represent amounts due from telephone companies for user fees, and amounts due from local customers for dispatch services.

Prepaid Expenses

Prepaid expenses represent amounts paid for insurance and maintenance contracts for terms covering future years.

Capital Assets

Capital assets are recorded at historical cost. Maintenance repairs and minor renewals are expensed as incurred.

Depreciation has been provided over the estimated useful lives of the capital assets by the straight-line method. The district considers capitalization of any purchases over a threshold of \$10,000 with estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Furniture, fixtures, equipment, and vehicles	5 - 20
Building improvements	20

Compensated Absences

The district allows full-time employees one day of vacation per month. The vacation days will have monetary value, and may be accrued, but only 15 days may be carried over at December 31. A liability is reflected in the financial statements of \$1,684.

The district allows employees to accrue one day per month sick leave; however, they have no monetary value, and employees will not be paid for accrued sick leave upon termination. Therefore, no liability is reflected in the financial statements.

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

Equity is reported as net position, which is classified into the following components as applicable:

- a. Net investment in capital assets – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any payables that are attributable to the acquisition, construction, or improvement of those assets. As of June 30, 2015, the district had no debt.
- b. Restricted net position – net position when constraints are placed on their use by external third parties or imposed by law.
- c. Unrestricted – all other net position that does not meet the definition of the other categories.

Pensions

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 district's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the district'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 benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Impact of Recently Issued Accounting Pronouncements

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, and Statement No. 68, *Accounting and Financial Reporting for Pensions –*

an amendment of GASB Statement No. 27. For governments to adopt Statement No. 68, the underlying pension plans must first adopt Statement No. 67. Statement No. 67 revises existing standards of financial reporting by state and local government pension plans and is effective for fiscal years beginning after June 15, 2013. Statement No. 68 improves accounting and financial reporting by state and local governments for pensions and is effective for fiscal years beginning after June 15, 2014. Those statements establish a definition of a pension plan that reflects the primary activities associated with pension arrangement – determining pensions, accumulating and managing assets dedicated to pensions, and paying benefits to plan members as they come due. Statement No. 68 details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. These pension standards include significant changes to how governmental employers will report liabilities related to pension obligations. The adoption of Statement No. 68 resulted in a restatement of beginning net position to record the calculated liability to the pension plan as of July 1, 2014. This restatement decreased net position by \$9,858 and increased net pension liability by the same amount.

B. Stewardship, Compliance, and Accountability

Budgetary Compliance

The district's Board of Directors approves an appropriate budget annually. The budget is prepared on a basis which differs from generally accepted accounting principles pertaining to proprietary funds, in that capital expenditures are budgeted as operating expenses rather than being capitalized as capital assets and expenses are on the cash basis rather than the accrual basis. The legal level of control is at each line-item of expense; therefore, each line-item must be amended prior to expending funds. For the year ended June 30, 2015, there were two items that exceeded the budgeted amounts: contracted services by \$47 and miscellaneous expenses by \$3,179.

C. Detailed Notes on Accounts

1. Deposits and Investments

The district's policies limit deposits and investments to those instruments allowed by applicable state laws and described below. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the district's agent in the district's name, or by the Federal Reserve banks acting as third-party agents. State statutes also authorize the district to invest in bonds, notes, or

treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2015, all deposits were fully collateralized or insured.

2. Capital Assets

Capital asset activity for the year was as follows:

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets			
Depreciated:			
Furniture and Fixtures	\$ 7,718	\$ 0	\$ 7,718
Office Equipment	51,531	0	51,531
Communications			
Equipment	846,546	0	846,546
Vehicles	22,415	0	22,415
Total Capital Assets			
Depreciated	\$ 928,210	\$ 0	\$ 928,210
Less Accumulated			
Depreciation For:			
Furniture and Fixtures	\$ 7,718	\$ 0	\$ 7,718
Office Equipment	29,107	5,000	34,107
Communications			
Equipment	385,249	67,581	452,830
Vehicles	22,415	0	22,415
Total Accumulated			
Depreciation	\$ 444,489	\$ 72,581	\$ 517,070
Total Capital			
Assets, Net	\$ 483,721	\$ (72,581)	\$ 411,140

D. Other Information

1. Commitments

The district has contracted with AT&T for the provision of services relating to the operation of the VIPER system. The monthly obligation by the district under the contract is \$4,964 for a 60-month period.

2. **Funding Sources**

Funds for operations are provided by monthly fees from service users in the county and by the Tennessee Emergency Communications Board. Major and alternate local exchange carriers collect services fees from the county users and remit the funds to the district. The state remits a percentage of the shared wireless charges and voice over internet protocol charges based on the district's population. As of January 2015, the state will handle all remittances for the district.

3. **Pension Plan**

General Information About the Pension Plan

Plan Description. Employees of the district are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent 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 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.

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.

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.

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	1
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	<u>2</u>
 Total	 <u><u>3</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 7.5 percent of salary. The district 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 the district were \$5,247 based on a rate of 9.13 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept the district'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)

The district's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability 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
Cost of Living Adjustment	2.5%

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
	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 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 the district 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	\$ 78,314	\$ 62,647	\$ 15,667
Changes for the Year:			
Service Cost	\$ 3,944	\$ 0	\$ 3,944
Interest	6,086	0	6,086
Differences Between Expected and Actual Experience	7,091	0	7,091
Contributions-Employer	0	5,809	(5,809)
Contributions-Employees	0	3,181	(3,181)
Net Investment Income	0	10,941	(10,941)
Benefit Payments, Including Refunds of Employee Contributions	(2,230)	(2,230)	0
Administrative Expense	0	(71)	71
Net Changes	\$ 14,891	\$ 17,630	\$ (2,739)
Balance, June 30, 2014	\$ 93,205	\$ 80,277	\$ 12,928

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of the district calculated using the discount rate of 7.5 percent, as well as what the net pension liability 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:

District	1% Decrease	Current Discount Rate	1% Increase
	6.5%	7.5%	8.5%
Net Pension Liability (Asset)	\$ 27,278	\$ 12,928	\$ 922

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

Pension Expense. For the year ended June 30, 2015, the district recognized pension expense of \$1,659.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the district 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	\$ 6,205	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	4,794
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>5,247</u>	<u>N/A</u>
Total	<u>\$ 11,452</u>	<u>\$ 4,794</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 in the following measurement period.

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	\$ (312)
2017	(312)
2018	(312)
2019	(312)
2020	886
Thereafter	1,773

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

4. **Risk Management**

The district is exposed to various risks of losses related to tort, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the district to purchase commercial insurance for the risks of general liability, vehicle liability, employee dishonesty, worker's compensation and physical damage to its capital assets. Settled claims have not exceeded this commercial coverage in any of the past three years.

5. **Restatement of Beginning Net Position – GASB Statements No. 68 and 71 Implementation**

As of July 1, 2014, a restatement of the beginning net position was made for the net pension liability and deferred inflows/outflows of resources on pension plan investments due to the district implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. The implementation of GASB Statements No. 68 and 71 resulted in the district restating net position by \$9,858 with a measurement date of June 30, 2014. The net effect of this restatement of beginning net position resulted in a decrease in the July 1, 2014, net position in the amount of \$9,858.

E. **Other Matters**

Effective January 1, 2015, service fees assessed to non-wireless telephone subscribers in the county are remitted by the collecting telephone companies directly to the Tennessee Emergency Communications Board (TECB). The TECB allocates the collected revenue by jurisdiction and makes payments to the local emergency communications districts. Prior to January 1, 2015, the district collected revenues from individual telephone companies one month in arrears of the time the charges were actually assessed to telephone subscribers and therefore always had one month of accrued, uncollected revenue receivable at the end of any month. At the point of the change in the collection process mandated by the TECB, their decision was to account for revenues on an as-collected basis so the district did not and will not collect the accrued revenues for December 2014. The effect of this change is to reflect only eleven months of revenue from non-wireless subscribers in the fiscal year ended June 30, 2015. This change did not affect operating cash flows as there were twelve months of actual collections of revenues.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Fayette 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>
Total Pension Liability (Asset)	
Service Cost	\$ 1,031,073
Interest	2,815,322
Differences Between Actual and Expected Experience	(51,596)
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,760,198)</u>
Net Change in Total Pension Liability (Asset)	\$ 2,034,601
Total Pension Liability (Asset), Beginning	<u>37,386,660</u>
Total Pension Liability (Asset), Ending (a)	<u>\$ 39,421,261</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,022,512
Contributions - Employee	633,135
Net Investment Income	6,126,528
Benefit Payments, Including Refunds of Employee Contributions	(1,760,198)
Administrative Expense	<u>(17,761)</u>
Net Change in Plan Fiduciary Net Position	\$ 6,004,216
Plan Fiduciary Net Position, Beginning	<u>37,044,213</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 43,048,429</u>
Net Pension Liability (Asset), Ending (a - b)	<u><u>\$ (3,627,168)</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	109.20%
Covered Employee Payroll	\$ 12,607,687
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	28.77%

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

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

Exhibit E-2

Fayette 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	\$ 1,022,512	\$ 1,023,307
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(1,022,512)</u>	<u>(1,023,307)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 12,607,687	\$ 15,440,164
Contributions as a Percentage of Covered Employee Payroll	8.11%	6.63%

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

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

Exhibit E-3

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

	<u>2015</u>
Actuarially Determined Contribution	\$ 34,966
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(55,945)</u>
Contribution Deficiency (Excess)	<u>\$ (20,979)</u>
Covered Employee Payroll	\$ 1,398,625
Contributions as a Percentage of Covered Employee Payroll	4.00%

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

Exhibit E-4

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

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 1,103,265	\$ 917,061
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(1,103,265)</u>	<u>(917,061)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 12,424,199	\$ 10,320,025
Contributions as a Percentage of Covered Employee Payroll	8.88%	8.89%

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

Exhibit E-5

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

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.316540%
School Department's Proportionate Share of the Net Pension Asset	\$ 51,435
Covered Employee Payroll	\$ 12,424,199
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

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

(Dollar amounts in thousands)

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

FAYETTE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 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	One 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
Cost of Living Adjustment	2.5%

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

Capital Projects Funds

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

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

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for grant proceeds and capital expenditures for jail renovation.

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

Exhibit F-1

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

	Special Revenue Funds					Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitu- tional Officers - Fees	Total	General Capital Projects
<u>ASSETS</u>						
Cash	\$ 100	\$ 0	\$ 0	\$ 43,734	\$ 43,834	\$ 0
Equity in Pooled Cash and Investments	129,274	132,689	451,039	0	713,002	20,185
Accounts Receivable	36,257	0	0	351	36,608	0
Due from Other Governments	0	0	0	0	0	0
Total Assets	\$ 165,631	\$ 132,689	\$ 451,039	\$ 44,085	\$ 793,444	\$ 20,185
<u>LIABILITIES</u>						
Contracts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Due to Other Funds	0	0	0	44,085	44,085	0
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 44,085	\$ 44,085	\$ 0
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 0	\$ 0	\$ 150,901	\$ 0	\$ 150,901	\$ 0
Restricted for Public Safety	0	132,689	0	0	132,689	0
Restricted for Highways/Public Works	0	0	150,069	0	150,069	0
Restricted for Education	0	0	150,069	0	150,069	0
Restricted for Capital Outlay	0	0	0	0	0	20,185
Committed:						
Committed for Public Health and Welfare	165,631	0	0	0	165,631	0
Total Fund Balances	\$ 165,631	\$ 132,689	\$ 451,039	\$ 0	\$ 749,359	\$ 20,185
Total Liabilities and Fund Balances	\$ 165,631	\$ 132,689	\$ 451,039	\$ 44,085	\$ 793,444	\$ 20,185

(Continued)

Exhibit F-1

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

	<u>Capital Projects Funds (Cont.)</u>			Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 0	\$ 43,834
Equity in Pooled Cash and Investments	0	89,414	109,599	822,601
Accounts Receivable	0	0	0	36,608
Due from Other Governments	3,325	0	3,325	3,325
Total Assets	\$ 3,325	\$ 89,414	\$ 112,924	\$ 906,368
<u>LIABILITIES</u>				
Contracts Payable	\$ 1,075	\$ 0	\$ 1,075	\$ 1,075
Due to Other Funds	0	0	0	44,085
Total Liabilities	\$ 1,075	\$ 0	\$ 1,075	\$ 45,160
<u>FUND BALANCES</u>				
Restricted:				
Restricted for General Government	\$ 0	\$ 0	\$ 0	\$ 150,901
Restricted for Public Safety	0	0	0	132,689
Restricted for Highways/Public Works	0	0	0	150,069
Restricted for Education	0	0	0	150,069
Restricted for Capital Outlay	2,250	89,414	111,849	111,849
Committed:				
Committed for Public Health and Welfare	0	0	0	165,631
Total Fund Balances	\$ 2,250	\$ 89,414	\$ 111,849	\$ 861,208
Total Liabilities and Fund Balances	\$ 3,325	\$ 89,414	\$ 112,924	\$ 906,368

Exhibit F-2

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

	Special Revenue Funds					Capital
	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitu- tional Officers - Fees	Total	Projects Funds General Capital Projects
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 454,615	\$ 0	\$ 454,615	\$ 0
Fines, Forfeitures, and Penalties	0	78,903	0	0	78,903	0
Charges for Current Services	361,166	0	0	21,249	382,415	0
Other Local Revenues	186,635	0	0	0	186,635	0
State of Tennessee	326,394	0	0	0	326,394	45,482
Federal Government	0	0	0	0	0	0
Total Revenues	\$ 874,195	\$ 78,903	\$ 454,615	\$ 21,249	\$ 1,428,962	\$ 45,482
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 28,867	\$ 28,867	\$ 0
Administration of Justice	0	0	0	4,150	4,150	0
Public Safety	0	63,871	0	0	63,871	0
Public Health and Welfare	912,364	0	0	0	912,364	0
Other Operations	0	0	6,553	0	6,553	0
Capital Projects	0	0	0	0	0	45,482
Total Expenditures	\$ 912,364	\$ 63,871	\$ 6,553	\$ 33,017	\$ 1,015,805	\$ 45,482
Excess (Deficiency) of Revenues Over Expenditures	\$ (38,169)	\$ 15,032	\$ 448,062	\$ (11,768)	\$ 413,157	\$ 0
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 50,000	\$ 0	\$ 0	\$ 0	\$ 50,000	\$ 0
Transfers Out	0	0	(380,000)	0	(380,000)	0
Total Other Financing Sources (Uses)	\$ 50,000	\$ 0	\$ (380,000)	\$ 0	\$ (330,000)	\$ 0
Net Change in Fund Balances	\$ 11,831	\$ 15,032	\$ 68,062	\$ (11,768)	\$ 83,157	\$ 0
Fund Balance, July 1, 2014	153,800	117,657	382,977	11,768	666,202	20,185
Fund Balance, June 30, 2015	\$ 165,631	\$ 132,689	\$ 451,039	\$ 0	\$ 749,359	\$ 20,185

(Continued)

Exhibit F-2

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

	Capital Projects Funds (Cont.)			Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 454,615
Fines, Forfeitures, and Penalties	0	0	0	78,903
Charges for Current Services	0	0	0	382,415
Other Local Revenues	0	0	0	186,635
State of Tennessee	0	0	45,482	371,876
Federal Government	97,880	0	97,880	97,880
Total Revenues	<u>\$ 97,880</u>	<u>\$ 0</u>	<u>\$ 143,362</u>	<u>\$ 1,572,324</u>
<u>Expenditures</u>				
Current:				
General Government	\$ 0	\$ 0	\$ 0	\$ 28,867
Administration of Justice	0	0	0	4,150
Public Safety	0	0	0	63,871
Public Health and Welfare	0	0	0	912,364
Other Operations	0	0	0	6,553
Capital Projects	95,630	0	141,112	141,112
Total Expenditures	<u>\$ 95,630</u>	<u>\$ 0</u>	<u>\$ 141,112</u>	<u>\$ 1,156,917</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,250</u>	<u>\$ 0</u>	<u>\$ 2,250</u>	<u>\$ 415,407</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 0	\$ 0	\$ 50,000
Transfers Out	0	0	0	(380,000)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (330,000)</u>
Net Change in Fund Balances	\$ 2,250	\$ 0	\$ 2,250	\$ 85,407
Fund Balance, July 1, 2014	0	89,414	109,599	775,801
Fund Balance, June 30, 2015	<u>\$ 2,250</u>	<u>\$ 89,414</u>	<u>\$ 111,849</u>	<u>\$ 861,208</u>

Exhibit F-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 361,166	\$ 300,000	\$ 330,162	\$ 31,004
Other Local Revenues	186,635	265,000	271,000	(84,365)
State of Tennessee	326,394	326,000	326,000	394
Total Revenues	<u>\$ 874,195</u>	<u>\$ 891,000</u>	<u>\$ 927,162</u>	<u>\$ (52,967)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 320,262	\$ 260,000	\$ 295,671	\$ (24,591)
Landfill Operation and Maintenance	592,102	606,500	606,990	14,888
Total Expenditures	<u>\$ 912,364</u>	<u>\$ 866,500</u>	<u>\$ 902,661</u>	<u>\$ (9,703)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (38,169)</u>	<u>\$ 24,500</u>	<u>\$ 24,501</u>	<u>\$ (62,670)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 50,000	\$ 0	\$ 0	\$ 50,000
Total Other Financing Sources	<u>\$ 50,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 50,000</u>
Net Change in Fund Balance	\$ 11,831	\$ 24,500	\$ 24,501	\$ (12,670)
Fund Balance, July 1, 2014	<u>153,800</u>	<u>116,744</u>	<u>116,744</u>	<u>37,056</u>
Fund Balance, June 30, 2015	<u>\$ 165,631</u>	<u>\$ 141,244</u>	<u>\$ 141,245</u>	<u>\$ 24,386</u>

Exhibit F-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 78,903	\$ 33,000	\$ 33,000	\$ 45,903
Total Revenues	\$ 78,903	\$ 33,000	\$ 33,000	\$ 45,903
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 63,871	\$ 147,500	\$ 147,500	\$ 83,629
Total Expenditures	\$ 63,871	\$ 147,500	\$ 147,500	\$ 83,629
Excess (Deficiency) of Revenues Over Expenditures	\$ 15,032	\$ (114,500)	\$ (114,500)	\$ 129,532
Net Change in Fund Balance	\$ 15,032	\$ (114,500)	\$ (114,500)	\$ 129,532
Fund Balance, July 1, 2014	117,657	114,614	114,614	3,043
Fund Balance, June 30, 2015	\$ 132,689	\$ 114	\$ 114	\$ 132,575

Exhibit F-5

Fayette County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Adequate Facilities/Development Tax Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 454,615	\$ 250,000	\$ 250,000	\$ 204,615
Total Revenues	\$ 454,615	\$ 250,000	\$ 250,000	\$ 204,615
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 6,553	\$ 10,000	\$ 10,000	\$ 3,447
Total Expenditures	\$ 6,553	\$ 10,000	\$ 10,000	\$ 3,447
Excess (Deficiency) of Revenues Over Expenditures	\$ 448,062	\$ 240,000	\$ 240,000	\$ 208,062
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (380,000)	\$ (380,000)	\$ (380,000)	\$ 0
Total Other Financing Sources	\$ (380,000)	\$ (380,000)	\$ (380,000)	\$ 0
Net Change in Fund Balance	\$ 68,062	\$ (140,000)	\$ (140,000)	\$ 208,062
Fund Balance, July 1, 2014	382,977	382,977	382,977	0
Fund Balance, June 30, 2015	\$ 451,039	\$ 242,977	\$ 242,977	\$ 208,062

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,875,117	\$ 2,060,233	\$ 2,060,233	\$ (185,116)
Other Governments and Citizens Groups	512,077	32,760	87,632	424,445
Total Revenues	<u>\$ 2,387,194</u>	<u>\$ 2,092,993</u>	<u>\$ 2,147,865</u>	<u>\$ 239,329</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 797,591	\$ 696,787	\$ 797,637	\$ 46
Education	655,000	760,000	865,000	210,000
<u>Interest on Debt</u>				
General Government	290,347	282,318	290,368	21
Education	736,748	745,817	760,520	23,772
<u>Other Debt Service</u>				
General Government	22,300	21,000	19,864	(2,436)
Education	2,136	1,000	2,136	0
Total Expenditures	<u>\$ 2,504,122</u>	<u>\$ 2,506,922</u>	<u>\$ 2,735,525</u>	<u>\$ 231,403</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (116,928)</u>	<u>\$ (413,929)</u>	<u>\$ (587,660)</u>	<u>\$ 470,732</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 286,093	\$ 283,475	\$ 0	\$ 286,093
Total Other Financing Sources	<u>\$ 286,093</u>	<u>\$ 283,475</u>	<u>\$ 0</u>	<u>\$ 286,093</u>
Net Change in Fund Balance	\$ 169,165	\$ (130,454)	\$ (587,660)	\$ 756,825
Fund Balance, July 1, 2014	<u>2,736,961</u>	<u>2,594,160</u>	<u>2,594,160</u>	<u>142,801</u>
Fund Balance, June 30, 2015	<u>\$ 2,906,126</u>	<u>\$ 2,463,706</u>	<u>\$ 2,006,500</u>	<u>\$ 899,626</u>

Fiduciary Funds

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

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

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

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

Exhibit H-1

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

	<u>Agency Funds</u>			
	Cities - Sales Tax	Watershed District	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 2,566,927	\$ 2,566,927
Equity in Pooled Cash and Investments	0	42,792	0	42,792
Accounts Receivable	0	0	12,479	12,479
Due from Other Governments	476,948	0	0	476,948
Total Assets	<u>\$ 476,948</u>	<u>\$ 42,792</u>	<u>\$ 2,579,406</u>	<u>\$ 3,099,146</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 476,948	\$ 42,792	\$ 0	\$ 519,740
Due to Litigants, Heirs, and Others	0	0	2,579,406	2,579,406
Total Liabilities	<u>\$ 476,948</u>	<u>\$ 42,792</u>	<u>\$ 2,579,406</u>	<u>\$ 3,099,146</u>

Exhibit H-2

Fayette 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	\$ 2,755,166	\$ 2,755,166	\$ 0
Due from Other Governments	445,894	476,948	445,894	476,948
Total Assets	\$ 445,894	\$ 3,232,114	\$ 3,201,060	\$ 476,948
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 445,894	\$ 3,232,114	\$ 3,201,060	\$ 476,948
Total Liabilities	\$ 445,894	\$ 3,232,114	\$ 3,201,060	\$ 476,948
<u>Watershed District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 42,792	\$ 0	\$ 0	\$ 42,792
Total Assets	\$ 42,792	\$ 0	\$ 0	\$ 42,792
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 42,792	\$ 0	\$ 0	\$ 42,792
Total Liabilities	\$ 42,792	\$ 0	\$ 0	\$ 42,792
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 3,439,547	\$ 11,120,414	\$ 11,993,034	\$ 2,566,927
Accounts Receivable	14,529	12,479	14,529	12,479
Total Assets	\$ 3,454,076	\$ 11,132,893	\$ 12,007,563	\$ 2,579,406
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 3,454,076	\$ 11,132,893	\$ 12,007,563	\$ 2,579,406
Total Liabilities	\$ 3,454,076	\$ 11,132,893	\$ 12,007,563	\$ 2,579,406
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 3,439,547	\$ 11,120,414	\$ 11,993,034	\$ 2,566,927
Equity in Pooled Cash and Investments	42,792	2,755,166	2,755,166	42,792
Accounts Receivable	14,529	12,479	14,529	12,479
Due from Other Governments	445,894	476,948	445,894	476,948
Total Assets	\$ 3,942,762	\$ 14,365,007	\$ 15,208,623	\$ 3,099,146
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 488,686	\$ 3,232,114	\$ 3,201,060	\$ 519,740
Due to Litigants, Heirs, and Others	3,454,076	11,132,893	12,007,563	2,579,406
Total Liabilities	\$ 3,942,762	\$ 14,365,007	\$ 15,208,623	\$ 3,099,146

Fayette County School Department

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

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

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

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

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

Exhibit I-1

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 15,390,760	\$ 51,067	\$ 1,206,258	\$ 2,847,993	\$ (11,285,442)
Support Services	10,390,660	2,163	759,070	1,010,578	(8,618,849)
Operation of Non-instructional Services	2,857,460	262,983	2,745,187	734,966	885,676
Interest on Long-term Debt	4,486	0	0	0	(4,486)
Total Governmental Activities	\$ 28,643,366	\$ 316,213	\$ 4,710,515	\$ 4,593,537	\$ (19,023,101)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 6,273,358
Local Option Sales Taxes					3,148,267
Other Local Taxes					11,496
Grants and Contributions Not Restricted to Specific Programs					16,445,056
Unrestricted Investment Income					9,808
Miscellaneous					202,622
Pension Income					245,968
Total General Revenues					\$ 26,336,575
Change in Net Position					\$ 7,313,474
Net Position, July 1, 2014					19,790,054
Prior-period Adjustments (See Note I.D.8)					(505,230)
Restatement - Pension Liability (See Note I.D.9)					(4,325,272)
Net Position, June 30, 2015					\$ 22,273,026

Exhibit I-2

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>Education Capital Projects</u>	<u>Other Governmental Funds</u>	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 3,250,628	\$ 4,728	\$ 558,222	\$ 3,813,578
Accounts Receivable	82,652	0	1,736	84,388
Due from Other Governments	871,184	0	474,405	1,345,589
Due from Other Funds	109,614	0	32	109,646
Property Taxes Receivable	6,133,037	0	0	6,133,037
Allowance for Uncollectible Property Taxes	(147,791)	0	0	(147,791)
Cash Shortage	0	0	8,325	8,325
Total Assets	<u>\$ 10,299,324</u>	<u>\$ 4,728</u>	<u>\$ 1,042,720</u>	<u>\$ 11,346,772</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 46,764	\$ 0	\$ 0	\$ 46,764
Accrued Payroll	725,934	0	11,039	736,973
Payroll Deductions Payable	79,099	0	13,254	92,353
Cash Overdraft	0	0	247,705	247,705
Contracts Payable	2,749	0	1,000	3,749
Due to Other Funds	32	0	102,804	102,836
Other Current Liabilities	1,102	0	0	1,102
Total Liabilities	<u>\$ 855,680</u>	<u>\$ 0</u>	<u>\$ 375,802</u>	<u>\$ 1,231,482</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 5,855,523	\$ 0	\$ 0	\$ 5,855,523
Deferred Delinquent Property Taxes	98,708	0	0	98,708
Other Deferred/Unavailable Revenue	521,427	0	157,310	678,737
Total Deferred Inflows of Resources	<u>\$ 6,475,658</u>	<u>\$ 0</u>	<u>\$ 157,310</u>	<u>\$ 6,632,968</u>

(Continued)

Exhibit I-2

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Capital</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 91,860	\$ 0	\$ 0	\$ 91,860
Restricted for Operation of Non-instructional Services	0	0	634,847	634,847
Restricted for Capital Outlay	0	4,728	0	4,728
Assigned:				
Assigned for Education	200,058	0	0	200,058
Unassigned	2,676,068	0	(125,239)	2,550,829
Total Fund Balances	<u>\$ 2,967,986</u>	<u>\$ 4,728</u>	<u>\$ 509,608</u>	<u>\$ 3,482,322</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,299,324</u>	<u>\$ 4,728</u>	<u>\$ 1,042,720</u>	<u>\$ 11,346,772</u>

Exhibit I-3

Fayette County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Fayette County School Department
June 30, 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)		\$	3,482,322
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	349,377	
Add: construction in progress		12,717,996	
Add: land improvements net of accumulated depreciation		1,978	
Add: buildings and improvements net of accumulated depreciation		7,116,119	
Add: other capital assets net of accumulated depreciation		<u>1,982,305</u>	22,167,775
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on primary government debt for notes	\$	(575,000)	
Less: compensated absences payable		(104,029)	
Less: other postemployment benefits liability		<u>(792,824)</u>	(1,471,853)
(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	\$	1,521,516	
Less: deferred inflows of resources related to pensions		<u>(6,183,817)</u>	(4,662,301)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	1,928,203	
Add: net pension asset - cost-sharing plan		<u>51,435</u>	1,979,638
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>777,445</u>
Net position of governmental activities (Exhibit A)			<u>\$ 22,273,026</u>

Exhibit I-4

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Capital</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 9,471,802	\$ 0	\$ 0	\$ 9,471,802
Licenses and Permits	2,609	0	0	2,609
Charges for Current Services	53,188	0	263,025	316,213
Other Local Revenues	202,590	8,027	1,813	212,430
State of Tennessee	16,367,188	0	16,241	16,383,429
Federal Government	334,987	0	3,994,603	4,329,590
Other Governments and Citizens Groups	0	4,593,537	0	4,593,537
Total Revenues	\$ 26,432,364	\$ 4,601,564	\$ 4,275,682	\$ 35,309,610
<u>Expenditures</u>				
Current:				
Instruction	\$ 13,435,760	\$ 0	\$ 1,498,551	\$ 14,934,311
Support Services	9,707,194	29	1,000,086	10,707,309
Operation of Non-instructional Services	831,650	0	2,165,525	2,997,175
Capital Outlay	397,780	0	0	397,780
Debt Service:				
Interest on Debt	4,486	0	0	4,486
Other Debt Service	519,178	0	0	519,178
Capital Projects	0	4,630,859	0	4,630,859
Total Expenditures	\$ 24,896,048	\$ 4,630,888	\$ 4,664,162	\$ 34,191,098
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,536,316	\$ (29,324)	\$ (388,480)	\$ 1,118,512
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 42,748	\$ 0	\$ 0	\$ 42,748
Transfers In	27,098	0	120,607	147,705
Transfers Out	(120,607)	0	(27,098)	(147,705)
Total Other Financing Sources (Uses)	\$ (50,761)	\$ 0	\$ 93,509	\$ 42,748
Net Change in Fund Balances	\$ 1,485,555	\$ (29,324)	\$ (294,971)	\$ 1,161,260
Fund Balance, July 1, 2014	1,482,431	34,052	804,579	2,321,062
Fund Balance, June 30, 2015	\$ 2,967,986	\$ 4,728	\$ 509,608	\$ 3,482,322

Exhibit I-5

Fayette County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Fayette County School Department
For the Year Ended June 30, 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)		\$ 1,161,260
(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	\$ 4,988,773	
Less: current-year depreciation expense	<u>(1,142,788)</u>	3,845,985
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: proceeds received from the disposal of capital assets		(13,474)
(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	\$ 777,445	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(376,183)</u>	401,262
(4) The contributions of long-term debt (e.g., notes) by the primary government provide current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Add: principal contributions on notes to primary government		205,000
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ 101,563	
Change in other postemployment benefits liability	(30,731)	
Change in deferred outflows related to pensions	1,521,516	
Change in deferred inflows related to pensions	(6,183,817)	
Change in net pension asset - agent plan	1,566,680	
Change in net pension asset - cost-sharing plan	<u>4,738,230</u>	<u>1,713,441</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 7,313,474</u>

Exhibit I-6

Fayette County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Fayette 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	\$ 0	\$ 558,222	\$ 558,222
Accounts Receivable	1,736	0	1,736
Due from Other Governments	401,079	73,326	474,405
Due from Other Funds	32	0	32
Cash Shortage	0	8,325	8,325
Total Assets	<u>\$ 402,847</u>	<u>\$ 639,873</u>	<u>\$ 1,042,720</u>
<u>LIABILITIES</u>			
Accrued Payroll	\$ 9,408	\$ 1,631	\$ 11,039
Payroll Deductions Payable	10,859	2,395	13,254
Cash Overdraft	247,705	0	247,705
Contracts Payable	0	1,000	1,000
Due to Other Funds	102,804	0	102,804
Total Liabilities	<u>\$ 370,776</u>	<u>\$ 5,026</u>	<u>\$ 375,802</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Other Deferred/Unavailable Revenue	\$ 157,310	\$ 0	\$ 157,310
Total Deferred Inflows of Resources	<u>\$ 157,310</u>	<u>\$ 0</u>	<u>\$ 157,310</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Operation of Non-instructional Services	\$ 0	\$ 634,847	\$ 634,847
Unassigned	(125,239)	0	(125,239)
Total Fund Balances	<u>\$ (125,239)</u>	<u>\$ 634,847</u>	<u>\$ 509,608</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 402,847</u>	<u>\$ 639,873</u>	<u>\$ 1,042,720</u>

Exhibit I-7

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

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 263,025	\$ 263,025
Other Local Revenues	32	1,781	1,813
State of Tennessee	0	16,241	16,241
Federal Government	2,071,307	1,923,296	3,994,603
Total Revenues	<u>\$ 2,071,339</u>	<u>\$ 2,204,343</u>	<u>\$ 4,275,682</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,498,551	\$ 0	\$ 1,498,551
Support Services	1,000,086	0	1,000,086
Operation of Non-instructional Services	0	2,165,525	2,165,525
Total Expenditures	<u>\$ 2,498,637</u>	<u>\$ 2,165,525</u>	<u>\$ 4,664,162</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (427,298)</u>	<u>\$ 38,818</u>	<u>\$ (388,480)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 120,607	\$ 0	\$ 120,607
Transfers Out	(27,098)	0	(27,098)
Total Other Financing Sources (Uses)	<u>\$ 93,509</u>	<u>\$ 0</u>	<u>\$ 93,509</u>
Net Change in Fund Balances	\$ (333,789)	\$ 38,818	\$ (294,971)
Fund Balance, July 1, 2014	208,550	596,029	804,579
Fund Balance, June 30, 2015	<u>\$ (125,239)</u>	<u>\$ 634,847</u>	<u>\$ 509,608</u>

Exhibit I-8

Fayette County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Fayette County School Department
General Purpose School Fund
For the Year Ended June 30, 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	\$ 9,471,802	\$ 0	\$ 0	\$ 9,471,802	\$ 9,176,686	\$ 9,176,686	\$ 295,116
Licenses and Permits	2,609	0	0	2,609	2,750	2,750	(141)
Charges for Current Services	53,188	0	0	53,188	60,000	60,000	(6,812)
Other Local Revenues	202,590	0	0	202,590	43,000	43,000	159,590
State of Tennessee	16,367,188	0	0	16,367,188	16,550,749	16,655,461	(288,273)
Federal Government	334,987	0	0	334,987	375,747	375,747	(40,760)
Total Revenues	\$ 26,432,364	\$ 0	\$ 0	\$ 26,432,364	\$ 26,208,932	\$ 26,313,644	\$ 118,720
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 10,919,644	\$ (1,647)	\$ 0	\$ 10,917,997	\$ 11,368,992	\$ 11,367,603	\$ 449,606
Special Education Program	1,891,887	0	37,589	1,929,476	2,042,586	1,955,586	26,110
Vocational Education Program	624,229	0	0	624,229	676,038	675,848	51,619
<u>Support Services</u>							
Attendance	133,270	0	0	133,270	128,307	188,307	55,037
Health Services	243,623	0	779	244,402	255,637	255,637	11,235
Other Student Support	549,764	0	0	549,764	526,951	532,950	(16,814)
Regular Instruction Program	712,647	(27,675)	0	684,972	726,046	710,620	25,648
Special Education Program	233,526	0	0	233,526	239,724	232,413	(1,113)
Vocational Education Program	115,893	0	0	115,893	120,930	121,121	5,228
Adult Programs	336,682	0	0	336,682	375,747	375,747	39,065
Other Programs	84,618	0	0	84,618	181,960	278,378	193,760
Board of Education	667,427	0	0	667,427	941,590	1,134,490	467,063
Director of Schools	350,674	0	0	350,674	327,242	327,242	(23,432)
Office of the Principal	1,329,330	0	0	1,329,330	1,407,430	1,407,429	78,099
Fiscal Services	191,129	0	26	191,155	210,049	210,049	18,894
Human Services/Personnel	108,634	0	0	108,634	104,553	104,553	(4,081)
Operation of Plant	1,626,859	(5,647)	11,097	1,632,309	1,716,223	1,734,223	101,914
Maintenance of Plant	591,781	(27,586)	3,404	567,599	604,679	586,679	19,080
Transportation	2,219,201	(38,419)	400	2,181,182	2,194,100	2,332,367	151,185

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	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>Support Services (Cont.)</u>							
Central and Other	\$ 212,136	\$ 0	\$ 0	\$ 212,136	\$ 224,275	\$ 206,214	\$ (5,922)
<u>Operation of Non-instructional Services</u>							
Community Services	29,328	0	0	29,328	47,181	47,181	17,853
Early Childhood Education	802,322	0	0	802,322	838,780	839,778	37,456
<u>Capital Outlay</u>							
Regular Capital Outlay	397,780	(26,910)	146,763	517,633	511,705	522,938	5,305
<u>Interest on Debt</u>							
Education	4,486	0	0	4,486	269,271	37,025	32,539
<u>Other Debt Service</u>							
Education	519,178	0	0	519,178	285,000	519,178	0
Total Expenditures	\$ 24,896,048	\$ (127,884)	\$ 200,058	\$ 24,968,222	\$ 26,324,996	\$ 26,703,556	\$ 1,735,334
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 1,536,316	\$ 127,884	\$ (200,058)	\$ 1,464,142	\$ (116,064)	\$ (389,912)	\$ 1,854,054
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 42,748	\$ 0	\$ 0	\$ 42,748	\$ 0	\$ 72,665	\$ (29,917)
Transfers In	27,098	0	0	27,098	0	0	27,098
Transfers Out	(120,607)	0	0	(120,607)	0	0	(120,607)
Total Other Financing Sources	\$ (50,761)	\$ 0	\$ 0	\$ (50,761)	\$ 0	\$ 72,665	\$ (123,426)
Net Change in Fund Balance	\$ 1,485,555	\$ 127,884	\$ (200,058)	\$ 1,413,381	\$ (116,064)	\$ (317,247)	\$ 1,730,628
Fund Balance, July 1, 2014	1,482,431	(127,884)	0	1,354,547	1,137,989	1,137,989	216,558
Fund Balance, June 30, 2015	\$ 2,967,986	\$ 0	\$ (200,058)	\$ 2,767,928	\$ 1,021,925	\$ 820,742	\$ 1,947,186

Exhibit I-9

Fayette County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Fayette County School Department
School Federal Projects Fund
For the Year Ended June 30, 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>							
Other Local Revenues	\$ 32	\$ 0	\$ 0	\$ 32	\$ 0	\$ 0	\$ 32
Federal Government	2,071,307	0	0	2,071,307	2,337,949	2,775,805	(704,498)
Total Revenues	\$ 2,071,339	\$ 0	\$ 0	\$ 2,071,339	\$ 2,337,949	\$ 2,775,805	\$ (704,466)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 924,497	\$ (44,868)	\$ 17,604	\$ 897,233	\$ 864,156	\$ 1,033,200	\$ 135,967
Special Education Program	511,941	0	0	511,941	505,266	554,610	42,669
Vocational Education Program	62,113	0	490	62,603	58,722	62,535	(68)
<u>Support Services</u>							
Health Services	152,497	0	0	152,497	165,708	155,708	3,211
Other Student Support	77,746	0	0	77,746	88,949	85,820	8,074
Regular Instruction Program	439,514	(6,995)	0	432,519	382,623	497,634	65,115
Special Education Program	88,276	0	0	88,276	47,474	96,968	8,692
Vocational Education Program	2,249	0	0	2,249	3,000	2,316	67
Transportation	239,804	0	0	239,804	194,079	259,883	20,079
Total Expenditures	\$ 2,498,637	\$ (51,863)	\$ 18,094	\$ 2,464,868	\$ 2,309,977	\$ 2,748,674	\$ 283,806
Excess (Deficiency) of Revenues Over Expenditures	\$ (427,298)	\$ 51,863	\$ (18,094)	\$ (393,529)	\$ 27,972	\$ 27,131	\$ (420,660)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 120,607	\$ 0	\$ 0	\$ 120,607	\$ 0	\$ 0	\$ 120,607
Transfers Out	(27,098)	0	0	(27,098)	(27,940)	(27,098)	0
Total Other Financing Sources	\$ 93,509	\$ 0	\$ 0	\$ 93,509	\$ (27,940)	\$ (27,098)	\$ 120,607
Net Change in Fund Balance	\$ (333,789)	\$ 51,863	\$ (18,094)	\$ (300,020)	\$ 32	\$ 33	\$ (300,053)
Fund Balance, July 1, 2014	208,550	(51,863)	0	156,687	208,550	208,550	(51,863)
Fund Balance, June 30, 2015	\$ (125,239)	\$ 0	\$ (18,094)	\$ (143,333)	\$ 208,582	\$ 208,583	\$ (351,916)

Exhibit I-10

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 263,025	\$ 375,000	\$ 315,000	\$ (51,975)
Other Local Revenues	1,781	4,500	4,500	(2,719)
State of Tennessee	16,241	18,900	18,900	(2,659)
Federal Government	1,923,296	1,905,900	1,965,900	(42,604)
Total Revenues	<u>\$ 2,204,343</u>	<u>\$ 2,304,300</u>	<u>\$ 2,304,300</u>	<u>\$ (99,957)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 2,165,525	\$ 2,314,400	\$ 2,314,400	\$ 148,875
Total Expenditures	<u>\$ 2,165,525</u>	<u>\$ 2,314,400</u>	<u>\$ 2,314,400</u>	<u>\$ 148,875</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 38,818	\$ (10,100)	\$ (10,100)	\$ 48,918
Net Change in Fund Balance	\$ 38,818	\$ (10,100)	\$ (10,100)	\$ 48,918
Fund Balance, July 1, 2014	<u>596,029</u>	<u>582,294</u>	<u>582,294</u>	<u>13,735</u>
Fund Balance, June 30, 2015	<u>\$ 634,847</u>	<u>\$ 572,194</u>	<u>\$ 572,194</u>	<u>\$ 62,653</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Fayette County, Tennessee
Schedule of Changes in Long-term Notes, Capital Lease, 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	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-15
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Sheriff's Department Maintenance Shop	\$ 139,789	4.25 %	7-29-10	3-15-22	\$ 97,157	\$ 0	\$ 11,005	\$ 86,152
General Obligation Capital Outlay Notes, Series 2014	830,180	2.66	11-21-14	3-1-25	0	830,180	0	830,180
Total Payable through General Debt Service Fund					<u>\$ 97,157</u>	<u>\$ 830,180</u>	<u>\$ 11,005</u>	<u>\$ 916,332</u>
<u>Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund</u>								
School Capital Outlay Note	1,080,000	3.86	9-16-08	6-1-16	\$ 285,000	\$ 0	\$ 150,000	\$ 135,000
School Buses (1)	495,000	2.49	11-18-13	12-1-21	495,000	0	55,000	440,000
Total Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund					<u>\$ 780,000</u>	<u>\$ 0</u>	<u>\$ 205,000</u>	<u>\$ 575,000</u>
Total Notes Payable					<u>\$ 877,157</u>	<u>\$ 830,180</u>	<u>\$ 216,005</u>	<u>\$ 1,491,332</u>
<u>CAPITAL LEASE PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Ten Sheriff Cars	233,180	3.27	11-2-11	11-10-16	\$ 144,450	\$ 0	\$ 46,586	\$ 97,864
Total Capital Lease Payable					<u>\$ 144,450</u>	<u>\$ 0</u>	<u>\$ 46,586</u>	<u>\$ 97,864</u>
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Refunding Bonds, Series 2011	9,585,000	1.25 to 3.5	9-15-11	4-1-30	\$ 8,570,000	\$ 0	\$ 300,000	\$ 8,270,000
General Obligation Refunding Bonds, Series 2012A	7,240,000	2 to 3	5-1-12	4-1-29	6,640,000	0	330,000	6,310,000
General Obligation Bonds, Series 2012B	4,575,000	2 to 3	12-12-12	4-1-36	4,400,000	0	175,000	4,225,000
General Obligation Bonds, Series 2013	8,715,000	2 to 4	12-20-13	4-1-36	8,715,000	0	75,000	8,640,000
General Obligation and Refunding Bonds, Series 2014	4,560,000	2 to 3	4-25-14	4-1-29	4,560,000	0	310,000	4,250,000
Total Bonds Payable					<u>\$ 32,885,000</u>	<u>\$ 0</u>	<u>\$ 1,190,000</u>	<u>\$ 31,695,000</u>

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

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 300,913	\$ 45,441	\$ 346,354
2017	179,960	31,029	210,989
2018	182,468	26,327	208,795
2019	189,998	21,553	211,551
2020	194,547	16,586	211,133
2021	136,127	11,487	147,614
2022	138,589	7,845	146,434
2023	60,000	4,218	64,218
2024	62,000	2,718	64,718
2025	46,730	1,168	47,898
Total	\$ 1,491,332	\$ 168,372	\$ 1,659,704

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2016	\$ 48,133	\$ 3,248	\$ 51,381
2017	49,731	1,650	51,381
Total	\$ 97,864	\$ 4,898	\$ 102,762

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 1,315,000	\$ 891,833	\$ 2,206,833
2017	1,500,000	865,530	2,365,530
2018	1,540,000	835,533	2,375,533
2019	1,500,000	801,480	2,301,480
2020	1,555,000	768,282	2,323,282
2021	1,625,000	734,032	2,359,032
2022	1,715,000	694,131	2,409,131
2023	1,735,000	650,942	2,385,942
2024	1,775,000	610,012	2,385,012
2025	1,845,000	565,524	2,410,524
2026	1,910,000	515,330	2,425,330
2027	1,980,000	461,280	2,441,280
2028	2,050,000	403,168	2,453,168
2029	2,100,000	341,354	2,441,354
2030	1,770,000	276,025	2,046,025
2031	900,000	213,900	1,113,900
2032	920,000	181,350	1,101,350
2033	935,000	148,150	1,083,150
2034	980,000	113,200	1,093,200
2035	1,000,000	76,500	1,076,500
2036	1,045,000	39,100	1,084,100
Total	\$ 31,695,000	\$ 10,186,656	\$ 41,881,656

Exhibit J-3

Fayette County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Fayette County School Department
For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Solid Waste/Sanitation	Operations	\$ 50,000
"	General Debt Service	Debt retirement	32,760
Adequate Facilities/Development Tax	"	"	253,333
"	Highway/Public Works	Road paving	<u>126,667</u>
Total Transfers Primary Government			<u>\$ 462,760</u>
<u>DISCRETELY PRESENTED FAYETTE COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Maintenance of effort	\$ 120,607
School Federal Projects	General Purpose School	Indirect costs	<u>27,098</u>
Total Transfers Discretely Presented Fayette County School Department			<u>\$ 147,705</u>

Exhibit J-4

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 84,483	\$ 100,000	Western Surety Company
Public Works Superintendent	Chapter 234, Private Acts of 1974 and Section 8-24-102, <i>TCA</i>	84,053 (1)	100,000	"
Director of Schools	State Board of Education and County Board of Education	106,000 (2)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	70,263	1,212,380	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	70,263	10,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	70,263	100,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	70,263	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	70,263 (3)	100,000	"
Register of Deeds:				
Edward Pattat (7-1-14 through 8-31-14)	Section 8-24-102, <i>TCA</i>	11,710	25,000	"
Sissy Dowdle (9-1-14 through 6-30-15)	Section 8-24-102, <i>TCA</i>	58,553	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	80,459	100,000	"
Employees Blanket Bond:				
Office:				
County Mayor:				
All Employees			150,000	Local Government Property and Casualty
Public Works Superintendent:				
All Employees			150,000	"
Director of Schools:				
All Employees			150,000	Tennessee Risk Management Trust

- (1) Includes a certified public administrator supplement of \$1,253.
(2) Includes a chief executive officer training supplement of \$1,000.
(3) Does not include special commissioner fees of \$4,150.

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitu- tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 8,166,509	\$ 0	\$ 0	\$ 0	\$ 0	\$ 669,706
Trustee's Collections - Prior Year	209,282	0	0	0	0	17,635
Circuit/Clerk and Master Collections - Prior Years	141,915	0	0	0	0	13,989
Interest and Penalty	39,661	0	0	0	0	3,593
Pickup Taxes	5,142	0	0	0	0	422
Payments in-Lieu-of Taxes - Local Utilities	4,840	0	0	0	0	819
Payments in-Lieu-of Taxes - Other	50,548	0	0	0	0	4,144
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	366,257
Hotel/Motel Tax	5,681	0	0	0	0	0
Wheel Tax	186,688	0	0	0	0	746,752
Litigation Tax - General	88,638	0	0	0	0	0
Litigation Tax - Special Purpose	22,000	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	79,679	0	0	0	0	0
Business Tax	222,480	0	0	0	0	0
Mixed Drink Tax	583	0	0	0	0	0
Adequate Facilities/Development Tax	0	0	0	454,615	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	149,298	0	0	0	0	0
Wholesale Beer Tax	68,754	0	0	0	0	0
Interstate Telecommunications Tax	2,743	0	0	0	0	0
Total Local Taxes	\$ 9,444,441	\$ 0	\$ 0	\$ 454,615	\$ 0	\$ 1,823,317

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 26,616	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	151,509	0	0	0	0	0
<u>Permits</u>						
Beer Permits	1,045	0	0	0	0	0
Building Permits	50,447	0	0	0	0	0
Total Licenses and Permits	<u>\$ 229,617</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 12,067	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	13,005	0	0	0	0	0
Drug Control Fines	14,039	0	0	0	0	0
Drug Court Fees	1,699	0	0	0	0	0
Jail Fees	796	0	0	0	0	0
DUI Treatment Fines	1,472	0	0	0	0	0
Data Entry Fee - Circuit Court	2,435	0	0	0	0	0
Courtroom Security Fee	8	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	21,078	0	0	0	0	0
Fines for Littering	24	0	0	0	0	0
Officers Costs	37,712	0	0	0	0	0
Game and Fish Fines	877	0	0	0	0	0
Drug Control Fines	3,291	0	3,881	0	0	0
Drug Court Fees	20,483	0	0	0	0	0
Jail Fees	4,581	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Judicial Commissioner Fees	\$ 59,075	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
DUI Treatment Fines	7,932	0	0	0	0	0
Data Entry Fee - General Sessions Court	25,031	0	0	0	0	0
Courtroom Security Fee	1,211	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	902	0	0	0	0	0
Officers Costs	1,371	0	0	0	0	0
Drug Control Fines	145	0	0	0	0	0
Courtroom Security Fee	2	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	2,804	0	0	0	0	0
Data Entry Fee - Chancery Court	1,454	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Courtroom Security Fee	6	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	75,022	0	0	0
Other Fines, Forfeitures, and Penalties	3,325	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 236,825	\$ 0	\$ 78,903	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Other Employee Benefit Charges/Contributions	\$ 128,600	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Residential Waste Collection Charge	12,300	0	0	0	0	0
Solid Waste Disposal Fee	0	361,166	0	0	0	0
Patient Charges	1,014,641	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>Fees</u>						
Airport Fees	\$ 133,372	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Copy Fees	184	0	0	0	0	0
Library Fees	9,844	0	0	0	0	0
Greenbelt Late Application Fee	150	0	0	0	0	0
Telephone Commissions	54,676	0	0	0	0	0
Vending Machine Collections	1,164	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	21,249	0
Data Processing Fee - Register	14,450	0	0	0	0	0
Data Processing Fee - Sheriff	2,718	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	5,250	0	0	0	0	0
Data Processing Fee - County Clerk	3,390	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	875	0	0	0	0	0
Total Charges for Current Services	\$ 1,381,614	\$ 361,166	\$ 0	\$ 0	\$ 21,249	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 23,618	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	38,262	0	0	0	0	0
Sale of Materials and Supplies	355	0	0	0	0	0
Commissary Sales	30,462	0	0	0	0	0
Sale of Gasoline	134,379	0	0	0	0	0
Sale of Recycled Materials	0	134,511	0	0	0	17,053
Miscellaneous Refunds	33,041	28,506	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works
<u>Other Local Revenues (Cont.)</u>						
<u>Nonrecurring Items</u>						
Sale of Equipment	\$ 17,438	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,700
Sale of Property	10	0	0	0	0	0
Contributions and Gifts	78	0	0	0	0	18,850
<u>Other Local Revenues</u>						
Other Local Revenues	162	0	0	0	0	0
Total Other Local Revenues	\$ 254,187	\$ 186,635	\$ 0	\$ 0	\$ 0	\$ 74,603
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 318,985	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	102,303	0	0	0	0	0
General Sessions Court Clerk	189,974	0	0	0	0	0
Clerk and Master	186,257	0	0	0	0	0
Juvenile Court Clerk	30,411	0	0	0	0	0
Register	206,571	0	0	0	0	0
Sheriff	22,970	0	0	0	0	0
Trustee	524,005	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,581,476	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Airport Maintenance Program	\$ 15,202	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other General Government Grants	3,004	0	0	0	0	0
<u>Public Safety Grants</u>						
Other Public Safety Grants	34,901	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Health Department Programs	\$ 274,967	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	52,865
Litter Program	42,327	0	0	0	0	0
Tennessee Industrial Infrastructure Program	0	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	147,266	0	0	0	0	0
Beer Tax	18,055	0	0	0	0	0
Vehicle Certificate of Title Fees	12,613	0	0	0	0	0
Alcoholic Beverage Tax	84,311	0	0	0	0	0
State Revenue Sharing - T.V.A.	464,078	315,000	0	0	0	184,595
Contracted Prisoner Boarding	1,220,075	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,079,795
Petroleum Special Tax	0	0	0	0	0	27,717
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	65,709	0	0	0	0	0
Other State Revenues	34,079	11,394	0	0	0	0
Total State of Tennessee	\$ 2,431,751	\$ 326,394	\$ 0	\$ 0	\$ 0	\$ 2,344,972
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	52,000	0	0	0	0	0
Disaster Relief	0	0	0	0	0	66,424
Other Federal through State	288,006	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	\$ 12,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Federal Government	\$ 352,506	\$ 0	\$ 0	\$ 0	\$ 0	\$ 66,424
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 62,794	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	10,875	0	0	0	0	0
Contracted Services	22,594	0	0	0	0	0
<u>Other</u>						
Other	12,299	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 108,562	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 16,020,979	\$ 874,195	\$ 78,903	\$ 454,615	\$ 21,249	\$ 4,309,316

(Continued)

Exhibit J-5

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

	Debt Service		Capital Projects Funds		Total
	Fund		General	Community Development/Industrial Park	
	General Debt Service		General Capital Projects		
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 0	\$ 0	\$ 0	\$ 0	8,836,215
Trustee's Collections - Prior Year	31		0	0	226,948
Circuit/Clerk and Master Collections - Prior Years	7,920		0	0	163,824
Interest and Penalty	5		0	0	43,259
Pickup Taxes	0		0	0	5,564
Payments in-Lieu-of Taxes - Local Utilities	0		0	0	5,659
Payments in-Lieu-of Taxes - Other	0		0	0	54,692
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0		0	0	366,257
Hotel/Motel Tax	0		0	0	5,681
Wheel Tax	1,867,161		0	0	2,800,601
Litigation Tax - General	0		0	0	88,638
Litigation Tax - Special Purpose	0		0	0	22,000
Litigation Tax - Jail, Workhouse, or Courthouse	0		0	0	79,679
Business Tax	0		0	0	222,480
Mixed Drink Tax	0		0	0	583
Adequate Facilities/Development Tax	0		0	0	454,615
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0		0	0	149,298
Wholesale Beer Tax	0		0	0	68,754
Interstate Telecommunications Tax	0		0	0	2,743
Total Local Taxes	\$ 1,875,117	\$ 0	\$ 0	\$ 0	13,597,490

(Continued)

Exhibit J-5

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

	Debt Service		Capital Projects Funds		Total
	Fund			Community	
	General	General	General	Development/ Industrial Park	
	Debt	Capital			
	Service	Projects			
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	26,616
Cable TV Franchise	0	0	0	0	151,509
<u>Permits</u>					
Beer Permits	0	0	0	0	1,045
Building Permits	0	0	0	0	50,447
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>229,617</u>
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	12,067
Officers Costs	0	0	0	0	13,005
Drug Control Fines	0	0	0	0	14,039
Drug Court Fees	0	0	0	0	1,699
Jail Fees	0	0	0	0	796
DUI Treatment Fines	0	0	0	0	1,472
Data Entry Fee - Circuit Court	0	0	0	0	2,435
Courtroom Security Fee	0	0	0	0	8
<u>General Sessions Court</u>					
Fines	0	0	0	0	21,078
Fines for Littering	0	0	0	0	24
Officers Costs	0	0	0	0	37,712
Game and Fish Fines	0	0	0	0	877
Drug Control Fines	0	0	0	0	7,172
Drug Court Fees	0	0	0	0	20,483
Jail Fees	0	0	0	0	4,581

(Continued)

Exhibit J-5

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

	Debt Service Fund	Capital Projects Funds			
	General Debt Service	General Capital Projects	Community Development/ Industrial Park	Total	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>General Sessions Court (Cont.)</u>					
Judicial Commissioner Fees	\$ 0	\$ 0	\$ 0	\$ 59,075	
DUI Treatment Fines	0	0	0	7,932	
Data Entry Fee - General Sessions Court	0	0	0	25,031	
Courtroom Security Fee	0	0	0	1,211	
<u>Juvenile Court</u>					
Fines	0	0	0	902	
Officers Costs	0	0	0	1,371	
Drug Control Fines	0	0	0	145	
Courtroom Security Fee	0	0	0	2	
<u>Chancery Court</u>					
Officers Costs	0	0	0	2,804	
Data Entry Fee - Chancery Court	0	0	0	1,454	
<u>Judicial District Drug Program</u>					
Courtroom Security Fee	0	0	0	6	
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	75,022	
Other Fines, Forfeitures, and Penalties	0	0	0	3,325	
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 315,728	
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Other Employee Benefit Charges/Contributions	\$ 0	\$ 0	\$ 0	128,600	
Residential Waste Collection Charge	0	0	0	12,300	
Solid Waste Disposal Fee	0	0	0	361,166	
Patient Charges	0	0	0	1,014,641	

(Continued)

Exhibit J-5

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

	Debt Service		Capital Projects Funds		Total
	Fund			Community	
	General	General	General	Development/ Industrial	
	Debt	Capital	Development/ Industrial	Park	
	Service	Projects			
<u>Charges for Current Services (Cont.)</u>					
<u>Fees</u>					
Airport Fees	\$ 0	\$ 0	\$ 0	\$ 0	133,372
Copy Fees	0	0	0	0	184
Library Fees	0	0	0	0	9,844
Greenbelt Late Application Fee	0	0	0	0	150
Telephone Commissions	0	0	0	0	54,676
Vending Machine Collections	0	0	0	0	1,164
Constitutional Officers' Fees and Commissions	0	0	0	0	21,249
Data Processing Fee - Register	0	0	0	0	14,450
Data Processing Fee - Sheriff	0	0	0	0	2,718
Sexual Offender Registration Fee - Sheriff	0	0	0	0	5,250
Data Processing Fee - County Clerk	0	0	0	0	3,390
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	0	0	875
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	1,764,029
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	23,618
Lease/Rentals	0	0	0	0	38,262
Sale of Materials and Supplies	0	0	0	0	355
Commissary Sales	0	0	0	0	30,462
Sale of Gasoline	0	0	0	0	134,379
Sale of Recycled Materials	0	0	0	0	151,564
Miscellaneous Refunds	0	0	0	0	61,547

(Continued)

Exhibit J-5

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

	Debt Service Fund	Capital Projects Funds			
	General Debt Service	General Capital Projects	Community Development/ Industrial Park	Total	
<u>Other Local Revenues (Cont.)</u>					
<u>Nonrecurring Items</u>					
Sale of Equipment	\$ 0	\$ 0	\$ 0	\$ 56,138	
Sale of Property	0	0	0	10	
Contributions and Gifts	0	0	0	18,928	
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	162	
Total Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 515,425	
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 318,985	
Circuit Court Clerk	0	0	0	102,303	
General Sessions Court Clerk	0	0	0	189,974	
Clerk and Master	0	0	0	186,257	
Juvenile Court Clerk	0	0	0	30,411	
Register	0	0	0	206,571	
Sheriff	0	0	0	22,970	
Trustee	0	0	0	524,005	
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 1,581,476	
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Airport Maintenance Program	\$ 0	\$ 0	\$ 0	\$ 15,202	
Other General Government Grants	0	0	0	3,004	
<u>Public Safety Grants</u>					
Other Public Safety Grants	0	0	0	34,901	

(Continued)

Exhibit J-5

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

	Debt Service		Capital Projects Funds		Total	
	Fund			Community		
	General	General	General	Development/ Industrial		
	Debt	Capital	Development/ Industrial	Park		
	Service	Projects				
<u>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Health Department Programs	\$	0	\$	0	\$	274,967
<u>Public Works Grants</u>						
State Aid Program		0		0		52,865
Litter Program		0		0		42,327
Tennessee Industrial Infrastructure Program		0	45,482	0		45,482
<u>Other State Revenues</u>						
Income Tax		0		0		147,266
Beer Tax		0		0		18,055
Vehicle Certificate of Title Fees		0		0		12,613
Alcoholic Beverage Tax		0		0		84,311
State Revenue Sharing - T.V.A.		0		0		963,673
Contracted Prisoner Boarding		0		0		1,220,075
Gasoline and Motor Fuel Tax		0		0		2,079,795
Petroleum Special Tax		0		0		27,717
Registrar's Salary Supplement		0		0		15,164
Other State Grants		0		0		65,709
Other State Revenues		0		0		45,473
Total State of Tennessee	\$	0	\$	45,482	\$	5,148,599
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$	0	\$	0	\$	97,880
Civil Defense Reimbursement		0		0		52,000
Disaster Relief		0		0		66,424
Other Federal through State		0		0		288,006

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	<u>Capital Projects Funds</u>			
	General Debt Service	General Capital Projects	Community Development/ Industrial Park		Total
<u>Federal Government (Cont.)</u>					
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	\$ 0	\$ 0	\$ 0	\$	12,500
Total Federal Government	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 97,880</u>	<u>\$</u>	<u>516,810</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 0	\$ 0	\$ 0	\$	62,794
Contributions	512,077	0	0	0	522,952
Contracted Services	0	0	0	0	22,594
<u>Other</u>					
Other	0	0	0	0	12,299
Total Other Governments and Citizens Groups	<u>\$ 512,077</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$</u>	<u>620,639</u>
Total	<u>\$ 2,387,194</u>	<u>\$ 45,482</u>	<u>\$ 97,880</u>	<u>\$</u>	<u>24,289,813</u>

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 5,948,029	\$ 0	\$ 0	\$ 0	\$ 5,948,029
Trustee's Collections - Prior Year	161,598	0	0	0	161,598
Circuit/Clerk and Master Collections - Prior Years	132,802	0	0	0	132,802
Interest and Penalty	30,305	0	0	0	30,305
Pickup Taxes	3,745	0	0	0	3,745
Payments in-Lieu-of Taxes - Local Utilities	3,525	0	0	0	3,525
Payments in-Lieu-of Taxes - Other	36,817	0	0	0	36,817
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,143,438	0	0	0	3,143,438
Mixed Drink Tax	8,046	0	0	0	8,046
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	3,497	0	0	0	3,497
Total Local Taxes	\$ 9,471,802	\$ 0	\$ 0	\$ 0	\$ 9,471,802
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,609	\$ 0	\$ 0	\$ 0	\$ 2,609
Total Licenses and Permits	\$ 2,609	\$ 0	\$ 0	\$ 0	\$ 2,609
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Other	\$ 51,067	\$ 0	\$ 0	\$ 0	\$ 51,067
Lunch Payments - Children	0	0	123	0	123
Lunch Payments - Adults	0	0	16,578	0	16,578

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Income from Breakfast	\$ 0	\$ 0	\$ 803	\$ 0	\$ 803
TBI Criminal Background Fee	2,121	0	42	0	2,163
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	245,479	0	245,479
Total Charges for Current Services	\$ 53,188	\$ 0	\$ 263,025	\$ 0	\$ 316,213
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 1,781	\$ 8,027	\$ 9,808
Lease/Rentals	46,049	0	0	0	46,049
Miscellaneous Refunds	153,405	32	0	0	153,437
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	3,136	0	0	0	3,136
Total Other Local Revenues	\$ 202,590	\$ 32	\$ 1,781	\$ 8,027	\$ 212,430
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 84,618	\$ 0	\$ 0	\$ 0	\$ 84,618
<u>State Education Funds</u>					
Basic Education Program	15,383,000	0	0	0	15,383,000
Early Childhood Education	648,282	0	0	0	648,282
School Food Service	0	0	16,241	0	16,241
Energy Efficient School Initiative	1,300	0	0	0	1,300
Other State Education Funds	161,565	0	0	0	161,565

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Career Ladder Program	\$ 68,328	\$ 0	\$ 0	\$ 0	\$ 68,328
Career Ladder - Extended Contract	20,095	0	0	0	20,095
Total State of Tennessee	\$ 16,367,188	\$ 0	\$ 16,241	\$ 0	\$ 16,383,429
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,209,001	\$ 0	\$ 1,209,001
USDA - Commodities	0	0	118,409	0	118,409
Breakfast	0	0	552,581	0	552,581
USDA - Other	0	0	43,305	0	43,305
Vocational Education - Basic Grants to States	0	85,426	0	0	85,426
Title I Grants to Local Education Agencies	0	1,019,105	0	0	1,019,105
Special Education - Grants to States	0	826,416	0	0	826,416
Special Education Preschool Grants	0	41,543	0	0	41,543
English Language Acquisition Grants	0	6,343	0	0	6,343
Eisenhower Professional Development State Grants	0	88,052	0	0	88,052
Job Training Partnership Act	334,987	0	0	0	334,987
Race-to-the-Top - ARRA	0	4,422	0	0	4,422
Total Federal Government	\$ 334,987	\$ 2,071,307	\$ 1,923,296	\$ 0	\$ 4,329,590
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 4,593,537	\$ 4,593,537
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 4,593,537	\$ 4,593,537
Total	\$ 26,432,364	\$ 2,071,339	\$ 2,204,343	\$ 4,601,564	\$ 35,309,610

Exhibit J-7

Fayette 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	\$	56,719	
Pensions		2,120	
Communication		355	
Contracts with Private Agencies		7,033	
Legal Services		9,870	
Rentals		972	
Travel		696	
Duplicating Supplies		1,720	
Office Supplies		670	
Other Charges		62	
Total County Commission			\$ 80,217

Beer Board

Board and Committee Members Fees	\$	415	
Total Beer Board			415

County Mayor/Executive

County Official/Administrative Officer	\$	84,483	
Communication		1,918	
Legal Notices, Recording, and Court Costs		1,878	
Postal Charges		100	
Printing, Stationery, and Forms		623	
Rentals		613	
Travel		502	
Other Contracted Services		16,015	
Office Supplies		104	
Total County Mayor/Executive			106,236

Personnel Office

Supervisor/Director	\$	18,035	
Part-time Personnel		11,632	
Total Personnel Office			29,667

County Attorney

Other Salaries and Wages	\$	20,374	
Board and Committee Members Fees		1,694	
Other Per Diem and Fees		53,347	
Social Security		4,600	
Employer Medicare		1,076	
Total County Attorney			81,091

Election Commission

Assistant(s)	\$	33,116	
Supervisor/Director		67,980	
Deputy(ies)		29,399	
Part-time Personnel		6,755	
Election Commission		7,062	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Election Workers	\$	81,799	
In-service Training		3,100	
Communication		2,128	
Data Processing Services		16,543	
Dues and Memberships		200	
Janitorial Services		2,700	
Legal Notices, Recording, and Court Costs		6,557	
Maintenance and Repair Services - Buildings		1,950	
Maintenance and Repair Services - Office Equipment		480	
Postal Charges		6,999	
Printing, Stationery, and Forms		1,045	
Rentals		2,955	
Travel		6,370	
Office Supplies		3,237	
Other Supplies and Materials		4,241	
Data Processing Equipment		6,188	
Office Equipment		2,761	
Total Election Commission			\$ 293,565

Register of Deeds

County Official/Administrative Officer	\$	58,553	
Assistant(s)		29,607	
Deputy(ies)		17,038	
Part-time Personnel		16,619	
Communication		949	
Data Processing Services		14,018	
Postal Charges		274	
Printing, Stationery, and Forms		395	
Rentals		819	
Travel		100	
Office Supplies		1,757	
Total Register of Deeds			140,129

Development

Assistant(s)	\$	44,376	
Supervisor/Director		58,400	
Deputy(ies)		5,449	
Secretary(ies)		43,394	
Board and Committee Members Fees		4,554	
Communication		2,466	
Consultants		540	
Data Processing Services		6,799	
Legal Notices, Recording, and Court Costs		2,252	
Maintenance and Repair Services - Buildings		216	
Postal Charges		98	
Rentals		3,340	
Travel		3,354	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Development (Cont.)

Office Supplies	\$	1,612	
Data Processing Equipment		1,739	
Total Development			\$ 178,589

Building

Supervisor/Director	\$	44,155	
Deputy(ies)		16,762	
Part-time Personnel		6,692	
In-service Training		500	
Communication		1,828	
Maintenance and Repair Services - Vehicles		1,665	
Printing, Stationery, and Forms		904	
Gasoline		2,814	
Office Supplies		35	
Other Supplies and Materials		2,182	
Motor Vehicles		18,900	
Total Building			96,437

County Buildings

Custodial Personnel	\$	27,785	
Temporary Personnel		3,593	
Communication		1,312	
Contracts with Government Agencies		14,625	
Contracts with Other Public Agencies		350	
Maintenance and Repair Services - Buildings		34,945	
Maintenance and Repair Services - Vehicles		815	
Postal Charges		19,194	
Rentals		27,513	
Custodial Supplies		3,217	
Gasoline		1,394	
Small Tools		262	
Uniforms		495	
Utilities		45,966	
Other Supplies and Materials		1,993	
Total County Buildings			183,459

Other Facilities

Communication	\$	1,891	
Maintenance and Repair Services - Buildings		8,937	
Electricity		2,222	
Propane Gas		3,668	
Total Other Facilities			16,718

Other General Administration

Dues and Memberships	\$	58,303	
Total Other General Administration			58,303

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance

Accounting and Budgeting

Supervisor/Director	\$	55,000	
Purchasing Personnel		49,447	
Clerical Personnel		30,396	
Part-time Personnel		9,636	
In-service Training		1,560	
Audit Services		11,524	
Communication		1,191	
Data Processing Services		8,015	
Legal Notices, Recording, and Court Costs		900	
Printing, Stationery, and Forms		484	
Rentals		530	
Travel		2,744	
Duplicating Supplies		962	
Office Supplies		3,973	
Data Processing Equipment		105	
Office Equipment		2,922	
Total Accounting and Budgeting			\$ 179,389

Property Assessor's Office

County Official/Administrative Officer	\$	70,263	
Assistant(s)		33,116	
Deputy(ies)		86,915	
Investigator(s)		36,975	
Board and Committee Members Fees		130	
Communication		1,088	
Consultants		14,150	
Data Processing Services		5,624	
Dues and Memberships		522	
Legal Notices, Recording, and Court Costs		247	
Maintenance Agreements		3,000	
Maintenance and Repair Services - Office Equipment		336	
Maintenance and Repair Services - Vehicles		1,377	
Postal Charges		1,482	
Printing, Stationery, and Forms		555	
Rentals		1,196	
Travel		314	
Gasoline		1,478	
Office Supplies		564	
Other Supplies and Materials		744	
Data Processing Equipment		170	
Total Property Assessor's Office			260,246

Reappraisal Program

Consultants	\$	30,000	
Data Processing Services		12,308	
Postal Charges		2,500	
Gasoline		640	
Total Reappraisal Program			45,448

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	70,263	
Assistant(s)		33,116	
Deputy(ies)		56,849	
Part-time Personnel		5,194	
In-service Training		1,150	
Communication		1,607	
Data Processing Services		9,688	
Dues and Memberships		225	
Legal Notices, Recording, and Court Costs		55	
Maintenance and Repair Services - Office Equipment		600	
Postal Charges		7,144	
Printing, Stationery, and Forms		8,473	
Rentals		1,182	
Travel		4,204	
Office Supplies		1,134	
Other Supplies and Materials		649	
Data Processing Equipment		1,863	
Office Equipment		986	
Total County Trustee's Office			\$ 204,382

County Clerk's Office

County Official/Administrative Officer	\$	70,263	
Assistant(s)		26,418	
Deputy(ies)		144,332	
Part-time Personnel		9,912	
Other Salaries and Wages		1,580	
In-service Training		200	
Communication		6,416	
Data Processing Services		33,473	
Dues and Memberships		150	
Legal Notices, Recording, and Court Costs		152	
Maintenance and Repair Services - Office Equipment		73	
Printing, Stationery, and Forms		831	
Rentals		2,479	
Travel		1,587	
Office Supplies		5,162	
Office Equipment		2,505	
Total County Clerk's Office			305,533

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	70,263
Assistant(s)		33,116
Deputy(ies)		31,066
Jury and Witness Expense		8,355
In-service Training		960
Communication		1,637

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Data Processing Services	\$	6,975	
Dues and Memberships		360	
Postal Charges		96	
Printing, Stationery, and Forms		1,597	
Transportation - Other than Students		500	
Travel		1,399	
Office Supplies		2,273	
Data Processing Equipment		6,000	
Total Circuit Court			\$ 164,597

General Sessions Court

Assistant(s)	\$	33,116	
Deputy(ies)		96,724	
Communication		4,550	
Data Processing Services		3,262	
Postal Charges		140	
Printing, Stationery, and Forms		597	
Rentals		3,213	
Office Supplies		3,981	
Data Processing Equipment		4,173	
Total General Sessions Court			149,756

General Sessions Judge

Judge(s)	\$	167,686	
Deputy(ies)		26,815	
In-service Training		425	
Communication		256	
Contracts with Private Agencies		700	
Dues and Memberships		170	
Legal Services		3,004	
Travel		36	
Office Supplies		565	
Other Supplies and Materials		617	
Data Processing Equipment		2,400	
Office Equipment		897	
Total General Sessions Judge			203,571

General Sessions Court Clerk

Assistant(s)	\$	32,576	
Deputy(ies)		27,598	
Data Processing Services		5,124	
Printing, Stationery, and Forms		250	
Rentals		1,580	
Travel		850	
Office Supplies		429	
Total General Sessions Court Clerk			68,407

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court

Temporary Personnel	\$	40,713	
Social Security		2,515	
Pensions		1,623	
Employee and Dependent Insurance		7,339	
Employer Medicare		589	
Contracts with Private Agencies		4,120	
Travel		505	
Other Contracted Services		5,085	
Office Supplies		437	
Workers' Compensation Insurance		1,412	
Total Drug Court			\$ 64,338

Chancery Court

County Official/Administrative Officer	\$	70,263	
Assistant(s)		33,116	
Deputy(ies)		56,559	
Communication		1,217	
Data Processing Services		6,869	
Legal Notices, Recording, and Court Costs		6,525	
Maintenance and Repair Services - Office Equipment		73	
Postal Charges		140	
Printing, Stationery, and Forms		1,817	
Rentals		1,848	
Office Supplies		1,198	
Office Equipment		3,238	
Total Chancery Court			182,863

Juvenile Court

Youth Service Officer(s)	\$	41,741	
In-service Training		740	
Communication		1,047	
Contracts with Government Agencies		750	
Other Contracted Services		975	
Other Supplies and Materials		1,059	
Office Equipment		1,499	
Total Juvenile Court			47,811

Other Administration of Justice

Overtime Pay	\$	2,089	
Social Security		123	
Pensions		154	
Employer Medicare		29	
Evaluation and Testing		1,758	
Travel		330	
Other Contracted Services		8,100	
Total Other Administration of Justice			12,583

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	80,459	
Supervisor/Director		144,136	
Deputy(ies)		867,551	
Investigator(s)		127,900	
Captain(s)		94,644	
Lieutenant(s)		127,559	
Sergeant(s)		141,013	
Part-time Personnel		8,352	
Overtime Pay		17,934	
In-service Training		5,210	
Employee and Dependent Insurance		210,938	
Communication		42,678	
Maintenance and Repair Services - Buildings		5,501	
Maintenance and Repair Services - Office Equipment		8,655	
Maintenance and Repair Services - Vehicles		56,389	
Medical and Dental Services		7,025	
Postal Charges		2,714	
Printing, Stationery, and Forms		2,805	
Rentals		5,709	
Travel		4,356	
Duplicating Supplies		1,720	
Gasoline		179,019	
Office Supplies		10,345	
Uniforms		15,654	
Utilities		21,817	
Other Supplies and Materials		11,785	
Liability Insurance		62,853	
Liability Claims		500	
Communication Equipment		30,329	
Law Enforcement Equipment		22,725	
Motor Vehicles		143,441	
Total Sheriff's Department			\$ 2,461,716

Drug Enforcement

Supervisor/Director	\$	44,536	
Investigator(s)		129,115	
Overtime Pay		16,501	
Social Security		11,783	
Pensions		14,476	
Employee and Dependent Insurance		29,354	
Employer Medicare		2,756	
Total Drug Enforcement			248,521

Jail

Assistant(s)	\$	44,855	
Supervisor/Director		47,612	
Lieutenant(s)		102,864	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Sergeant(s)	\$	26,599	
Data Processing Personnel		33,116	
Dispatchers/Radio Operators		377,206	
Guards		671,805	
Secretary(ies)		33,122	
Maintenance Personnel		49,818	
Part-time Personnel		51,681	
Overtime Pay		21,976	
In-service Training		1,582	
Employee and Dependent Insurance		314,155	
Contracts with Private Agencies		11,735	
Data Processing Services		2,680	
Maintenance and Repair Services - Buildings		94,529	
Maintenance and Repair Services - Vehicles		1,105	
Medical and Dental Services		245,081	
Printing, Stationery, and Forms		516	
Travel		3,581	
Custodial Supplies		33,873	
Food Supplies		244,187	
Gasoline		10,484	
Office Supplies		593	
Prisoners Clothing		7,634	
Uniforms		7,662	
Utilities		242,232	
Other Supplies and Materials		3,262	
Liability Insurance		45,571	
Law Enforcement Equipment		1,788	
Other Equipment		831	
Total Jail			\$ 2,733,735

Fire Prevention and Control

Assistant(s)	\$	35,303
Supervisor/Director		49,344
Part-time Personnel		53,410
In-service Training		8,648
Communication		8,578
Contracts with Government Agencies		128,500
Dues and Memberships		1,404
Evaluation and Testing		110
Forest Resource Services		2,000
Operating Lease Payments		10,200
Maintenance and Repair Services - Buildings		19,803
Maintenance and Repair Services - Equipment		11,698
Maintenance and Repair Services - Vehicles		40,663
Postal Charges		457
Printing, Stationery, and Forms		585
Travel		2,328

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Data Processing Supplies	\$	2,096	
Diesel Fuel		13,229	
Drugs and Medical Supplies		1,486	
Gasoline		14,445	
Natural Gas		4,929	
Office Supplies		1,146	
Propane Gas		7,950	
Uniforms		7,281	
Utilities		10,432	
Other Supplies and Materials		241,326	
Building and Contents Insurance		12,637	
Liability Insurance		6,177	
Vehicle and Equipment Insurance		51,963	
Workers' Compensation Insurance		10,500	
Other Charges		10,009	
Administration Equipment		1,778	
Communication Equipment		19,289	
Motor Vehicles		743,945	
Office Equipment		922	
Other Equipment		37,494	
Total Fire Prevention and Control			\$ 1,572,065

Civil Defense

Assistant(s)	\$	12,766	
Supervisor/Director		45,453	
Deputy(ies)		27,460	
Communication		4,745	
Legal Notices, Recording, and Court Costs		78	
Maintenance and Repair Services - Vehicles		1,121	
Postal Charges		141	
Rentals		897	
Travel		403	
Gasoline		5,740	
Office Supplies		687	
Uniforms		172	
Utilities		7,056	
Liability Insurance		13,524	
Other Charges		1,000	
Office Equipment		889	
Other Equipment		1,550	
Total Civil Defense			123,682

Rescue Squad

Communication	\$	480	
Maintenance and Repair Services - Vehicles		268	
Liability Insurance		618	
Total Rescue Squad			1,366

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Other Contracted Services	\$	2,178	
Other Supplies and Materials		500	
Total Other Emergency Management			\$ 2,678

County Coroner/Medical Examiner

Contracts with Government Agencies	\$	27,070	
Transportation - Other than Students		3,575	
Total County Coroner/Medical Examiner			30,645

Other Public Safety

Mechanic(s)	\$	65,394	
Employee and Dependent Insurance		14,677	
Communication		1,240	
Equipment Parts - Light		41,038	
Gasoline		2,277	
Uniforms		294	
Utilities		4,103	
Total Other Public Safety			129,023

Public Health and Welfare

Local Health Center

Part-time Personnel	\$	3,888	
Social Security		241	
Employer Medicare		56	
Communication		4,581	
Janitorial Services		12,519	
Maintenance and Repair Services - Buildings		9,827	
Postal Charges		48	
Drugs and Medical Supplies		1,926	
Office Supplies		2,889	
Utilities		14,130	
Other Charges		9,915	
Total Local Health Center			60,020

Rabies and Animal Control

Deputy(ies)	\$	29,350	
Investigator(s)		31,203	
Communication		2,082	
Maintenance and Repair Services - Buildings		289	
Maintenance and Repair Services - Vehicles		332	
Gasoline		7,956	
Uniforms		668	
Utilities		2,982	
Other Supplies and Materials		1,080	
Total Rabies and Animal Control			75,942

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

Supervisor/Director	\$	51,594	
Secretary(ies)		33,117	
Attendants		586,195	
Part-time Personnel		68,338	
Overtime Pay		297,647	
In-service Training		1,445	
Social Security		63,447	
Pensions		63,041	
Employee and Dependent Insurance		147,384	
Employer Medicare		14,838	
Communication		6,007	
Debt Collection Services		58,965	
Licenses		2,705	
Maintenance and Repair Services - Buildings		1,958	
Maintenance and Repair Services - Office Equipment		1,103	
Maintenance and Repair Services - Vehicles		41,649	
Postal Charges		2,029	
Printing, Stationery, and Forms		589	
Rentals		1,044	
Custodial Supplies		1,891	
Diesel Fuel		41,192	
Drugs and Medical Supplies		69,637	
Gasoline		1,106	
Office Supplies		2,908	
Uniforms		3,126	
Utilities		8,050	
Other Supplies and Materials		14,129	
Building and Contents Insurance		673	
Vehicle and Equipment Insurance		34,705	
Communication Equipment		432	
Data Processing Equipment		2,811	
Furniture and Fixtures		690	
Motor Vehicles		127,298	
Total Ambulance/Emergency Medical Services			\$ 1,751,743

Dental Health Program

Medical Personnel	\$	137,398	
Paraprofessionals		26,233	
Clerical Personnel		25,443	
Longevity Pay		3,800	
Social Security		11,097	
Pensions		12,370	
Employee and Dependent Insurance		19,570	
Employer Medicare		2,671	
Other Fringe Benefits		2,820	
Travel		1,675	
Drugs and Medical Supplies		6,893	
Total Dental Health Program			249,970

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Crippled Children Services

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

Other Local Health Services

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

Appropriation to State

Contracts with Government Agencies	\$ 25,761	
Total Appropriation to State		25,761

Aid to Dependent Children

Other Supplies and Materials	\$ 1,265	
Total Aid to Dependent Children		1,265

Other Local Welfare Services

Contributions	\$ 7,500	
Total Other Local Welfare Services		7,500

Sanitation Education/Information

Foremen	\$ 33,129	
Social Security	2,040	
Pensions	2,438	
Employee and Dependent Insurance	7,339	
Employer Medicare	477	
Other Supplies and Materials	2,142	
Other Charges	7,827	
Total Sanitation Education/Information		55,392

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Assistant(s)	\$ 50,388
Supervisor/Director	34,110
Librarians	20,245
Part-time Personnel	2,980
Social Security	6,593
Pensions	6,219
Employee and Dependent Insurance	22,016
Employer Medicare	1,542
Communication	4,419
Janitorial Services	4,800
Maintenance and Repair Services - Buildings	7,217
Maintenance and Repair Services - Office Equipment	498

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Travel	\$	436	
Library Books/Media		17,686	
Office Supplies		288	
Utilities		9,403	
Other Supplies and Materials		61	
Other Charges		2,779	
Data Processing Equipment		3,243	
Total Libraries			\$ 194,923

Agriculture and Natural Resources

Agricultural Extension Service

Part-time Personnel	\$	3,570	
Board and Committee Members Fees		725	
Communication		4,986	
Contracts with Government Agencies		82,310	
Contributions		2,000	
Dues and Memberships		330	
Maintenance and Repair Services - Buildings		2,559	
Rentals		13,403	
Travel		5,962	
Other Contracted Services		847	
Custodial Supplies		128	
Utilities		4,934	
Office Equipment		3,037	
Total Agricultural Extension Service			124,791

Soil Conservation

Secretary(ies)	\$	28,150	
Educational Assistants		31,571	
Dues and Memberships		405	
Rentals		2,050	
Travel		2,100	
Office Supplies		458	
Total Soil Conservation			64,734

Other Operations

Industrial Development

Utilities	\$	1,026	
Total Industrial Development			1,026

Airport

Supervisor/Director	\$	38,193	
Part-time Personnel		30,307	
Advertising		596	
Communication		6,825	
Maintenance and Repair Services - Buildings		15,312	
Matching Share		4,900	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Travel	\$	1,019	
Other Contracted Services		1,567	
Custodial Supplies		735	
Diesel Fuel		2,260	
Gasoline		100,060	
Office Supplies		2,839	
Small Tools		137	
Utilities		20,688	
Liability Insurance		6,644	
Total Airport			\$ 232,082

Veterans' Services

Supervisor/Director	\$	9,476	
Communication		1,323	
Travel		739	
Office Supplies		2,899	
Total Veterans' Services			14,437

Other Charges

Liability Insurance	\$	68,280	
Premiums on Corporate Surety Bonds		18,486	
Trustee's Commission		205,433	
Tax Relief Program		37,038	
Total Other Charges			329,237

Contributions to Other Agencies

Contracts with Other Public Agencies	\$	6,800	
Contributions		44,262	
Total Contributions to Other Agencies			51,062

Employee Benefits

Longevity Pay	\$	86,700	
Social Security		354,750	
Pensions		384,773	
Employee and Dependent Insurance		387,475	
Unemployment Compensation		18,531	
Employer Medicare		82,978	
Medical and Dental Services		5,231	
Workers' Compensation Insurance		329,141	
Total Employee Benefits			1,649,579

Miscellaneous

Other Supplies and Materials	\$	687	
Refunds		5,569	
Total Miscellaneous			6,256

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Interest on Debt

General Government

Interest on Notes	\$ 113	
Total General Government		\$ 113

Other Debt Service

General Government

Legal Services	\$ 14,700	
Total General Government		<u>14,700</u>

Total General Fund		\$ 15,383,388
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Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Contracts with Public Carriers	\$ 320,262	
Total Convenience Centers		\$ 320,262

Landfill Operation and Maintenance

Supervisor/Director	\$ 56,329
Accountants/Bookkeepers	33,763
Equipment Operators - Heavy	143,168
Temporary Personnel	13,360
Longevity Pay	4,100
Overtime Pay	15,534
Board and Committee Members Fees	238
In-service Training	835
Social Security	16,324
Pensions	18,613
Employee and Dependent Insurance	44,032
Employer Medicare	3,814
Communication	5,007
Contracts with Government Agencies	27,973
Data Processing Services	6,142
Evaluation and Testing	5,740
Legal Notices, Recording, and Court Costs	819
Licenses	5,072
Maintenance and Repair Services - Equipment	6,701
Medical and Dental Services	35
Travel	926
Diesel Fuel	7,124
Equipment and Machinery Parts	30,495
Gasoline	9,468
Tires and Tubes	4,001
Utilities	11,222
Other Supplies and Materials	6,353
Liability Insurance	42,500
Trustee's Commission	6,264
Workers' Compensation Insurance	27,626

(Continued)

Exhibit J-7

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

<u>Solid Waste/Sanitation Fund (Cont.)</u>			
<u>Public Health and Welfare (Cont.)</u>			
<u>Landfill Operation and Maintenance (Cont.)</u>			
Other Charges	\$	4,370	
Site Development		7,485	
Solid Waste Equipment		26,669	
Total Landfill Operation and Maintenance		<u> </u>	\$ 592,102
Total Solid Waste/Sanitation Fund			\$ 912,364
<u>Drug Control Fund</u>			
<u>Public Safety</u>			
<u>Drug Enforcement</u>			
Communication	\$	7,034	
Contributions		2,000	
Veterinary Services		654	
Animal Food and Supplies		90	
Uniforms		485	
Trustee's Commission		855	
Law Enforcement Equipment		10,406	
Motor Vehicles		29,257	
Other Equipment		13,090	
Total Drug Enforcement		<u> </u>	\$ 63,871
Total Drug Control Fund			63,871
<u>Adequate Facilities/Development Tax Fund</u>			
<u>Other Operations</u>			
<u>Other Charges</u>			
Refunds	\$	2,007	
Trustee's Commission		4,546	
Total Other Charges		<u> </u>	\$ 6,553
Total Adequate Facilities/Development Tax Fund			6,553
<u>Constitutional Officers - Fees Fund</u>			
<u>General Government</u>			
<u>Register of Deeds</u>			
Constitutional Officers' Operating Expenses	\$	28,867	
Total Register of Deeds		<u> </u>	\$ 28,867
<u>Administration of Justice</u>			
<u>Chancery Court</u>			
Special Commissioner Fees	\$	4,150	
Total Chancery Court		<u> </u>	4,150
Total Constitutional Officers - Fees Fund			33,017

(Continued)

Exhibit J-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	82,800	
Accountants/Bookkeepers		69,584	
Educational Incentive - Official/Admin Officer		1,253	
Educational Incentive - Other County Employees		2,506	
Board and Committee Members Fees		6,840	
In-service Training		3,482	
Data Processing Services		11,590	
Dues and Memberships		3,699	
Rentals		2,770	
Office Supplies		3,645	
Other Charges		11,448	
Total Administration			\$ 199,617

Highway and Bridge Maintenance

Supervisor/Director	\$	153,478	
Foremen		68,822	
Equipment Operators		208,731	
Equipment Operators - Light		61,581	
Truck Drivers		283,597	
Laborers		223,133	
Clerical Personnel		10,190	
Longevity Pay		27,600	
Overtime Pay		25,193	
Freight Expenses		113,720	
Other Contracted Services		104,400	
Asphalt - Liquid		52,499	
Crushed Stone		82,111	
Road Signs		18,324	
Other Supplies and Materials		9,964	
Total Highway and Bridge Maintenance			1,443,343

Operation and Maintenance of Equipment

Mechanic(s)	\$	137,750	
Maintenance and Repair Services - Equipment		13,671	
Diesel Fuel		88,918	
Equipment and Machinery Parts		85,298	
Garage Supplies		3,916	
Gasoline		41,524	
Lubricants		8,669	
Small Tools		1,394	
Tires and Tubes		33,822	
Other Supplies and Materials		3,548	
Other Capital Outlay		18,501	
Total Operation and Maintenance of Equipment			437,011

Other Charges

Communication	\$	5,581	
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(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Utilities	\$	18,335	
Liability Insurance		134,887	
Premiums on Corporate Surety Bonds		1,495	
Trustee's Commission		47,388	
Liability Claims		1,709	
Total Other Charges			\$ 209,395

Employee Benefits

Social Security	\$	102,349	
Pensions		95,898	
Employee and Dependent Insurance		266,025	
Unemployment Compensation		3,701	
Evaluation and Testing		1,080	
Workers' Compensation Insurance		147,827	
Total Employee Benefits			616,880

Capital Outlay

Bridge Construction	\$	132,447	
Highway Equipment		258,856	
State Aid Projects		37,527	
Other Construction		964,898	
Total Capital Outlay			1,393,728

Total Highway/Public Works Fund \$ 4,299,974

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	740,000	
Principal on Notes		11,005	
Principal on Capital Leases		46,586	
Total General Government			\$ 797,591

Education

Principal on Bonds	\$	450,000	
Principal on Notes		205,000	
Total Education			655,000

Interest on Debt

General Government

Interest on Bonds	\$	281,423	
Interest on Notes		4,129	
Interest on Capital Leases		4,795	
Total General Government			290,347

Education

Interest on Bonds	\$	713,145	
Interest on Notes		23,603	
Total Education			736,748

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 20,941	
Other Debt Service	1,359	
Total General Government		\$ 22,300
<u>Education</u>		
Other Debt Service	\$ 2,136	
Total Education		2,136
Total General Debt Service Fund		\$ 2,504,122
<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Other General Government Projects</u>		
Building Construction	\$ 45,482	
Total Other General Government Projects		\$ 45,482
Total General Capital Projects Fund		45,482
<u>Community Development/Industrial Park Fund</u>		
<u>Capital Projects</u>		
<u>Social, Cultural, and Recreation Projects</u>		
Site Development	\$ 94,555	
Total Social, Cultural, and Recreation Projects		\$ 94,555
<u>Other General Government Projects</u>		
Site Development	\$ 1,075	
Total Other General Government Projects		1,075
Total Community Development/Industrial Park Fund		95,630
<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Contributions	\$ 4,564,930	
Total Education Capital Projects		\$ 4,564,930
Total Education Capital Projects Fund		4,564,930
Total Governmental Funds - Primary Government		<u>\$ 27,909,331</u>

Exhibit J-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,629,860	
Career Ladder Program	34,585	
Career Ladder Extended Contracts	14,760	
Homebound Teachers	3,437	
Educational Assistants	374,253	
Other Salaries and Wages	92,141	
Non-certified Substitute Teachers	128,700	
Social Security	471,967	
Pensions	704,579	
Medical Insurance	778,355	
Employer Medicare	110,660	
Other Contracted Services	279,133	
Instructional Supplies and Materials	103,473	
Textbooks	126,044	
Other Charges	37,286	
Regular Instruction Equipment	30,411	
Total Regular Instruction Program		\$ 10,919,644

Special Education Program

Teachers	\$ 1,042,081	
Career Ladder Program	6,000	
Homebound Teachers	16,332	
Educational Assistants	127,176	
Speech Pathologist	134,451	
Other Salaries and Wages	16,061	
Non-certified Substitute Teachers	9,210	
Social Security	77,617	
Pensions	114,715	
Medical Insurance	124,363	
Employer Medicare	18,171	
Contracts with Private Agencies	96,850	
Instructional Supplies and Materials	67,392	
Workers' Compensation Insurance	41,468	
Total Special Education Program		1,891,887

Vocational Education Program

Teachers	\$ 477,028	
Career Ladder Program	1,500	
Non-certified Substitute Teachers	6,090	
Social Security	28,303	
Pensions	45,447	
Medical Insurance	43,431	
Employer Medicare	6,619	
Travel	341	
Other Contracted Services	985	
Instructional Supplies and Materials	6,995	
Vocational Instruction Equipment	7,490	
Total Vocational Education Program		624,229

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	55,160	
Career Ladder Program		1,000	
Clerical Personnel		25,651	
Social Security		4,687	
Pensions		7,026	
Medical Insurance		10,225	
Employer Medicare		1,096	
Travel		2,189	
Other Contracted Services		24,965	
Other Supplies and Materials		843	
In Service/Staff Development		428	
Total Attendance			\$ 133,270

Health Services

Medical Personnel	\$	136,501	
Other Salaries and Wages		38,432	
Social Security		10,202	
Pensions		11,746	
Medical Insurance		13,491	
Employer Medicare		2,386	
Other Fringe Benefits		225	
Communication		546	
Travel		3,255	
Other Contracted Services		1,200	
Drugs and Medical Supplies		1,850	
Other Supplies and Materials		22,605	
In Service/Staff Development		1,184	
Total Health Services			243,623

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		362,265	
Clerical Personnel		17,791	
Social Security		21,544	
Pensions		33,668	
Medical Insurance		47,658	
Employer Medicare		5,038	
Evaluation and Testing		8,956	
Travel		308	
Other Contracted Services		48,387	
In Service/Staff Development		1,000	
Other Charges		1,149	
Total Other Student Support			549,764

Regular Instruction Program

Supervisor/Director	\$	79,520	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Career Ladder Program	\$	7,000	
Librarians		332,296	
Instructional Computer Personnel		54,019	
Social Security		27,772	
Pensions		42,166	
Medical Insurance		39,066	
Employer Medicare		6,470	
Maintenance and Repair Services - Equipment		499	
Travel		3,217	
Other Contracted Services		36,807	
Library Books/Media		61,629	
Other Supplies and Materials		6,371	
Workers' Compensation Insurance		2,066	
In Service/Staff Development		675	
Other Equipment		13,074	
Total Regular Instruction Program			\$ 712,647

Special Education Program

Supervisor/Director	\$	57,916	
Career Ladder Program		2,000	
Psychological Personnel		44,279	
Assessment Personnel		42,866	
Other Salaries and Wages		26,000	
Social Security		10,036	
Pensions		15,297	
Medical Insurance		13,354	
Employer Medicare		2,347	
Communication		8,000	
Travel		5,231	
Workers' Compensation Insurance		6,200	
Total Special Education Program			233,526

Vocational Education Program

Supervisor/Director	\$	55,264	
Secretary(ies)		30,651	
Social Security		4,956	
Pensions		7,378	
Medical Insurance		10,983	
Employer Medicare		1,159	
Communication		1,289	
Maintenance and Repair Services - Equipment		1,691	
Travel		108	
Other Supplies and Materials		2,414	
Total Vocational Education Program			115,893

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs

Supervisor/Director	\$	60,951	
Other Salaries and Wages		145,128	
Social Security		12,105	
Pensions		15,953	
Medical Insurance		24,951	
Employer Medicare		2,831	
Travel		529	
Other Contracted Services		51,656	
Other Charges		22,578	
Total Adult Programs			\$ 336,682

Other Programs

On-behalf Payments to OPEB	\$	84,618	
Total Other Programs			84,618

Board of Education

Longevity Pay	\$	28,650	
Board and Committee Members Fees		31,420	
Social Security		3,618	
Pensions		2,499	
Unemployment Compensation		62,497	
Employer Medicare		875	
Dues and Memberships		6,603	
Legal Services		90,756	
Travel		4,140	
Judgments		22,800	
Liability Insurance		65,077	
Premiums on Corporate Surety Bonds		10,050	
Trustee's Commission		210,985	
Workers' Compensation Insurance		124,091	
Criminal Investigation of Applicants - TBI		2,522	
Other Charges		844	
Total Board of Education			667,427

Director of Schools

County Official/Administrative Officer	\$	105,000	
Assistant(s)		20,480	
Career Ladder Program		1,000	
Secretary(ies)		28,151	
Clerical Personnel		26,851	
Other Salaries and Wages		45,651	
Social Security		13,399	
Pensions		17,703	
Life Insurance		3,352	
Medical Insurance		28,269	
Employer Medicare		3,134	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Communication	\$	52,907	
Dues and Memberships		385	
Travel		1,042	
Office Supplies		137	
Other Charges		3,213	
Total Director of Schools			\$ 350,674

Office of the Principal

Principals	\$	392,495	
Career Ladder Program		3,500	
Assistant Principals		369,403	
Secretary(ies)		159,667	
Clerical Personnel		122,460	
Social Security		60,894	
Pensions		90,963	
Medical Insurance		71,295	
Employer Medicare		14,400	
Communication		38,640	
Other Contracted Services		5,613	
Total Office of the Principal			1,329,330

Fiscal Services

Supervisor/Director	\$	56,767	
Accountants/Bookkeepers		35,878	
Other Salaries and Wages		36,538	
Social Security		6,936	
Pensions		10,127	
Medical Insurance		16,925	
Employer Medicare		1,622	
Accounting Services		2,367	
Dues and Memberships		105	
Operating Lease Payments		1,995	
Travel		2,465	
Other Contracted Services		12,945	
Data Processing Supplies		2,112	
Office Supplies		1,076	
Other Charges		2,355	
Administration Equipment		916	
Total Fiscal Services			191,129

Human Services/Personnel

Supervisor/Director	\$	51,651	
Other Salaries and Wages		32,651	
Social Security		5,199	
Pensions		6,798	
Medical Insurance		8,597	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Human Services/Personnel (Cont.)

Employer Medicare	\$	1,216	
Travel		2,183	
Office Supplies		339	
Total Human Services/Personnel			\$ 108,634

Operation of Plant

Custodial Personnel	\$	373,697	
Other Salaries and Wages		38,651	
Social Security		24,886	
Pensions		27,153	
Medical Insurance		25,139	
Employer Medicare		5,820	
Rentals		11,400	
Travel		828	
Disposal Fees		17,230	
Other Contracted Services		34,060	
Custodial Supplies		49,012	
Electricity		595,210	
Natural Gas		94,753	
Water and Sewer		42,969	
Other Supplies and Materials		2,033	
Boiler Insurance		10,158	
Building and Contents Insurance		185,071	
Other Charges		2,468	
Plant Operation Equipment		86,321	
Total Operation of Plant			1,626,859

Maintenance of Plant

Supervisor/Director	\$	52,651	
Mechanic(s)		158,895	
Other Salaries and Wages		135,125	
Social Security		20,767	
Pensions		24,261	
Medical Insurance		45,840	
Employer Medicare		4,857	
Maintenance and Repair Services - Buildings		6,000	
Maintenance and Repair Services - Equipment		41,128	
Other Contracted Services		32,751	
General Construction Materials		24,119	
Other Supplies and Materials		41,719	
Other Charges		1,488	
Maintenance Equipment		2,180	
Total Maintenance of Plant			591,781

Transportation

Supervisor/Director	\$	43,151	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Mechanic(s)	\$	208,727	
Bus Drivers		864,499	
Other Salaries and Wages		21,220	
Social Security		70,551	
Pensions		75,390	
Medical Insurance		41,417	
Employer Medicare		16,517	
Other Fringe Benefits		10,844	
Communication		22,549	
Maintenance and Repair Services - Vehicles		3,757	
Travel		1,750	
Other Contracted Services		34,478	
Diesel Fuel		322,585	
Equipment and Machinery Parts		31,184	
Gasoline		57,133	
Tires and Tubes		44,449	
Vehicle Parts		180,526	
Other Supplies and Materials		3,963	
Vehicle and Equipment Insurance		58,163	
Other Charges		11,019	
Transportation Equipment		95,329	
Total Transportation			\$ 2,219,201

Central and Other

Other Salaries and Wages	\$	182,418	
Social Security		10,035	
Pensions		12,187	
Employer Medicare		2,696	
Other Contracted Services		4,800	
Total Central and Other			212,136

Operation of Non-instructional Services

Community Services

Supervisor/Director	\$	6,600	
Other Salaries and Wages		20,298	
Social Security		1,021	
Pensions		1,019	
Employer Medicare		390	
Total Community Services			29,328

Early Childhood Education

Supervisor/Director	\$	55,459	
Teachers		351,035	
Career Ladder Program		3,000	
Educational Assistants		136,348	
Other Salaries and Wages		5,684	

(Continued)

Exhibit J-8

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

<u>General Purpose School Fund (Cont.)</u>		
<u>Operation of Non-instructional Services (Cont.)</u>		
<u>Early Childhood Education (Cont.)</u>		
Non-certified Substitute Teachers	\$ 6,000	
Social Security	32,306	
Pensions	47,653	
Medical Insurance	42,135	
Employer Medicare	7,557	
Other Fringe Benefits	2,479	
Travel	453	
Other Contracted Services	30,197	
Food Supplies	60	
Instructional Supplies and Materials	29,631	
Other Supplies and Materials	37,105	
In Service/Staff Development	4,618	
Other Charges	1,325	
Regular Instruction Equipment	9,277	
Total Early Childhood Education		\$ 802,322
<u>Capital Outlay</u>		
<u>Regular Capital Outlay</u>		
Building Improvements	\$ 65,968	
Other Capital Outlay	331,812	
Total Regular Capital Outlay		397,780
<u>Interest on Debt</u>		
<u>Education</u>		
Interest on Notes	\$ 4,486	
Total Education		4,486
<u>Other Debt Service</u>		
<u>Education</u>		
Legal Services	\$ 7,101	
Debt Service Contribution to Primary Government	512,077	
Total Education		519,178
Total General Purpose School Fund		\$ 24,896,048
<u>School Federal Projects Fund</u>		
<u>Instruction</u>		
<u>Regular Instruction Program</u>		
Teachers	\$ 386,763	
Other Salaries and Wages	15,750	
Social Security	22,182	
Pensions	35,908	
Medical Insurance	50,053	
Employer Medicare	5,188	
Other Fringe Benefits	2,000	
Contracts with Other School Systems	433	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Maintenance and Repair Services - Equipment	\$	5,818	
Other Contracted Services		90,510	
Instructional Supplies and Materials		139,944	
Other Supplies and Materials		2,671	
In Service/Staff Development		350	
Regular Instruction Equipment		166,927	
Total Regular Instruction Program			\$ 924,497

Special Education Program

Clerical Personnel	\$	29,651	
Educational Assistants		331,933	
Social Security		22,136	
Pensions		26,964	
Medical Insurance		8,044	
Employer Medicare		5,177	
Other Fringe Benefits		9,511	
Other Contracted Services		25,000	
Instructional Supplies and Materials		38,027	
Other Supplies and Materials		10,698	
Other Charges		3,000	
Special Education Equipment		1,800	
Total Special Education Program			511,941

Vocational Education Program

Instructional Supplies and Materials	\$	985	
Other Charges		1,466	
Vocational Instruction Equipment		59,662	
Total Vocational Education Program			62,113

Support Services

Health Services

Medical Personnel	\$	90,032	
Social Security		5,402	
Pensions		6,968	
Medical Insurance		7,238	
Employer Medicare		1,263	
Other Fringe Benefits		2,622	
Other Contracted Services		36,104	
Other Supplies and Materials		2,868	
Total Health Services			152,497

Other Student Support

Bus Drivers	\$	552	
Other Salaries and Wages		2,545	
Social Security		192	
Pensions		265	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Employer Medicare	\$	45	
Travel		11,461	
Other Contracted Services		5,760	
Other Supplies and Materials		8,252	
In Service/Staff Development		48,674	
Total Other Student Support			\$ 77,746

Regular Instruction Program

Supervisor/Director	\$	62,933	
Secretary(ies)		61,802	
Other Salaries and Wages		170,334	
Social Security		18,157	
Pensions		25,870	
Medical Insurance		15,930	
Employer Medicare		4,393	
Other Fringe Benefits		1,432	
Travel		2,381	
Other Supplies and Materials		3,419	
In Service/Staff Development		72,863	
Total Regular Instruction Program			439,514

Special Education Program

Travel	\$	12,946	
Other Supplies and Materials		41,479	
In Service/Staff Development		33,851	
Total Special Education Program			88,276

Vocational Education Program

Travel	\$	2,249	
Total Vocational Education Program			2,249

Transportation

Bus Drivers	\$	3,366	
Other Salaries and Wages		121,366	
Social Security		7,720	
Pensions		7,805	
Medical Insurance		2,322	
Employer Medicare		1,806	
Other Fringe Benefits		5,945	
Contracts with Parents		17,429	
Maintenance and Repair Services - Vehicles		167	
Diesel Fuel		12,132	
Tires and Tubes		1,959	
Vehicle Parts		6,587	
Transportation Equipment		51,200	
Total Transportation			239,804

Total School Federal Projects Fund \$ 2,498,637

(Continued)

Exhibit J-8

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

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	42,651	
Accountants/Bookkeepers		30,651	
Cafeteria Personnel		684,989	
Longevity Pay		4,150	
Other Salaries and Wages		38,263	
Social Security		49,497	
Pensions		52,331	
Medical Insurance		24,553	
Employer Medicare		11,576	
Communication		9,627	
Maintenance and Repair Services - Equipment		2,918	
Travel		599	
Other Contracted Services		28,835	
Food Supplies		933,436	
USDA - Commodities		118,409	
Other Supplies and Materials		73,553	
Workers' Compensation Insurance		31,914	
In Service/Staff Development		1,561	
Food Service Equipment		26,012	
Total Food Service			\$ 2,165,525

Total Central Cafeteria Fund \$ 2,165,525

Education Capital Projects Fund

Support Services

Board of Education

Trustee's Commission	\$	29	
Total Board of Education			\$ 29

Capital Projects

Education Capital Projects

Architects	\$	39,935	
Consultants		25,331	
Engineering Services		10,446	
Other Contracted Services		23,499	
Building Construction		4,085,735	
Food Service Equipment		143,220	
Furniture and Fixtures		294,293	
Site Development		8,400	
Total Education Capital Projects			4,630,859

Total Education Capital Projects Fund 4,630,888

Total Governmental Funds - Fayette County School Department \$ 34,191,098

Exhibit J-9

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

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 2,755,166</u>
Total Cash Receipts	<u>\$ 2,755,166</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 2,727,614
Trustee's Commission	<u>27,552</u>
Total Cash Disbursements	<u>\$ 2,755,166</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>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fayette County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Fayette County's basic financial statements, and have issued our report thereon dated February 25, 2016. Our report includes a reference to other auditors who audited the financial statements of the Fayette County Emergency Communications District, as described in our report on Fayette 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 Fayette County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the

effectiveness of Fayette County's internal control. Accordingly, we do not express an opinion on the effectiveness of Fayette County's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 2015-001, 2015-008, and 2015-014.

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: 2015-002, 2015-004(B), 2015-006(A), 2015-007, 2015-009, 2015-011, 2015-012, and 2015-013.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fayette County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2015-003, 2015-004(A), 2015-005, 2015-006(B,C), and 2015-010.

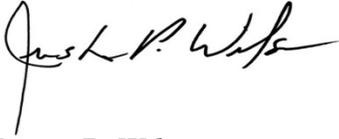
Fayette County's Responses to Findings

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

Purpose of this Report

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 25, 2016

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Fayette County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Fayette County's major federal programs for the year ended June 30, 2015. Fayette County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Fayette County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Fayette County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

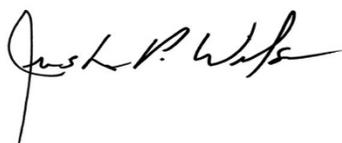
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fayette County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Fayette County's basic financial statements. We issued our report thereon dated February 25, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 25, 2016

JPW/sb

Fayette County, Tennessee
Schedule of Expenditures of 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	\$ 552,581
National School Lunch Program	10.555	N/A	1,209,001 (4)
Fresh Fruit and Vegetable Program	10.582	N/A	43,305
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	118,409 (4)
Total U.S. Department of Agriculture			<u>\$ 1,923,296</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(2)	\$ 97,880
Total U.S. Department of Housing and Urban Development			<u>\$ 97,880</u>
U.S. Department of Labor:			
Passed-through City of Memphis, Tennessee:			
WIA Cluster:			
WIA/WIOA Adult Program	17.258	31369	\$ 247,146
WIA/WIOA Dislocated Worker Formula Grants	17.278	31369	87,841
Total U.S. Department of Labor			<u>\$ 334,987</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(3)	\$ 34,901
Total U.S. Department of Transportation			<u>\$ 34,901</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,174,353
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	932,734
Special Education - Preschool Grants	84.173	N/A	43,790
Career and Technical Education - Basic Grants to States	84.048	N/A	85,181
English Language Acquisition State Grants	84.365	N/A	10,511
Improving Teacher Quality State Grants	84.367	N/A	223,578
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	55,588
Total U.S. Department of Education			<u>\$ 2,525,735</u>
Delta Regional Authority:			
Passed-through State Department of Labor:			
Delta Regional Development	90.200	(2)	\$ 12,500
Total Delta Regional Authority			<u>\$ 12,500</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4171-DR-TN	\$ 66,424
Emergency Management Performance Grants	97.042	(2)	52,000
Assistance to Firefighters Grant	97.044	EMW-2013-FV-02525	288,006
Total U.S. Department of Homeland Security			<u>\$ 406,430</u>
Total Expenditures of Federal Awards			<u>\$ 5,335,729</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
State Grants:			
Airport Maintenance - State Department of Transportation	N/A	(2)	\$ 15,202
Custodial Parents Access and Visitation - Administrative Office of the Courts	N/A	(2)	3,004
Local Health Services - State Department of Health	N/A	GG1542245	274,967
Litter Program - State Department of Transportation	N/A	(2)	42,327
Certified Drug Court Program - State Department of Mental Health and Substance Abuse Services	N/A	42056	65,709
FastTrack Infrastructure Development Program - State Department of Economic and Community Development	N/A	32458	45,482
Early Childhood Education - State Department of Education	N/A	(2)	648,282
ConnecTenn - State Department of Education	N/A	(2)	9,824
ACT/Explore - State Department of Education	N/A	(2)	4,456
Coordinated School Health - State Department of Education	N/A	(2)	28,641
Energy Efficient School Initiative - State Department of Education	N/A	(2)	1,300
Safe Schools - State Department of Education	N/A	(2)	7,818
Total State Grants			<u>\$ 1,147,012</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) Z14GHS120A: \$24,740; Z15CHS122: \$10,161.
- (4) Total CFDA No. 10.555 is \$1,327,410.

Fayette 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 for Fayette County, Tennessee, for the year ended June 30, 2014, which have not been corrected.

OFFICE OF COUNTY MAYOR

Finding Number	Page Number	Subject
2014-001	158	Several funds required material audit adjustments for proper financial statement presentation
2014-002	159	Purchase orders were not issued in some instances

OFFICE OF DIRECTOR OF SCHOOLS

Finding Number	Page Number	Subject
2014-005	160	The general ledger cash account was not properly reconciled with county trustee reports
2014-006	161	The School Department had deficiencies in budget operations
2014-008	163	General ledger payroll liability accounts were not reconciled with payroll reports and payments

OFFICE OF SHERIFF

Finding Number	Page Number	Subject
2014-011	165	Duties were not segregated adequately

FAYETTE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

PART I, SUMMARY OF AUDITOR'S RESULTS

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

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county mayor, trustee, and register of deeds 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

FINDING 2015-001

THE GENERAL 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 and General Debt Service funds were not materially correct, and audit adjustments totaling \$525,505 and \$175,749, respectively, were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Fayette County to have adequate 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 management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Auditors used a defined set of categories in reviewing the period of availability for revenues. We are in possession of their list and will be using it from here on in reviewing revenue accounts for receivables to be considered revenue at year-end.

AUDITOR'S COMMENT

Auditors made adjustments based on the county's own policy of considering revenues other than grants to be available if they are collected within 30 days after year-end, and grants and similar revenues to be available if they are collected within 60 days after year-end. However, the material adjustments required for accounts receivable were primarily for June 2015 revenue that was receipted by the county within the first two weeks of July 2015 but not set

up as receivables per records. In addition, the material adjustments required for the General Fund included the \$161,050 error in the general ledger cash account as described below in Finding 2015-004.

FINDING 2015-002

THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

(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 50 disbursements totaling \$985,872 from a population of 4,186 vendor warrants totaling \$16,554,473. Our examination revealed the following deficiencies, which are the result of management's failure to correct the finding noted in the prior-year audit report.

- A. Our sample revealed that purchase orders were not issued in two of 12 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 risk of unauthorized purchases.
- B. Purchase orders were issued after purchases were made in two of 12 applicable instances. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase.

RECOMMENDATION

To strengthen internal controls over the purchasing process and to document purchasing commitments, the County Mayor's Office should issue purchase orders for all applicable purchases before purchases are made.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

This issue was addressed after the audit for the year ended June 30, 2014. Procedures were put in place that corrected this. These happened previous to their implementation.

AUDITOR'S COMMENT

All but one of the instances of purchase orders not issued or not issued correctly occurred subsequent to the June 30, 2014, audit report date of November 25, 2014. The County Mayor's Office should continue to make efforts to correctly issue purchase orders for all applicable purchases before purchases are made.

FINDING 2015-003

EXPENDITURES EXCEEDED APPROPRIATIONS
(Noncompliance Under *Government Auditing Standards*)

We noted the following deficiencies in budget operations:

- A. Total expenditures exceeded total appropriations approved by the County Commission in the Solid Waste/Sanitation Fund by \$9,703.
- B. Expenditures exceeded appropriations in one of 58 major appropriation categories (the legal level of control) of the General Fund: Other Operations – Miscellaneous by \$2,056. Also, expenditures exceeded appropriations in one of six major appropriation categories of the General Debt Service Fund: Other Debt Service – General Government by \$2,436.

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – COUNTY MAYOR

We concur. Steps have been taken to monitor the budget and to stop future occurrences.

FINDING 2015-004

THE OFFICE HAD ACCOUNTING DEFICIENCIES
(A. – Noncompliance Under *Government Auditing Standards*; B. – Internal Control – Significant Deficiency Under *Government Auditing Standards*)

We noted the following accounting deficiencies in the County Mayor’s Office:

- A. The County Mayor’s Office did not properly reconcile the general ledger cash account in the General Fund with county trustee reports. The office attempted to reconcile the cash account with the trustee's report monthly; however, the account did not reconcile with the trustee’s report by \$161,050 at June 30, 2015. Section 9-2-138, *Tennessee Code Annotated*, requires officials to reconcile their respective fund accounts with the trustee’s reports monthly. Failure to reconcile the general ledger cash account with the county trustee’s reports increases the risks that errors may occur and not be detected. Cash balances were determined by substantive tests and alternative audit procedures. This deficiency is due to a lack of oversight by management.

- B. The office utilizes a computerized accounting system that generates warrants and automatically posts these warrants to the general ledger; however, we noted that manually written warrants were issued for most of the funds and subsequently entered into the computerized accounting system. Sound business practices dictate that manual warrants be discontinued after electronic records are installed. This practice could result in the failure to correctly record all warrants into the official electronic record and increases the risks of fraud and abuse. The practice of issuing manual warrants is the result of management's decision.

RECOMMENDATION

The office should reconcile the General Fund's general ledger cash account with county trustee reports monthly as required by state statute, and any errors discovered should be corrected promptly. The office should discontinue the use of manually written warrants and only issue warrants electronically.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Due to the change in personnel in the accounting department in the Mayor's Office, and to the timing and method of reports from the Trustee's Office, the reconciliation was not final at the time of the audit. The account has been reconciled and procedures are now in place for reconciliation and review.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2015-005

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

(Noncompliance Under *Government Auditing Standards*)

The office did not properly reconcile the general ledger cash account in the General Purpose School and School Federal Projects funds with county trustee reports. The office attempted to reconcile the cash accounts with the trustee's reports monthly; however, the accounts did not reconcile with the trustee's reports by \$11,567 and \$9,434, respectively, at June 30, 2015. Section 9-2-138, *Tennessee Code Annotated*, requires officials to reconcile their respective fund accounts with the trustee's reports monthly. Failure to reconcile the general ledger cash accounts with the county trustee's reports increases the risks that errors may occur and not be detected. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

FINDING 2015-006

THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN BUDGET OPERATIONS

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

We noted the following deficiencies in budget operations:

- A. Several budget amendments between major appropriation categories were posted in the General Purpose School Fund that were not approved by the County Commission. In addition, several budget amendments within major appropriation categories were not approved by the Board of Education. 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 in the financial statements of this report.
- B. Expenditures exceeded appropriations approved by the County Commission in six of 26 major appropriation categories (the legal level of control) of the General Purpose School Fund and in one of ten major appropriation categories of the School Federal Projects Fund. These amounts are reflected in the following table:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General Purpose School:	
Support Services - Other Student Support	\$ 16,814
Support Services - Special Education Program	1,113
Support Services - Director of Schools	23,432
Support Services - Human Services/Personnel	4,081
Support Services - Central and Other	5,922
Other Financing Uses - Transfers Out	120,607
School Federal Projects:	
Instruction - Vocational Education Program	68

- C. Salaries exceeded appropriations in five of 89 salary line-items of the General Purpose School Fund by amounts ranging from \$291 to \$12,368, and in one of 12 salary line-items in the School Federal Projects Fund by \$832. The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county shall not exceed appropriations that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures, and management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Budget amendments should be accurately posted to the accounting records after the appropriate approval by the County Commission and Board of Education. Expenditures should be held within appropriations approved by the County Commission.

FINDING 2015-007

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

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

General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments each month in the General Purpose School Fund. As a result, negative unidentified balances accumulated in the liability accounts for some payroll deductions. Sound business practices dictate that payroll liability accounts should be reconciled with billings monthly. The failure to regularly reconcile payroll liability accounts is a significant deficiency that increases the risks that errors will not be discovered and corrected in a timely manner. This deficiency is the result of management’s failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

FINDING 2015-008

THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT AND A DEFICIT IN UNASSIGNED FUND BALANCE AT JUNE 30, 2015

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

The School Federal Projects Fund had a cash overdraft of \$247,705 and a deficit in unassigned fund balance of \$125,239 at June 30, 2015. The cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee, and the deficit in unassigned fund balance resulted from expenditures exceeding available funds. Sound business practices dictate that expenditures be held within available funds.

RECOMMENDATION

The School Department should liquidate the cash overdraft and deficit in unassigned fund balance. The department should not issue warrants exceeding cash on deposit with the county trustee, and expenditures should be held within available funding.

FINDING 2015-009

SOME INVOICES WERE NOT PAID TIMELY

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

When examining accounts payable of the General Purpose School Fund at June 30, 2015, auditors noted four invoices with late fees totaling \$436. Sound business practices dictate that invoices should be paid when due to avoid unnecessary interest and/or service charges. The accounting and purchasing system should be designed to ensure that invoices are paid timely. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

All invoices should be paid on a timely basis to avoid the assessment of interest and service charges.

OFFICE OF TRUSTEE

FINDING 2015-010

THE TRUSTEE PAID WARRANTS ISSUED BY THE SCHOOL FEDERAL PROJECTS FUND THAT EXCEEDED AVAILABLE FUNDS

(Noncompliance Under *Government Auditing Standards*)

Throughout the fiscal year, the trustee paid warrants issued from the School Federal Projects Fund that exceeded the available cash balance on deposit. At June 30, 2015, the paid warrants exceeded the available cash on deposit by \$173,513. Section 8-11-104(5), *Tennessee Code Annotated*, prohibits the trustee from paying a warrant if sufficient funds are not

available. This deficiency exists because the School Department continued to issue warrants exceeding cash on deposit with the trustee, and the trustee kept honoring the warrants.

RECOMMENDATION

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

FINDING 2015-011

THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS

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

The software application used by the office generated a log that displayed changes made by users. This log provided the only audit trail of these changes and should be reviewed for inappropriate activity. Although the official was aware of the importance of this log, it was not reviewed.

RECOMMENDATION

Management should review the audit log on a routine basis. Any unusual transactions should be investigated.

MANAGEMENT'S RESPONSE – TRUSTEE

My office is now including a copy of the audit log in our daily closeout, which I review, and a printed copy in the month-end close out which I review and sign.

OFFICE OF REGISTER OF DEEDS

FINDING 2015-012

BANK STATEMENTS WERE NOT RECONCILED WITH THE GENERAL LEDGER, AND LISTS OF OUTSTANDING CHECKS WERE NOT PREPARED

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

At June 30, 2015, bank statements had not been reconciled with the general ledger, and lists of outstanding checks had not been prepared since August 2014. The reconciliation of bank statements and the monthly preparation of accurate lists of outstanding checks are necessary procedures to ensure all cash collections and disbursements are recorded accurately in the accounting records. This deficiency exists because management failed to ensure accounting records were properly maintained and reconciled. This deficiency was subsequently corrected in December 2015, when it was brought to the register's attention during the audit.

RECOMMENDATION

Bank statements should be reconciled with the general ledgers monthly, and any errors discovered should be corrected promptly. Accurate lists of outstanding checks should be prepared monthly.

MANAGEMENT’S RESPONSE – REGISTER OF DEEDS

I concur. Bank statements had not been reconciled due to the failure to post outstanding checks. Thank you for your help in the transition of me assuming the Office of Register of Deeds.

OFFICE OF SHERIFF

FINDING 2015-013

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among the official and employees in the Office of 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

The sheriff should segregate duties to the extent possible using available resources.

FAYETTE COUNTY

FINDING 2015-014

FAYETTE COUNTY HAS A MATERIAL RECURRING AUDIT FINDING

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

Fayette 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>
2015-001, 2014-001, 2013-001	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. Fayette County has established an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We have addressed, in Finding 2015-001, the method used by the auditors and have implemented procedures to address this issue.

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

There were no findings and questioned costs for federal awards.

BEST PRACTICE

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

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

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

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

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

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