

**ANNUAL FINANCIAL REPORT**  
**FAYETTE COUNTY, TENNESSEE**

**FOR THE YEAR ENDED JUNE 30, 2018**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT**  
**FAYETTE COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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

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

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***SAVANAH MASSEY***  
***TWYLA PRATT***  
***State Auditors***

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

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# ***Summary of Audit Findings***

Annual Financial Report  
Fayette County, Tennessee  
For the Year Ended June 30, 2018

## ***Scope***

We have audited the basic financial statements of Fayette County as of and for the year ended June 30, 2018.

## ***Results***

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

Our audit resulted in no findings.

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# INTRODUCTORY SECTION

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Fayette County Officials  
June 30, 2018

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**Officials**

Rhea Taylor, County Mayor  
James Smith, Public Works Superintendent  
Dr. Marlon King, 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	Terry Leggett
Ed Allen	David Lillard, Sr.
Homer Bunker	Sylvester Logan
Odis Cox	Claude Oglesby, Jr.
Charles Dacus, Jr.	Steve Reeves
Gregory Duncan	Elizabeth Rice
Ben Farley	Ray Seals
Willie German, Jr.	Bill Walker
Tim Goodroe	Larry Watkins
Bill Kelley	Myles Wilson

**Board of Education**

Bob Doll, Chairman	Willie Odeneal
Tom Fleps	Sally Spencer
Russ Holcomb	Wendell Wainwright
Alisa Logan	Amy Webb
Civil Miller-Watkins	

**Board of Public Works**

Hank Franck, Chairman	Wesley Parks
Andrew Avery	Russell Wicker
Jimmy Jordan	

**Audit Committee**

Myles Wilson, Chairman	David Lillard, Sr.
Willie German, Jr.	Claude Oglesby, Jr.
Bill Kelley	



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## FINANCIAL SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

## 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, 2018, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fayette County, Tennessee, as of June 30, 2018, 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 restatements reducing the beginning net position of the Governmental Activities of the primary government and the discretely presented Fayette County School Department by \$2,708 and \$812,902, respectively, on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***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 14-20 and the schedule of changes in the county's net pension asset and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension assets, and schedules of county and school changes in the total OPEB liability and related ratios - other postemployment benefits plans on pages 96-104 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 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), miscellaneous schedules and other information such as the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

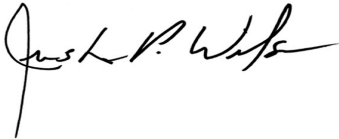
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Fayette County School Department (a discretely presented component unit), schedule of expenditures of federal awards, 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), schedule of expenditures of federal awards, and miscellaneous schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fayette County's 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

January 24, 2019

JPW/kp

## 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, 2018.

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 \$27,274,922 (i.e., net position).
- Total revenues of the governmental funds were \$27,381,742, a decrease of \$843,106 from fiscal year 2017.
- Total expenses of the governmental funds were \$28,252,078, an increase of \$1,878,045 from fiscal year 2017. The county commission approved several capital maintenance projects this year that caused an increase in expenditures without corresponding increases in revenues.

### 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 12 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, and General Debt Service 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 \$27,274,922 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, 2018, Fayette County had outstanding debt totaling \$19,000,000 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	
	2018	2017
Assets:		
Current and Other Assets	\$ 33,912,677	\$ 29,626,169
Capital Assets	36,045,837	37,934,374
Total Assets	<u>\$ 69,958,514</u>	<u>\$ 67,560,543</u>
Deferred Outflows of Resources:		
Deferred Charge on Refunding	\$ 20,147	\$ 27,352
Pension Changes in Experience	1,498	2,255
Pension Changes in Investment Earning	6,529	893,342
Pension Other Deferrals	512,764	0
Pension Contributions After Measurement Date	363,901	315,766
OPEB Contributions After Measurement Date	20,312	0
Total Deferred Outflows of Resources	<u>\$ 925,151</u>	<u>\$ 1,238,715</u>
Liabilities:		
Other Liabilities	\$ 4,786,923	\$ 3,368,867
Long-term Liabilities Outstanding	27,857,761	29,983,582
Total Liabilities	<u>\$ 32,644,684</u>	<u>\$ 33,352,449</u>
Deferred Inflows of Resources:		
Deferred Current Property Taxes	\$ 9,811,466	\$ 9,782,715
Pension Changes in Experience	1,133,475	374,661
OPEB Deferred Inflows of Resources	19,118	0
Total Deferred Inflows of Resources	<u>\$ 10,964,059</u>	<u>\$ 10,157,376</u>
Net Position:		
Net Investment in Capital Assets	\$ 27,050,728	\$ 27,568,910
Restricted	9,177,003	6,433,739
Unrestricted	(8,952,809)	(8,713,216)
Total Net Position	<u>\$ 27,274,922</u>	<u>\$ 25,289,433</u>

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 (\$9,177,003) 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>2018</u>	<u>2017</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 6,977,485	\$ 6,486,650
Operating Grants and Contributions	5,560,720	3,304,987
Capital Grants and Contributions	375,910	2,832,491
General Revenues:		
Property Taxes	9,978,761	9,599,691
Other Taxes	4,687,150	4,398,517
Grants and Contributions Not Restricted to Specific Programs	1,485,289	1,438,636
Unrestricted Investment Income	185,908	107,111
Miscellaneous	90,791	74,736
Gain on Disposal of Capital Assets	0	560,522
Total Revenues	<u>\$ 29,342,014</u>	<u>\$ 28,803,341</u>
Expenses:		
General Government	\$ 3,091,212	\$ 2,718,070
Finance	1,186,737	1,099,811
Administration of Justice	1,363,362	1,247,499
Public Safety	9,133,977	8,179,022
Public Health and Welfare	4,112,740	4,032,863
Social, Cultural, and Recreational Services	248,140	251,713
Agriculture and Natural Resources	220,420	215,149
Highway/Public Works	7,105,767	6,329,562
Education	28,246	0
Interest on Long-term Debt	863,216	903,407
Total Expenses	<u>\$ 27,353,817</u>	<u>\$ 24,977,096</u>
Change in Net Position	\$ 1,988,197	\$ 3,826,245
Net Position, July 1	25,289,433	21,463,188
Restatement - See Note I.D.8.	(2,708)	0
Net Position, June 30	<u>\$ 27,274,922</u>	<u>\$ 25,289,433</u>

**Capital Assets and Debt Administration**

**Capital assets.** The county’s investment in capital assets for its governmental activities as of June 30, 2018, totaled \$36,045,837 (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 \$1,888,537 (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 \$469,378, of which \$265,000 will be the responsibility of the Fayette County Board of Education. Fayette County had bonds payable of \$27,340,000. Fayette County’s total long-term debt is \$27,809,378, of which \$19,000,000 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, 2018

	Governmental Activities
Notes Payable through General Debt Service Fund	\$ 204,378
Notes Payable by Board of Education Contributions	265,000
Total Notes Payable	\$ 469,378
Bonds Payable through General Debt Service Fund	\$ 27,340,000
Total Bonds Payable	\$ 27,340,000
Total Long-term Debt	\$ 27,809,378

**ECONOMIC FACTORS**

**Unemployment: Fayette County vs. Tennessee vs. United States**

The unemployment rates for June 2018 were 4.1, 3.5, and 4.0 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, 2017, the beginning of the fiscal year for the county at 40,036. This is an increase of 4.2 percent over the seven 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.

### **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.

### **Interstate 269**

Interstate 269 is open from Interstate 40 to the Mississippi state line. 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.

### **Exit 28 Opening**

Interstate 40 exit 28 opened in November of 2018. This becomes the first interchange after leaving Shelby County, and opens northwest Fayette County to investment with improved access to the Memphis market.

### **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

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Fayette County, Tennessee  
Statement of Net Position  
June 30, 2018

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Fayette County School Department</u>
<u>ASSETS</u>		
Cash	\$ 54,552	\$ 0
Equity in Pooled Cash and Investments	16,394,324	6,820,594
Accounts Receivable	4,165,455	2,852
Allowance for Uncollectibles	(2,378,943)	0
Due from Other Governments	2,748,541	1,896,043
Due from Component Unit	265,000	0
Property Taxes Receivable	10,154,711	6,404,367
Allowance for Uncollectible Property Taxes	(154,845)	(97,658)
Cash Shortage	0	6,175
Net Pension Asset - Agent Plan	2,663,882	1,778,143
Net Pension Asset - Teacher Retirement Plan	0	118,841
Net Pension Asset - Teacher Legacy Pension Plan	0	92,703
Capital Assets:		
Assets Not Depreciated:		
Land	2,147,640	349,377
Construction in Progress	0	237,950
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	11,910,663	17,767,329
Infrastructure	18,333,269	0
Other Capital Assets	3,654,265	2,079,711
Total Assets	<u>\$ 69,958,514</u>	<u>\$ 37,456,427</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 20,147	\$ 0
Pension Changes in Experience	1,498	61,054
Pension Changes in Investment Earnings	6,529	18,430
Pension Changes in Assumptions	512,764	1,137,861
Pension Changes in Proportion	0	105,472
Pension Contributions After Measurement Date	363,901	1,256,862
OPEB Contributions After Measurement Date	20,312	63,806
Total Deferred Outflows of Resources	<u>\$ 925,151</u>	<u>\$ 2,643,485</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 1,415,560	\$ 52,343
Accrued Payroll	475,101	0
Payroll Deductions Payable	0	135,457
Contracts Payable	726,927	0
Due to Primary Government	0	265,000
Other Current Liabilities	0	14
Accrued Interest Payable	206,363	0
Noncurrent Liabilities:		
Due Within One Year	1,962,972	63,500
Due in More Than One Year	27,857,761	1,733,516
Total Liabilities	<u>\$ 32,644,684</u>	<u>\$ 2,249,830</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Fayette County School Department</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 9,811,466	\$ 6,187,889
Pension Changes in Experience	1,133,475	2,679,436
Pension Changes in Investment Earnings	0	6,395
Pension Other Deferrals	0	570,501
OPEB Changes in Assumptions	19,118	70,413
Total Deferred Inflows of Resources	<u>\$ 10,964,059</u>	<u>\$ 9,514,634</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 27,050,728	\$ 20,434,367
Restricted for:		
General Government	351,181	0
Finance	50,518	0
Administration of Justice	282,595	0
Public Safety	537,393	0
Public Health and Welfare	317,790	0
Social, Cultural, and Recreational Services	23,571	0
Highway/Public Works	2,140,832	0
Education	323,010	120,941
Operation of Non-instructional Services	0	1,125,492
Capital Outlay	382,317	0
Debt Service	2,103,914	0
Pensions	2,663,882	1,989,687
Unrestricted	<u>(8,952,809)</u>	<u>4,664,961</u>
Total Net Position	<u>\$ 27,274,922</u>	<u>\$ 28,335,448</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, 2018

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 Unit
					Governmental Total Activities	Fayette County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 3,091,212	\$ 807,923	\$ 279,314	\$ 369,777	\$ (1,634,198)	\$ 0
Finance	1,186,737	1,007,559	0	0	(179,178)	0
Administration of Justice	1,363,362	1,017,012	95,687	0	(250,663)	0
Public Safety	9,133,977	1,504,571	156,895	0	(7,472,511)	0
Public Health and Welfare	4,112,740	2,567,632	333,073	6,133	(1,205,902)	0
Social, Cultural, and Recreational Services	248,140	29,579	0	0	(218,561)	0
Agriculture and Natural Resources	220,420	0	0	0	(220,420)	0
Highways/Public Works	7,105,767	43,209	4,337,841	0	(2,724,717)	0
Education	28,246	0	324,393	0	296,147	0
Interest on Long-term Debt	863,216	0	33,517	0	(829,699)	0
<b>Total Primary Government</b>	<b>\$ 27,353,817</b>	<b>\$ 6,977,485</b>	<b>\$ 5,560,720</b>	<b>\$ 375,910</b>	<b>\$ (14,439,702)</b>	<b>\$ 0</b>
Component Unit:						
Fayette County School Department	\$ 30,704,435	\$ 265,646	\$ 4,799,708	\$ 360,329	\$ 0	\$ (25,278,752)
<b>Total Component Unit</b>	<b>\$ 30,704,435</b>	<b>\$ 265,646</b>	<b>\$ 4,799,708</b>	<b>\$ 360,329</b>	<b>\$ 0</b>	<b>\$ (25,278,752)</b>

(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 Government Total Governmental Activities	Component Unit Fayette County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 9,978,740	\$ 6,298,803
Property Taxes Levied for Debt Service					21	0
Local Option Sales Tax					480,013	3,733,256
Wheel Tax					2,931,642	0
Litigation Tax					700,441	0
Business Tax					216,601	0
Adequate Facilities/Development Tax					287,641	0
Wholesale Beer Tax					65,145	0
Other Local Taxes					5,667	8,657
Grants and Contributions Not Restricted to Specific Programs					1,485,289	17,627,273
Unrestricted Investment Income					185,908	0
Miscellaneous					90,791	149,673
Total General Revenues					<u>\$ 16,427,899</u>	<u>\$ 27,817,662</u>
Change in Net Position					\$ 1,988,197	\$ 2,538,910
Net Position, July 1, 2017					25,289,433	26,609,440
Restatements - See Note I.D.8.					(2,708)	(812,902)
Net Position, June 30, 2018					<u>\$ 27,274,922</u>	<u>\$ 28,335,448</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, 2018

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 54,552	\$ 54,552
Equity in Pooled Cash and Investments	8,618,071	3,050,903	2,299,247	2,426,103	16,394,324
Accounts Receivable	4,109,308	0	0	56,147	4,165,455
Allowance for Uncollectibles	(2,378,943)	0	0	0	(2,378,943)
Due from Other Governments	590,002	2,158,539	0	0	2,748,541
Due from Other Funds	55,226	58,024	0	0	113,250
Property Taxes Receivable	9,435,081	719,630	0	0	10,154,711
Allowance for Uncollectible Property Taxes	(142,953)	(11,892)	0	0	(154,845)
<b>Total Assets</b>	<b>\$ 20,285,792</b>	<b>\$ 5,975,204</b>	<b>\$ 2,299,247</b>	<b>\$ 2,536,802</b>	<b>\$ 31,097,045</b>
<u>LIABILITIES</u>					
Accounts Payable	\$ 91,171	\$ 1,290,243	\$ 0	\$ 34,146	\$ 1,415,560
Accrued Payroll	459,192	0	0	15,909	475,101
Contracts Payable	436,399	290,528	0	0	726,927
Due to Other Funds	58,024	0	0	55,226	113,250
<b>Total Liabilities</b>	<b>\$ 1,044,786</b>	<b>\$ 1,580,771</b>	<b>\$ 0</b>	<b>\$ 105,281</b>	<b>\$ 2,730,838</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 9,119,441	\$ 692,025	\$ 0	\$ 0	\$ 9,811,466
Deferred Delinquent Property Taxes	157,670	14,347	0	0	172,017
Other Deferred/Unavailable Revenue	1,660,025	1,871,331	0	0	3,531,356
<b>Total Deferred Inflows of Resources</b>	<b>\$ 10,937,136</b>	<b>\$ 2,577,703</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 13,514,839</b>

(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	Other Govern- mental Funds	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 57,085	\$ 0	\$ 0	\$ 294,096	\$ 351,181
Restricted for Finance	50,518	0	0	0	50,518
Restricted for Administration of Justice	282,595	0	0	0	282,595
Restricted for Public Safety	198,765	0	0	338,628	537,393
Restricted for Public Health and Welfare	317,790	0	0	0	317,790
Restricted for Social, Cultural, and Recreational Services	23,571	0	0	0	23,571
Restricted for Highways/Public Works	0	0	0	323,010	323,010
Restricted for Education	0	0	0	323,010	323,010
Restricted for Capital Outlay	264,720	0	0	108,995	373,715
Restricted for Debt Service	0	0	2,290,130	0	2,290,130
Restricted for Capital Projects	8,602	0	0	0	8,602
Committed:					
Committed for General Government	504,849	0	0	0	504,849
Committed for Public Safety	54,109	0	0	0	54,109
Committed for Public Health and Welfare	0	0	0	1,043,782	1,043,782
Committed for Social, Cultural, and Recreational Services	53,371	0	0	0	53,371
Committed for Other Operations	4,800	0	0	0	4,800
Committed for Highways/Public Works	0	1,816,730	0	0	1,816,730
Committed for Debt Service	0	0	9,117	0	9,117
Assigned:					
Assigned for General Government	323,651	0	0	0	323,651
Assigned for Finance	331	0	0	0	331
Assigned for Administration of Justice	1,584	0	0	0	1,584
Assigned for Public Safety	107,890	0	0	0	107,890
Assigned for Public Health and Welfare	7,986	0	0	0	7,986

(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	Other Govern- mental Funds	
<u>FUND BALANCES (Cont.)</u>					
Assigned (Cont.):					
Assigned for Social, Cultural, and Recreational Services	\$ 15,623	\$ 0	\$ 0	\$ 0	\$ 15,623
Unassigned	6,026,030	0	0	0	6,026,030
Total Fund Balances	<u>\$ 8,303,870</u>	<u>\$ 1,816,730</u>	<u>\$ 2,299,247</u>	<u>\$ 2,431,521</u>	<u>\$ 14,851,368</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 20,285,792</u>	<u>\$ 5,975,204</u>	<u>\$ 2,299,247</u>	<u>\$ 2,536,802</u>	<u>\$ 31,097,045</u>

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, 2018

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 14,851,368
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,147,640	
Add: buildings and improvements net of accumulated depreciation	11,910,663	
Add: infrastructure net of accumulated depreciation	18,333,269	
Add: other capital assets net of accumulated depreciation	<u>3,654,265</u>	36,045,837
(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	\$ (469,378)	
Add: debt to be contributed by the School Department	265,000	
Less: bonds payable	(27,340,000)	
Add: deferred amount on refunding	20,147	
Less: other deferred revenue - premium on debt	(459,200)	
Less: compensated absences payable	(404,357)	
Less: landfill postclosure care costs	(705,685)	
Less: net OPEB liability	(442,113)	
Less: accrued interest payable	<u>(206,363)</u>	(29,741,949)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years.		
Add: deferred inflows of resources related to pensions	\$ 884,692	
Less: deferred inflows of resources related to pensions	(1,133,475)	
Add: deferred inflows of resources related to OPEB	20,312	
Less: deferred inflows of resources related to OPEB	<u>(19,118)</u>	(247,589)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		2,663,882
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>3,703,373</u>
Net position of governmental activities (Exhibit A)		<u>\$ 27,274,922</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, 2018

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 10,131,801	\$ 2,091,690	\$ 1,954,547	\$ 700,441	\$ 14,878,479
Licenses and Permits	412,913	0	0	0	412,913
Fines, Forfeitures, and Penalties	342,090	0	0	181,307	523,397
Charges for Current Services	1,921,967	0	0	483,885	2,405,852
Other Local Revenues	218,666	43,209	0	336,592	598,467
Fees Received From County Officials	1,821,978	0	0	0	1,821,978
State of Tennessee	2,638,066	2,689,178	0	694,777	6,022,021
Federal Government	73,398	0	0	105,781	179,179
Other Governments and Citizens Groups	148,930	0	384,393	6,133	539,456
<b>Total Revenues</b>	<b>\$ 17,709,809</b>	<b>\$ 4,824,077</b>	<b>\$ 2,338,940</b>	<b>\$ 2,508,916</b>	<b>\$ 27,381,742</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 1,831,282	\$ 0	\$ 0	\$ 0	\$ 1,831,282
Finance	1,041,936	0	0	0	1,041,936
Administration of Justice	1,036,527	0	0	300	1,036,827
Public Safety	7,581,822	0	0	86,375	7,668,197
Public Health and Welfare	2,723,023	0	0	964,417	3,687,440
Social, Cultural, and Recreational Services	210,764	0	0	0	210,764
Agriculture and Natural Resources	204,362	0	0	0	204,362
Other Operations	2,842,988	0	0	14,544	2,857,532
Highways	0	5,798,358	0	0	5,798,358
Debt Service:					
Principal on Debt	0	0	2,288,553	0	2,288,553
Interest on Debt	0	0	864,863	0	864,863
Other Debt Service	0	0	26,003	0	26,003

(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	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 735,961	\$ 735,961
Total Expenditures	\$ 17,472,704	\$ 5,798,358	\$ 3,179,419	\$ 1,801,597	\$ 28,252,078
<u>Excess (Deficiency) of Revenues</u>					
Over Expenditures	\$ 237,105	\$ (974,281)	\$ (840,479)	\$ 707,319	\$ (870,336)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 71,347	\$ 1,125	\$ 0	\$ 2,460	\$ 74,932
Transfers In	50,000	150,000	370,319	0	570,319
Transfers Out	(46,820)	(23,499)	0	(500,000)	(570,319)
Total Other Financing Sources (Uses)	\$ 74,527	\$ 127,626	\$ 370,319	\$ (497,540)	\$ 74,932
<u>Net Change in Fund Balances</u>					
Fund Balance, July 1, 2017	\$ 7,992,238	\$ 2,663,385	\$ 2,769,407	\$ 2,221,742	\$ 15,646,772
Fund Balance, June 30, 2018	\$ 8,303,870	\$ 1,816,730	\$ 2,299,247	\$ 2,431,521	\$ 14,851,368

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, 2018

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)		\$	(795,404)
(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	\$	1,648,281	
Less: current-year depreciation expense		<u>(3,536,818)</u>	(1,888,537)
(2) 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, 2018	\$	3,703,373	
Less: deferred delinquent property taxes and other deferred June 30, 2017		<u>(1,716,618)</u>	1,986,755
(3) 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.			
Add: change in premium on debt proceeds	\$	33,517	
Add: principal payments on bonds		1,540,000	
Add: principal payments on notes		748,553	
Less: contributions from the School Department for notes		(60,000)	
Less: change in deferred amount on refunding debt		<u>(7,205)</u>	2,254,865
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	12,276	
Change in compensated absences payable		(17,707)	
Change in landfill postclosure care costs		2,572	
Change in net OPEB liability (net of restatement)		(14,771)	
Change in deferred outflows related to OPEB (net of restatement)		4,036	
Change in deferred inflows related to OPEB		(19,118)	
Change in net pension asset		1,548,715	
Change in deferred outflows related to pensions		(326,671)	
Change in deferred inflows related to pensions		<u>(758,814)</u>	430,518
Change in net position of governmental activities (Exhibit B)			<u>\$ 1,988,197</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 (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,131,801	\$ 0	\$ 0	\$ 10,131,801	\$ 9,829,877	\$ 9,864,923	\$ 266,878
Licenses and Permits	412,913	0	0	412,913	231,000	231,000	181,913
Fines, Forfeitures, and Penalties	342,090	0	0	342,090	250,700	230,198	111,892
Charges for Current Services	1,921,967	0	0	1,921,967	1,616,000	1,616,000	305,967
Other Local Revenues	218,666	0	0	218,666	162,000	162,116	56,550
Fees Received From County Officials	1,821,978	0	0	1,821,978	1,630,000	1,630,000	191,978
State of Tennessee	2,638,066	0	0	2,638,066	2,478,064	3,442,282	(804,216)
Federal Government	73,398	0	0	73,398	73,426	73,426	(28)
Other Governments and Citizens Groups	148,930	0	0	148,930	85,000	85,000	63,930
<b>Total Revenues</b>	<b>\$ 17,709,809</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 17,709,809</b>	<b>\$ 16,356,067</b>	<b>\$ 17,334,945</b>	<b>\$ 374,864</b>
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 65,245	\$ 0	\$ 0	\$ 65,245	\$ 88,569	\$ 89,716	\$ 24,471
Beer Board	0	0	0	0	700	700	700
County Mayor/Executive	130,231	(2,100)	8,100	136,231	115,928	142,822	6,591
Personnel Office	78,030	0	4,633	82,663	100,361	91,983	9,320
County Attorney	75,460	0	0	75,460	59,971	76,847	1,387
Election Commission	289,348	(500)	2,540	291,388	281,410	324,938	33,550
Register of Deeds	202,023	0	113	202,136	194,007	212,889	10,753
Development	266,901	(372)	22,823	289,352	236,980	303,333	13,981
Building	73,144	0	0	73,144	91,397	85,428	12,284
County Buildings	581,183	0	0	581,183	190,508	604,531	23,348
Other Facilities	2,980	0	0	2,980	6,800	4,050	1,070
Other General Administration	52,799	0	0	52,799	59,334	55,584	2,785
Preservation of Records	13,938	0	0	13,938	15,200	15,200	1,262
<u>Finance</u>							
Accounting and Budgeting	134,219	0	0	134,219	147,719	155,402	21,183
Property Assessor's Office	300,193	0	0	300,193	307,393	327,206	27,013
Reappraisal Program	34,256	0	0	34,256	38,000	38,000	3,744

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Trustee's Office	\$ 232,849	\$ 0	\$ 0	\$ 232,849	\$ 229,582	\$ 243,947	\$ 11,098
County Clerk's Office	340,419	0	331	340,750	327,035	368,110	27,360
<u>Administration of Justice</u>							
Circuit Court	185,050	0	547	185,597	177,117	195,755	10,158
General Sessions Court	172,723	0	0	172,723	166,422	181,462	8,739
General Sessions Judge	230,476	0	0	230,476	231,520	248,115	17,639
General Sessions Court Clerk	75,086	0	0	75,086	72,364	78,069	2,983
Drug Court	71,387	0	0	71,387	70,000	73,502	2,115
Chancery Court	205,817	(332)	96	205,581	213,598	228,033	22,452
Juvenile Court	65,490	0	321	65,811	60,528	77,934	12,123
Other Administration of Justice	18,544	0	620	19,164	36,206	36,206	17,042
Victim Assistance Programs	11,954	0	0	11,954	0	11,954	0
<u>Public Safety</u>							
Sheriff's Department	2,646,280	(5,698)	0	2,640,582	2,844,417	3,011,643	371,061
Drug Enforcement	183,038	0	0	183,038	200,902	212,596	29,558
Jail	3,731,432	(206,006)	16,900	3,542,326	3,167,259	3,981,377	439,051
Fire Prevention and Control	695,233	(2,725)	65,295	757,803	774,087	784,574	26,771
Civil Defense	132,877	0	25,286	158,163	157,394	167,334	9,171
Rescue Squad	2,311	0	0	2,311	6,618	2,500	189
Other Emergency Management	260	0	0	260	7,000	2,000	1,740
County Coroner/Medical Examiner	29,015	0	0	29,015	36,400	36,400	7,385
Other Public Safety	161,376	(8,102)	409	153,683	173,236	178,594	24,911
<u>Public Health and Welfare</u>							
Local Health Center	80,669	(2,516)	1,677	79,830	68,425	99,786	19,956
Rabies and Animal Control	80,637	(614)	0	80,023	91,655	96,596	16,573
Ambulance/Emergency Medical Services	2,210,587	0	5,612	2,216,199	2,234,986	2,416,955	200,756
Dental Health Program	250,165	(4,584)	696	246,277	273,200	306,738	60,461
Alcohol and Drug Programs	7,200	0	0	7,200	7,200	7,200	0
Crippled Children Services	2,216	0	0	2,216	2,216	2,216	0

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Other Local Health Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,534	\$ 1,534	\$ 1,534
Appropriation to State	24,971	0	0	24,971	24,971	24,971	0
Aid to Dependent Children	0	0	0	0	2,750	2,750	2,750
Other Local Welfare Services	7,500	0	0	7,500	7,500	7,500	0
Sanitation Education/Information	59,078	0	0	59,078	67,120	68,954	9,876
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	11,924	0	0	11,924	11,925	11,925	1
Libraries	198,840	(556)	15,623	213,907	213,711	234,678	20,771
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	133,640	0	0	133,640	139,670	139,670	6,030
Soil Conservation	70,722	0	0	70,722	70,187	75,081	4,359
<u>Other Operations</u>							
Industrial Development	504,399	0	265,481	769,880	1,730	771,590	1,710
Airport	204,293	0	0	204,293	265,649	268,827	64,534
Veterans' Services	21,850	0	200	22,050	24,160	25,887	3,837
Other Charges	356,555	0	0	356,555	406,000	406,000	49,445
Contributions to Other Agencies	75,300	0	19,762	95,062	103,062	103,062	8,000
Employee Benefits	1,614,563	0	0	1,614,563	1,821,225	1,771,519	156,956
Miscellaneous	66,028	0	0	66,028	1,000	68,993	2,965
Total Expenditures	\$ 17,472,704	\$ (234,105)	\$ 457,065	\$ 17,695,664	\$ 16,725,838	\$ 19,561,166	\$ 1,865,502
Excess (Deficiency) of Revenues Over Expenditures	\$ 237,105	\$ 234,105	\$ (457,065)	\$ 14,145	\$ (369,771)	\$ (2,226,221)	\$ 2,240,336
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 71,347	\$ 0	\$ 0	\$ 71,347	\$ 0	\$ 62,336	\$ 9,011
Transfers In	50,000	0	0	50,000	0	0	50,000
Transfers Out	(46,820)	0	0	(46,820)	0	(47,178)	358
Total Other Financing Sources	\$ 74,527	\$ 0	\$ 0	\$ 74,527	\$ 0	\$ 15,158	\$ 59,369

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 311,632	\$ 234,105	\$ (457,065)	\$ 88,672	\$ (369,771)	\$ (2,211,063)	\$ 2,299,735
Fund Balance, July 1, 2017	7,992,238	(234,105)	0	7,758,133	4,723,008	4,732,008	3,026,125
Fund Balance, June 30, 2018	\$ 8,303,870	\$ 0	\$ (457,065)	\$ 7,846,805	\$ 4,353,237	\$ 2,520,945	\$ 5,325,860

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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 2,091,690	\$ 0	\$ 2,091,690	\$ 2,081,948	\$ 1,931,948	\$ 159,742
Other Local Revenues	43,209	0	43,209	36,500	36,500	6,709
State of Tennessee	2,689,178	0	2,689,178	3,304,000	3,788,160	(1,098,982)
<b>Total Revenues</b>	<b>\$ 4,824,077</b>	<b>\$ 0</b>	<b>\$ 4,824,077</b>	<b>\$ 5,422,448</b>	<b>\$ 5,756,608</b>	<b>\$ (932,531)</b>
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 213,614	\$ 0	\$ 213,614	\$ 212,477	\$ 217,677	\$ 4,063
Highway and Bridge Maintenance	1,585,618	0	1,585,618	1,770,125	1,782,025	196,407
Operation and Maintenance of Equipment	426,258	0	426,258	484,000	484,000	57,742
Other Charges	197,144	0	197,144	203,000	203,900	6,756
Employee Benefits	579,759	0	579,759	649,500	631,500	51,741
Capital Outlay	2,795,965	(44,680)	2,751,285	2,125,274	3,006,114	254,829
<u>Principal on Debt</u>						
Highways and Streets	0	0	0	23,500	0	0
<b>Total Expenditures</b>	<b>\$ 5,798,358</b>	<b>\$ (44,680)</b>	<b>\$ 5,753,678</b>	<b>\$ 5,467,876</b>	<b>\$ 6,325,216</b>	<b>\$ 571,538</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (974,281)	\$ 44,680	\$ (929,601)	\$ (45,428)	\$ (568,608)	\$ (360,993)
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 1,125	\$ 0	\$ 1,125	\$ 0	\$ 0	\$ 1,125
Transfers In	150,000	0	150,000	0	150,000	0
Transfers Out	(23,499)	0	(23,499)	0	(23,500)	1
<b>Total Other Financing Sources</b>	<b>\$ 127,626</b>	<b>\$ 0</b>	<b>\$ 127,626</b>	<b>\$ 0</b>	<b>\$ 126,500</b>	<b>\$ 1,126</b>

(Continued)

Exhibit C-6

Fayette County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ (846,655)	\$ 44,680	\$ (801,975)	\$ (45,428)	\$ (442,108)	\$ (359,867)
Fund Balance, July 1, 2017	2,663,385	(44,680)	2,618,705	2,291,356	2,291,356	327,349
Fund Balance, June 30, 2018	\$ 1,816,730	\$ 0	\$ 1,816,730	\$ 2,245,928	\$ 1,849,248	\$ (32,518)

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, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,608,818
Equity in Pooled Cash and Investments	42,792
Accounts Receivable	25,813
Due from Other Governments	<u>592,297</u>
Total Assets	<u><u>\$ 3,269,720</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 635,089
Due to Litigants, Heirs, and Others	<u>2,634,631</u>
Total Liabilities	<u><u>\$ 3,269,720</u></u>

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

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## FAYETTE COUNTY, TENNESSEE

### Index of Notes to the Financial Statements

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**FAYETTE COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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 financial statements of the Fayette County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of the omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

The Fayette County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Fayette County, and the Fayette County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the county commission's approval. The financial statements of the Fayette County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

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 \$360,329 were contributed by the county to the School Department during the year ended June 30, 2018.

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.

Additionally, Fayette County reports the following fund types:

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

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

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

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

**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.

**Capital Projects Fund** – The Education Capital Projects 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.

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 amortized cost using a stable net asset value. 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 0.8 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 acquisition 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 investment earnings, pension changes in proportion of net pension liability (asset), and employer contributions made to the pension and OPEB plans 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 proportion of net pension liability (asset), OPEB changes in assumptions, 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 are 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 \$9,177,003 of restricted net position for the primary government, of which \$940,116 is restricted by enabling legislation.

As of June 30, 2018, Fayette County had \$19,000,000 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. Restatements**

In prior years, the government was required to recognize a liability for its other postemployment benefits plan under Governmental Accounting Standards Board (GASB) Statement No. 45. As of July 1, 2017, Fayette County has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Restatements reducing the beginning net position of the Governmental Activities of the primary government and the discretely presented Fayette County School Department by \$2,708 and \$812,902, respectively, have been recognized to account for the transitional requirements.

**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.

**F. Other Postemployment Benefit (OPEB) Plans**

**Primary Government**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by Fayette County. For this purpose, Fayette County recognizes benefit payments when due and payable in accordance with benefit terms. Fayette County's OPEB plan is not administered through a trust.

**Discretely Presented Fayette County School Department**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Fayette County School Department. For this purpose, the School Department recognizes benefit payments when due and payable in accordance with benefit terms. The School Department's OPEB plan is not administered through a trust.

**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/Executive, Personnel Office, 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, 2018, Fayette County had significant outstanding encumbrances in budgeted funds as follows:

<u>Fund</u>	<u>Amount</u>
Primary Government:	
General	\$ 457,065
Discretely Presented School Department:	
General Purpose School	438,369

**B. Cash Shortage – Prior Years**

On April 27, 2010, a special report was issued on the Fayette County School Food Service Department for the period July 1, 2007, through December 15, 2009. This report disclosed that the food service supervisor circumvented purchasing procedures, resulting in a cash shortage of \$142,433. In addition, the food service supervisor altered time sheets of a part-time cafeteria worker, resulting in a cash shortage of \$35,196.93. In May 2010, the School Department’s insurance carrier paid the department \$149,500. Three individuals entered into plea agreements. As of June 30, 2018, the restitution outstanding totaled \$6,175.

**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, 2018.

### **B. Capital Assets**

Capital assets activity for the year ended June 30, 2018, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets Not Depreciated:				
Land	\$ 2,024,240	\$ 123,400	\$ 0	\$ 2,147,640
Construction in Progress	771,824	0	(771,824)	0
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 2,796,064</b>	<b>\$ 123,400</b>	<b>\$ (771,824)</b>	<b>\$ 2,147,640</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 22,779,865	\$ 244,723	\$ 0	\$ 23,024,588
Infrastructure	120,393,290	932,770	0	121,326,060
Other Capital Assets	11,774,297	1,119,212	(13,494)	12,880,015
<b>Total Capital Assets Depreciated</b>	<b>\$ 154,947,452</b>	<b>\$ 2,296,705</b>	<b>\$ (13,494)</b>	<b>\$ 157,230,663</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 10,293,236	\$ 820,689	\$ 0	\$ 11,113,925
Infrastructure	101,191,663	1,801,128	0	102,992,791
Other Capital Assets	8,324,243	915,001	(13,494)	9,225,750
<b>Total Accumulated Depreciation</b>	<b>\$ 119,809,142</b>	<b>\$ 3,536,818</b>	<b>\$ (13,494)</b>	<b>\$ 123,332,466</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 35,138,310</b>	<b>\$ (1,240,113)</b>	<b>\$ 0</b>	<b>\$ 33,898,197</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 37,934,374</b>	<b>\$ (1,116,713)</b>	<b>\$ (771,824)</b>	<b>\$ 36,045,837</b>

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

**Governmental Activities:**

General Government	\$ 76,041
Finance	3,737
Administration of Justice	154,821
Public Safety	833,366
Public Health and Welfare	446,353
Social, Cultural, and Recreational Services	5,100
Highway/Public Works	2,017,400
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 3,536,818</b>



Discretely Presented Fayette County School Department

**Governmental Activities:**

	Balance 7-1-17	Increases	Balance 6-30-18
Capital Assets Not Depreciated:			
Land	\$ 349,377	\$ 0	\$ 349,377
Construction In Progress	0	237,950	237,950
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 349,377</b>	<b>\$ 237,950</b>	<b>\$ 587,327</b>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 47,375,197	\$ 1,168,130	\$ 48,543,327
Infrastructure	394,280	0	394,280
Other Capital Assets	7,510,134	800,508	8,310,642
<b>Total Capital Assets Depreciated</b>	<b>\$ 55,279,611</b>	<b>\$ 1,968,638</b>	<b>\$ 57,248,249</b>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 29,512,866	\$ 1,263,132	\$ 30,775,998
Infrastructure	394,280	0	394,280
Other Capital Assets	5,787,278	443,653	6,230,931
<b>Total Accumulated Depreciation</b>	<b>\$ 35,694,424</b>	<b>\$ 1,706,785</b>	<b>\$ 37,401,209</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 19,585,187</b>	<b>\$ 261,853</b>	<b>\$ 19,847,040</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 19,934,564</b>	<b>\$ 499,803</b>	<b>\$ 20,434,367</b>

There were no decreases in capital assets to report during the year ended June 30, 2018. Depreciation expense was charged to functions of the discretely presented Fayette County School Department as follows:

**Governmental Activities:**

Instruction	\$ 1,013,636
Support Services	528,779
Operation of Non-instructional Services	<u>164,370</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,706,785</u></u>

**C. Construction Commitments**

At June 30, 2018, the General Fund had uncompleted construction contracts of approximately \$247,501 for a sewer project. Funding has been received for these future expenditures.

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

The composition of interfund balances as of June 30, 2018, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 55,226
Highway/Public Works	General	58,024
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	224,769

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. The receivable in the General Purpose School Fund totaling \$219,974 was in transit from the School Federal Projects and Central Cafeteria funds in the amount of \$54,474 and \$165,500, respectively, at June 30, 2018.

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:	Component Unit:	
Governmental Activities	School Department	
	Governmental Activities	\$ 265,000

This balance represents amounts due to the Primary Government from the School Department for debt.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2018, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In			Purpose
	General Fund	Highway/ Public Works Fund	General Debt Service Fund	
General Fund	\$ 0	\$ 0	\$ 46,820	Debt retirement
Highway Public Works Fund	0	0	23,499	"
Nonmajor governmental fund	50,000	0	0	Equipment
"	0	150,000	0	Road paving
"	0	0	300,000	Debt retirement
<b>Total</b>	<b>\$ 50,000</b>	<b>\$ 150,000</b>	<b>\$ 370,319</b>	

**Discretely Presented Fayette County School Department**

Transfers Out	Transfers In	
	General Purpose School	General Purpose
Nonmajor governmental fund	\$ 375,499	Indirect costs
"	4,795	Close-out fund
<b>Total</b>	<b>\$ 380,294</b>	

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

**E. 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 nine 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, 2018, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2018, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-18
General Obligation Bonds	2 to 4	%	4-1-36	\$ 13,290,000	\$ 11,810,000
General Obligation Bonds - Refunding	1.25 to 3.5		4-1-30	21,385,000	15,530,000
Capital Outlay Notes	1.73 to 2.49		12-1-21	829,889	469,378

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2018, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2024-2028	9,560,000	2,555,314	12,115,314
2029-2033	6,625,000	1,160,779	7,785,779
2034-2036	3,025,000	228,800	3,253,800
Total	\$ 27,340,000	\$ 7,593,760	\$ 34,933,760

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 131,962	\$ 10,135	\$ 142,097
2020	133,120	7,357	140,477
2021	134,296	4,564	138,860
2022	70,000	1,743	71,743
Total	<u>\$ 469,378</u>	<u>\$ 23,799</u>	<u>\$ 493,177</u>

There is \$2,299,247 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$712, based on the 2010 federal census. Total debt per capita, including bonds, notes, and unamortized debt premiums, totaled \$736, 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 Unit in the financial statements of the primary government.

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-18</u>
<u>Note Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Buses	\$ 265,000
Total	<u>\$ 265,000</u>

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2018, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2017	\$ 28,880,000	\$ 1,217,931
Reductions	<u>(1,540,000)</u>	<u>(748,553)</u>
Balance, June 30, 2018	<u>\$ 27,340,000</u>	<u>\$ 469,378</u>
Balance Due Within One Year	<u>\$ 1,500,000</u>	<u>\$ 131,962</u>

	<u>Compensated Absences</u>	<u>Landfill Postclosure Care Costs</u>	<u>Net OPEB Liability*</u>
Balance, July 1, 2017	\$ 386,650	\$ 708,257	\$ 427,342
Additions	400,875	12,478	52,506
Reductions	<u>(383,168)</u>	<u>(15,050)</u>	<u>(37,735)</u>
Balance, June 30, 2018	<u>\$ 404,357</u>	<u>\$ 705,685</u>	<u>\$ 442,113</u>
Balance Due Within One Year	<u>\$ 315,960</u>	<u>\$ 15,050</u>	<u>\$ 0</u>

\*Restated Balance - See Note I.D.8.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 29,361,533
Less: Balance Due Within One Year	(1,962,972)
Add: Unamortized Premium on Debt	<u>459,200</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 27,857,761</u>

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

**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, 2018, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>	<u>Net OPEB Liability*</u>
Balance, July 1, 2017	\$ 96,111	\$ 1,669,043
Additions	86,283	175,439
Reductions	<u>(107,424)</u>	<u>(122,436)</u>
Balance, June 30, 2018	<u>\$ 74,970</u>	<u>\$ 1,722,046</u>
Balance Due Within One Year	<u>\$ 63,500</u>	<u>\$ 0</u>

\*Restated Balance - See Note I.D.8.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 1,797,016
Less: Balance Due Within One Year	<u>(63,500)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,733,516</u>

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

**F. 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. The plan is 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 for the year ended June 30, 2018, were

\$23,481. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. **OTHER INFORMATION**

A. **Risk Management**

**Primary Government**

**Liability, Property, and Casualty**

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

**Workers' Compensation Insurance**

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

**Employee Health Insurance**

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



## **Discretely Presented Fayette County School Department**

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

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

### **Employee Health Insurance**

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

## **B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 81, *Irrevocable Split-Interest Agreements*; Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective for the year ended June 30, 2018.

GASB Statement No. 75, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 45 and No. 57. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 81, establishes accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary.

GASB Statement No. 85, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, establishes guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also provides guidance for accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**C. Contingent Liabilities**

The county is involved in several pending lawsuits. The county attorney advised that any potential claims not covered by insurance resulting from such litigation would not materially affect the financial statements.

**D. 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 \$705,685 reported as postclosure care liability at June 30, 2018, represents amounts based on what it would cost to perform all postclosure care in 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**E. 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, 2018. 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

**F. Retirement Commitments**

**1. 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 comprised 59.97 percent and the non-certified employees of the discretely presented School Department comprised 40.03 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

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

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

*Employees Covered by Benefit Terms.* At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	286
Inactive Employees Entitled to But Not Yet Receiving Benefits	369
Active Employees	<u>453</u>
 Total	 <u><u>1,108</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, 2018, the employer contribution for Fayette County was \$555,058 based on a rate of 4.01 percent of covered 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 contributions (ADC) 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, 2017, 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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major 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	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	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 7.25 percent based on a blending of the factors described above.

*Changes of Assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from three percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of four percent; and modified the mortality assumptions.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 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, 2016	\$ 42,538,688	\$ 44,391,741	\$ (1,853,053)
Changes for the year:			
Service Cost	\$ 1,069,442	\$ 0	\$ 1,069,442
Interest	3,183,342	0	3,183,342
Differences Between Expected and Actual Experience	(1,785,379)	0	(1,785,379)
Changes in Assumption	1,068,794	0	1,068,794
Contributions-Employer	0	524,176	(524,176)
Contributions-Employees	0	653,589	(653,589)
Net Investment Income	0	4,964,499	(4,964,499)
Benefit Payments, Including Refunds of Employee Contributions	(2,327,141)	(2,327,141)	0
Administrative Expense	0	(35,044)	35,044
Other Changes	0	17,951	(17,951)
Net Changes	\$ 1,209,058	\$ 3,798,030	\$ (2,588,972)
Balance, June 30, 2017	\$ 43,747,746	\$ 48,189,771	\$ (4,442,025)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	59.97%	\$ 26,235,523	\$ 28,899,405	\$ (2,663,882)
School Department	40.03%	17,512,223	19,290,366	(1,778,143)
Total		\$ 43,747,746	\$ 48,189,771	\$ (4,442,025)

*Sensitivity of the Net Position 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 7.25 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 (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
<u>Fayette County</u>	<u>6.5%</u>	<u>7.5%</u>	<u>8.5%</u>

Net Pension Liability (Asset) \$ 920,967 \$ (4,442,025) \$ (8,912,214)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions**

*Negative Pension Expense.* For the year ended June 30, 2018, Fayette County recognized negative pension expense of (\$177,517).

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, 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
Difference Between Expected and Actual Experience	\$ 2,498	\$ 1,890,070
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	10,887	0
Changes in Assumptions	855,035	0
Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	<u>555,058</u>	<u>N/A</u>
Total	<u>\$ 1,423,478</u>	<u>\$ 1,890,070</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2017,” 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	\$ 884,692	\$ 1,133,475
School Department	<u>538,786</u>	<u>756,595</u>
Total	<u>\$ 1,423,478</u>	<u>\$ 1,890,070</u>

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

Year Ending June 30	Amount
2019	\$ (508,167)
2020	172,712
2021	(207,102)
2022	(479,093)
2023	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 comprised 59.97 percent and the non-certified employees of the discretely presented School Department comprised 40.03 percent of the plan based on contribution 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](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit 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. 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 60 or pursuant to the rule of 80. 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 percent and one percent. Members who leave 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 or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. 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, 2018, to the Teacher Retirement Plan were \$163,755, which is four percent of covered 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 (Assets).* At June 30, 2018, the Fayette County School Department reported a liability (asset) of (\$118,841) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Fayette County School Department's proportion of the net pension asset was based on the Fayette County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the Fayette County School Department's proportion was .450434 percent. The proportion measured at June 30, 2016, was .507060 percent.

*Pension Expense.* For the year ended June 30, 2018, the Fayette County School Department recognized pension expense of \$54,631.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, 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
Difference Between Expected and Actual Experience	\$ 4,165	\$ 8,938
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	6,395
Changes in Assumptions	10,441	0
Changes in Proportion of Net Pension Liability (Asset)	9,576	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	<u>163,755</u>	<u>N/A</u>
Total	<u>\$ 187,937</u>	<u>\$ 15,333</u>

The Fayette County School Department's employer contributions of \$163,755, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ending June 30, 2019. 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
2019	\$ 159
2020	159
2021	(207)
2022	(1,851)
2023	1,164
Thereafter	9,425

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, 2017, actuarial valuation was determined using the following

actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major 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	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income Real Estate	5.79	20
	2.01	20
	4.32	10
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 7.25 percent based on a blending of the factors described above.

*Changes of Assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from three percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of four percent; and modified the mortality assumptions.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 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 the Fayette

County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the 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 (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
---	-------------------------	--------------------------------------	-------------------------

Net Pension Liability (Asset)    \$ 23,710    \$ (118,841)    \$ (223,403)

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

**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](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early

retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs 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 are required to contribute five percent of their salaries. 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, 2018, to the Teacher Legacy Pension Plan were \$901,950, which is 9.08 percent of covered 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 Liability (Assets).* At June 30, 2018, the Fayette County School Department reported a liability (asset) of (\$92,703) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used



to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Fayette County School Department's proportion of the net pension liability (asset) was based on the Fayette County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the Fayette County School Department's proportion was .283340 percent. The proportion measured at June 30, 2016, was .265108 percent.

*Negative Pension Expense.* For the year ended June 30, 2018, the Fayette County School Department recognized negative pension expense of (\$145,292).

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, 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
Difference Between Expected and Actual Experience	\$ 55,889	\$ 1,913,903
Changes in Assumption	785,149	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	14,072	0
Changes in Proportion of Net Pension Liability (Asset)	95,896	570,501
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	901,950	N/A
Total	<u>\$ 1,852,956</u>	<u>\$ 2,484,404</u>

The Fayette County School Department's employer contributions of \$901,950 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, 2019. 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
2019	\$ (809,709)
2020	138,671
2021	(385,275)
2022	(477,085)
2023	0
Thereafter	0

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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS

investment policy target asset allocation for each major 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	5.69	% 31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	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 7.25 percent based on a blending of the factors described above.

*Changes of Assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from three percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of four percent; and modified the mortality assumptions.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 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 the Fayette County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the 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 (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%

Net Pension Liability (Asset) \$ 8,318,195 \$ (92,703) \$ (7,044,866)

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

## 2. **Deferred Compensation**

Teachers hired after July 1, 2014, by the School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion, which is placed into the state's 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the School Department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the School Department contributed \$204,694 and teachers contributed \$58,066 to this deferred compensation pension plan.

## G. **Other Postemployment Benefits (OPEB)**

Fayette County and the discretely presented Fayette County School Department provide OPEB benefits to certain retirees under the state administered public entity risk pools. For reporting purposes, the plans are considered single employer defined benefit OPEB plans based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plans are funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement 75.

## OPEB Provided through State Administered Public Entity Risk Pool

Retirees of Fayette County and the Fayette County Highway Department (Hwy) are provided healthcare under separate Local Government Plans (LGPs) until they reach Medicare eligibility. The primary government's LGPs are combined for presentation purposes. Likewise, the School Department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. The certified retirees of the Fayette County School Department may then join the Tennessee Plan – Medicare (TNM) which provides supplemental medical insurance for retirees with Medicare. However, the School Department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

The county and School Department's total OPEB liability for each plan was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2017, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2017, TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.56%
Healthcare Cost Trend Rates	LGP and LEP - Based on the Getzen Model, with trend starting at 7.5% for the 2018 calendar year, and gradually decreasing over a 33-year period to an ultimate trend rate of 3.53% with .18% added to approximate the effect of the excise tax
Retirees Share of Benefit Related Cost	Discussed under each plan

The discount rate was 3.56 percent, based on the daily rate of Fidelity's 20-Year Municipal GO AS index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2017, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2017, Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016, Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

*Changes in Assumptions.* The discount rate changed from 2.92 percent as of the beginning of the measurement period to 3.56 percent as of the measurement date of June 30, 2017.

#### **Closed Local Government OPEB Plan (Primary Government)**

*Plan Description.* Employees of Fayette County who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Government Plan (LGP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

*Benefits Provided.* Fayette County offers the LGP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGP, receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Fayette County does not provide a direct subsidy and is only subject to the implicit subsidy.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	Fayette County	Hwy Dept	Total
Inactive Employees or Beneficiaries Currently Receiving Benefits	4	0	4
Inactive Employees Entitled to But Not Yet Receiving Benefits	0	0	0
Active Employees	150	35	185
Total	<u>154</u>	<u>35</u>	<u>189</u>

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2018, the county paid \$20,312 (Fayette County - \$18,871, Highway Dept - \$1,441) to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	Fayette County	Hwy Dept.	Total OPEB Liability
Balance July 1, 2016	\$ 344,218	\$ 83,124	\$ 427,342
Changes for the Year:			
Service Cost	\$ 30,130	\$ 8,993	\$ 39,123
Interest	10,693	2,690	13,383
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	0	0	0
Changes in Assumption and Other Inputs	(18,033)	(3,426)	(21,459)
Benefit Payments	(16,276)	0	(16,276)
Net Changes	<u>\$ 6,514</u>	<u>\$ 8,257</u>	<u>\$ 14,771</u>
Balance June 30, 2017	<u>\$ 350,732</u>	<u>\$ 91,381</u>	<u>\$ 442,113</u>

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the county recognized OPEB

expense of \$49,715 (Fayette County – \$38,495, Highway Dept - \$11,220). At June 30, 2018, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience (Fayette County \$0, Hwy \$0)	\$ 0	\$ 0
Changes of Assumptions/Inputs (DI - County \$16,155, Hwy \$2,963)	0	19,118
Net Difference Between Projected and Benefits paid after the measurement date (DO - County \$18,871, Hwy \$1,441)	<u>20,312</u>	<u>0</u>
Total	<u>\$ 20,312</u>	<u>\$ 19,118</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	County	Hwy	Total Amount
2019	\$ (1,878)	\$ (463)	\$ (2,341)
2020	(1,878)	(463)	(2,341)
2021	(1,878)	(463)	(2,341)
2022	(1,878)	(463)	(2,341)
2023	(1,878)	(463)	(2,341)
Thereafter	(6,765)	(648)	(7,413)

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

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the county calculated using the current discount rate as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:



	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
County	\$ 379,226	\$ 350,732	\$ 323,926
Hwy	96,793	91,381	86,034
Total OPEB Liability	<u>\$ 476,019</u>	<u>\$ 442,113</u>	<u>\$ 409,960</u>

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The following presents the total OPEB liability of the county calculated using the current healthcare cost trend rate, as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 6 to 3.77%	Current Trend Rates 7 to 4.77%	1% Increase 8 to 5.77%
County	\$ 308,177	\$ 350,732	\$ 401,680
Hwy	82,286	91,381	101,783
Total OPEB Liability	<u>\$ 390,463</u>	<u>\$ 442,113</u>	<u>\$ 503,463</u>

**Closed Local Education (LEP) OPEB Plan - Discretely Presented Fayette County School Department**

*Plan Description.* Employees of the Fayette County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

*Benefits Provided.* The Fayette County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard

PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. The Fayette County School Department does not provide a direct subsidy and is only subject to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees' premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	12
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	447
Total	<u><u>459</u></u>

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School Department paid \$63,806 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Fayette County</u>	<u>State of</u>	<u>Total OPEB</u>
	<u>School Department</u>	<u>TN</u>	
	<u>68.202%</u>	<u>31.798%</u>	<u>Liability</u>
Balance July 1, 2016	\$ 1,669,043	\$ 778,177	\$ 2,447,220
Changes for the Year:			
Service Cost	\$ 123,735	\$ 57,691	\$ 181,426
Interest	51,704	24,106	75,810
Changes in			
Benefit Terms	0	0	0
Difference between			
Expected and			
Actuarial Experience	0	0	0
Changes in Assumption			
and Other Inputs	(78,236)	(36,477)	(114,713)
Benefit Payments	(44,200)	(20,608)	(64,808)
Net Changes	\$ 53,003	\$ 24,712	\$ 77,715
Balance June 30, 2017	\$ 1,722,046	\$ 802,889	\$ 2,524,935

The Fayette County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Fayette County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers' long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$78,149 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department retirees.

During the year, the Fayette County School Department's proportionate share of the collective OPEB liability was 68.202% and the State of Tennessee's share was 31.798%.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the School Department recognized OPEB expense of \$245,765, including the state's share of the expense. At June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	70,413
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due	0	0
Benefits Paid After the Measurement Date	<u>63,806</u>	<u>0</u>
Total	<u>\$ 63,806</u>	<u>\$ 70,413</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	School Department
2019	\$ (7,823)
2020	(7,823)
2021	(7,823)
2022	(7,823)
2023	(7,823)
Thereafter	(31,298)

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

*Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate.* The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

<u>Discount Rate</u>	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
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Proportionate Share of the Collective Total OPEB Liability	\$ 1,845,895	\$ 1,722,046	\$ 1,603,598
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*Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease 6.5 to 2.71%	Current Rates 7.5 to 3.71%	1% Increase 8.5 to 4.71%
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Proportionate Share of the Collective Total OPEB Liability	\$ 1,552,873	\$ 1,722,046	\$ 1,958,504
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**H. 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.

**I. Subsequent Events**

On August 31, 2018, James Smith left the Office of Public Works Superintendent and was succeeded by Wayne Dowdy on September 1, 2018.

On August 31, 2018, Vip Lewis left the Office of Clerk and Master and was succeeded by Amy Anderson on September 1, 2018.

On August 31, 2018, Sissy Dowdle left the Office of Register and was succeeded by Edward Pattat on September 1, 2018.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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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

	2014	2015	2016	2017
<b>Total Pension Liability</b>				
Service Cost	\$ 1,031,073	\$ 1,033,190	\$ 1,105,049	\$ 1,069,442
Interest	2,815,322	2,957,446	3,100,143	3,183,342
Differences Between Actual and Expected Experience	(51,596)	6,245	(752,411)	(1,785,379)
Changes in Assumptions	0	0	0	1,068,794
Benefit Payments, Including Refunds of Employee Contributions	(1,760,198)	(2,043,676)	(2,288,559)	(2,327,141)
Net Change in Total Pension Liability	\$ 2,034,601	\$ 1,953,205	\$ 1,164,222	\$ 1,209,058
Total Pension Liability, Beginning	37,386,660	39,421,261	41,374,466	42,538,688
Total Pension Liability, Ending (a)	\$ 39,421,261	\$ 41,374,466	\$ 42,538,688	\$ 43,747,746
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 1,022,512	\$ 962,826	\$ 977,058	\$ 524,176
Contributions - Employee	633,135	653,631	664,544	653,589
Net Investment Income	6,126,528	1,318,917	1,155,887	4,964,499
Benefit Payments, Including Refunds of Employee Contributions	(1,760,198)	(2,043,676)	(2,288,559)	(2,327,141)
Administrative Expense	(17,761)	(23,182)	(34,134)	(35,044)
Other Changes	0	0	0	17,951
Net Change in Plan Fiduciary Net Position	\$ 6,004,216	\$ 868,516	\$ 474,796	\$ 3,798,030
Plan Fiduciary Net Position, Beginning	37,044,213	43,048,429	43,916,945	44,391,741
Plan Fiduciary Net Position, Ending (b)	\$ 43,048,429	\$ 43,916,945	\$ 44,391,741	\$ 48,189,771
Net Pension Liability (Asset), Ending (a - b)	\$ (3,627,168)	\$ (2,542,479)	\$ (1,853,053)	\$ (4,442,025)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	109.20%	106.15%	104.36%	110.15%
Covered Payroll	\$ 12,607,687	\$ 13,081,874	\$ 13,430,190	\$ 13,075,856
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(28.77)%	(19.44)%	(13.8)%	(33.97)%

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

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

	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 1,022,512	\$ 962,826	\$ 977,058	\$ 524,176	\$ 555,058
Less Contributions in Relation to the Actuarially Determined Contribution	(1,022,512)	(962,826)	(977,058)	(524,176)	(555,058)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	0
Covered Payroll	\$ 12,607,687	\$ 13,081,874	\$ 13,430,190	\$ 13,075,856	\$ 13,841,845
Contributions as a Percentage of Covered Payroll	8.11%	7.36%	7.28%	4.01%	4.01%

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

Note: data presented includes primary government and the non-certified employees of the discretely presented 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>		<u>2016</u>		<u>2017</u>		<u>2018</u>
Contractually Required Contribution	\$ 53,945	\$	89,243	\$	118,255	\$	163,755
Less Contributions in Relation to the Contractually Required Contribution	<u>(53,945)</u>		<u>(89,243)</u>		<u>(118,255)</u>		<u>(163,755)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	\$	<u>0</u>	\$	<u>0</u>	\$	<u>0</u>
Covered Payroll	\$ 1,348,622	\$	2,231,087	\$	2,892,726	\$	4,093,875
Contributions as a Percentage of Covered Payroll	4.00%		4.00%		4.09%		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

	2014	2015	2016	2017	2018
Contractually Required Contribution	\$ 1,103,265	\$ 979,435	\$ 865,117	\$ 905,439	\$ 901,950
Less Contributions in Relation to the Contractually Required Contribution	(1,103,265)	(979,435)	(865,117)	(905,439)	(901,950)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 12,424,156	\$ 10,834,481	\$ 9,569,886	\$ 10,079,579	\$ 9,933,370
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	8.98%	9.04%

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 Retirement Plan of TCRS  
Discretely Presented Fayette County School Department  
For the Fiscal Year Ended June 30 \*

	<u>2016</u>	<u>2017</u>	<u>2018</u>
School Department's Proportion of the Net Pension Liability/Asset	0.649085%	0.507060%	0.450434%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (26,112)	\$ (52,787)	\$ (118,841)
Covered Payroll	\$ 1,348,622	\$ 2,231,087	\$ 2,892,726
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.11)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%

\* 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 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 \*

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.31654%	0.28942%	0.265108%	0.283340%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (51,435)	\$ 118,557	\$ 1,656,779	\$ (92,703)
Covered Payroll	\$ 12,424,156	\$ 10,834,481	\$ 9,569,886	\$ 10,079,579
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	(.414002)%	1.094252%	17.31%	(.92)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%

\* 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-7

Fayette County, Tennessee  
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Government Plans  
For the Fiscal Year Ended June 30 \*

**Fayette County Plan**

	<u>2017</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 30,130
Interest	10,693
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(18,033)
Benefit Payments	<u>(16,276)</u>
Net Change in Total OPEB Liability	\$ 6,514
Total OPEB Liability, Beginning	<u>344,218</u>
 Total OPEB Liability, Ending	 <u><u>\$ 350,732</u></u>
 Covered Employee Payroll	 \$ 7,437,946
Net OPEB Liability as a Percentage of Covered Employee Payroll	4.72%

**Highway Department Plan**

	<u>2017</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 8,993
Interest	2,690
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(3,426)
Benefit Payments	<u>0</u>
Net Change in Total OPEB Liability	\$ 8,257
Total OPEB Liability, Beginning	<u>83,124</u>
 Total OPEB Liability, Ending	 <u><u>\$ 91,381</u></u>
 Covered Employee Payroll	 \$ 1,387,490
Net OPEB Liability as a Percentage of Covered Employee Payroll	6.59%

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Exhibit E-8

Fayette County, Tennessee  
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan  
Discretely Presented Fayette County School Department  
For the Fiscal Year Ended June 30 \*

	<u>2017</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 181,426
Interest	75,810
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(114,713)
Benefit Payments	<u>(64,808)</u>
Net Change in Total OPEB Liability	\$ 77,715
Total OPEB Liability, Beginning	<u>2,447,220</u>
 Total OPEB Liability, Ending	 <u><u>\$ 2,524,935</u></u>
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 802,889
Employer Proportionate Share of the Total OPEB Liability	1,722,046
 Covered Employee Payroll	 \$ 18,385,897
Net OPEB Liability as a Percentage of Covered Employee Payroll	9.37%

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**FAYETTE COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2018**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for fiscal year 2017 were calculated based on the June 30, 2016, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by 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
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 Adjustments	2.5%



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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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

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

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

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

# Capital Projects Funds

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

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

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

HUD Grant Projects Fund – The HUD Grant Projects Fund is used to account for grant proceeds and capital expenditures for sewer improvements.

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

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, 2018

	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	\$ 54,452	\$ 54,552	\$ 0
Equity in Pooled Cash and Investments	1,038,190	338,802	940,116	0	2,317,108	20,185
Accounts Receivable	55,619	0	0	528	56,147	0
<b>Total Assets</b>	<b>\$ 1,093,909</b>	<b>\$ 338,802</b>	<b>\$ 940,116</b>	<b>\$ 54,980</b>	<b>\$ 2,427,807</b>	<b>\$ 20,185</b>
<u>LIABILITIES</u>						
Accounts Payable	\$ 33,972	\$ 174	\$ 0	\$ 0	\$ 34,146	\$ 0
Accrued Payroll	15,909	0	0	0	15,909	0
Due to Other Funds	246	0	0	54,980	55,226	0
<b>Total Liabilities</b>	<b>\$ 50,127</b>	<b>\$ 174</b>	<b>\$ 0</b>	<b>\$ 54,980</b>	<b>\$ 105,281</b>	<b>\$ 0</b>
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 0	\$ 0	\$ 294,096	\$ 0	\$ 294,096	\$ 0
Restricted for Public Safety	0	338,628	0	0	338,628	0
Restricted for Public Health and Welfare	0	0	0	0	0	0
Restricted for Highways/Public Works	0	0	323,010	0	323,010	0
Restricted for Education	0	0	323,010	0	323,010	0
Restricted for Capital Outlay	0	0	0	0	0	20,185
Committed:						
Committed for Public Health and Welfare	1,043,782	0	0	0	1,043,782	0
<b>Total Fund Balances</b>	<b>\$ 1,043,782</b>	<b>\$ 338,628</b>	<b>\$ 940,116</b>	<b>\$ 0</b>	<b>\$ 2,322,526</b>	<b>\$ 20,185</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,093,909</b>	<b>\$ 338,802</b>	<b>\$ 940,116</b>	<b>\$ 54,980</b>	<b>\$ 2,427,807</b>	<b>\$ 20,185</b>

(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	\$ 54,552
Equity in Pooled Cash and Investments	20	88,790	108,995	2,426,103
Accounts Receivable	0	0	0	56,147
<b>Total Assets</b>	<b>\$ 20</b>	<b>\$ 88,790</b>	<b>\$ 108,995</b>	<b>\$ 2,536,802</b>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 34,146
Accrued Payroll	0	0	0	15,909
Due to Other Funds	0	0	0	55,226
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 105,281</b>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for General Government	\$ 0	\$ 0	\$ 0	\$ 294,096
Restricted for Public Safety	0	0	0	338,628
Restricted for Highways/Public Works	0	0	0	323,010
Restricted for Education	0	0	0	323,010
Restricted for Capital Outlay	20	88,790	108,995	108,995
Committed:				
Committed for Public Health and Welfare	0	0	0	1,043,782
<b>Total Fund Balances</b>	<b>\$ 20</b>	<b>\$ 88,790</b>	<b>\$ 108,995</b>	<b>\$ 2,431,521</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 20</b>	<b>\$ 88,790</b>	<b>\$ 108,995</b>	<b>\$ 2,536,802</b>

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, 2018

	Special Revenue Funds					Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 700,441	\$ 0	\$ 700,441	\$ 0
Fines, Forfeitures, and Penalties	0	181,307	0	0	181,307	0
Charges for Current Services	483,585	0	0	300	483,885	0
Other Local Revenues	336,592	0	0	0	336,592	0
State of Tennessee	325,000	0	0	0	325,000	0
Federal Government	0	47,360	0	0	47,360	0
Other Governments and Citizens Groups	0	0	0	0	0	0
<b>Total Revenues</b>	<b>\$ 1,145,177</b>	<b>\$ 228,667</b>	<b>\$ 700,441</b>	<b>\$ 300</b>	<b>\$ 2,074,585</b>	<b>\$ 0</b>
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 300	\$ 300	\$ 0
Public Safety	0	86,375	0	0	86,375	0
Public Health and Welfare	964,417	0	0	0	964,417	0
Other Operations	0	0	14,544	0	14,544	0
Capital Projects	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$ 964,417</b>	<b>\$ 86,375</b>	<b>\$ 14,544</b>	<b>\$ 300</b>	<b>\$ 1,065,636</b>	<b>\$ 0</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 180,760	\$ 142,292	\$ 685,897	\$ 0	\$ 1,008,949	\$ 0
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 2,460	\$ 0	\$ 0	\$ 0	\$ 2,460	\$ 0
Transfers Out	0	0	(500,000)	0	(500,000)	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 2,460</b>	<b>\$ 0</b>	<b>\$ (500,000)</b>	<b>\$ 0</b>	<b>\$ (497,540)</b>	<b>\$ 0</b>

(Continued)

Exhibit F-2

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

	Special Revenue Funds					Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitu - tional Officers - Fees	Total	General Capital Projects
Net Change in Fund Balances	\$ 183,220	\$ 142,292	\$ 185,897	\$ 0	\$ 511,409	\$ 0
Fund Balance, July 1, 2017	860,562	196,336	754,219	0	1,811,117	20,185
Fund Balance, June 30, 2018	\$ 1,043,782	\$ 338,628	\$ 940,116	\$ 0	\$ 2,322,526	\$ 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	HUD Grant Projects	Education Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	700,441
Fines, Forfeitures, and Penalties	0	0	0	0	0	181,307
Charges for Current Services	0	0	0	0	0	483,885
Other Local Revenues	0	0	0	0	0	336,592
State of Tennessee	0	0	0	369,777	369,777	694,777
Federal Government	0	58,421	0	0	58,421	105,781
Other Governments and Citizens Groups	0	6,133	0	0	6,133	6,133
Total Revenues	\$ 0	\$ 64,554	\$ 0	\$ 369,777	\$ 434,331	\$ 2,508,916
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	300
Public Safety	0	0	0	0	0	86,375
Public Health and Welfare	0	0	0	0	0	964,417
Other Operations	0	0	0	0	0	14,544
Capital Projects	0	64,554	360,329	311,078	735,961	735,961
Total Expenditures	\$ 0	\$ 64,554	\$ 360,329	\$ 311,078	\$ 735,961	\$ 1,801,597
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ (360,329)	\$ 58,699	\$ (301,630)	\$ 707,319
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,460
Transfers Out	0	0	0	0	0	(500,000)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	(497,540)

(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	HUD Grant Projects	Education Capital Projects	Other Capital Projects	Total	
Net Change in Fund Balances	\$ 0	\$ 0	\$ (360,329)	\$ 58,699	\$ (301,630)	\$ 209,779
Fund Balance, July 1, 2017	20	0	360,329	30,091	410,625	2,221,742
Fund Balance, June 30, 2018	\$ 20	\$ 0	\$ 0	\$ 88,790	\$ 108,995	\$ 2,431,521

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 483,585	\$ 425,000	\$ 425,000	\$ 58,585
Other Local Revenues	336,592	210,000	210,000	126,592
State of Tennessee	325,000	330,000	330,000	(5,000)
Total Revenues	<u>\$ 1,145,177</u>	<u>\$ 965,000</u>	<u>\$ 965,000</u>	<u>\$ 180,177</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 384,792	\$ 300,000	\$ 400,000	\$ 15,208
Landfill Operation and Maintenance	579,625	652,245	650,696	71,071
Total Expenditures	<u>\$ 964,417</u>	<u>\$ 952,245</u>	<u>\$ 1,050,696</u>	<u>\$ 86,279</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 180,760</u>	<u>\$ 12,755</u>	<u>\$ (85,696)</u>	<u>\$ 266,456</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 2,460	\$ 0	\$ 0	\$ 2,460
Total Other Financing Sources	<u>\$ 2,460</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,460</u>
Net Change in Fund Balance	\$ 183,220	\$ 12,755	\$ (85,696)	\$ 268,916
Fund Balance, July 1, 2017	<u>860,562</u>	<u>576,579</u>	<u>576,579</u>	<u>283,983</u>
Fund Balance, June 30, 2018	<u><u>\$ 1,043,782</u></u>	<u><u>\$ 589,334</u></u>	<u><u>\$ 490,883</u></u>	<u><u>\$ 552,899</u></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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 181,307	\$ 33,000	\$ 33,000	\$ 148,307
Federal Government	47,360	0	0	47,360
Total Revenues	<u>\$ 228,667</u>	<u>\$ 33,000</u>	<u>\$ 33,000</u>	<u>\$ 195,667</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 86,375	\$ 105,500	\$ 126,500	\$ 40,125
Total Expenditures	<u>\$ 86,375</u>	<u>\$ 105,500</u>	<u>\$ 126,500</u>	<u>\$ 40,125</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 142,292</u>	<u>\$ (72,500)</u>	<u>\$ (93,500)</u>	<u>\$ 235,792</u>
Net Change in Fund Balance	\$ 142,292	\$ (72,500)	\$ (93,500)	235,792
Fund Balance, July 1, 2017	<u>196,336</u>	<u>186,120</u>	<u>186,120</u>	<u>10,216</u>
Fund Balance, June 30, 2018	<u><u>\$ 338,628</u></u>	<u><u>\$ 113,620</u></u>	<u><u>\$ 92,620</u></u>	<u><u>\$ 246,008</u></u>

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 700,441	\$ 500,000	\$ 500,000	\$ 200,441
Total Revenues	\$ 700,441	\$ 500,000	\$ 500,000	\$ 200,441
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 14,544	\$ 10,000	\$ 16,000	\$ 1,456
Total Expenditures	\$ 14,544	\$ 10,000	\$ 16,000	\$ 1,456
Excess (Deficiency) of Revenues Over Expenditures	\$ 685,897	\$ 490,000	\$ 484,000	\$ 201,897
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (500,000)	\$ (500,000)	\$ (500,000)	\$ 0
Total Other Financing Sources	\$ (500,000)	\$ (500,000)	\$ (500,000)	\$ 0
Net Change in Fund Balance	\$ 185,897	\$ (10,000)	\$ (16,000)	\$ 201,897
Fund Balance, July 1, 2017	754,219	682,618	682,618	71,601
Fund Balance, June 30, 2018	\$ 940,116	\$ 672,618	\$ 666,618	\$ 273,498

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit G

Fayette County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,954,547	\$ 2,100,000	\$ 1,800,000	\$ 154,547
Other Governments and Citizens Groups	384,393	386,620	407,893	(23,500)
Total Revenues	<u>\$ 2,338,940</u>	<u>\$ 2,486,620</u>	<u>\$ 2,207,893</u>	<u>\$ 131,047</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,353,553	\$ 825,824	\$ 1,353,554	1
Education	935,000	890,000	935,000	0
<u>Interest on Debt</u>				
General Government	270,539	262,133	270,542	3
Education	594,324	594,642	594,326	2
<u>Other Debt Service</u>				
General Government	23,938	26,900	33,900	9,962
Education	2,065	2,120	2,120	55
Total Expenditures	<u>\$ 3,179,419</u>	<u>\$ 2,601,619</u>	<u>\$ 3,189,442</u>	<u>\$ 10,023</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (840,479)</u>	<u>\$ (114,999)</u>	<u>\$ (981,549)</u>	<u>\$ 141,070</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 370,319	0	\$ 346,820	\$ 23,499
Total Other Financing Sources	<u>\$ 370,319</u>	<u>\$ 0</u>	<u>\$ 346,820</u>	<u>\$ 23,499</u>
Net Change in Fund Balance	\$ (470,160)	\$ (114,999)	\$ (634,729)	\$ 164,569
Fund Balance, July 1, 2017	<u>2,769,407</u>	<u>2,592,017</u>	<u>2,592,017</u>	<u>177,390</u>
Fund Balance, June 30, 2018	<u>\$ 2,299,247</u>	<u>\$ 2,477,018</u>	<u>\$ 1,957,288</u>	<u>\$ 341,959</u>

# Fiduciary Funds

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

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

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, 2018

	<u>Agency Funds</u>			
	<u>Cities - Sales Tax</u>	<u>Watershed District</u>	<u>Constitu - tional Officers - Agency</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
Cash	\$ 0	\$ 0	\$ 2,608,818	\$ 2,608,818
Equity in Pooled Cash and Investments	0	42,792	0	42,792
Accounts Receivable	0	0	25,813	25,813
Due from Other Governments	592,297	0	0	592,297
<b>Total Assets</b>	<b>\$ 592,297</b>	<b>\$ 42,792</b>	<b>\$ 2,634,631</b>	<b>\$ 3,269,720</b>
<b><u>LIABILITIES</u></b>				
Due to Other Taxing Units	\$ 592,297	\$ 42,792	\$ 0	\$ 635,089
Due to Litigants, Heirs, and Others	0	0	2,634,631	2,634,631
<b>Total Liabilities</b>	<b>\$ 592,297</b>	<b>\$ 42,792</b>	<b>\$ 2,634,631</b>	<b>\$ 3,269,720</b>



Exhibit H-2

Fayette County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,201,345	\$ 3,201,345	\$ 0
Due from Other Governments	537,102	592,297	537,102	592,297
<b>Total Assets</b>	<b>\$ 537,102</b>	<b>\$ 3,793,642</b>	<b>\$ 3,738,447</b>	<b>\$ 592,297</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 537,102	\$ 3,793,642	\$ 3,738,447	\$ 592,297
<b>Total Liabilities</b>	<b>\$ 537,102</b>	<b>\$ 3,793,642</b>	<b>\$ 3,738,447</b>	<b>\$ 592,297</b>
<u>Watershed District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 42,792	\$ 0	\$ 0	\$ 42,792
<b>Total Assets</b>	<b>\$ 42,792</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 42,792</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 42,792	\$ 0	\$ 0	\$ 42,792
<b>Total Liabilities</b>	<b>\$ 42,792</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 42,792</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,304,272	\$ 11,602,464	\$ 11,297,918	\$ 2,608,818
Accounts Receivable	22,285	25,813	22,285	25,813
<b>Total Assets</b>	<b>\$ 2,326,557</b>	<b>\$ 11,628,277</b>	<b>\$ 11,320,203</b>	<b>\$ 2,634,631</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,326,557	\$ 11,628,277	\$ 11,320,203	\$ 2,634,631
<b>Total Liabilities</b>	<b>\$ 2,326,557</b>	<b>\$ 11,628,277</b>	<b>\$ 11,320,203</b>	<b>\$ 2,634,631</b>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,304,272	\$ 11,602,464	\$ 11,297,918	\$ 2,608,818
Equity in Pooled Cash and Investments	42,792	3,201,345	3,201,345	42,792
Accounts Receivable	22,285	25,813	22,285	25,813
Due from Other Governments	537,102	592,297	537,102	592,297
<b>Total Assets</b>	<b>\$ 2,906,451</b>	<b>\$ 15,421,919</b>	<b>\$ 15,058,650</b>	<b>\$ 3,269,720</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 579,894	\$ 3,793,642	\$ 3,738,447	\$ 635,089
Due to Litigants, Heirs, and Others	2,326,557	11,628,277	11,320,203	2,634,631
<b>Total Liabilities</b>	<b>\$ 2,906,451</b>	<b>\$ 15,421,919</b>	<b>\$ 15,058,650</b>	<b>\$ 3,269,720</b>

# Fayette County School Department

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

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

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

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

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

Exhibit I-1

Fayette County, Tennessee  
Statement of Activities  
Discretely Presented Fayette County School Department  
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:					
Instruction	\$ 15,433,910	\$ 100,351	\$ 1,309,372	\$ 223,404	\$ (13,800,783)
Support Services	11,714,795	0	407,042	79,272	(11,228,481)
Operation of Non-instructional Services	3,555,730	165,295	3,083,294	57,653	(249,488)
Total Governmental Activities	\$ 30,704,435	\$ 265,646	\$ 4,799,708	\$ 360,329	\$ (25,278,752)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 6,298,803
Local Option Sales Taxes					3,733,256
Other Local Taxes					8,657
Grants and Contributions Not Restricted to Specific Programs					17,627,273
Miscellaneous					149,673
Total General Revenues					\$ 27,817,662
Change in Net Position					\$ 2,538,910
Net Position, July 1, 2017					26,609,440
Restatement - See Note I.D.8.					(812,902)
Net Position, June 30, 2018					\$ 28,335,448

Exhibit I-2

Fayette County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Fayette County School Department  
June 30, 2018

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General	Other	
	Purpose	Govern-	Total
	School	mental	Governmental
		Funds	Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 5,734,621	\$ 865,999	\$ 6,600,620
Accounts Receivable	2,852	0	2,852
Due from Other Governments	1,351,294	544,749	1,896,043
Due from Other Funds	224,769	0	224,769
Property Taxes Receivable	6,404,367	0	6,404,367
Allowance for Uncollectible Property Taxes	(97,658)	0	(97,658)
Cash Shortage	0	6,175	6,175
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 13,620,245	\$ 1,416,923	\$ 15,037,168
<u>LIABILITIES</u>			
Accounts Payable	\$ 7,979	\$ 44,364	\$ 52,343
Payroll Deductions Payable	126,078	9,379	135,457
Due to Other Funds	0	4,795	4,795
Other Current Liabilities	14	0	14
Total Liabilities	<hr/>	<hr/>	<hr/>
	\$ 134,071	\$ 58,538	\$ 192,609
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 6,187,889	\$ 0	\$ 6,187,889
Deferred Delinquent Property Taxes	108,487	0	108,487
Other Deferred/Unavailable Revenue	362,359	0	362,359
Total Deferred Inflows of Resources	<hr/>	<hr/>	<hr/>
	\$ 6,658,735	\$ 0	\$ 6,658,735
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 88,048	\$ 32,893	\$ 120,941
Restricted for Operation of Non-instructional Services	0	1,125,492	1,125,492
Committed:			
Committed for Education	653,708	0	653,708
Assigned:			
Assigned for Education	438,369	200,000	638,369
Unassigned	5,647,314	0	5,647,314
Total Fund Balances	<hr/>	<hr/>	<hr/>
	\$ 6,827,439	\$ 1,358,385	\$ 8,185,824
	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,620,245	\$ 1,416,923	\$ 15,037,168

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, 2018

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)		\$	8,185,824
(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		237,950	
Add: buildings and improvements net of accumulated depreciation		17,767,329	
Add: other capital assets net of accumulated depreciation		<u>2,079,711</u>	20,434,367
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on primary government debt for note	\$	(265,000)	
Less: compensated absences payable		(74,970)	
Less: net OPEB liability		<u>(1,722,046)</u>	(2,062,016)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as a component of pension and OPEB expense in future years.			
Add: deferred outflows of resources related to pensions	\$	2,579,679	
Less: deferred inflows of resources related to pensions		(3,256,332)	
Add: deferred outflows of resources related to OPEB		63,806	
Less: deferred inflows of resources related to OPEB		<u>(70,413)</u>	(683,260)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	1,778,143	
Add: net pension asset - teacher retirement plan		118,841	
Add: net pension asset - teacher legacy pension plan		<u>92,703</u>	1,989,687
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>470,846</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>28,335,448</u></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, 2018

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 10,001,895	\$ 0	\$ 10,001,895
Licenses and Permits	3,018	0	3,018
Charges for Current Services	103,151	162,495	265,646
Other Local Revenues	149,673	8,325	157,998
State of Tennessee	17,863,663	18,904	17,882,567
Federal Government	94,715	4,403,351	4,498,066
Other Governments and Citizens Groups	0	360,329	360,329
Total Revenues	<u>\$ 28,216,115</u>	<u>\$ 4,953,404</u>	<u>\$ 33,169,519</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 14,226,344	\$ 997,307	\$ 15,223,651
Support Services	11,081,244	1,047,684	12,128,928
Operation of Non-Instructional Services	1,255,501	2,207,119	3,462,620
Capital Outlay	1,042,763	0	1,042,763
Debt Service:			
Other Debt Service	384,396	0	384,396
Capital Projects	0	363,317	363,317
Total Expenditures	<u>\$ 27,990,248</u>	<u>\$ 4,615,427</u>	<u>\$ 32,605,675</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 225,867</u>	<u>\$ 337,977</u>	<u>\$ 563,844</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 25,151	\$ 0	\$ 25,151
Transfers In	380,294	0	380,294
Transfers Out	0	(380,294)	(380,294)
Total Other Financing Sources (Uses)	<u>\$ 405,445</u>	<u>\$ (380,294)</u>	<u>\$ 25,151</u>
Net Change in Fund Balances	\$ 631,312	\$ (42,317)	\$ 588,995
Fund Balance, July 1, 2017	<u>6,196,127</u>	<u>1,400,702</u>	<u>7,596,829</u>
Fund Balance, June 30, 2018	<u>\$ 6,827,439</u>	<u>\$ 1,358,385</u>	<u>\$ 8,185,824</u>

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, 2018

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)	\$	588,995
(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	\$ 2,206,588	
Less: current-year depreciation expense	<u>(1,706,785)</u>	499,803
(2) 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, 2018	\$ 470,846	
Less: deferred delinquent property taxes and other deferred June 30, 2017	<u>(397,020)</u>	73,826
(3) 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 note to primary government		60,000
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ 21,141	
Change in net OPEB liability (net of restatement)	(53,003)	
Change in deferred outflows related to OPEB (net of restatement)	19,606	
Change in deferred inflows related to OPEB	(70,413)	
Change in net pension asset - agent plan	1,040,257	
Change in net pension asset - teacher retirement plan	66,054	
Change in net pension asset - teacher legacy pension plan	1,749,482	
Change in deferred outflows related to pensions	(1,208,685)	
Change in deferred inflows related to pensions	<u>(248,153)</u>	<u>1,316,286</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>2,538,910</u></u>

Exhibit I-6

Fayette County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Fayette County School Department  
June 30, 2018

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects Fund</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 2,071	\$ 859,133	\$ 861,204	\$ 4,795	\$ 865,999
Due from Other Governments	284,468	260,281	544,749	0	544,749
Cash Shortage	0	6,175	6,175	0	6,175
Total Assets	<u>\$ 286,539</u>	<u>\$ 1,125,589</u>	<u>\$ 1,412,128</u>	<u>\$ 4,795</u>	<u>\$ 1,416,923</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 44,364	\$ 0	\$ 44,364	\$ 0	\$ 44,364
Payroll Deductions Payable	9,282	97	9,379	0	9,379
Due to Other Funds	0	0	0	4,795	4,795
Total Liabilities	<u>\$ 53,646</u>	<u>\$ 97</u>	<u>\$ 53,743</u>	<u>\$ 4,795</u>	<u>\$ 58,538</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Education	\$ 32,893	\$ 0	\$ 32,893	\$ 0	\$ 32,893
Restricted for Operation of Non-instructional Services	0	1,125,492	1,125,492	0	1,125,492
Assigned:					
Assigned for Education	200,000	0	200,000	0	200,000
Total Fund Balances	<u>\$ 232,893</u>	<u>\$ 1,125,492</u>	<u>\$ 1,358,385</u>	<u>\$ 0</u>	<u>\$ 1,358,385</u>
Total Liabilities and Fund Balances	<u>\$ 286,539</u>	<u>\$ 1,125,589</u>	<u>\$ 1,412,128</u>	<u>\$ 4,795</u>	<u>\$ 1,416,923</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, 2018

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects Fund</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 162,495	\$ 162,495	\$ 0	\$ 162,495
Other Local Revenues	0	8,325	8,325	0	8,325
State of Tennessee	0	18,904	18,904	0	18,904
Federal Government	2,106,679	2,296,672	4,403,351	0	4,403,351
Other Governments and Citizens Groups	0	0	0	360,329	360,329
<b>Total Revenues</b>	<b>\$ 2,106,679</b>	<b>\$ 2,486,396</b>	<b>\$ 4,593,075</b>	<b>\$ 360,329</b>	<b>\$ 4,953,404</b>
<u>Expenditures</u>					
Current:					
Instruction	\$ 997,307	\$ 0	\$ 997,307	\$ 0	\$ 997,307
Support Services	1,047,684	0	1,047,684	0	1,047,684
Operation of Non-Instructional Services	0	2,207,119	2,207,119	0	2,207,119
Capital Projects	0	0	0	363,317	363,317
<b>Total Expenditures</b>	<b>\$ 2,044,991</b>	<b>\$ 2,207,119</b>	<b>\$ 4,252,110</b>	<b>\$ 363,317</b>	<b>\$ 4,615,427</b>
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 61,688	\$ 279,277	\$ 340,965	\$ (2,988)	\$ 337,977
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (54,474)	\$ (321,025)	\$ (375,499)	\$ (4,795)	\$ (380,294)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (54,474)</b>	<b>\$ (321,025)</b>	<b>\$ (375,499)</b>	<b>\$ (4,795)</b>	<b>\$ (380,294)</b>

(Continued)

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 (Cont.)

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects Fund</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
Net Change in Fund Balances	\$ 7,214	\$ (41,748)	\$ (34,534)	\$ (7,783)	\$ (42,317)
Fund Balance, July 1, 2017	225,679	1,167,240	1,392,919	7,783	1,400,702
Fund Balance, June 30, 2018	\$ 232,893	\$ 1,125,492	\$ 1,358,385	\$ 0	\$ 1,358,385

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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,001,895	\$ 0	\$ 0	\$ 10,001,895	\$ 9,485,659	\$ 9,535,489	\$ 466,406
Licenses and Permits	3,018	0	0	3,018	2,750	2,750	268
Charges for Current Services	103,151	0	0	103,151	66,200	91,700	11,451
Other Local Revenues	149,673	0	0	149,673	21,000	21,000	128,673
State of Tennessee	17,863,663	0	0	17,863,663	17,492,657	17,801,593	62,070
Federal Government	94,715	0	0	94,715	383,755	511,255	(416,540)
<b>Total Revenues</b>	<b>\$ 28,216,115</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 28,216,115</b>	<b>\$ 27,452,021</b>	<b>\$ 27,963,787</b>	<b>\$ 252,328</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 11,341,859	\$ (167,387)	\$ 200	\$ 11,174,672	\$ 11,872,918	\$ 11,872,918	\$ 698,246
Special Education Program	1,967,596	(83,534)	0	1,884,062	2,099,094	2,099,094	215,032
Career and Technical Education Program	916,889	(11,218)	22,979	928,650	965,205	990,205	61,555
<u>Support Services</u>							
Attendance	127,502	0	301	127,803	145,569	145,569	17,766
Health Services	358,240	0	4,070	362,310	348,790	373,690	11,380
Other Student Support	940,459	(12,466)	11,708	939,701	889,587	1,080,159	140,458
Regular Instruction Program	800,253	0	0	800,253	848,709	848,709	48,456
Special Education Program	201,634	0	0	201,634	197,888	201,014	(620)
Career and Technical Education Program	163,094	0	0	163,094	121,510	163,112	18
Technology	335,025	0	48,107	383,132	305,126	388,100	4,968
Adult Programs	104,479	0	0	104,479	383,755	383,755	279,276
Other Programs	23,481	0	0	23,481	0	23,481	0
Board of Education	688,461	0	2,859	691,320	813,600	813,600	122,280
Director of Schools	508,196	0	8,250	516,446	487,706	527,075	10,629
Office of the Principal	1,462,028	0	2,943	1,464,971	1,464,084	1,469,179	4,208
Fiscal Services	200,689	0	0	200,689	205,030	205,030	4,341
Human Services/Personnel	118,198	0	199	118,397	145,980	145,980	27,583
Operation of Plant	1,665,964	0	5,040	1,671,004	1,683,340	1,683,340	12,336

(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 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 684,271	\$ (39,755)	\$ 40,299	\$ 684,815	\$ 714,976	\$ 735,875	\$ 51,060
Transportation	2,699,270	0	9,353	2,708,623	2,577,199	2,750,328	41,705
<u>Operation of Non-Instructional Services</u>							
Community Services	179,583	0	239	179,822	66,200	272,300	92,478
Early Childhood Education	1,075,918	0	36,846	1,112,764	1,040,857	1,114,755	1,991
<u>Capital Outlay</u>							
Regular Capital Outlay	1,042,763	(711,351)	244,976	576,388	195,000	1,147,000	570,612
<u>Principal on Debt</u>							
Education	0	0	0	0	220,000	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	164,400	0	0
<u>Other Debt Service</u>							
Education	384,396	0	0	384,396	0	384,400	4
Total Expenditures	\$ 27,990,248	\$ (1,025,711)	\$ 438,369	\$ 27,402,906	\$ 27,956,523	\$ 29,818,668	\$ 2,415,762
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 225,867	\$ 1,025,711	\$ (438,369)	\$ 813,209	\$ (504,502)	\$ (1,854,881)	\$ 2,668,090
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 25,151	\$ 0	\$ 0	\$ 25,151	\$ 0	\$ 25,151	\$ 0
Transfers In	380,294	0	0	380,294	187,731	187,731	192,563
Transfers Out	0	0	0	0	0	(3,474)	3,474
Total Other Financing Sources	\$ 405,445	\$ 0	\$ 0	\$ 405,445	\$ 187,731	\$ 209,408	\$ 196,037
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2017	\$ 6,196,127	\$ (1,025,711)	\$ 0	\$ 5,170,416	\$ 4,019,453	\$ 4,019,453	\$ 1,150,963
<u>Fund Balance, June 30, 2018</u>							
	\$ 6,827,439	\$ 0	\$ (438,369)	\$ 6,389,070	\$ 3,702,682	\$ 2,373,980	\$ 4,015,090

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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,106,679	\$ 0	\$ 0	\$ 2,106,679	\$ 2,168,348	\$ 2,609,548	\$ (502,869)
Total Revenues	\$ 2,106,679	\$ 0	\$ 0	\$ 2,106,679	\$ 2,168,348	\$ 2,609,548	\$ (502,869)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 469,389	\$ (13,067)	\$ 3	\$ 456,325	\$ 701,295	\$ 596,238	\$ 139,913
Special Education Program	478,273	0	0	478,273	574,722	589,022	110,749
Career and Technical Education Program	49,645	0	0	49,645	43,438	53,172	3,527
<u>Support Services</u>							
Health Services	0	0	0	0	113,100	1,000	1,000
Other Student Support	163,389	0	0	163,389	175,646	228,593	65,204
Regular Instruction Program	543,560	0	0	543,560	287,505	721,392	177,832
Special Education Program	170,101	0	0	170,101	93,993	189,961	19,860
Career and Technical Education Program	14,408	0	0	14,408	6,000	14,508	100
Transportation	156,226	0	0	156,226	150,417	158,989	2,763
Total Expenditures	\$ 2,044,991	\$ (13,067)	\$ 3	\$ 2,031,927	\$ 2,146,116	\$ 2,552,875	\$ 520,948
Excess (Deficiency) of Revenues Over Expenditures	\$ 61,688	\$ 13,067	\$ (3)	\$ 74,752	\$ 22,232	\$ 56,673	\$ 18,079
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (54,474)	\$ 0	\$ 0	\$ (54,474)	\$ (22,231)	\$ (56,675)	\$ 2,201
Total Other Financing Sources	\$ (54,474)	\$ 0	\$ 0	\$ (54,474)	\$ (22,231)	\$ (56,675)	\$ 2,201
Net Change in Fund Balance	\$ 7,214	\$ 13,067	\$ (3)	\$ 20,278	\$ 1	\$ (2)	\$ 20,280
Fund Balance, July 1, 2017	225,679	(13,067)	0	212,612	200,000	200,000	12,612
Fund Balance, June 30, 2018	\$ 232,893	\$ 0	\$ (3)	\$ 232,890	\$ 200,001	\$ 199,998	\$ 32,892

Exhibit I-10

Fayette County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Fayette County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 162,495	\$ 0	\$ 0	\$ 162,495	\$ 284,000	\$ 284,000	\$ (121,505)
Other Local Revenues	8,325	0	0	8,325	2,000	2,000	6,325
State of Tennessee	18,904	0	0	18,904	18,900	18,900	4
Federal Government	2,296,672	0	0	2,296,672	2,070,000	2,248,793	47,879
<b>Total Revenues</b>	<b>\$ 2,486,396</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,486,396</b>	<b>\$ 2,374,900</b>	<b>\$ 2,553,693</b>	<b>\$ (67,297)</b>
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 2,207,119	\$ (94,288)	\$ 851	\$ 2,113,682	\$ 2,208,750	\$ 2,401,043	\$ 287,361
<b>Total Expenditures</b>	<b>\$ 2,207,119</b>	<b>\$ (94,288)</b>	<b>\$ 851</b>	<b>\$ 2,113,682</b>	<b>\$ 2,208,750</b>	<b>\$ 2,401,043</b>	<b>\$ 287,361</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 279,277	\$ 94,288	\$ (851)	\$ 372,714	\$ 166,150	\$ 152,650	\$ 220,064
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (321,025)	\$ 0	\$ 0	\$ (321,025)	\$ (165,500)	\$ (331,000)	\$ 9,975
<b>Total Other Financing Sources</b>	<b>\$ (321,025)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (321,025)</b>	<b>\$ (165,500)</b>	<b>\$ (331,000)</b>	<b>\$ 9,975</b>
Net Change in Fund Balance	\$ (41,748)	\$ 94,288	\$ (851)	\$ 51,689	\$ 650	\$ (178,350)	\$ 230,039
Fund Balance, July 1, 2017	1,167,240	(94,288)	0	1,072,952	653,684	653,684	419,268
<b>Fund Balance, June 30, 2018</b>	<b>\$ 1,125,492</b>	<b>\$ 0</b>	<b>\$ (851)</b>	<b>\$ 1,124,641</b>	<b>\$ 654,334</b>	<b>\$ 475,334</b>	<b>\$ 649,307</b>

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

Fayette County, Tennessee  
Schedule of Changes in Long-term Notes and Bonds  
For the Year Ended June 30, 2018

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-17	Paid and/or Matured During Period	Outstanding 6-30-18
<b><u>NOTES PAYABLE</u></b>							
<b><u>Payable through General Debt Service Fund</u></b>							
General Obligation Capital Outlay Notes, Series 2014	\$ 830,180	2.5 %	12-5-14	2-28-18	\$ 622,730	\$ 622,730	\$ 0
General Obligation Capital Outlay Notes, Series 2015	334,889	1.73	11-30-15	11-30-20	270,201	65,823	204,378
Total Payable through General Debt Service Fund					<u>\$ 892,931</u>	<u>\$ 688,553</u>	<u>\$ 204,378</u>
<b><u>Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund</u></b>							
School Buses	495,000	2.49	11-18-13	12-1-21	\$ 325,000	\$ 60,000	\$ 265,000
Total Notes Payable					<u>\$ 1,217,931</u>	<u>\$ 748,553</u>	<u>\$ 469,378</u>
<b><u>BONDS PAYABLE</u></b>							
<b><u>Payable through General Debt Service Fund</u></b>							
General Obligation Refunding Bonds, Series 2011	9,585,000	1.25 to 3.5	9-15-11	4-1-30	\$ 7,440,000	\$ 515,000	\$ 6,925,000
General Obligation Refunding Bonds, Series 2012A	7,240,000	2 to 3	5-1-12	4-1-29	5,645,000	325,000	5,320,000
General Obligation Bonds, Series 2012B	4,575,000	2 to 3	12-12-12	4-1-36	3,895,000	165,000	3,730,000
General Obligation Bonds, Series 2013	8,715,000	2 to 4	12-20-13	4-1-36	8,290,000	210,000	8,080,000
General Obligation and Refunding Bonds, Series 2014	4,560,000	2 to 3	4-25-14	4-1-29	3,610,000	325,000	3,285,000
Total Bonds Payable					<u>\$ 28,880,000</u>	<u>\$ 1,540,000</u>	<u>\$ 27,340,000</u>



Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 131,962	\$ 10,135	\$ 142,097
2020	133,120	7,357	140,477
2021	134,296	4,564	138,860
2022	70,000	1,743	71,743
Total	\$ 469,378	\$ 23,799	\$ 493,177

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 27,340,000	\$ 7,593,760	\$ 34,933,760

Exhibit J-3

Fayette County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Fayette County School Department  
For the Year Ended June 30, 2018

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt retirement	\$ 46,820
Adequate Facilities/Development Tax	General	Public safety equipment	50,000
"	Highway/Public Works	Road paving	150,000
"	General Debt Service	Debt retirement	300,000
Highway/Public Works	"	"	<u>23,499</u>
Total Transfers Primary Government			<u>\$ 570,319</u>
<u>DISCRETELY PRESENTED FAYETTE COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 54,474
Central Cafeteria	"	"	321,025
Education Capital Projects	"	Close-out fund	<u>4,795</u>
Total Transfers Discretely Presented Fayette County School Department			<u>\$ 380,294</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, 2018

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 92,975	\$ 100,000	Western Surety Company
Public Works Superintendent	Chapter 234, Private Acts of 1974 and Section 8-24-102, <i>TCA</i>	88,168 (1)	100,000	"
Director of Schools	State Board of Education and County Board of Education	125,000 (2)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	78,057	1,212,380	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	78,057	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	78,057	100,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	78,057	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	78,057 (3)	100,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	78,057	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	88,548 (4)	100,000	"
Employees Blanket Bond:				
Office:				
County Mayor:				
	All Employees		400,000	Local Government Property and Casualty
Public Works Superintendent:				
	All Employees		400,000	"
Director of Schools:				
	All Employees		400,000	Tennessee Risk Management Trust

- (1) Includes a certified public administrator supplement of \$1,154.  
(2) Includes a chief executive officer training supplement of \$2,000.  
(3) Does not include special commissioner fees of \$300.  
(4) Does not include a law enforcement training supplement of \$600.

Exhibit J-5

Fayette County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2018

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitu - tional Officers - Fees
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 8,798,507	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	158,949	0	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	111,079	0	0	0	0
Interest and Penalty	33,925	0	0	0	0
Pickup Taxes	15,848	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	4,921	0	0	0	0
Payments in-Lieu-of Taxes - Other	19,067	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	504	0	0	0	0
Hotel/Motel Tax	5,667	0	0	0	0
Wheel Tax	195,423	0	0	0	0
Litigation Tax - General	114,388	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	102,213	0	0	0	0
Business Tax	302,540	0	0	0	0
Mixed Drink Tax	77	0	0	0	0
Adequate Facilities/Development Tax	0	0	0	700,441	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	203,548	0	0	0	0
Wholesale Beer Tax	65,145	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 10,131,801</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 700,441</b>	<b>\$ 0</b>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 68,348	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	158,766	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
<u>Licenses and Permits (Cont.)</u>					
<u>Permits</u>					
Beer Permits	\$ 760	\$ 0	\$ 0	\$ 0	\$ 0
Building Permits	90,039	0	0	0	0
Other Permits	95,000	0	0	0	0
Total Licenses and Permits	<u>\$ 412,913</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 7,972	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	17,759	0	0	0	0
Drug Control Fines	1,240	0	115,409	0	0
Drug Court Fees	3,492	0	0	0	0
Jail Fees	782	0	0	0	0
DUI Treatment Fines	1,235	0	0	0	0
Data Entry Fee - Circuit Court	2,875	0	0	0	0
Courtroom Security Fee	42	0	0	0	0
Victims Assistance Assessments	3,723	0	0	0	0
<u>Criminal Court</u>					
Game and Fish Fines	248	0	0	0	0
<u>General Sessions Court</u>					
Fines	18,047	0	0	0	0
Fines for Littering	95	0	0	0	0
Officers Costs	53,439	0	0	0	0
Game and Fish Fines	428	0	0	0	0
Drug Control Fines	6,031	0	7,173	0	0
Drug Court Fees	41,303	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
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>General Sessions Court (Cont.)</u>					
Jail Fees	\$ 4,871	\$ 0	\$ 0	\$ 0	\$ 0
Judicial Commissioner Fees	90,682	0	0	0	0
DUI Treatment Fines	6,820	0	0	0	0
Data Entry Fee - General Sessions Court	15,965	0	0	0	0
Courtroom Security Fee	4,112	0	0	0	0
Victims Assistance Assessments	14,339	0	0	0	0
<u>Juvenile Court</u>					
Fines	2,119	0	0	0	0
Officers Costs	1,800	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	3,335	0	0	0	0
Data Entry Fee - Chancery Court	3,376	0	0	0	0
<u>Judicial District Drug Program</u>					
Courtroom Security Fee	2	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	57,300	0	0
Other Fines, Forfeitures, and Penalties	35,958	0	1,425	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 342,090</b>	<b>\$ 0</b>	<b>\$ 181,307</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Other Employee Benefit Charges/Contributions	\$ 157,170	\$ 0	\$ 0	\$ 0	\$ 0
Residential Waste Collection Charge	11,350	0	0	0	0
Solid Waste Disposal Fee	0	466,059	0	0	0
Surcharge - Waste Tire Disposal	0	17,526	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
<u>Charges for Current Services (Cont.)</u>					
<u>General Service Charges (Cont.)</u>					
Patient Charges	\$ 1,553,201	\$ 0	\$ 0	\$ 0	\$ 0
Other General Service Charges	60	0	0	0	0
<u>Fees</u>					
Airport Fees	87,397	0	0	0	0
Library Fees	7,746	0	0	0	0
Archives and Records Management Fee	21,833	0	0	0	0
Greenbelt Late Application Fee	150	0	0	0	0
Telephone Commissions	53,312	0	0	0	0
Vending Machine Collections	897	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	300
Data Processing Fee - Register	15,644	0	0	0	0
Data Processing Fee - Sheriff	3,222	0	0	0	0
Sexual Offender Registration Fee - Sheriff	6,600	0	0	0	0
Data Processing Fee - County Clerk	3,040	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	345	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 1,921,967</b>	<b>\$ 483,585</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 300</b>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 887	\$ 185,021	\$ 0	\$ 0	\$ 0
Lease/Rentals	12,402	0	0	0	0
Sale of Materials and Supplies	567	0	0	0	0
Commissary Sales	17,242	0	0	0	0
Sale of Gasoline	117,262	0	0	0	0
Sale of Recycled Materials	1,560	128,533	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
<u>Other Local Revenues (Cont.)</u>					
<u>Recurring Items (Cont.)</u>					
Miscellaneous Refunds	\$ 67,753	\$ 23,038	\$ 0	\$ 0	\$ 0
Expenditure Credits	576	0	0	0	0
<u>Nonrecurring Items</u>					
Sale of Property	189	0	0	0	0
Contributions and Gifts	101	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	127	0	0	0	0
Total Other Local Revenues	<u>\$ 218,666</u>	<u>\$ 336,592</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 406,769	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	116,090	0	0	0	0
General Sessions Court Clerk	270,338	0	0	0	0
Clerk and Master	136,041	0	0	0	0
Juvenile Court Clerk	28,143	0	0	0	0
Register	240,484	0	0	0	0
Sheriff	43,667	0	0	0	0
Trustee	580,446	0	0	0	0
Total Fees Received From County Officials	<u>\$ 1,821,978</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Airport Maintenance Program	\$ 12,556	\$ 0	\$ 0	\$ 0	\$ 0
Other General Government Grants	12,914	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	Constitu - tional Officers - Fees
<u>State of Tennessee (Cont.)</u>					
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	\$ 25,200	\$ 0	\$ 0	\$ 0	\$ 0
Other Public Safety Grants	8,669	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	231,927	0	0	0	0
Other Health and Welfare Grants	5,000	0	0	0	0
<u>Public Works Grants</u>					
Litter Program	37,725	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	168,426	0	0	0	0
Beer Tax	17,839	0	0	0	0
Vehicle Certificate of Title Fees	10,436	0	0	0	0
Alcoholic Beverage Tax	97,907	0	0	0	0
State Revenue Sharing - T.V.A.	630,036	325,000	0	0	0
State Revenue Sharing - Telecommunications	1,736	0	0	0	0
Prisoner Transportation	3,699	0	0	0	0
Contracted Prisoner Boarding	1,014,979	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	82,773	0	0	0	0
Other State Revenues	261,080	0	0	0	0
Total State of Tennessee	\$ 2,638,066	\$ 325,000	\$ 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
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	52,000	0	0	0	0
Homeland Security Grants	21,398	0	0	0	0
<u>Direct Federal Revenue</u>					
Asset Forfeiture Funds	0	0	47,360	0	0
Total Federal Government	<u>\$ 73,398</u>	<u>\$ 0</u>	<u>\$ 47,360</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 14,791	\$ 0	\$ 0	\$ 0	\$ 0
Paving and Maintenance	98,654	0	0	0	0
Contributions	10,000	0	0	0	0
Contracted Services	23,985	0	0	0	0
<u>Citizens Groups</u>					
Donations	500	0	0	0	0
<u>Other</u>					
Other	1,000	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 148,930</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 17,709,809</u>	<u>\$ 1,145,177</u>	<u>\$ 228,667</u>	<u>\$ 700,441</u>	<u>\$ 300</u>

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		
	Highway / Public Works	General Debt Service	HUD Grant Projects	Other Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 800,625	\$ 0	\$ 0	\$ 0	\$ 9,599,132
Trustee's Collections - Prior Year	11,247	19	0	0	170,215
Circuit Clerk/Clerk and Master Collections - Prior Years	11,656	0	0	0	122,735
Interest and Penalty	2,911	2	0	0	36,838
Pickup Taxes	1,423	0	0	0	17,271
Payments in-Lieu-of Taxes - Local Utilities	448	0	0	0	5,369
Payments in-Lieu-of Taxes - Other	1,735	0	0	0	20,802
<u>County Local Option Taxes</u>					
Local Option Sales Tax	479,952	0	0	0	480,456
Hotel/Motel Tax	0	0	0	0	5,667
Wheel Tax	781,693	1,954,526	0	0	2,931,642
Litigation Tax - General	0	0	0	0	114,388
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	102,213
Business Tax	0	0	0	0	302,540
Mixed Drink Tax	0	0	0	0	77
Adequate Facilities/Development Tax	0	0	0	0	700,441
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	0	203,548
Wholesale Beer Tax	0	0	0	0	65,145
<b>Total Local Taxes</b>	<b>\$ 2,091,690</b>	<b>\$ 1,954,547</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 14,878,479</b>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	68,348
Cable TV Franchise	0	0	0	0	158,766

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	HUD Grant Projects	Other Capital Projects	
<u>Licenses and Permits (Cont.)</u>					
<u>Permits</u>					
Beer Permits	\$ 0	\$ 0	\$ 0	\$ 0	760
Building Permits	0	0	0	0	90,039
Other Permits	0	0	0	0	95,000
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>412,913</u>
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	7,972
Officers Costs	0	0	0	0	17,759
Drug Control Fines	0	0	0	0	116,649
Drug Court Fees	0	0	0	0	3,492
Jail Fees	0	0	0	0	782
DUI Treatment Fines	0	0	0	0	1,235
Data Entry Fee - Circuit Court	0	0	0	0	2,875
Courtroom Security Fee	0	0	0	0	42
Victims Assistance Assessments	0	0	0	0	3,723
<u>Criminal Court</u>					
Game and Fish Fines	0	0	0	0	248
<u>General Sessions Court</u>					
Fines	0	0	0	0	18,047
Fines for Littering	0	0	0	0	95
Officers Costs	0	0	0	0	53,439
Game and Fish Fines	0	0	0	0	428
Drug Control Fines	0	0	0	0	13,204
Drug Court Fees	0	0	0	0	41,303

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	HUD Grant Projects	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>General Sessions Court (Cont.)</u>					
Jail Fees	\$ 0	\$ 0	\$ 0	\$ 0	4,871
Judicial Commissioner Fees	0	0	0	0	90,682
DUI Treatment Fines	0	0	0	0	6,820
Data Entry Fee - General Sessions Court	0	0	0	0	15,965
Courtroom Security Fee	0	0	0	0	4,112
Victims Assistance Assessments	0	0	0	0	14,339
<u>Juvenile Court</u>					
Fines	0	0	0	0	2,119
Officers Costs	0	0	0	0	1,800
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	3,335
Data Entry Fee - Chancery Court	0	0	0	0	3,376
<u>Judicial District Drug Program</u>					
Courtroom Security Fee	0	0	0	0	2
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	57,300
Other Fines, Forfeitures, and Penalties	0	0	0	0	37,383
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>523,397</b>
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Other Employee Benefit Charges/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	157,170
Residential Waste Collection Charge	0	0	0	0	11,350
Solid Waste Disposal Fee	0	0	0	0	466,059
Surcharge - Waste Tire Disposal	0	0	0	0	17,526

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	HUD Grant Projects	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>					
<u>General Service Charges (Cont.)</u>					
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,553,201
Other General Service Charges	0	0	0	0	60
<u>Fees</u>					
Airport Fees	0	0	0	0	87,397
Library Fees	0	0	0	0	7,746
Archives and Records Management Fee	0	0	0	0	21,833
Greenbelt Late Application Fee	0	0	0	0	150
Telephone Commissions	0	0	0	0	53,312
Vending Machine Collections	0	0	0	0	897
Constitutional Officers' Fees and Commissions	0	0	0	0	300
Data Processing Fee - Register	0	0	0	0	15,644
Data Processing Fee - Sheriff	0	0	0	0	3,222
Sexual Offender Registration Fee - Sheriff	0	0	0	0	6,600
Data Processing Fee - County Clerk	0	0	0	0	3,040
Vehicle Insurance Coverage and Reinstatement Fees	0	0	0	0	345
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,405,852</u>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	185,908
Lease/Rentals	0	0	0	0	12,402
Sale of Materials and Supplies	0	0	0	0	567
Commissary Sales	0	0	0	0	17,242
Sale of Gasoline	0	0	0	0	117,262
Sale of Recycled Materials	20,709	0	0	0	150,802

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	HUD Grant Projects	Other Capital Projects	
<u>Other Local Revenues (Cont.)</u>					
<u>Recurring Items (Cont.)</u>					
Miscellaneous Refunds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 90,791
Expenditure Credits	0	0	0	0	576
<u>Nonrecurring Items</u>					
Sale of Property	0	0	0	0	189
Contributions and Gifts	22,500	0	0	0	22,601
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	127
Total Other Local Revenues	<u>\$ 43,209</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 598,467</u>
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 406,769
Circuit Court Clerk	0	0	0	0	116,090
General Sessions Court Clerk	0	0	0	0	270,338
Clerk and Master	0	0	0	0	136,041
Juvenile Court Clerk	0	0	0	0	28,143
Register	0	0	0	0	240,484
Sheriff	0	0	0	0	43,667
Trustee	0	0	0	0	580,446
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,821,978</u>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Airport Maintenance Program	\$ 0	\$ 0	\$ 0	\$ 369,777	\$ 382,333
Other General Government Grants	0	0	0	0	12,914

(Continued)

Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	HUD Grant Projects	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>					
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,200
Other Public Safety Grants	0	0	0	0	8,669
<u>Health and Welfare Grants</u>					
Health Department Programs	0	0	0	0	231,927
Other Health and Welfare Grants	0	0	0	0	5,000
<u>Public Works Grants</u>					
Litter Program	0	0	0	0	37,725
<u>Other State Revenues</u>					
Income Tax	0	0	0	0	168,426
Beer Tax	0	0	0	0	17,839
Vehicle Certificate of Title Fees	0	0	0	0	10,436
Alcoholic Beverage Tax	0	0	0	0	97,907
State Revenue Sharing - T.V.A.	0	0	0	0	955,036
State Revenue Sharing - Telecommunications	0	0	0	0	1,736
Prisoner Transportation	0	0	0	0	3,699
Contracted Prisoner Boarding	0	0	0	0	1,014,979
Gasoline and Motor Fuel Tax	2,661,461	0	0	0	2,661,461
Petroleum Special Tax	27,717	0	0	0	27,717
Registrar's Salary Supplement	0	0	0	0	15,164
Other State Grants	0	0	0	0	82,773
Other State Revenues	0	0	0	0	261,080
Total State of Tennessee	\$ 2,689,178	\$ 0	\$ 0	\$ 369,777	\$ 6,022,021

(Continued)



Exhibit J-5

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	HUD Grant Projects	Other Capital Projects	
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 58,421	\$ 0	\$ 58,421
Civil Defense Reimbursement	0	0	0	0	52,000
Homeland Security Grants	0	0	0	0	21,398
<u>Direct Federal Revenue</u>					
Asset Forfeiture Funds	0	0	0	0	47,360
Total Federal Government	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 58,421</u>	<u>\$ 0</u>	<u>\$ 179,179</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	14,791
Paving and Maintenance	0	0	0	0	98,654
Contributions	0	384,393	6,133	0	400,526
Contracted Services	0	0	0	0	23,985
<u>Citizens Groups</u>					
Donations	0	0	0	0	500
<u>Other</u>					
Other	0	0	0	0	1,000
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 384,393</u>	<u>\$ 6,133</u>	<u>\$ 0</u>	<u>\$ 539,456</u>
Total	<u>\$ 4,824,077</u>	<u>\$ 2,338,940</u>	<u>\$ 64,554</u>	<u>\$ 369,777</u>	<u>\$ 27,381,742</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, 2018

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Projects Fund Education Capital Projects</u>	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 6,053,981	\$ 0	\$ 0	\$ 0	\$ 6,053,981
Trustee's Collections - Prior Year	109,924	0	0	0	109,924
Circuit Clerk/Clerk and Master Collections - Prior Years	79,368	0	0	0	79,368
Interest and Penalty	23,545	0	0	0	23,545
Pickup Taxes	11,604	0	0	0	11,604
Payments in-Lieu-of Taxes - Local Utilities	3,386	0	0	0	3,386
Payments in-Lieu-of Taxes - Other	13,119	0	0	0	13,119
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,698,311	0	0	0	3,698,311
Mixed Drink Tax	8,657	0	0	0	8,657
<b>Total Local Taxes</b>	<b>\$ 10,001,895</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 10,001,895</b>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 3,018	\$ 0	\$ 0	\$ 0	\$ 3,018
<b>Total Licenses and Permits</b>	<b>\$ 3,018</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,018</b>
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Other	\$ 100,351	\$ 0	\$ 0	\$ 0	\$ 100,351
Lunch Payments - Adults	0	0	12,833	0	12,833
Income from Breakfast	0	0	190	0	190
Other Charges for Services	2,800	0	149,472	0	152,272
<b>Total Charges for Current Services</b>	<b>\$ 103,151</b>	<b>\$ 0</b>	<b>\$ 162,495</b>	<b>\$ 0</b>	<b>\$ 265,646</b>

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Projects Fund Education Capital Projects</u>	
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 8,325	\$ 0	\$ 8,325
Lease/Rentals	5,692	0	0	0	5,692
Miscellaneous Refunds	139,122	0	0	0	139,122
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	164	0	0	0	164
Contributions and Gifts	2,972	0	0	0	2,972
<u>Other Local Revenues</u>					
Other Local Revenues	1,723	0	0	0	1,723
<b>Total Other Local Revenues</b>	<b>\$ 149,673</b>	<b>\$ 0</b>	<b>\$ 8,325</b>	<b>\$ 0</b>	<b>\$ 157,998</b>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 23,481	\$ 0	\$ 0	\$ 0	\$ 23,481
<u>State Education Funds</u>					
Basic Education Program	16,566,708	0	0	0	16,566,708
Early Childhood Education	757,969	0	0	0	757,969
School Food Service	0	0	18,904	0	18,904
Other State Education Funds	467,576	0	0	0	467,576
Career Ladder Program	47,673	0	0	0	47,673
<u>Other State Revenues</u>					
State Revenue Sharing - Telecommunications	256	0	0	0	256
<b>Total State of Tennessee</b>	<b>\$ 17,863,663</b>	<b>\$ 0</b>	<b>\$ 18,904</b>	<b>\$ 0</b>	<b>\$ 17,882,567</b>

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Projects Fund Education Capital Projects</u>	
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,431,414	\$ 0	\$ 1,431,414
USDA - Commodities	0	0	178,793	0	178,793
Breakfast	0	0	582,970	0	582,970
USDA - Other	0	0	103,495	0	103,495
Vocational Education - Basic Grants to States	0	75,900	0	0	75,900
Title I Grants to Local Education Agencies	0	1,040,786	0	0	1,040,786
Special Education - Grants to States	0	800,749	0	0	800,749
Special Education Preschool Grants	0	19,702	0	0	19,702
English Language Acquisition Grants	0	1,078	0	0	1,078
Eisenhower Professional Development State Grants	0	144,425	0	0	144,425
Job Training Partnership Act	94,715	0	0	0	94,715
Other Federal through State	0	24,039	0	0	24,039
<b>Total Federal Government</b>	<b>\$ 94,715</b>	<b>\$ 2,106,679</b>	<b>\$ 2,296,672</b>	<b>\$ 0</b>	<b>\$ 4,498,066</b>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 360,329	\$ 360,329
<b>Total Other Governments and Citizens Groups</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 360,329</b>	<b>\$ 360,329</b>
<b>Total</b>	<b>\$ 28,216,115</b>	<b>\$ 2,106,679</b>	<b>\$ 2,486,396</b>	<b>\$ 360,329</b>	<b>\$ 33,169,519</b>

Exhibit J-7

Fayette County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2018

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	47,315	
Pensions		854	
Communication		1,000	
Contracts with Private Agencies		4,171	
Legal Services		8,675	
Rentals		1,061	
Duplicating Supplies		1,848	
Office Supplies		15	
Other Charges		306	
Total County Commission			\$ 65,245

County Mayor/Executive

County Official/Administrative Officer	\$	92,975	
Advertising		15,366	
Communication		2,129	
Dues and Memberships		235	
Legal Notices, Recording, and Court Costs		1,062	
Postal Charges		122	
Printing, Stationery, and Forms		124	
Rentals		486	
Travel		2,095	
Other Contracted Services		15,450	
Office Supplies		187	
Total County Mayor/Executive			130,231

Personnel Office

Supervisor/Director	\$	47,636	
Part-time Personnel		28,954	
In-service Training		220	
Travel		310	
Office Equipment		910	
Total Personnel Office			78,030

County Attorney

Other Salaries and Wages	\$	35,994	
Board and Committee Members Fees		1,361	
Other Per Diem and Fees		32,977	
Social Security		4,156	
Employer Medicare		972	
Total County Attorney			75,460

Election Commission

Assistant(s)	\$	36,445	
Supervisor/Director		70,252	
Deputy(ies)		32,353	
Temporary Personnel		3,126	
Part-time Personnel		10,845	

(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 Commission	\$	5,673	
Election Workers		25,304	
In-service Training		3,875	
Communication		2,153	
Data Processing Services		15,845	
Dues and Memberships		200	
Janitorial Services		2,700	
Legal Notices, Recording, and Court Costs		8,318	
Maintenance and Repair Services - Buildings		3,999	
Maintenance and Repair Services - Office Equipment		1,890	
Postal Charges		7,476	
Printing, Stationery, and Forms		6,972	
Rentals		2,121	
Travel		5,135	
Office Supplies		4,835	
Other Supplies and Materials		2,260	
Data Processing Equipment		15,674	
Office Equipment		21,897	
Total Election Commission			\$ 289,348

Register of Deeds

County Official/Administrative Officer	\$	78,057	
Assistant(s)		36,393	
Deputy(ies)		61,825	
Communication		859	
Data Processing Services		20,478	
Dues and Memberships		910	
Postal Charges		274	
Printing, Stationery, and Forms		811	
Rentals		843	
Office Supplies		1,573	
Total Register of Deeds			202,023

Development

Assistant(s)	\$	47,651	
Supervisor/Director		64,270	
Deputy(ies)		23,197	
Secretary(ies)		36,317	
Board and Committee Members Fees		4,997	
Communication		3,276	
Contracts with Other Public Agencies		53,158	
Contracts with Private Agencies		1,350	
Data Processing Services		18,117	
Dues and Memberships		25	
Legal Notices, Recording, and Court Costs		7,541	
Maintenance and Repair Services - Buildings		846	
Postal Charges		98	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Development (Cont.)

Rentals	\$	2,732	
Travel		1,266	
Gasoline		264	
Office Supplies		1,796	
Total Development			\$ 266,901

Building

Supervisor/Director	\$	37,582	
Deputy(ies)		30,372	
Communication		756	
Contracts with Private Agencies		500	
Maintenance and Repair Services - Vehicles		974	
Postal Charges		98	
Printing, Stationery, and Forms		360	
Gasoline		2,502	
Total Building			73,144

County Buildings

Custodial Personnel	\$	30,858	
Temporary Personnel		3,910	
Communication		754	
Contracts with Government Agencies		22,250	
Contracts with Other Public Agencies		1,175	
Maintenance and Repair Services - Buildings		47,822	
Maintenance and Repair Services - Vehicles		2,052	
Postal Charges		37,838	
Rentals		19,113	
Custodial Supplies		2,764	
Gasoline		1,808	
Small Tools		851	
Uniforms		417	
Utilities		42,302	
Other Supplies and Materials		539	
Other Capital Outlay		366,730	
Total County Buildings			581,183

Other Facilities

Communication	\$	41	
Electricity		1,121	
Propane Gas		1,818	
Total Other Facilities			2,980

Other General Administration

Dues and Memberships	\$	52,799	
Total Other General Administration			52,799

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records

Maintenance and Repair Services - Records	\$	323	
Office Supplies		5,487	
Other Supplies and Materials		8,128	
Total Preservation of Records			\$ 13,938

Finance

Accounting and Budgeting

Supervisor/Director	\$	60,528	
Purchasing Personnel		32,814	
In-service Training		1,485	
Advertising		2,000	
Audit Services		14,213	
Communication		1,698	
Data Processing Services		15,412	
Dues and Memberships		54	
Legal Notices, Recording, and Court Costs		297	
Printing, Stationery, and Forms		447	
Rentals		486	
Travel		1,238	
Duplicating Supplies		734	
Office Supplies		2,813	
Total Accounting and Budgeting			134,219

Property Assessor's Office

County Official/Administrative Officer	\$	78,057	
Assistant(s)		36,445	
Deputy(ies)		95,651	
Investigator(s)		34,725	
Board and Committee Members Fees		798	
Communication		3,469	
Consultants		6,100	
Data Processing Services		5,656	
Maintenance and Repair Services - Office Equipment		20	
Maintenance and Repair Services - Vehicles		220	
Postal Charges		1,213	
Printing, Stationery, and Forms		556	
Rentals		813	
Travel		197	
Gasoline		871	
Office Supplies		782	
Other Supplies and Materials		126	
Data Processing Equipment		375	
Motor Vehicles		32,595	
Office Equipment		1,524	
Total Property Assessor's Office			300,193

(Continued)



Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Consultants	\$	19,980	
Data Processing Services		12,350	
Postal Charges		400	
Gasoline		1,526	
Total Reappraisal Program			\$ 34,256

County Trustee's Office

County Official/Administrative Officer	\$	78,057	
Assistant(s)		36,445	
Deputy(ies)		62,564	
Part-time Personnel		16,302	
In-service Training		2,719	
Communication		1,358	
Data Processing Services		11,162	
Dues and Memberships		925	
Legal Notices, Recording, and Court Costs		133	
Maintenance and Repair Services - Office Equipment		32	
Postal Charges		7,210	
Printing, Stationery, and Forms		7,871	
Rentals		1,070	
Travel		1,037	
Office Supplies		1,660	
Other Supplies and Materials		1,225	
Data Processing Equipment		2,544	
Office Equipment		535	
Total County Trustee's Office			232,849

County Clerk's Office

County Official/Administrative Officer	\$	78,057	
Assistant(s)		69,974	
Deputy(ies)		122,986	
Part-time Personnel		14,750	
Other Salaries and Wages		1,751	
In-service Training		200	
Communication		6,525	
Data Processing Services		25,123	
Dues and Memberships		1,030	
Legal Notices, Recording, and Court Costs		650	
Rentals		2,025	
Travel		1,143	
Other Contracted Services		55	
Office Supplies		16,150	
Total County Clerk's Office			340,419

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	78,057	
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(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.)

Assistant(s)	\$	36,445	
Deputy(ies)		34,320	
Jury and Witness Expense		12,450	
In-service Training		505	
Communication		5,697	
Data Processing Services		8,648	
Dues and Memberships		700	
Postal Charges		125	
Printing, Stationery, and Forms		2,433	
Travel		905	
Office Supplies		1,490	
Data Processing Equipment		475	
Furniture and Fixtures		2,800	
Total Circuit Court			\$ 185,050

General Sessions Court

Assistant(s)	\$	36,445	
Deputy(ies)		120,370	
Data Processing Services		4,094	
Postal Charges		144	
Printing, Stationery, and Forms		2,970	
Rentals		1,755	
Office Supplies		3,504	
Refunds		2,500	
Data Processing Equipment		941	
Total General Sessions Court			172,723

General Sessions Judge

Judge(s)	\$	179,295	
Assistant(s)		3,339	
Deputy(ies)		40,954	
In-service Training		425	
Communication		1,859	
Contracts with Private Agencies		3,077	
Dues and Memberships		250	
Legal Services		397	
Rentals		121	
Travel		662	
Library Books/Media		6	
Office Supplies		50	
Other Supplies and Materials		41	
Total General Sessions Judge			230,476

General Sessions Court Clerk

Assistant(s)	\$	35,850	
Deputy(ies)		30,372	
Data Processing Services		4,764	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court Clerk (Cont.)

Printing, Stationery, and Forms	\$	707	
Rentals		2,141	
Travel		559	
Office Supplies		693	
Total General Sessions Court Clerk			\$ 75,086

Drug Court

Temporary Personnel	\$	47,226	
Social Security		2,912	
Pensions		1,823	
Employee and Dependent Insurance		7,633	
Employer Medicare		681	
Contracts with Private Agencies		2,400	
Travel		3,418	
Other Contracted Services		1,911	
Office Supplies		3,197	
Workers' Compensation Insurance		186	
Total Drug Court			71,387

Chancery Court

County Official/Administrative Officer	\$	78,057	
Assistant(s)		72,889	
Deputy(ies)		32,192	
Part-time Personnel		1,669	
In-service Training		545	
Communication		941	
Data Processing Services		8,280	
Dues and Memberships		625	
Legal Notices, Recording, and Court Costs		4,195	
Maintenance and Repair Services - Office Equipment		1,206	
Postal Charges		144	
Printing, Stationery, and Forms		1,977	
Rentals		1,773	
Data Processing Supplies		264	
Office Supplies		1,060	
Total Chancery Court			205,817

Juvenile Court

Youth Service Officer(s)	\$	45,936	
In-service Training		205	
Communication		169	
Contracts with Government Agencies		16,552	
Contracts with Private Agencies		1,094	
Dues and Memberships		510	
Travel		1,024	
Total Juvenile Court			65,490

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice

Evaluation and Testing	\$	6,074	
Other Contracted Services		6,687	
Library Books/Media		2,448	
Office Equipment		3,335	
Total Other Administration of Justice			\$ 18,544

Victim Assistance Programs

Contracts with Private Agencies	\$	11,954	
Total Victim Assistance Programs			11,954

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	88,548	
Supervisor/Director		55,762	
Deputy(ies)		861,760	
Investigator(s)		216,912	
Captain(s)		89,780	
Lieutenant(s)		178,056	
Sergeant(s)		268,520	
Salary Supplements		24,000	
Part-time Personnel		15,783	
Overtime Pay		50,152	
In-service Training		10,671	
Employee and Dependent Insurance		276,494	
Communication		71,307	
Maintenance and Repair Services - Buildings		2,579	
Maintenance and Repair Services - Office Equipment		4,493	
Maintenance and Repair Services - Vehicles		44,826	
Medical and Dental Services		7,542	
Postal Charges		1,237	
Printing, Stationery, and Forms		1,594	
Rentals		5,383	
Travel		3,009	
Duplicating Supplies		860	
Gasoline		177,757	
Office Supplies		11,072	
Uniforms		18,459	
Other Supplies and Materials		5,094	
Liability Insurance		77,265	
Liability Claims		500	
Communication Equipment		3,004	
Data Processing Equipment		4,553	
Law Enforcement Equipment		8,836	
Motor Vehicles		60,472	
Total Sheriff's Department			2,646,280

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement

Supervisor/Director	\$	47,195	
Investigator(s)		92,215	
Salary Supplements		1,200	
Overtime Pay		6,891	
Social Security		8,949	
Pensions		5,906	
Employee and Dependent Insurance		18,589	
Employer Medicare		2,093	
Total Drug Enforcement			\$ 183,038

Jail

Assistant(s)	\$	49,363	
Supervisor/Director		51,849	
Lieutenant(s)		79,179	
Sergeant(s)		69,226	
Data Processing Personnel		72,870	
Dispatchers/Radio Operators		412,157	
Guards		582,422	
Secretary(ies)		36,445	
Maintenance Personnel		70,484	
Part-time Personnel		13,917	
Overtime Pay		156,875	
In-service Training		1,975	
Employee and Dependent Insurance		287,602	
Contracts with Private Agencies		61,635	
Data Processing Services		1,666	
Maintenance and Repair Services - Buildings		669,940	
Maintenance and Repair Services - Vehicles		8	
Medical and Dental Services		455,151	
Postal Charges		651	
Printing, Stationery, and Forms		62	
Travel		8,205	
Custodial Supplies		38,085	
Diesel Fuel		2,152	
Food Supplies		255,413	
Gasoline		1,821	
Office Supplies		4,410	
Prisoners Clothing		3,609	
Uniforms		7,563	
Utilities		267,407	
Other Supplies and Materials		2,126	
Liability Insurance		54,208	
Communication Equipment		2,307	
Law Enforcement Equipment		10,649	
Total Jail			3,731,432

(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

Assistant(s)	\$	38,852	
Supervisor/Director		40,565	
Mechanic(s)		39,447	
Secretary(ies)		14,209	
Part-time Personnel		57,217	
In-service Training		1,850	
Advertising		145	
Communication		22,214	
Contracts with Government Agencies		131,000	
Dues and Memberships		929	
Evaluation and Testing		1,183	
Forest Resource Services		2,000	
Operating Lease Payments		10,200	
Maintenance and Repair Services - Buildings		19,609	
Maintenance and Repair Services - Equipment		3,598	
Maintenance and Repair Services - Vehicles		25,867	
Postal Charges		144	
Rentals		390	
Travel		10,206	
Data Processing Supplies		2,530	
Diesel Fuel		7,354	
Gasoline		12,491	
Natural Gas		4,059	
Office Supplies		1,641	
Propane Gas		3,340	
Uniforms		1,138	
Utilities		19,223	
Other Supplies and Materials		100,829	
Building and Contents Insurance		18,937	
Liability Insurance		6,185	
Vehicle and Equipment Insurance		56,049	
Workers' Compensation Insurance		11,934	
Other Charges		2,593	
Administration Equipment		678	
Communication Equipment		2,677	
Other Equipment		23,950	
Total Fire Prevention and Control			\$ 695,233

Civil Defense

Assistant(s)	\$	14,225
Supervisor/Director		51,025
Deputy(ies)		29,465
Advertising		375
Communication		5,099
Maintenance and Repair Services - Buildings		145
Maintenance and Repair Services - Vehicles		1,644
Postal Charges		144

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Rentals	\$	424	
Travel		960	
Gasoline		5,210	
Office Supplies		418	
Uniforms		378	
Utilities		5,967	
Other Supplies and Materials		662	
Liability Insurance		14,190	
Other Charges		960	
Other Equipment		1,586	
Total Civil Defense			\$ 132,877

Rescue Squad

Communication	\$	399	
Maintenance and Repair Services - Vehicles		286	
Other Supplies and Materials		1,626	
Total Rescue Squad			2,311

Other Emergency Management

Other Supplies and Materials	\$	260	
Total Other Emergency Management			260

County Coroner/Medical Examiner

Contracts with Government Agencies	\$	24,960	
Medical and Dental Services		1,430	
Transportation - Other than Students		2,625	
Total County Coroner/Medical Examiner			29,015

Other Public Safety

Mechanic(s)	\$	72,258	
Employee and Dependent Insurance		15,266	
Communication		1,406	
Maintenance and Repair Services - Vehicles		655	
Equipment Parts - Light		53,916	
Gasoline		5,209	
Uniforms		756	
Utilities		4,315	
Maintenance Equipment		7,595	
Total Other Public Safety			161,376

Public Health and Welfare

Local Health Center

Board and Committee Members Fees	\$	50	
Advertising		19,985	
Communication		5,137	
Dues and Memberships		200	
Janitorial Services		12,000	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Maintenance and Repair Services - Buildings	\$	12,925	
Postal Charges		28	
Drugs and Medical Supplies		1,981	
Office Supplies		2,860	
Utilities		11,344	
Other Charges		14,159	
Total Local Health Center			\$ 80,669

Rabies and Animal Control

Deputy(ies)	\$	32,300	
Investigator(s)		34,339	
In-service Training		1,175	
Communication		1,744	
Maintenance and Repair Services - Buildings		299	
Maintenance and Repair Services - Vehicles		163	
Veterinary Services		194	
Animal Food and Supplies		413	
Gasoline		5,785	
Uniforms		764	
Utilities		2,901	
Other Supplies and Materials		560	
Total Rabies and Animal Control			80,637

Ambulance/Emergency Medical Services

Supervisor/Director	\$	74,792	
Captain(s)		45,247	
Lieutenant(s)		79,644	
Secretary(ies)		35,094	
Attendants		599,250	
Part-time Personnel		76,250	
Overtime Pay		403,810	
In-service Training		120	
Social Security		78,028	
Pensions		40,888	
Employee and Dependent Insurance		157,127	
Employer Medicare		18,249	
Communication		10,568	
Contracts with Private Agencies		15,000	
Debt Collection Services		114,962	
Dues and Memberships		590	
Licenses		2,525	
Maintenance and Repair Services - Buildings		2,343	
Maintenance and Repair Services - Office Equipment		1,586	
Maintenance and Repair Services - Vehicles		62,133	
Postal Charges		153	
Rentals		1,179	
Travel		396	

(Continued)



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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Custodial Supplies	\$	1,780	
Diesel Fuel		53,887	
Drugs and Medical Supplies		81,830	
Gasoline		2,597	
Office Supplies		2,086	
Uniforms		1,835	
Utilities		7,783	
Other Supplies and Materials		5,519	
Vehicle and Equipment Insurance		37,378	
Communication Equipment		2,025	
Furniture and Fixtures		74	
Motor Vehicles		193,859	
Total Ambulance/Emergency Medical Services			\$ 2,210,587

Dental Health Program

Medical Personnel	\$	142,455	
Paraprofessionals		30,048	
Clerical Personnel		18,014	
Longevity Pay		1,500	
Social Security		11,471	
Pensions		6,784	
Employee and Dependent Insurance		15,915	
Employer Medicare		2,740	
Other Fringe Benefits		2,635	
Travel		2,742	
Drugs and Medical Supplies		9,775	
Workers' Compensation Insurance		2,500	
Other Charges		3,586	
Total Dental Health Program			250,165

Alcohol and Drug Programs

Contracts with Private Agencies	\$	7,200	
Total Alcohol and Drug Programs			7,200

Crippled Children Services

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

Appropriation to State

Contracts with Government Agencies	\$	24,971	
Total Appropriation to State			24,971

Other Local Welfare Services

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

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information

Foremen	\$	36,458	
Social Security		2,244	
Pensions		1,431	
Employee and Dependent Insurance		8,251	
Employer Medicare		525	
Maintenance and Repair Services - Vehicles		842	
Uniforms		493	
Other Supplies and Materials		2,315	
Workers' Compensation Insurance		2,030	
Other Charges		4,489	
Total Sanitation Education/Information			\$ 59,078

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Assistant(s)	\$	57,257	
Supervisor/Director		37,538	
Librarians		18,036	
Part-time Personnel		6,951	
Social Security		7,309	
Pensions		3,783	
Employee and Dependent Insurance		22,899	
Employer Medicare		1,709	
Communication		1,204	
Janitorial Services		4,400	
Maintenance and Repair Services - Buildings		3,629	
Maintenance and Repair Services - Office Equipment		500	
Matching Share		6,546	
Travel		138	
Library Books/Media		15,758	
Office Supplies		1,546	
Utilities		7,721	
Other Supplies and Materials		549	
Other Charges		553	
Data Processing Equipment		814	
Total Libraries			198,840

Agriculture and Natural Resources

Agricultural Extension Service

Board and Committee Members Fees	\$	1,437	
Communication		3,959	
Contracts with Government Agencies		95,775	
Contributions		2,000	
Dues and Memberships		485	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agricultural Extension Service (Cont.)

Maintenance and Repair Services - Buildings	\$	2,521	
Rentals		14,036	
Travel		4,688	
Custodial Supplies		328	
Utilities		4,203	
Office Equipment		4,208	
Total Agricultural Extension Service			\$ 133,640

Soil Conservation

Secretary(ies)	\$	31,024	
Educational Assistants		34,619	
Dues and Memberships		290	
Travel		4,253	
Office Supplies		536	
Total Soil Conservation			70,722

Other Operations

Industrial Development

Engineering Services	\$	504,399	
Total Industrial Development			504,399

Airport

Supervisor/Director	\$	42,031	
Part-time Personnel		35,599	
In-service Training		125	
Advertising		36	
Communication		12,629	
Maintenance and Repair Services - Buildings		24,618	
Travel		1,238	
Other Contracted Services		225	
Diesel Fuel		1,230	
Gasoline		58,847	
Office Supplies		1,871	
Small Tools		254	
Utilities		18,812	
Liability Insurance		6,778	
Total Airport			204,293

Veterans' Services

Supervisor/Director	\$	15,489	
Part-time Personnel		1,777	
Advertising		669	
Communication		1,325	
Travel		308	
Office Supplies		1,459	
Other Supplies and Materials		823	
Total Veterans' Services			21,850

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Boiler Insurance	\$	50	
Liability Insurance		72,330	
Premiums on Corporate Surety Bonds		15,005	
Trustee's Commission		228,451	
Tax Relief Program		40,719	
Total Other Charges			\$ 356,555

Contributions to Other Agencies

Contracts with Government Agencies	\$	50,000	
Contracts with Other Public Agencies		6,800	
Contributions		18,500	
Total Contributions to Other Agencies			75,300

Employee Benefits

Longevity Pay	\$	72,000	
Social Security		392,411	
Pensions		225,916	
Employee and Dependent Insurance		416,920	
Unemployment Compensation		4,548	
Employer Medicare		92,410	
Medical and Dental Services		5,253	
Workers' Compensation Insurance		405,105	
Total Employee Benefits			1,614,563

Miscellaneous

Medical and Dental Services	\$	800	
Refunds		65,228	
Total Miscellaneous			66,028

Total General Fund \$ 17,472,704

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Contracts with Public Carriers	\$	384,792	
Total Convenience Centers			\$ 384,792

Landfill Operation and Maintenance

Supervisor/Director	\$	61,983	
Accountants/Bookkeepers		38,200	
Equipment Operators - Heavy		157,226	
Temporary Personnel		15,643	
Longevity Pay		4,500	
Overtime Pay		15,304	
Board and Committee Members Fees		285	
In-service Training		989	
Social Security		17,942	

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Landfill Operation and Maintenance (Cont.)

Pensions	\$ 10,708	
Employee and Dependent Insurance	46,177	
Employer Medicare	4,196	
Communication	2,860	
Contracts with Government Agencies	8,277	
Data Processing Services	7,271	
Evaluation and Testing	5,775	
Legal Notices, Recording, and Court Costs	1,453	
Licenses	5,200	
Maintenance and Repair Services - Equipment	10,481	
Travel	284	
Diesel Fuel	6,016	
Equipment and Machinery Parts	48,619	
Gasoline	8,106	
Lubricants	659	
Tires and Tubes	4,776	
Utilities	8,958	
Other Supplies and Materials	2,674	
Liability Insurance	38,903	
Trustee's Commission	9,766	
Workers' Compensation Insurance	21,554	
Other Charges	4,262	
Site Development	10,578	
Total Landfill Operation and Maintenance	\$ 579,625	
Total Solid Waste/Sanitation Fund		\$ 964,417

Drug Control Fund

Public Safety

Drug Enforcement

Contributions	\$ 2,000	
Confidential Drug Enforcement Payments	5,500	
Travel	3,234	
Veterinary Services	1,542	
Animal Food and Supplies	715	
Instructional Supplies and Materials	4,828	
Law Enforcement Supplies	616	
Uniforms	291	
Trustee's Commission	846	
Law Enforcement Equipment	1,325	
Motor Vehicles	48,854	
Other Equipment	16,624	
Total Drug Enforcement	\$ 86,375	
Total Drug Control Fund		86,375

(Continued)

Exhibit J-7

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

Adequate Facilities/ Development Tax Fund

Other Operations

Other Charges

Refunds	\$	7,540	
Trustee's Commission		<u>7,004</u>	
Total Other Charges			<u>\$ 14,544</u>

Total Adequate Facilities/ Development Tax Fund \$ 14,544

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	<u>300</u>	
Total Chancery Court			<u>\$ 300</u>

Total Constitutional Officers - Fees Fund 300

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	87,014	
Accountants/Bookkeepers		73,822	
Educational Incentive - Official/Admin Officer		1,154	
Board and Committee Members Fees		6,840	
In-service Training		6,849	
Data Processing Services		14,149	
Dues and Memberships		3,699	
Rentals		3,024	
Office Supplies		2,587	
Other Charges		<u>14,476</u>	
Total Administration			<u>\$ 213,614</u>

Highway and Bridge Maintenance

Supervisor/Director	\$	162,487	
Foremen		93,614	
Equipment Operators		217,273	
Equipment Operators - Light		61,545	
Truck Drivers		281,380	
Laborers		252,529	
Longevity Pay		22,200	
Overtime Pay		56,886	
Freight Expenses		160,682	
Other Contracted Services		104,400	
Asphalt - Liquid		68,073	
Crushed Stone		85,013	
Road Signs		8,254	
Small Tools		505	
Other Supplies and Materials		<u>10,777</u>	
Total Highway and Bridge Maintenance			<u>1,585,618</u>

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Mechanic(s)	\$	140,375	
Maintenance and Repair Services - Equipment		13,602	
Diesel Fuel		84,893	
Equipment and Machinery Parts		83,246	
Garage Supplies		3,696	
Gasoline		38,959	
Lubricants		4,160	
Small Tools		1,266	
Tires and Tubes		34,283	
Other Supplies and Materials		3,281	
Other Capital Outlay		18,497	
Total Operation and Maintenance of Equipment			\$ 426,258

Other Charges

Communication	\$	4,922	
Utilities		21,935	
Liability Insurance		111,695	
Trustee's Commission		56,337	
Liability Claims		2,255	
Total Other Charges			197,144

Employee Benefits

Social Security	\$	110,393	
Pensions		55,637	
Employee and Dependent Insurance		271,812	
Unemployment Compensation		7,430	
Evaluation and Testing		990	
Workers' Compensation Insurance		133,497	
Total Employee Benefits			579,759

Capital Outlay

Bridge Construction	\$	123,873	
Highway Equipment		654,618	
State Aid Projects		1,639,155	
Other Construction		378,319	
Total Capital Outlay			2,795,965

Total Highway/Public Works Fund \$ 5,798,358

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	665,000	
Principal on Notes		688,553	
Total General Government			\$ 1,353,553

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Education

Principal on Bonds	\$ 875,000	
Principal on Notes	60,000	
Total Education		\$ 935,000

Interest on Debt

General Government

Interest on Bonds	\$ 249,300	
Interest on Notes	21,239	
Total General Government		270,539

Education

Interest on Bonds	\$ 586,231	
Interest on Notes	8,093	
Total Education		594,324

Other Debt Service

General Government

Trustee's Commission	\$ 22,579	
Other Debt Service	1,359	
Total General Government		23,938

Education

Other Debt Service	\$ 2,065	
Total Education		2,065

Total General Debt Service Fund \$ 3,179,419

HUD Grant Projects Fund

Capital Projects

Other General Government Projects

Site Development	\$ 64,554	
Total Other General Government Projects		\$ 64,554

Total HUD Grant Projects Fund 64,554

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Contributions	\$ 360,329	
Total Education Capital Projects		\$ 360,329

Total Education Capital Projects Fund 360,329

Other Capital Projects Fund

Capital Projects

General Administration Projects

Architects	\$ 311,078	
Total General Administration Projects		\$ 311,078

Total Other Capital Projects Fund 311,078

Total Governmental Funds - Primary Government \$ 28,252,078



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, 2018

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	7,955,110	
Career Ladder Program		29,879	
Homebound Teachers		9,620	
Educational Assistants		307,565	
Other Salaries and Wages		138,161	
Certified Substitute Teachers		16,050	
Non-certified Substitute Teachers		120,001	
Social Security		490,136	
Pensions		696,313	
Medical Insurance		815,710	
Employer Medicare		114,735	
Other Contracted Services		123,470	
Instructional Supplies and Materials		268,211	
Textbooks - Bound		80,211	
Other Charges		2,023	
Regular Instruction Equipment		174,664	
Total Regular Instruction Program			\$ 11,341,859

Special Education Program

Teachers	\$	1,033,066	
Career Ladder Program		5,500	
Homebound Teachers		9,418	
Educational Assistants		114,495	
Speech Pathologist		165,464	
Certified Substitute Teachers		257	
Non-certified Substitute Teachers		21,831	
Social Security		75,168	
Pensions		110,238	
Medical Insurance		147,552	
Employer Medicare		17,622	
Other Fringe Benefits		76,025	
Contracts with Private Agencies		78,463	
Instructional Supplies and Materials		12,525	
Other Supplies and Materials		9,113	
Special Education Equipment		90,859	
Total Special Education Program			1,967,596

Career and Technical Education Program

Teachers	\$	640,526	
Career Ladder Program		1,000	
Other Salaries and Wages		20,293	
Non-certified Substitute Teachers		6,468	
Social Security		38,609	
Pensions		57,735	
Medical Insurance		51,143	
Employer Medicare		9,030	

(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.)

Instruction (Cont.)

Career and Technical Education Program (Cont.)

Other Contracted Services	\$	3,678	
Instructional Supplies and Materials		6,218	
Textbooks - Bound		2,835	
Vocational Instruction Equipment		79,354	
Total Career and Technical Education Program			\$ 916,889

Support Services

Attendance

Supervisor/Director	\$	63,126	
Career Ladder Program		1,000	
Clerical Personnel		16,386	
Social Security		4,671	
Pensions		6,474	
Medical Insurance		7,370	
Employer Medicare		1,092	
Travel		2,665	
Other Contracted Services		23,794	
Other Supplies and Materials		924	
Total Attendance			127,502

Health Services

Supervisor/Director	\$	42,840	
Medical Personnel		219,060	
Social Security		15,160	
Pensions		18,566	
Medical Insurance		26,950	
Employer Medicare		3,546	
Communication		1,173	
Travel		3,720	
Other Contracted Services		5,080	
Drugs and Medical Supplies		1,641	
Other Supplies and Materials		15,402	
In Service/Staff Development		1,305	
Health Equipment		3,797	
Total Health Services			358,240

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		367,194	
Clerical Personnel		19,939	
Other Salaries and Wages		218,158	
Social Security		35,367	
Pensions		39,814	
Medical Insurance		43,080	
Employer Medicare		8,289	
Contracts with Other School Systems		26,128	

(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.)

Other Student Support (Cont.)

Evaluation and Testing	\$	24,993	
Travel		5,191	
Other Contracted Services		49,094	
Other Supplies and Materials		26,243	
In Service/Staff Development		1,498	
Other Charges		30,248	
Other Equipment		43,223	
Total Other Student Support			\$ 940,459

Regular Instruction Program

Supervisor/Director	\$	216,146	
Career Ladder Program		4,000	
Librarians		326,242	
Other Salaries and Wages		49,116	
Social Security		34,586	
Pensions		50,341	
Medical Insurance		52,223	
Employer Medicare		8,087	
Communication		109	
Travel		10,843	
Other Contracted Services		25,490	
Library Books/Media		4,040	
Periodicals		601	
Other Supplies and Materials		249	
In Service/Staff Development		9,481	
Other Charges		6,903	
Other Equipment		1,796	
Total Regular Instruction Program			800,253

Special Education Program

Supervisor/Director	\$	64,423	
Career Ladder Program		1,500	
Psychological Personnel		52,203	
Other Salaries and Wages		27,974	
Social Security		8,159	
Pensions		11,946	
Medical Insurance		19,777	
Employer Medicare		1,908	
Other Fringe Benefits		1,234	
Communication		255	
Travel		7,613	
Other Supplies and Materials		3,684	
In Service/Staff Development		958	
Total Special Education Program			201,634

(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.)

Career and Technical Education Program

Supervisor/Director	\$	57,184	
Secretary(ies)		19,120	
Other Salaries and Wages		54,246	
Social Security		7,572	
Pensions		10,884	
Medical Insurance		11,387	
Employer Medicare		1,771	
Travel		243	
In Service/Staff Development		687	
Total Career and Technical Education Program			\$ 163,094

Technology

Data Processing Personnel	\$	119,369	
Social Security		6,731	
Pensions		7,599	
Medical Insurance		12,848	
Employer Medicare		1,574	
Communication		98,674	
Internet Connectivity		41,706	
Travel		274	
Other Contracted Services		10,466	
Cabling		1,455	
Software		25,032	
Other Supplies and Materials		6,825	
In Service/Staff Development		1,371	
Other Charges		33	
Other Equipment		1,068	
Total Technology			335,025

Adult Programs

Supervisor/Director	\$	18,655	
Other Salaries and Wages		42,228	
Social Security		2,501	
Pensions		2,358	
Medical Insurance		4,801	
Employer Medicare		585	
Other Contracted Services		19,730	
Other Charges		13,621	
Total Adult Programs			104,479

Other Programs

On-behalf Payments to OPEB	\$	23,481	
Total Other Programs			23,481

Board of Education

Longevity Pay	\$	27,200	
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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.)

Board of Education (Cont.)

Board and Committee Members Fees	\$	16,425	
Social Security		2,586	
Pensions		1,096	
Unemployment Compensation		40,261	
Employer Medicare		605	
Audit Services		14,880	
Dues and Memberships		12,050	
Legal Services		63,865	
Travel		914	
Other Contracted Services		4,619	
Other Supplies and Materials		1,747	
Liability Insurance		69,994	
Trustee's Commission		223,429	
Workers' Compensation Insurance		181,741	
In Service/Staff Development		21,670	
Other Charges		5,379	
Total Board of Education			\$ 688,461

Director of Schools

County Official/Administrative Officer	\$	125,000	
Assistant(s)		108,191	
Career Ladder Program		2,500	
Secretary(ies)		79,000	
Clerical Personnel		24,925	
Other Salaries and Wages		28,703	
Social Security		20,790	
Pensions		22,618	
Life Insurance		346	
Medical Insurance		40,685	
Employer Medicare		4,862	
Communication		8,510	
Dues and Memberships		1,350	
Travel		594	
Office Supplies		6,026	
Other Supplies and Materials		2,312	
In Service/Staff Development		15,232	
Other Charges		7,908	
Administration Equipment		8,644	
Total Director of Schools			508,196

Office of the Principal

Principals	\$	487,835	
Career Ladder Program		1,345	
Assistant Principals		398,300	
Secretary(ies)		186,842	
Clerical Personnel		111,705	

(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.)

Office of the Principal (Cont.)

Social Security	\$	69,457	
Pensions		92,548	
Medical Insurance		84,152	
Employer Medicare		16,244	
Communication		9,209	
Dues and Memberships		399	
Travel		31	
Other Contracted Services		2,436	
Other Supplies and Materials		207	
Administration Equipment		1,318	
Total Office of the Principal			\$ 1,462,028

Fiscal Services

Supervisor/Director	\$	53,560	
Accountants/Bookkeepers		47,672	
Other Salaries and Wages		39,089	
Social Security		6,530	
Pensions		5,585	
Medical Insurance		11,264	
Employer Medicare		1,527	
Travel		806	
Other Contracted Services		26,243	
Data Processing Supplies		1,583	
Office Supplies		5,694	
In Service/Staff Development		677	
Other Charges		113	
Administration Equipment		346	
Total Fiscal Services			200,689

Human Services/Personnel

Supervisor/Director	\$	66,901	
Other Salaries and Wages		18,174	
Social Security		4,596	
Pensions		6,233	
Medical Insurance		12,279	
Employer Medicare		1,238	
Travel		496	
Office Supplies		7,330	
In Service/Staff Development		746	
Other Charges		205	
Total Human Services/Personnel			118,198

Operation of Plant

Custodial Personnel	\$	417,329	
Other Salaries and Wages		34,932	
Social Security		26,401	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Pensions	\$	16,987	
Medical Insurance		32,915	
Employer Medicare		6,174	
Rentals		11,170	
Disposal Fees		19,888	
Other Contracted Services		63,713	
Custodial Supplies		42,203	
Electricity		601,980	
Natural Gas		87,468	
Water and Sewer		58,462	
Other Supplies and Materials		3,387	
Boiler Insurance		11,726	
Building and Contents Insurance		213,624	
Other Charges		2,390	
Plant Operation Equipment		15,215	
Total Operation of Plant			\$ 1,665,964

Maintenance of Plant

Supervisor/Director	\$	63,668	
Mechanic(s)		163,044	
Other Salaries and Wages		86,814	
Social Security		18,421	
Pensions		11,099	
Medical Insurance		34,680	
Employer Medicare		4,308	
Communication		613	
Maintenance and Repair Services - Buildings		82,954	
Maintenance and Repair Services - Equipment		7,956	
Other Contracted Services		32,547	
General Construction Materials		126,432	
Other Supplies and Materials		18,811	
In Service/Staff Development		200	
Other Charges		5,116	
Administration Equipment		17,938	
Maintenance Equipment		9,670	
Total Maintenance of Plant			684,271

Transportation

Supervisor/Director	\$	51,613
Mechanic(s)		262,148
Bus Drivers		895,533
Clerical Personnel		16,563
Other Salaries and Wages		208,140
Social Security		85,659
Pensions		42,297
Medical Insurance		51,504

(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.)

Employer Medicare	\$	20,187	
Other Fringe Benefits		14,123	
Communication		5,737	
Maintenance and Repair Services - Vehicles		4,939	
Other Contracted Services		48,981	
Diesel Fuel		225,823	
Equipment and Machinery Parts		160	
Gasoline		71,070	
Lubricants		10,777	
Tires and Tubes		39,738	
Vehicle Parts		112,610	
Other Supplies and Materials		3,194	
Vehicle and Equipment Insurance		65,956	
In Service/Staff Development		2,706	
Other Charges		23,858	
Administration Equipment		1,278	
Transportation Equipment		434,676	
Total Transportation			\$ 2,699,270

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	9,428	
Teachers		34,221	
Other Salaries and Wages		90,636	
Social Security		7,157	
Pensions		6,080	
Employer Medicare		1,942	
Other Contracted Services		359	
Instructional Supplies and Materials		80	
Other Charges		29,680	
Total Community Services			179,583

Early Childhood Education

Supervisor/Director	\$	54,848	
Teachers		583,747	
Career Ladder Program		1,500	
Educational Assistants		183,136	
Other Salaries and Wages		2,517	
Certified Substitute Teachers		120	
Non-certified Substitute Teachers		16,448	
Social Security		47,722	
Pensions		61,201	
Medical Insurance		86,046	
Employer Medicare		11,223	
Communication		85	
Travel		209	

(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.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Other Contracted Services	\$	4,890	
Instructional Supplies and Materials		12,147	
Other Supplies and Materials		6,469	
In Service/Staff Development		2,951	
Regular Instruction Equipment		659	
Total Early Childhood Education			\$ 1,075,918

Capital Outlay

Regular Capital Outlay

Architects	\$	1,500	
Engineering Services		33,137	
Building Improvements		889,779	
Other Capital Outlay		118,347	
Total Regular Capital Outlay			1,042,763

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	384,396	
Total Education			384,396

Total General Purpose School Fund \$ 27,990,248

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	107,941	
Other Salaries and Wages		36,941	
Social Security		8,435	
Pensions		10,883	
Medical Insurance		10,912	
Employer Medicare		1,973	
Maintenance and Repair Services - Equipment		1,267	
Other Contracted Services		177,436	
Instructional Supplies and Materials		26,796	
Regular Instruction Equipment		86,805	
Total Regular Instruction Program			\$ 469,389

Special Education Program

Educational Assistants	\$	361,696	
Social Security		21,718	
Pensions		14,504	
Medical Insurance		10,906	
Employer Medicare		5,079	
Other Contracted Services		59,500	
Instructional Supplies and Materials		137	
Other Supplies and Materials		4,733	
Total Special Education Program			478,273

(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.)

Career and Technical Education Program

Instructional Supplies and Materials	\$	4,644	
Other Supplies and Materials		8,700	
Other Charges		3,943	
Vocational Instruction Equipment		32,358	
Total Career and Technical Education Program			\$ 49,645

Support Services

Other Student Support

Other Salaries and Wages	\$	72,482	
Social Security		4,397	
Pensions		3,923	
Medical Insurance		1,602	
Employer Medicare		1,028	
Travel		7,818	
Other Contracted Services		3,948	
Other Supplies and Materials		5,554	
In Service/Staff Development		52,750	
Other Charges		9,887	
Total Other Student Support			163,389

Regular Instruction Program

Supervisor/Director	\$	53,193	
Other Salaries and Wages		334,791	
Social Security		22,530	
Pensions		33,297	
Medical Insurance		26,001	
Employer Medicare		5,271	
Travel		5,290	
Other Supplies and Materials		783	
In Service/Staff Development		61,854	
Other Charges		550	
Total Regular Instruction Program			543,560

Special Education Program

Secretary(ies)	\$	35,728	
Other Salaries and Wages		62,136	
Social Security		5,601	
Pensions		7,063	
Medical Insurance		9,105	
Employer Medicare		1,350	
Travel		4,568	
Other Contracted Services		44,550	
Total Special Education Program			170,101

Career and Technical Education Program

In Service/Staff Development	\$	14,408	
Total Career and Technical Education Program			14,408

(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.)

Transportation

Other Salaries and Wages	\$	132,020	
Social Security		8,181	
Pensions		3,722	
Employer Medicare		1,913	
Contracts with Parents		10,390	
Total Transportation			<u>\$ 156,226</u>

Total School Federal Projects Fund \$ 2,044,991

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	48,057	
Accountants/Bookkeepers		32,771	
Cafeteria Personnel		619,094	
Maintenance Personnel		40,605	
Longevity Pay		2,700	
Social Security		44,126	
Pensions		17,793	
Medical Insurance		23,860	
Employer Medicare		10,320	
Communication		2,230	
Maintenance and Repair Services - Equipment		4,197	
Travel		1,556	
Other Contracted Services		42,148	
Food Supplies		875,749	
USDA - Commodities		178,793	
Other Supplies and Materials		78,797	
Workers' Compensation Insurance		29,612	
In Service/Staff Development		1,900	
Other Charges		1,302	
Food Service Equipment		151,509	
Total Food Service			<u>\$ 2,207,119</u>

Total Central Cafeteria Fund 2,207,119

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$	363,317	
Total Education Capital Projects			<u>\$ 363,317</u>

Total Education Capital Projects Fund 363,317

Total Governmental Funds - Fayette County School Department \$ 32,605,675

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, 2018

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 3,201,345
Total Cash Receipts	<u>\$ 3,201,345</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 3,169,332
Trustee's Commission	32,013
Total Cash Disbursements	<u>\$ 3,201,345</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2017	<u>0</u>
Cash Balance, June 30, 2018	<u><u>\$ 0</u></u>

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## SINGLE AUDIT SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**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, 2018, and the related notes to the financial statements, which collectively comprise Fayette County's basic financial statements, and have issued our report thereon dated January 24, 2019.

**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.

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

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

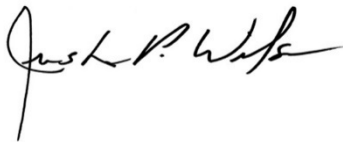
### **Compliance and Other Matters**

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 24, 2019

JPW/kp



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Deputy Comptroller

**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 the Uniform Guidance**

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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2018.

### **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 the Uniform Guidance, 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.

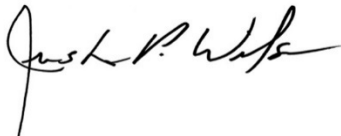
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the

requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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, 2018, and the related notes to the financial statements, which collectively comprise Fayette County's basic financial statements. We issued our report thereon dated January 24, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance 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.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 24, 2019

JPW/kp

Fayette County, Tennessee, and the Fayette County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2)  
For the Year-Ended June 30, 2018

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: (3)			
School Breakfast Program	10.553	N/A	\$ 582,970
National School Lunch Program	10.555	N/A	1,431,414 (5)
Fresh Fruit and Vegetable Program	10.582	N/A	103,495
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (3)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	178,793 (5)
Total U.S. Department of Agriculture			<u>\$ 2,296,672</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	(4)	\$ 58,421
Total U.S. Department of Housing and Urban Development			<u>\$ 58,421</u>
U.S. Department of Justice:			
Direct Grant:			
Federal Asset Forfeiture Program	16.U01	N/A	\$ 47,360
Total U.S. Department of Justice			<u>\$ 47,360</u>
U.S. Department of Labor:			
Passed-through City of Memphis, Tennessee:			
WIA Cluster:			
WIA Adult Program	17.258	(4)	\$ 94,715
Total U.S. Department of Labor			<u>\$ 94,715</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	AERO-16-339-00	\$ 369,777
Alcohol Open Container Requirements	20.607	(4)	8,669
Total U.S. Department of Transportation			<u>\$ 378,446</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,022,821
Special Education Cluster: (3)			
Special Education - Grants to States	84.027	N/A	806,061
Special Education - Preschool Grants	84.173	N/A	19,702
Career and Technical Education - Basic Grants to States	84.048	N/A	75,900
English Language Acquisition State Grants	84.365	N/A	6,517
Improving Teacher Quality State Grants	84.367	N/A	148,465
Student Support and Academic Enrichment Program	84.424	N/A	19,999
Total U.S. Department of Education			<u>\$ 2,099,465</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(4)	\$ 52,000
Homeland Security Grant Program	97.067	(4)	21,398
Total U.S. Department of Homeland Security			<u>\$ 73,398</u>
Total Expenditures of Federal Awards			<u>\$ 5,048,477</u>

(Continued)

Fayette County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (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	(4)	\$ 12,556
Tourism Grant - State Department of Environment and Conservation	N/A	(4)	7,000
Three Star Work Grant - State Department of Environment and Conservation	N/A	(4)	1,710
FastTrack Infrastructure Development Program - State Department of Environment and Conservation	N/A	(4)	243,725
Local Health Services - State Department of Health	N/A	(4)	231,927
Access to Health through Healthy, Active Built Environments - State Department of Health	N/A	(4)	5,000
Litter Program - State Department of Transportation	N/A	(4)	37,725
Library Technology Grant - State Department of Library and Archives	N/A	(4)	5,914
Archives Grant - State Department of Library and Archives	N/A	(4)	7,000
Certified Drug Court Program - State Department of Mental Health and Substance Abuse Services	N/A	(4)	69,999
Scanner Grant - State Department of Library and Archives	N/A	(4)	4,064
Early Childhood Education - State Department of Education	N/A	(4)	757,969
Beyond the Bell - Lottery for Education - State Department of Education	N/A	(4)	114,631
CTE Equipment - State Department of Education	N/A	(4)	59,487
Coordinated School Health - State Department of Education	N/A	(4)	75,840
Safe Schools - State Department of Education	N/A	(4)	22,062
ConnecTenn - State Department of Education	N/A	(4)	8,615
Total State Grants			\$ 1,665,224

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) Fayette County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) Child Nutrition Cluster total \$2,193,177; Special Education Cluster total \$825,763.
- (4) Information not available.
- (5) Total CFDA No. 10.555 is \$1,610,207.

Fayette County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2018

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Fayette County, Tennessee, for the year ended June 30, 2018.

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<b><u>OFFICE OF DIRECTOR OF SCHOOLS</u></b>					
2017	188	2017-001	The School Department did not Report Fringe Benefits for Certain Employees to the Internal Revenue Service	N/A	Corrected
2017	188	2017-002	The School Federal Projects Fund had a Cash Overdraft of \$56,236 at June 30, 2017	N/A	Corrected

***Prior-year Federal Awards Findings***

There were no prior-year federal award findings to report.

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**FAYETTE COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2018**

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

**Financial Statements:**

1. Our report on the financial statements of Fayette County is unmodified.
2. Internal Control Over Financial Reporting:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **NO**
3. Noncompliance material to the financial statements noted? **NO**

**Federal Awards:**

4. Internal Control Over Major Federal Programs:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Program:
  - \* CFDA Numbers: 84.010 Title I Grants to Local Educational Agencies
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

There were no findings and recommendations, as a result of our audit of the financial statements of Fayette County, Tennessee.

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

There were no findings and questioned costs related to federal awards for the year ended June 30, 2018.



**Fayette County, Tennessee**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2018**

The audit of Fayette County did not report any findings and recommendations. Therefore, no management responses are required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

## **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.