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# **ANNUAL FINANCIAL REPORT FENTRESS COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2013**



**ANNUAL FINANCIAL REPORT  
FENTRESS COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2013**

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

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

***CARL LOWE, CGFM  
Audit Manager***

***STEVE REEDER, CPA, CGFM, CFE  
Auditor 4***

***STEPHEN ALRED  
KELLY J. McNEAL, CPA, CGFM  
State Auditors***

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

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## FENTRESS COUNTY, TENNESSEE

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***Audit Highlights***  
Annual Financial Report  
Fentress County, Tennessee  
For the Year Ended June 30, 2013

***Scope***

We have audited the basic financial statements of Fentress County as of and for the year ended June 30, 2013.

***Results***

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

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

***Findings***

The following are summaries of the audit findings:

**OFFICE OF FINANCE DIRECTOR**

- ◆ Certain financial activities of the Fentress County Public Library were not audited and were not subject to the budgetary control of the County Commission.
- ◆ The School Department did not deposit some funds within three days of collection.

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**OFFICE OF COUNTY CLERK**

- ◆ The County Commission's minutes were not maintained properly.

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**OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

- ◆ Unclaimed funds were not reported and paid to the state.
  - ◆ Execution docket trial balances in Circuit Court did not reconcile with cash journal accounts.
-

## **OFFICE OF SHERIFF**

- ◆ Multiple employees operated from the same cash drawer.
  - ◆ The office did not deposit some funds within three days of collection.
- 

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

- ◆ Duties were not segregated adequately.

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# INTRODUCTORY SECTION

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# Fentress County Officials

## June 30, 2013

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### **Officials**

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

### **Board of County Commissioners**

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

### **Board of Education**

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

### **Financial Management Committee**

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

### **Audit Committee (as of 10-8-13)**

Ray Buck  
Joyce Crabtree  
Bryant Johnson  
Rodney Lee Jones  
Donal Williams

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## **FINANCIAL SECTION**

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

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fentress County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Industrial Development Board of Fentress County, which represent 15.3 percent, 18.6 percent, and 4.9 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Industrial Development Board of Fentress County, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of

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

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

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

### ***Opinions***

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fentress County, Tennessee, as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the General, Solid Waste/Sanitation, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As described in Note V.C., Fentress County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*, which became effective for the year ended June 30, 2013. Fentress County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

## ***Other Matters***

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of funding progress – pension plan and other postemployment benefits plan on pages 71-73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

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

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

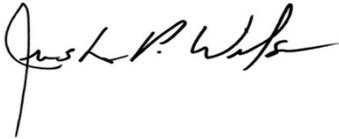
in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2013, on our consideration of Fentress County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fentress County's internal control over financial reporting and compliance.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

October 28, 2013

JPW/yu

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Fentress County, Tennessee  
Statement of Net Position  
June 30, 2013

	Primary Government Governmental Activities	Component Units	
		Fentress County School Department	Industrial Development Board of Fentress County
<u>ASSETS</u>			
Cash	\$ 16,525	\$ 0	\$ 157,694
Equity in Pooled Cash and Investments	7,145,774	4,994,183	0
Accounts Receivable	1,379,115	0	0
Allowance for Uncollectibles	(292,387)	0	0
Due from Other Governments	570,261	682,436	0
Due from Other Funds	0	13,964	0
Due from Component Units	1,252,103	0	0
Property Taxes Receivable	5,376,898	1,031,374	0
Allowance for Uncollectible Property Taxes	(201,062)	(38,567)	0
Prepaid Items	0	0	7,714
Notes Receivable - Long-term	0	9,333	0
Capital Assets:			
Assets Not Depreciated:			
Land	5,446,089	411,763	1,002,090
Construction in Progress	0	0	758,723
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	5,186,813	11,441,289	1,261,873
Other Capital Assets	1,885,728	1,705,867	478,068
Infrastructure	26,346,364	0	0
Total Assets	<u>\$ 54,112,221</u>	<u>\$ 20,251,642</u>	<u>\$ 3,666,162</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 672,611	\$ 0	82
Accrued Interest Payable	8,377	0	0
Claims and Judgments Payable	36,287	0	0
Due to State of Tennessee	0	12,698	0
Due to Primary Government	0	1,252,103	0
Noncurrent Liabilities:			
Due Within One Year	1,983,315	226,685	0
Due in More Than One Year (net of unamortized premium on debt)	7,679,406	1,721,946	0
Total Liabilities	<u>\$ 10,379,996</u>	<u>\$ 3,213,432</u>	<u>\$ 82</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 4,919,658	\$ 943,668	\$ 0
Total Deferred Inflows of Resources	<u>\$ 4,919,658</u>	<u>\$ 943,668</u>	<u>\$ 0</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 32,296,170	\$ 0	\$ 0
Investment in Capital Assets	0	13,558,919	3,500,672
Restricted for:			
Solid Waste/Sanitation	52,500	0	0
Drug Control	79,748	0	0
Highway/Public Works	141,080	0	0
Debt Service	19,653	0	0
Capital Projects	11,165	0	0
School Federal Projects	0	4,017	0
Central Cafeteria	0	673,260	0
Other Purposes	684,061	38,232	0
Unrestricted	5,528,190	1,820,114	165,408
Total Net Position	<u>\$ 38,812,567</u>	<u>\$ 16,094,542</u>	<u>\$ 3,666,080</u>

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

Exhibit B

Fentress County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2013

Functions/Programs	Net (Expense) Revenue and Changes in Net Position																				
	Program Revenues					Component Units															
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Fentress County School Department	Industrial Development Board of Fentress County														
Primary Government:																					
Governmental Activities:																					
General Government	\$ 1,006,055	\$ 287,174	\$ 18,955	\$ 0	\$ (699,926)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	918,318	408,775	0	0	(509,543)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Administration of Justice	641,061	322,995	4,500	0	(313,566)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Safety	1,993,272	183,679	3,714	18,004	(1,787,875)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Health and Welfare	3,154,978	1,938,600	143,230	25,000	(1,048,148)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Social, Cultural, and Recreational Services	263,783	14,872	16,551	11,272	(221,088)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Agriculture and Natural Resources	97,575	0	0	0	(97,575)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Operations	2,742,601	0	0	573,418	(2,169,183)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Highways/Public Works	2,034,819	0	1,711,984	0	(322,835)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Long-term Debt	108,454	0	0	0	(108,454)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Debt Service	47,781	0	781,885	0	734,104	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Primary Government	\$ 13,008,697	\$ 3,156,095	\$ 2,680,819	\$ 627,694	\$ (6,544,089)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:																					
Fentress County School Department	\$ 20,121,159	\$ 236,566	\$ 3,213,051	\$ 0	\$ 0	\$ (16,671,542)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Industrial Development Board	105,035	95,168	3,250	939,360	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	932,743
Total Component Units	\$ 20,226,194	\$ 331,734	\$ 3,216,301	\$ 939,360	\$ 0	\$ (16,671,542)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 932,743

(Continued)

Exhibit B

Fentress County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Component Units		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Industrial Development Board of Fentress County
					Total Governmental Activities	Fentress County School Department	
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property Taxes Levied for General Purposes				\$ 4,737,822	\$ 914,035	\$ 0	0
Property Taxes Levied for Debt Service				414,109	0	0	0
Local Option Sales Tax				943,500	1,596,323	0	0
Wheel Tax				0	401,331	0	0
Wholesale Beer Tax				201,085	0	0	0
Business Tax				87,274	29,144	0	0
Hotel/Motel Tax				41,638	0	0	0
Mineral Severance Tax				28,334	27,638	0	0
Litigation Tax - General				26,189	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse				10,310	0	0	0
Litigation Tax - Victim/Offender Mediation Center				21,189	0	0	0
Other Local Taxes				19,620	2,617	0	0
Grants and Contributions Not Restricted for Specific Programs				179,948	13,807,868	0	0
Unrestricted Investment Earnings				42,343	45,756	49	49
Sale of Equipment				24,525	0	0	0
Miscellaneous				59,554	89,404	15,871	15,871
Amortization of Debt Premium				20,210	24,006	0	0
<b>Total General Revenues</b>				<b>\$ 6,857,650</b>	<b>\$ 16,938,122</b>	<b>\$ 15,920</b>	<b>15,920</b>
<b>Insurance Recovery</b>				<b>\$ 16,202</b>	<b>\$ 2,337</b>	<b>\$ 0</b>	<b>0</b>
<b>Change in Net Position</b>				<b>\$ 329,763</b>	<b>\$ 268,917</b>	<b>\$ 948,663</b>	<b>948,663</b>
Prior-period Adjustment				(20,210)	(26,338)	0	0
<b>Net Position, July 1, 2012</b>				<b>38,503,014</b>	<b>15,851,963</b>	<b>2,717,417</b>	<b>2,717,417</b>
<b>Net Position, June 30, 2013</b>				<b>\$ 38,812,567</b>	<b>\$ 16,094,542</b>	<b>\$ 3,666,080</b>	<b>3,666,080</b>

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

Fentress County, Tennessee  
 Balance Sheet  
 Governmental Funds  
 June 30, 2013

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste/ Sanitation	Highway/ Public Works	General Debt Service	Other Governmental Funds		
\$	0	0	0	0	0	16,525	\$ 16,525
Cash	3,097,361	659,873	163,193	3,134,434	90,913	7,145,774	7,145,774
Equity in Pooled Cash and Investments	1,349,975	24,145	0	4,000	995	1,379,115	1,379,115
Accounts Receivable	(292,387)	0	0	0	0	(292,387)	(292,387)
Allowance for Uncollectibles	68,549	106,544	295,564	50,842	48,762	570,261	570,261
Due from Other Governments	17,520	0	0	0	0	17,520	17,520
Due from Other Funds	4,847,459	481,308	0	48,131	0	5,376,898	5,376,898
Property Taxes Receivable	(181,264)	(17,998)	0	(1,800)	0	(201,062)	(201,062)
Allowance for Uncollectible Property Taxes							
Total Assets	\$ 8,907,213	\$ 1,253,872	\$ 458,757	\$ 3,235,607	\$ 157,195	\$ 14,012,644	\$ 14,012,644

ASSETS

\$	623,849	0	0	0	0	48,762	\$ 672,611
Accounts Payable	0	0	36,287	0	0	0	36,287
Claims and Judgments Payable	0	0	0	0	17,520	0	17,520
Due to Other Funds	623,849	0	36,287	0	0	66,282	726,418
Total Liabilities							

LIABILITIES

\$	4,435,241	440,379	0	44,038	0	0	\$ 4,919,658
Deferred Current Property Taxes	204,479	20,302	0	2,030	0	0	226,811
Deferred Delinquent Property Taxes	1,005,269	52,500	141,080	26,000	0	0	1,224,849
Other Deferred/Unavailable Revenue	5,644,989	513,181	141,080	72,068	0	0	6,371,318
Total Deferred Inflows of Resources							

DEFERRED INFLOWS OF RESOURCES

\$	21,168	0	0	0	0	0	\$ 21,168
Restricted for General Government	4,007	0	0	0	0	0	4,007
Restricted for Finance	5,690	0	0	0	0	0	5,690
Restricted for Administration of Justice	3,989	0	0	0	0	79,748	83,737
Restricted for Public Safety	6,606	0	0	0	0	0	6,606
Restricted for Other Operations	0	0	0	0	0	11,165	11,165
Restricted for Capital Outlay	5,899	0	0	0	0	0	5,899
Restricted for Debt Service	636,702	0	0	0	0	0	636,702
Restricted for Capital Projects							

FUND BALANCES

Restricted:							
Restricted for General Government							
Restricted for Finance							
Restricted for Administration of Justice							
Restricted for Public Safety							
Restricted for Other Operations							
Restricted for Capital Outlay							
Restricted for Debt Service							
Restricted for Capital Projects							

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
\$	0	740,691	0	0	0	0	740,691
	6,471	0	0	0	0	0	6,471
	0	0	203,398	0	0	0	203,398
	0	0	0	3,163,539	0	0	3,163,539
	0	0	77,992	0	0	0	77,992
	1,947,843	0	0	0	0	0	1,947,843
	2,638,375	740,691	281,390	3,163,539	90,913	0	6,914,908
\$	8,907,213	1,253,872	458,757	3,235,607	157,195	0	14,012,644

FUND BALANCES (Cont.)

Committed:  
 Committed for Public Health and Welfare  
 Committed for Social, Cultural, and Recreational Services  
 Committed for Highways/Public Works  
 Committed for Debt Service  
 Assigned:  
 Assigned for Highways/Public Works  
 Unassigned  
 Total Fund Balances  
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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

Exhibit C-2

Fentress County, Tennessee  
Reconciliation of the Balance Sheet of Governmental  
Funds to the Statement of Net Position  
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	6,914,908
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	5,446,089	
Add: buildings and improvements net of accumulated depreciation		5,186,813	
Add: other capital assets net of accumulated depreciation		1,885,728	
Add: infrastructure net of accumulated depreciation		<u>26,346,364</u>	38,864,994
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(855,000)	
Add: contributions due on bonds from School Department		695,000	
Less: notes payable		(3,351,213)	
Add: contributions due on notes from School Department		375,425	
Less: other loans payable		(4,835,678)	
Add: contributions due on loans from School Department		181,678	
Less: capital leases payable		(31,139)	
Less: accrued interest on bonds, notes, and other loans		(8,377)	
Less: compensated absences payable		(264,703)	
Less: other postemployment benefits liability		(116,117)	
Less: landfill postclosure care costs		<u>(208,871)</u>	(8,418,995)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>1,451,660</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>38,812,567</u></u>

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

Exhibit C-3

Fentress County, Tennessee  
 Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2013

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other	Governmental Funds	
<b>Revenues</b>							
Local Taxes	\$ 4,808,081	\$ 1,077,394	\$ 29,351	\$ 758,735	\$ 0	\$ 0	\$ 6,673,561
Licenses and Permits	22,549	0	0	0	0	0	22,549
Fines, Forfeitures, and Penalties	77,883	0	0	0	69,948	0	147,831
Charges for Current Services	1,339,705	213,458	0	0	1,394	0	1,555,157
Other Local Revenues	162,497	111,824	100,691	64,380	25,288	0	464,680
Fees Received from County Officials	641,513	0	0	0	0	0	641,513
State of Tennessee	395,159	37,311	1,663,453	0	0	0	2,095,923
Federal Government	104,746	0	41,563	0	951,877	0	1,098,186
Other Governments and Citizens Groups	20,900	0	0	781,885	0	0	802,785
<b>Total Revenues</b>	<b>\$ 7,573,033</b>	<b>\$ 1,439,987</b>	<b>\$ 1,835,058</b>	<b>\$ 1,605,000</b>	<b>\$ 1,049,107</b>	<b>\$ 0</b>	<b>\$ 13,502,185</b>
<b>Expenditures</b>							
Current:							
General Government	\$ 939,398	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 939,398
Finance	898,953	0	0	0	144	0	899,097
Administration of Justice	565,708	0	0	0	1,850	0	567,558
Public Safety	2,594,278	0	0	0	50,053	0	2,644,331
Public Health and Welfare	1,672,677	1,482,687	0	0	0	0	3,155,364
Social, Cultural, and Recreational Services	224,181	0	0	0	0	0	224,181
Agriculture and Natural Resources	94,256	0	0	0	0	0	94,256
Other Operations	673,912	66,593	0	111,406	0	0	851,911
Highways	0	0	1,713,283	0	0	0	1,713,283
Debt Service:							
Principal on Debt	0	0	124,727	1,239,350	0	0	1,364,077
Interest on Debt	0	0	21,121	89,609	0	0	110,730
Other Debt Service	0	0	0	47,781	0	0	47,781
Capital Projects	0	0	0	0	951,877	0	951,877
Capital Projects - Donated	1,363,298	0	0	0	0	0	1,363,298
<b>Total Expenditures</b>	<b>\$ 9,026,661</b>	<b>\$ 1,549,280</b>	<b>\$ 1,859,131</b>	<b>\$ 1,488,146</b>	<b>\$ 1,003,924</b>	<b>\$ 0</b>	<b>\$ 14,927,142</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (1,453,628)</b>	<b>\$ (109,293)</b>	<b>\$ (24,073)</b>	<b>\$ 116,854</b>	<b>\$ 45,183</b>	<b>\$ 0</b>	<b>\$ (1,424,957)</b>
<b>Other Financing Sources (Uses)</b>							
Notes Issued	\$ 2,212,120	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,212,120
Capital Leases Issued	0	0	15,500	0	0	0	15,500
Other Loans Issued	0	0	0	111,406	0	0	111,406
Insurance Recovery	2,327	5,660	8,215	0	0	0	16,202
Transfers In	0	0	56,076	0	0	0	56,076

(Continued)

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

Exhibit C-3

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other	Governmental Funds	
Other Financing Sources (Uses) (Cont.)							
Transfers Out		\$ (56,076)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (56,076)
Total Other Financing Sources (Uses)	\$ 2,158,371	\$ 5,660	\$ 79,791	\$ 111,406	\$ 0	\$ 0	\$ 2,355,228
Net Change in Fund Balances	\$ 704,743	\$ (103,633)	\$ 55,718	\$ 228,260	\$ 45,183	\$ 930,271	\$ 930,271
Fund Balance, July 1, 2012	1,933,632	844,324	225,672	2,935,279	45,730	5,984,637	5,984,637
Fund Balance, June 30, 2013	2,638,375	740,691	281,390	3,163,539	90,913	6,914,908	6,914,908

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

Exhibit C-4

Fentress County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2013

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)		\$ 930,271
<p>(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:</p>		
Add: capital assets purchased in the current period	\$ 1,451,971	
Less: current-year depreciation expense	<u>(752,705)</u>	699,266
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.</p>		
Less: loss on disposal of capital assets		(294,739)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$ 1,451,660	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(1,201,194)</u>	250,466
<p>(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
Less: lease proceeds	\$ (15,500)	
Less: note proceeds	(2,212,120)	
Less: loan proceeds	(111,406)	
Add: loan contributions to School Department	111,406	
Add: change in premium on debt issuances	20,210	
Add: principal payments on bonds	755,000	
Less: bond contributions from the School Department	(325,000)	
Add: principal payments on notes	239,129	
Less: note contributions from the School Department	(34,121)	
Add: principal payments on other loans	377,639	
Less: other loan contributions from the School Department	(19,338)	
Add: capital lease principal payments	<u>12,402</u>	(1,201,699)
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ 2,276	
Change in closure/postclosure care costs	711	
Change in other postemployment benefits liability	(34,774)	
Change in compensated absences payable	<u>(22,015)</u>	(53,802)
Change in net position of governmental activities (Exhibit B)		<u>\$ 329,763</u>

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

Exhibit C-5

Fentress County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,808,081	\$ 4,723,188	\$ 4,723,188	\$ 84,893
Licenses and Permits	22,549	14,900	14,900	7,649
Fines, Forfeitures, and Penalties	77,883	83,200	86,406	(8,523)
Charges for Current Services	1,339,705	1,267,550	1,268,965	70,740
Other Local Revenues	162,497	148,000	180,626	(18,129)
Fees Received from County Officials	641,513	648,000	648,000	(6,487)
State of Tennessee	395,159	371,700	372,400	22,759
Federal Government	104,746	90,063	108,067	(3,321)
Other Governments and Citizens Groups	20,900	45,600	45,600	(24,700)
<b>Total Revenues</b>	<b>\$ 7,573,033</b>	<b>\$ 7,392,201</b>	<b>\$ 7,448,152</b>	<b>\$ 124,881</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 122,020	\$ 119,423	\$ 122,673	\$ 653
Board of Equalization	750	750	750	0
Beer Board	1,500	1,500	1,500	0
Other Boards and Committees	25,297	49,571	25,297	0
County Mayor/Executive	160,003	164,291	164,291	4,288
Election Commission	174,974	175,380	175,380	406
Register of Deeds	178,660	178,668	178,668	8
Planning	10,869	11,425	11,425	556
County Buildings	265,325	274,066	274,066	8,741
<u>Finance</u>				
Accounting and Budgeting	258,852	259,156	260,374	1,522
Property Assessor's Office	153,824	156,217	156,217	2,393
Reappraisal Program	30,905	32,048	32,048	1,143
County Trustee's Office	195,935	197,506	197,507	1,572
County Clerk's Office	259,437	253,237	263,412	3,975
<u>Administration of Justice</u>				
Circuit Court	218,672	229,670	225,118	6,446
General Sessions Court	139,874	136,074	140,626	752
Chancery Court	118,574	118,784	118,784	210
Juvenile Court	22,169	21,606	22,306	137
Other Administration of Justice	24,505	22,500	25,706	1,201
Probation Services	41,914	42,619	45,119	3,205
<u>Public Safety</u>				
Sheriff's Department	1,326,940	1,315,969	1,368,897	41,957
Administration of the Sexual Offender Registry	1,929	1,370	2,785	856
Jail	722,397	773,499	773,531	51,134
Fire Prevention and Control	176,920	167,311	186,966	10,046
Rural Fire Protection	39,005	50,000	50,000	10,995
Civil Defense	45,981	42,103	46,053	72
Rescue Squad	75,386	25,200	76,612	1,226
Other Emergency Management	194,800	194,800	194,800	0
County Coroner/Medical Examiner	10,920	26,250	26,250	15,330
<u>Public Health and Welfare</u>				
Local Health Center	42,934	44,359	44,359	1,425

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Ambulance/Emergency Medical Services	\$ 1,423,549	\$ 1,370,964	\$ 1,442,720	\$ 19,171
Alcohol and Drug Programs	39,033	50,000	50,000	10,967
Crippled Children Services	0	1,213	1,213	1,213
Other Local Health Services	74,412	93,100	93,100	18,688
Appropriation to State	17,606	35,213	35,213	17,607
General Welfare Assistance	1,000	4,000	4,000	3,000
Other Local Welfare Services	8,604	17,500	12,428	3,824
Waste Pickup	34,786	41,100	41,100	6,314
Other Public Health and Welfare	30,753	40,000	49,955	19,202
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	87,845	87,899	87,898	53
Libraries	132,636	133,292	133,992	1,356
Parks and Fair Boards	3,700	3,700	3,700	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	63,141	66,357	66,357	3,216
Soil Conservation	31,115	31,115	31,115	0
<u>Other Operations</u>				
Tourism	56,409	56,409	56,409	0
Industrial Development	41,240	41,240	41,240	0
Other Economic and Community Development	3,615	788	3,787	172
Veterans' Services	46,867	45,816	49,316	2,449
Contributions to Other Agencies	42,212	44,692	44,692	2,480
Miscellaneous	483,569	430,147	485,677	2,108
<u>Capital Projects - Donated</u>				
Capital Projects Donated to Other Entities	1,363,298	0	2,000,000	636,702
Total Expenditures	<u>\$ 9,026,661</u>	<u>\$ 7,679,897</u>	<u>\$ 9,945,432</u>	<u>\$ 918,771</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,453,628)	\$ (287,696)	\$ (2,497,280)	\$ 1,043,652
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 2,212,120	\$ 214,920	\$ 2,214,920	\$ (2,800)
Insurance Recovery	2,327	0	24,437	(22,110)
Transfers Out	(56,076)	0	(56,076)	0
Total Other Financing Sources	<u>\$ 2,158,371</u>	<u>\$ 214,920</u>	<u>\$ 2,183,281</u>	<u>\$ (24,910)</u>
Net Change in Fund Balance	\$ 704,743	\$ (72,776)	\$ (313,999)	\$ 1,018,742
Fund Balance, July 1, 2012	<u>1,933,632</u>	<u>1,832,613</u>	<u>1,832,613</u>	<u>101,019</u>
Fund Balance, June 30, 2013	<u>\$ 2,638,375</u>	<u>\$ 1,759,837</u>	<u>\$ 1,518,614</u>	<u>\$ 1,119,761</u>

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

## Exhibit C-6

Fentress County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,077,394	\$ 1,061,032	\$ 1,061,032	\$ 16,362
Charges for Current Services	213,458	210,050	210,050	3,408
Other Local Revenues	111,824	158,140	158,140	(46,316)
State of Tennessee	37,311	40,300	40,300	(2,989)
Total Revenues	<u>\$ 1,439,987</u>	<u>\$ 1,469,522</u>	<u>\$ 1,469,522</u>	<u>\$ (29,535)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 116,168	\$ 119,683	\$ 119,683	\$ 3,515
Sanitation Education/Information	8,257	8,500	8,500	243
Waste Pickup	303,314	318,460	315,626	12,312
Convenience Centers	465,036	475,752	475,752	10,716
Problem Waste Centers	5,201	7,000	7,000	1,799
Other Waste Collection	921	1,700	1,700	779
Recycling Center	241,906	255,207	255,207	13,301
Landfill Operation and Maintenance	337,278	355,000	355,000	17,722
Postclosure Care Costs	4,606	9,350	9,350	4,744
<u>Other Operations</u>				
Other Charges	66,385	65,100	67,934	1,549
Employee Benefits	208	300	300	92
Total Expenditures	<u>\$ 1,549,280</u>	<u>\$ 1,616,052</u>	<u>\$ 1,616,052</u>	<u>\$ 66,772</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (109,293)</u>	<u>\$ (146,530)</u>	<u>\$ (146,530)</u>	<u>\$ 37,237</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 5,660	\$ 0	\$ 0	\$ 5,660
Total Other Financing Sources	<u>\$ 5,660</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,660</u>
Net Change in Fund Balance	\$ (103,633)	\$ (146,530)	\$ (146,530)	\$ 42,897
Fund Balance, July 1, 2012	<u>844,324</u>	<u>850,122</u>	<u>850,122</u>	<u>(5,798)</u>
Fund Balance, June 30, 2013	<u>\$ 740,691</u>	<u>\$ 703,592</u>	<u>\$ 703,592</u>	<u>\$ 37,099</u>

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

## Exhibit C-7

Fentress County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 29,351	\$ 51,000	\$ 51,000	\$ (21,649)
Other Local Revenues	100,691	20,000	110,692	(10,001)
State of Tennessee	1,663,453	2,068,874	2,068,874	(405,421)
Federal Government	41,563	80,000	80,000	(38,437)
Total Revenues	<u>\$ 1,835,058</u>	<u>\$ 2,219,874</u>	<u>\$ 2,310,566</u>	<u>\$ (475,508)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 161,169	\$ 169,929	\$ 170,529	\$ 9,360
Highway and Bridge Maintenance	1,043,899	979,810	1,125,175	81,276
Operation and Maintenance of Equipment	309,904	375,671	380,671	70,767
Quarry Operations	13,449	14,250	14,250	801
Other Charges	79,628	85,678	85,678	6,050
Employee Benefits	38,393	48,000	48,000	9,607
Capital Outlay	66,841	471,209	472,709	405,868
<u>Principal on Debt</u>				
Highways and Streets	124,727	211,231	212,822	88,095
<u>Interest on Debt</u>				
Highways and Streets	21,121	42,100	42,100	20,979
Total Expenditures	<u>\$ 1,859,131</u>	<u>\$ 2,397,878</u>	<u>\$ 2,551,934</u>	<u>\$ 692,803</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (24,073)</u>	<u>\$ (178,004)</u>	<u>\$ (241,368)</u>	<u>\$ 217,295</u>
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 15,500	\$ 0	\$ 0	\$ 15,500
Insurance Recovery	8,215	0	7,288	927
Transfers In	56,076	0	56,076	0
Total Other Financing Sources	<u>\$ 79,791</u>	<u>\$ 0</u>	<u>\$ 63,364</u>	<u>\$ 16,427</u>
Net Change in Fund Balance	\$ 55,718	\$ (178,004)	\$ (178,004)	\$ 233,722
Fund Balance, July 1, 2012	225,672	219,814	219,814	5,858
Fund Balance, June 30, 2013	<u>\$ 281,390</u>	<u>\$ 41,810</u>	<u>\$ 41,810</u>	<u>\$ 239,580</u>

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

Exhibit D

Fentress County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 635,584
Due from Other Governments	<u>113,486</u>
Total Assets	<u>\$ 749,070</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 113,484
Due to Litigants, Heirs, and Others	<u>635,586</u>
Total Liabilities	<u>\$ 749,070</u>

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

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**FENTRESS COUNTY, TENNESSEE**  
**Index of Notes to Financial Statements**

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**FENTRESS COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

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

The Fentress County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Fentress County, and the Fentress County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. During the year ended June 30, 2013, the county appropriated an operating subsidy of \$194,800 to the district. The financial statements of the Fentress County Emergency Communications District were not available from other auditors in time for inclusion in this report; however, in our opinion, this omission is not material to the component units' opinion unit.

The Industrial Development Board of Fentress County provides assistance in industrial recruitment in Fentress County, and the County Commission appoints its seven-member board. Fentress County substantially funds the Industrial Development Board through annual appropriations. During the year ended June 30, 2013, the county appropriated an operating subsidy of \$41,240 to the board.

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

Administrative Offices:

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

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

**B. Government-wide and Fund Financial Statements**

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program

revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fentress County issues all debt for the discretely presented Fentress County School Department. Net debt issues totaling \$111,406 were contributed by the county to the School Department during the year ended June 30, 2013.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Fentress County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Fentress County has no proprietary funds to report.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers

revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Fentress County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

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

Fentress County reports the following major governmental funds:

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

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

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

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

Additionally, Fentress County reports the following fund types:

**Capital Projects Funds** – These funds account for amounts collected from local and grant programs and used for various capital projects

including the acquisition and construction of capital facilities and other capital assets.

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

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

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

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

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

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

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

**1. Deposits and Investments**

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Fentress County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General and General Purpose School funds. Fentress County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

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

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

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not

available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

Most payables are disaggregated on the face of the financial statements. Claims and judgments payable totaling \$36,287 is discussed in Note V.B. Risk Financing Activities.

### **3. Capital Assets**

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

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25 - 40
Other Capital Assets	5 - 30
Infrastructure	20 - 75

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in this category.

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

**5. Compensated Absences**

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

Noncertified School Department employees and some county offices allow employees to accumulate vacation days beyond year-end. The

Finance Department, working together with the elected officials, is responsible for maintaining the balances of accumulated leave in accordance with the policies of the individual offices and departments of the county. All vacation pay is accrued when incurred in the government-wide financial statements for the county and the discretely presented School Department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

**6. Long-term Obligations**

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

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

**7. Net Position and Fund Balance**

In the government-wide financial statements, equity is classified as net position and may be displayed in the following 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. Investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation.
- c. 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.
- d. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

On the government-wide Statement of Net Position (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$684,061, with the primary restriction being for note proceeds held for the county's jail project (\$636,702).

As of June 30, 2013, Fentress County had \$5,496,103 in outstanding debt for capital purposes for the discretely presented Fentress County School Department. This debt is a liability of Fentress County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Fentress County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

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

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

**8. Prior-period Adjustments**

Net positions of the governmental funds for the county (\$20,210) and the discretely presented School Department (\$26,338) were restated from the prior year because of the implementation of GASB Statement No. 65 which now requires debt issuance costs to be expensed. Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position**

**Primary Government**

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

### **Discretely Presented Fentress County School Department**

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

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

##### **Primary Government**

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

### **Discretely Presented Fentress County School Department**

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

### **III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **A. Budgetary Information**

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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

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

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

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

**B. Road Supervisor – Removal from Office**

On June 7, 2010, Road Supervisor Fred Blevins was placed on judicial diversion for official misconduct and was placed on probation for a period of four years. On May 10, 2013, Mr. Blevins had his diversion revoked and was convicted of official misconduct for allegedly being in possession of stolen property. This order of revocation also decreed that Mr. Blevins be suspended without pay from the Office of Road Supervisor. Mr. Blevins submitted a letter of resignation to the county executive dated June 11, 2013, and the County Commission appointed Mr. Scott Norris as interim road supervisor. On July 22, 2013, the County Commission appointed Mr. Norris as the new road supervisor.

**C. Fentress County Public Library – Ongoing Investigation**

At June 30, 2013, the Comptroller's Division of Investigations was performing an investigation at the Fentress County Public Library regarding allegations of misappropriation of funds. The Division of Investigations may issue a separate report regarding this matter when their investigation is completed. We have evaluated the impact of the potential misappropriation on the county's financial statements and have determined that the potential misappropriation would be immaterial to the county's General Fund. To avoid interference with the ongoing investigation, the Division of Local Government Audit has agreed to defer work on the allegation pending the outcome of the Division of Investigation's work.

**D. Cash Shortage – Prior Years**

The audit of Fentress County for the 2007-08 year reported a cash shortage of \$2,032 at the Sharp/Alticrest Volunteer Fire Department. This shortage resulted from the misappropriation of county funds by a captain in the volunteer fire department. On September 24, 2008, the captain pled guilty to one count of theft over \$500 and one count of theft over \$1,000. The former captain was ordered to pay restitution of \$2,032 to Fentress County and \$1,556 to the Sharp/Alticrest Fire Department (\$150 monthly payments

beginning November 1, 2008) plus court costs and was sentenced to four years of unsupervised probation. The former captain made only one payment during the year ended June 30, 2009, and in July 2009, the court issued a petition to revoke probation. At June 30, 2010, the balance of restitution owed to Fentress County was \$544. Subsequent to June 30, 2010, the defendant sustained injuries that do not allow him to work; therefore, the court has suspended payments until the defendant is medically cleared to return to work. Therefore, at June 30, 2013, the balance of restitution owed to Fentress County remained \$544.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

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

##### Deposits

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

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

## **Investments**

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

The county had no pooled and nonpooled investments as of June 30, 2013.

### **B. Notes Receivable**

The General Purpose School Fund had a long-term note receivable of \$9,333 on June 30, 2013. The School Department entered into an agreement with an employee in which the department would pay for the employee's training as a speech therapist in return for a service commitment by the employee when the training was completed. The employee did not complete the training, and in accordance with the agreement, became liable for the costs incurred by the School Department. The School Department is deducting \$50 per pay period (\$1,200 annually) until the amount is repaid. The entire amount becomes due and payable if the employee leaves employment with the School Department before payment is made in full.

### **C. Capital Assets**

Capital assets activity for the year ended June 30, 2013, was as follows:

## Primary Government

### Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 5,548,879	\$ 0	\$ (102,790)	\$ 5,446,089
Total Capital Assets Not Depreciated	<u>\$ 5,548,879</u>	<u>\$ 0</u>	<u>\$ (102,790)</u>	<u>\$ 5,446,089</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 7,603,579	\$ 837,420	\$ 0	\$ 8,440,999
Infrastructure	32,088,215	0	0	32,088,215
Other Capital Assets	4,513,711	614,551	(416,946)	4,711,316
Total Capital Assets Depreciated	<u>\$ 44,205,505</u>	<u>\$ 1,451,971</u>	<u>\$ (416,946)</u>	<u>\$ 45,240,530</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,129,648	\$ 124,538	\$ 0	\$ 3,254,186
Infrastructure	5,388,054	353,797	0	5,741,851
Other Capital Assets	2,776,215	274,370	(224,997)	2,825,588
Total Accumulated Depreciation	<u>\$ 11,293,917</u>	<u>\$ 752,705</u>	<u>\$ (224,997)</u>	<u>\$ 11,821,625</u>
Total Capital Assets Depreciated, Net	<u>\$ 32,911,588</u>	<u>\$ 699,266</u>	<u>\$ (191,949)</u>	<u>\$ 33,418,905</u>
Governmental Activities Capital Assets, Net	<u>\$ 38,460,467</u>	<u>\$ 699,266</u>	<u>\$ (294,739)</u>	<u>\$ 38,864,994</u>

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

### Governmental Activities:

General Government	\$ 4,627
Public Safety	136,274
Public Health and Welfare	160,705
Social, Cultural, and Recreational Services	21,421
Agriculture and Natural Resources	942
Other Operations	17,176
Highways/Public Works	<u>411,560</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 752,705</u>

**Discretely Presented Fentress County School Department**

**Governmental Activities:**

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 411,763	\$ 0	\$ 0	\$ 411,763
Total Capital Assets Not Depreciated	\$ 411,763	\$ 0	\$ 0	\$ 411,763
Capital Assets Depreciated:				
Buildings and Improvements	\$ 16,984,032	\$ 0	\$ 0	\$ 16,984,032
Other Capital Assets	2,632,808	335,240	(100,208)	2,867,840
Total Capital Assets Depreciated	\$ 19,616,840	\$ 335,240	\$ (100,208)	\$ 19,851,872
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 5,189,374	\$ 353,369	\$ 0	\$ 5,542,743
Other Capital Assets	1,056,488	202,687	(97,202)	1,161,973
Total Accumulated Depreciation	\$ 6,245,862	\$ 556,056	\$ (97,202)	\$ 6,704,716
Total Capital Assets Depreciated, Net	\$ 13,370,978	\$ (220,816)	\$ (3,006)	\$ 13,147,156
Governmental Activities Capital Assets, Net	\$ 13,782,741	\$ (220,816)	\$ (3,006)	\$ 13,558,919

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

Instruction	\$ 363,077
Support Services	190,588
Operation of Non-Instructional Services	<u>2,391</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 556,056</u>

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

The composition of interfund balances as of June 30, 2013, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 17,520
Discretely Presented School Department:		
General Purpose School	School Federal Projects	13,964

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 \$13,964 was in transit from the School Federal Projects Fund at June 30, 2013.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2013, consisted of the following amounts:

**Primary Government**

<u>Transfer Out</u>	<u>Transfer In</u>
	Highway/ Public Works Fund
General Fund	\$ 56,076

**Discretely Presented Fentress County School Department**

<u>Transfer Out</u>	<u>Transfer In</u>
	General Purpose School Fund
School Federal Projects Fund	\$ 15,753

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

**E. Capital Leases**

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

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

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Machinery and Equipment	\$ 60,500
Less: Accumulated Depreciation	<u>(3,380)</u>
Total Book Value	<u><u>\$ 57,120</u></u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2014	\$ 11,897
2015	11,897
2016	7,494
2017	<u>4,555</u>
Total Minimum Lease Payments	\$ 35,843
Less: Amount Representing Interest	<u>(4,704)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 31,139</u></u>

**F. Long-term Obligations**

**Primary Government**

**General Obligation Bonds, Notes, and Other Loans**

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

General obligation bonds, notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to six years for bonds, 12 years for notes, and up to 25 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans included in the long-term debt as of June 30, 2013, will be retired from the General Debt Service Fund. Notes included in the long-term debt as of June 30, 2013, will be retired from the General, Highway/Public Works, and General Debt Service funds.

General obligation bonds, notes, other loans, and capital leases outstanding as of June 30, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
General Obligation Bond -				
Refunding	2.106 to 3 %	4-30-15	\$ 3,385,000	\$ 855,000
Capital Outlay Notes	1.83 to 4	4-15-22	3,689,555	3,171,152
Promissory Note	3.25	12-31-20	224,000	180,061
Other Loans	variable	5-25-26	7,000,000	4,654,000
Other Loans	0	3-1-20	218,936	181,678
Capital Leases	6.25 to 6.59	4-9-17	38,954	31,139

In prior years, Fentress County entered into two loan agreements with the Montgomery County Public Building Authority. Under these agreements, the authority loaned funds to Fentress County for the construction of an elementary school (\$6,000,000) and for various public works projects (\$1,000,000). The loans are repayable at tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. At June 30, 2013, the variable interest rate for each loan was .22 percent, and other fees totaled approximately .52 percent (letter of credit), .08 percent

(remarketing) of the outstanding loan principal, and the trustee fee was \$85 per month.

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

The annual requirements to amortize all bonds, notes, and other loans outstanding as of June 30, 2013, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 1,008,904	\$ 80,327	\$ 1,089,231
2015	1,036,621	56,665	1,093,286
2016	925,223	31,805	957,028
2017	62,751	14,353	77,104
2018	65,089	12,014	77,103
2019-2022	252,625	23,069	275,694
Total	\$ 3,351,213	\$ 218,233	\$ 3,569,446

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2014	\$ 314,272	\$ 10,239	\$ 29,896	\$ 354,407
2015	327,272	9,616	28,202	365,090
2016	342,272	8,965	26,431	377,668
2017	358,272	8,281	24,569	391,122
2018	371,722	7,561	22,612	401,895
2019-2023	1,937,868	25,707	79,120	2,042,695
2024-2026	1,184,000	5,294	17,462	1,206,756
Total	\$ 4,835,678	\$ 75,663	\$ 228,292	\$ 5,139,633

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 505,000	\$ 27,400	\$ 532,400
2015	350,000	12,250	362,250
Total	<u>\$ 855,000</u>	<u>\$ 39,650</u>	<u>\$ 894,650</u>

There is \$3,163,539 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$505, based on the 2010 federal census.

The School Department is currently servicing some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government. In the prior year, this debt was reflected as debt of the School Department; however, this debt has been reclassified as debt of the primary government because the primary government is legally obligated to repay the debt.

Description of Indebtedness	Outstanding 6-30-13
<u>Note Payable</u>	
<u>Payable through General Purpose School Fund</u>	
School Roof Projects	\$ 375,425
<u>Other Loan Payable</u>	
<u>Payable through General Purpose School Fund</u>	
Energy Efficient Schools Initiative Loan	181,678
<u>Bond Payable</u>	
<u>Payable through General Purpose School Fund</u>	
School Refunding Series 2009	<u>695,000</u>
Total	<u>\$ 1,252,103</u>

#### Changes in Long-term Obligations

Long-term obligation activity for the year ended June 30, 2013, was as follows:

Governmental Activities:

	Notes	Other Loans	Bonds
Balance, July 1, 2012	\$ 968,676	\$ 5,012,301	\$ 590,000
Reclassification of School Debt	409,546	89,610	1,020,000
Additions	2,212,120	111,406	0
Reductions	(239,129)	(377,639)	(755,000)
Balance, June 30, 2013	\$ 3,351,213	\$ 4,835,678	\$ 855,000
Balance Due Within One Year	\$ 1,008,904	\$ 314,272	\$ 505,000

	Capital Lease	Compensated Absences
Balance, July 1, 2012	\$ 28,041	\$ 242,688
Additions	15,500	204,765
Reductions	(12,402)	(182,750)
Balance, June 30, 2013	\$ 31,139	\$ 264,703
Balance Due Within One Year	\$ 10,443	\$ 132,354

	Other Postemployment Benefits	Landfill Postclosure Care Costs
Balance, July 1, 2012	\$ 81,343	\$ 209,582
Additions	36,786	0
Reductions	(2,012)	(711)
Balance, June 30, 2013	\$ 116,117	\$ 208,871
Balance Due Within One Year	\$ 0	\$ 12,342

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 9,662,721
Less: Balance Due Within One Year	<u>(1,983,315)</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 7,679,406</u>
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Compensated absences will be paid from the employing funds, primarily the General and Solid Waste/Sanitation funds. Landfill postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

**Discretely Presented Fentress County School Department**

**Changes in Long-term Obligations**

Long-term obligation activity for the discretely presented Fentress County School Department for the year ended June 30, 2013, was as follows:

Governmental Activities:

	Notes	Other Loans	Bond
Balance, July 1, 2012	\$ 409,546	\$ 89,610	\$ 1,020,000
Reclassification of School Debt	(409,546)	(89,610)	(1,020,000)
Balance, June 30, 2013	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2012	\$ 433,059	\$ 1,376,360
Additions	132,081	357,615
Reductions	(111,773)	(238,711)
Balance, June 30, 2013	<u>\$ 453,367</u>	<u>\$ 1,495,264</u>
Balance Due Within One Year	<u>\$ 226,685</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 1,948,631
Less: Balance Due Within One Year	<u>(226,685)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,721,946</u>

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

**G. On-Behalf Payments**

**Discretely Presented Fentress County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Fentress County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the

Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2013, were \$112,161 and \$29,969, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

## V. OTHER INFORMATION

### A. Risk Management

#### Primary Government

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

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

#### Discretely Presented Fentress County School Department

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

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

**B. Risk Financing Activities**

Fentress County and several other counties, cities, and local government entities were members of the Local Government Insurance Cooperative (LOGIC) for workers' compensation insurance for one or more policy years in 1996-97, 1997-98, or 1999-2000. LOGIC obtained excess coverage insurance from Reliance Insurance Company for claims that exceeded certain amounts. Reliance Insurance Company is now insolvent and is being liquidated in the State of Pennsylvania. The insolvency of Reliance Insurance Company has left LOGIC members exposed to significant claim liabilities for their policy years. In 2003, LOGIC board of directors assessed its members certain amounts for each member's share of outstanding claims unpaid by Reliance Insurance Company. In 2009, the LOGIC board of directors made a second assessment of its members. The Fentress County Highway Department's share of this second assessment totaled \$36,287. The Highway Department's share is still unpaid at June 30, 2013.

**C. Accounting Changes**

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of GASB Statement No. 65, debt issuance costs become period costs. An adjustment to beginning net position of the county and the discretely presented School Department totaling \$20,210 and \$26,338, respectively, has been recognized for accumulated debt issuance costs on the government-wide financial statements.

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Fentress County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

#### **D. Subsequent Events**

On July 22, 2013, Scott Norris was appointed as Fentress County Road Supervisor.

On October 8, 2013, the County Commission appointed the members of the county's first Audit Committee.

**E. Contingent Liabilities**

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

**F. Change in Administration**

On May 11, 2013, Fred Blevins was suspended without pay from the Office of Road Supervisor by an order from the court, which revoked the judicial diversion he had received in 2010 on a charge of official misconduct. In June 2013, Mr. Blevins resigned from office, and the County Commission appointed Scott Norris as road supervisor on an interim basis on June 11, 2013. Mr. Norris was later appointed as road supervisor on July 22, 2013.

**G. Landfill Postclosure Care Costs**

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. These closure and postclosure care costs generally are paid near or after the date that the landfill stops accepting waste. Fentress County closed its landfill on July 27, 1994, and has contracted with Scott County for its waste disposal. The Solid Waste/Sanitation Fund (special revenue fund) reports postclosure care costs as expenditures in each period in which they are incurred. The \$208,871 reported as landfill postclosure care liability at June 30, 2013, represents estimated postclosure care costs based on the use of 100 percent of the landfill's capacity. Actual costs may vary from estimates due to inflation, changes in technology, or changes in regulations.

**H. Joint Venture**

The Eighth Judicial District Drug Task (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Eighth Judicial District and the municipalities within the district. The district is composed of Fentress, Campbell, Claiborne, Scott, and Union counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Fentress County made no

contributions to the DTF for the year ended June 30, 2013, and does not have an equity interest in this joint venture. Complete financial statements for the Eighth Judicial District Task Force can be obtained from its administrative office at the following address:

Administrative Office:

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

## **I. Retirement Commitments**

### **Plan Description**

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

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

## **Funding Policy**

### County Employees

Fentress County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 5.94 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

### School Department Employees

Fentress County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 6.45 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

## **Annual Pension Cost**

### County Employees

For the year ended June 30, 2013, Fentress County's annual pension cost of \$273,556 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was three years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$273,556	100%	\$0
6-30-12	263,184	100	0
6-30-11	239,993	100	0

School Department Employees

For the year ended June 30, 2013, Fentress County’s annual pension cost of \$143,061 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was seven years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$143,061	100%	\$0
6-30-12	147,345	100	0
6-30-11	143,542	100	0

**Funded Status and Funding Progress**

County Employees

As of July 1, 2011, the most recent actuarial valuation date, the plan was 99.6 percent funded. The actuarial accrued liability for benefits was \$5.42 million, and the actuarial value of assets was \$5.39 million, resulting in

an unfunded actuarial accrued liability (UAAL) of \$.02 million. The covered payroll (annual payroll of active employees covered by the plan) was \$4.01 million, and the ratio of the UAAL to the covered payroll was .54 percent.

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

#### School Department Employees

As of July 1, 2011, the most recent actuarial valuation date, the plan was 93.64 percent funded. The actuarial accrued liability for benefits was \$6.27 million, and the actuarial value of assets was \$5.87 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.4 million. The covered payroll (annual payroll of active employees covered by the plan) was \$2.14 million, and the ratio of the UAAL to the covered payroll was 18.63 percent.

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

### **SCHOOL TEACHERS**

#### **Plan Description**

The Fentress County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*). State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided

to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2013, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2013, 2012, and 2011 were \$766,414, \$779,241, and \$770,081, respectively, equal to the required contributions for each year.

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

### **Plan Description**

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

### **Funding Policy**

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the

participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The School Department pays 100 percent of single coverage for all eligible retirees until the participant is eligible for Medicare benefits. During the year ended June 30, 2013, the county and the discretely presented Fentress County School Department contributed \$2,012 and \$238,711, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 37,000	\$ 361,000
Interest on the NOPEBO	3,254	55,054
Adjustment to the ARC	(3,468)	(58,439)
Annual OPEB cost	\$ 36,786	\$ 357,615
Amount of contribution	(2,012)	(238,711)
Increase/decrease in NOPEBO	\$ 34,774	\$ 118,904
Net OPEB obligation, 7-1-12	81,343	1,376,360
Net OPEB obligation, 6-30-13	\$ 116,117	\$ 1,495,264

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Local Government Group	\$ 29,050	13 %	\$ 46,261
6-30-12	"	37,110	5	81,343
6-30-13	"	36,786	5	116,117
6-30-11	Local Education Group	422,552	57	1,257,046
6-30-12	"	352,909	66	1,376,360
6-30-13	"	357,615	67	1,495,264

## Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 212,000	\$ 3,630,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 212,000	\$ 3,630,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 2,868,933	\$ 8,672,342
UAAL as a % of covered payroll	7%	42%

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

### Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation for the Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.75 percent for fiscal year 2013. The trend rate will decrease to 8.25 percent in fiscal year 2014 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

**K. Office of Central Accounting, Budgeting, and Purchasing**

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

**L. Purchasing Law**

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

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

**A. Organization**

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

**B. Government-wide Financial Statements**

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

C. **Fund Financial Statements**

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

D. **Capital Assets and Depreciation**

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

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

E. **Subsequent Events**

The board has evaluated subsequent events through October 23, 2013, the date in which the financial statements were available to be issued.

F. **Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions. The organization's cash at June 30, 2013, was maintained as follows: the operating fund, the development fund, and the justice center fund were maintained in separate checking accounts.

**G. Compensated Absences**

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

**H. Property, Plant, and Equipment**

The following is a schedule of property as of June 30, 2013:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 850,236	\$ 151,854	\$ 0	\$ 1,002,090
Construction in Progress	178,621	759,827	(179,725)	758,723
Total Capital Assets Not Depreciated	\$ 1,028,857	\$ 911,681	\$ (179,725)	\$ 1,760,813
Capital Assets Depreciated:				
Buildings and Improvements	\$ 1,435,138	\$ 179,725	\$ 0	\$ 1,614,863
Waterlines	523,911	0	0	523,911
Office Equipment	5,549	0	0	5,549
Total Capital Assets Depreciated	\$ 1,964,598	\$ 179,725	\$ 0	\$ 2,144,323
Total Assets	\$ 2,993,455	\$ 1,091,406	\$ (179,725)	\$ 3,905,136

The following is a schedule of accumulated depreciation as of June 30, 2013:

	Accumulated Depreciation 7-1-12	Increases	Accumulated Depreciation 6-30-13
Capital Assets:			
Buildings and Improvements	\$ 317,112	\$ 35,878	\$ 352,990
Waterlines	32,745	13,098	45,843
Office Equipment	5,549	0	5,549
Total Accumulated Depreciation	\$ 355,406	\$ 48,976	\$ 404,382

**I. Cash in Bank**

*Tennessee Code Annotated (TCA)* requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105 percent of the entity's deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by

the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund (SAIF).

At June 30, 2013, the carrying amount of the Industrial Development Board of Fentress County's cash deposits was \$157,694. All cash deposits are covered by the Federal Deposit Insurance Corporation up to the limit of \$250,000. The Board is authorized to deposit and invest funds according to the provisions of Section 5-8-301, *TCA* [Acts 1992, ch. 891, section 10].

**J. Budget**

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

**K. Risk**

The Industrial Development Board of Fentress County maintains general liability and property insurance on buildings. There have been no claims or settlements that exceeded coverage during the prior three years.

**L. Chamber**

The Fentress County Chamber of Commerce provides staffing services for the Industrial Development Board of Fentress County and is reimbursed on a quarterly basis. The total amount of staffing expense for the year ended June 30, 2013, was \$30,000.

**M. Loans**

At June 30, 2013, the loan to Volunteer Electric Cooperative totaling \$74,624 had been paid off. This loan was a non-interest-bearing loan with monthly payments of \$2,763 that began October 15, 2004.

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

	<u>Loan Payable</u>
Balance, July 1, 2012	\$ 7,114
Reductions	<u>(7,114)</u>
Balance, June 30, 2013	<u><u>\$ 0</u></u>

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Fentress County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Fentress County School Department  
June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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County Employees

7-1-11	\$ 5,394	\$ 5,416	\$ 22	99.6	% \$ 4,006	.54 %
7-1-09	3,953	3,980	27	99.32	3,594	.75
7-1-07	3,379	3,411	32	99.06	3,550	.9

School Department Employees

7-1-11	5,873	6,272	399	93.64	2,143	18.63
7-1-09	4,994	5,413	419	92.25	2,031	20.65
7-1-07	4,753	4,753	0	100	1,435	0

Exhibit E-2

Fentress County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Fentress County School Department  
June 30, 2013

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-09	\$ 0	\$ 212	\$ 212	0 %	\$ 2,666	8 %
"	7-1-10	0	228	228	0	2,666	9
"	7-1-11	0	212	212	0	2,868	7
<u>DISCRETELY PRESENTED FENTRESS COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	4,544	4,544	0	8,122	56
"	7-1-10	0	4,570	4,570	0	8,122	56
"	7-1-11	0	3,630	3,630	0	8,672	42

**FENTRESS COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2013**

**BUDGETARY INFORMATION**

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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

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

# Capital Projects Funds

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

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

HOME Grant Project Fund – The HOME Grant Project Fund was used to account for funds received from the Home Investment Partnership Program to renovate homes in Fentress County. This program was completed during the year examined.

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

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

Fentress County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2013

Exhibit F-1

	Special Revenue Funds		Capital Projects Funds				Total Nonmajor Governmental Funds
	Drug Control	Constititu- tional Officers - Fees	Total	Community Development/ Industrial Park	West Fentress Fire Hall Project	Total	
Cash	\$ 0	\$ 16,525	\$ 16,525	\$ 0	\$ 0	\$ 0	\$ 16,525
Equity in Pooled Cash and Investments	79,748	0	79,748	11,165	0	11,165	90,913
Accounts Receivable	0	995	995	0	0	0	995
Due from Other Governments	0	0	0	0	48,762	48,762	48,762
<b>Total Assets</b>	<b>\$ 79,748</b>	<b>\$ 17,520</b>	<b>\$ 97,268</b>	<b>\$ 11,165</b>	<b>\$ 48,762</b>	<b>\$ 59,927</b>	<b>\$ 157,195</b>
<u>LIABILITIES</u>							
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 48,762	\$ 48,762	\$ 48,762
Due to Other Funds	0	17,520	17,520	0	0	0	17,520
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 17,520</b>	<b>\$ 17,520</b>	<b>\$ 0</b>	<b>\$ 48,762</b>	<b>\$ 48,762</b>	<b>\$ 66,282</b>
<u>FUND BALANCES</u>							
Restricted:							
Restricted for Public Safety	\$ 79,748	\$ 0	\$ 79,748	\$ 0	\$ 0	\$ 0	\$ 79,748
Restricted for Capital Outlay	0	0	0	11,165	0	11,165	11,165
<b>Total Fund Balances</b>	<b>\$ 79,748</b>	<b>\$ 0</b>	<b>\$ 79,748</b>	<b>\$ 11,165</b>	<b>\$ 0</b>	<b>\$ 11,165</b>	<b>\$ 90,913</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 79,748</b>	<b>\$ 17,520</b>	<b>\$ 97,268</b>	<b>\$ 11,165</b>	<b>\$ 48,762</b>	<b>\$ 59,927</b>	<b>\$ 157,195</b>

ASSETS

LIABILITIES

FUND BALANCES

Exhibit F-2

Fentress County, Tennessee  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2013

	Special Revenue Funds			Capital Projects Funds					Total Nonmajor Governmental Funds
	Drug Control	Constituti- onal Officers - Fees	Total	HOME Grant Project	West		Unit #1 Fire Hall Project	Total	
					Development/ Industrial Park	Fire Hall Project			
<b>Revenues</b>									
Fines, Forfeitures, and Penalties	\$ 69,948	\$ 0	\$ 69,948	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 69,948
Charges for Current Services	0	1,994	1,994	0	0	0	0	0	1,994
Other Local Revenues	25,288	0	25,288	0	0	0	0	0	25,288
Federal Government	0	0	0	93,822	185,805	672,250	951,877	951,877	951,877
<b>Total Revenues</b>	\$ 95,236	\$ 1,994	\$ 97,230	\$ 93,822	\$ 185,805	\$ 672,250	\$ 951,877	\$ 951,877	\$ 1,049,107
<b>Expenditures</b>									
<b>Current:</b>									
Finance	\$ 0	\$ 144	\$ 144	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 144
Administration of Justice	0	1,850	1,850	0	0	0	0	0	1,850
Public Safety	50,053	0	50,053	0	0	0	0	0	50,053
Capital Projects	0	0	0	93,822	185,805	672,250	951,877	951,877	951,877
<b>Total Expenditures</b>	\$ 50,053	\$ 1,994	\$ 52,047	\$ 93,822	\$ 185,805	\$ 672,250	\$ 951,877	\$ 1,003,924	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	\$ 45,183	\$ 0	\$ 45,183	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 45,183
<b>Net Change in Fund Balances Fund Balance, July 1, 2012</b>	\$ 45,183	\$ 0	\$ 45,183	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 45,183
	34,565	0	34,565	11,165	0	0	11,165	0	45,730
<b>Fund Balance, June 30, 2013</b>	\$ 79,748	\$ 0	\$ 79,748	\$ 11,165	\$ 0	\$ 0	\$ 11,165	\$ 0	\$ 90,913

Exhibit F-3

Fentress County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 69,948	\$ 24,000	\$ 40,608	\$ 29,340
Other Local Revenues	25,288	1,000	1,000	24,288
Total Revenues	<u>\$ 95,236</u>	<u>\$ 25,000</u>	<u>\$ 41,608</u>	<u>\$ 53,628</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 50,053	\$ 28,494	\$ 62,102	\$ 12,049
Total Expenditures	<u>\$ 50,053</u>	<u>\$ 28,494</u>	<u>\$ 62,102</u>	<u>\$ 12,049</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 45,183</u>	<u>\$ (3,494)</u>	<u>\$ (20,494)</u>	<u>\$ 65,677</u>
Net Change in Fund Balance	\$ 45,183	\$ (3,494)	\$ (20,494)	\$ 65,677
Fund Balance, July 1, 2012	<u>34,565</u>	<u>34,565</u>	<u>34,565</u>	<u>0</u>
Fund Balance, June 30, 2013	<u>\$ 79,748</u>	<u>\$ 31,071</u>	<u>\$ 14,071</u>	<u>\$ 65,677</u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit G

Fentress County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 758,735	\$ 764,032	\$ 764,032	\$ (5,297)
Other Local Revenues	64,380	64,580	64,580	(200)
Other Governments and Citizens Groups	781,885	350,000	777,885	4,000
Total Revenues	<u>\$ 1,605,000</u>	<u>\$ 1,178,612</u>	<u>\$ 1,606,497</u>	<u>\$ (1,497)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Contributions to Other Agencies	\$ 111,406	\$ 0	\$ 111,406	\$ 0
<u>Principal on Debt</u>				
General Government	210,891	211,303	211,345	454
Education	1,028,459	650,000	1,028,459	0
<u>Interest on Debt</u>				
General Government	6,750	36,680	36,638	29,888
Education	82,859	232,900	279,684	196,825
<u>Other Debt Service</u>				
General Government	20,139	24,500	24,500	4,361
Education	27,642	25,000	27,642	0
Total Expenditures	<u>\$ 1,488,146</u>	<u>\$ 1,180,383</u>	<u>\$ 1,719,674</u>	<u>\$ 231,528</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 116,854</u>	<u>\$ (1,771)</u>	<u>\$ (113,177)</u>	<u>\$ 230,031</u>
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 111,406	\$ 0	\$ 111,406	\$ 0
Total Other Financing Sources	<u>\$ 111,406</u>	<u>\$ 0</u>	<u>\$ 111,406</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 228,260	\$ (1,771)	\$ (1,771)	\$ 230,031
Fund Balance, July 1, 2012	<u>2,935,279</u>	<u>2,935,279</u>	<u>2,935,279</u>	<u>0</u>
Fund Balance, June 30, 2013	<u>\$ 3,163,539</u>	<u>\$ 2,933,508</u>	<u>\$ 2,933,508</u>	<u>\$ 230,031</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.

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

Exhibit H-1

Fentress County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2013

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 635,584	\$ 635,584
Due from Other Governments	113,484	2	113,486
Total Assets	<u>\$ 113,484</u>	<u>\$ 635,586</u>	<u>\$ 749,070</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 113,484	\$ 0	\$ 113,484
Due to Litigants, Heirs, and Others	0	635,586	635,586
Total Liabilities	<u>\$ 113,484</u>	<u>\$ 635,586</u>	<u>\$ 749,070</u>

Exhibit H-2

Fentress County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 638,104	\$ 638,104	\$ 0
Due from Other Governments	105,564	113,484	105,564	113,484
Total Assets	\$ 105,564	\$ 751,588	\$ 743,668	\$ 113,484
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 105,564	\$ 751,588	\$ 743,668	\$ 113,484
Total Liabilities	\$ 105,564	\$ 751,588	\$ 743,668	\$ 113,484
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 559,951	\$ 9,227,083	\$ 9,151,450	\$ 635,584
Accounts Receivable	2,865	2	2,865	2
Total Assets	\$ 562,816	\$ 9,227,085	\$ 9,154,315	\$ 635,586
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 562,816	\$ 9,227,085	\$ 9,154,315	\$ 635,586
Total Liabilities	\$ 562,816	\$ 9,227,085	\$ 9,154,315	\$ 635,586
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 559,951	\$ 9,227,083	\$ 9,151,450	\$ 635,584
Equity in Pooled Cash and Investments	0	638,104	638,104	0
Accounts Receivable	2,865	2	2,865	2
Due from Other Governments	105,564	113,484	105,564	113,484
Total Assets	\$ 668,380	\$ 9,978,673	\$ 9,897,983	\$ 749,070
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 105,564	\$ 751,588	\$ 743,668	\$ 113,484
Due to Litigants, Heirs, and Others	562,816	9,227,085	9,154,315	635,586
Total Liabilities	\$ 668,380	\$ 9,978,673	\$ 9,897,983	\$ 749,070

# Fentress County School Department

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

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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.

Exhibit I-1

Fentress County, Tennessee  
Statement of Activities  
Discretely Presented Fentress County School Department  
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues		Expenses	Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions		Total Governmental Activities	
Governmental Activities:					
Instruction	\$ 11,166,410	\$ 3,899	\$ 1,388,968	\$ (9,773,543)	
Support Services	7,010,862	0	1,706,008	(5,304,854)	
Operation of Non-Instructional Services	1,943,887	232,667	118,075	(1,593,145)	
Total Governmental Activities	\$ 20,121,159	\$ 236,566	\$ 3,213,051	\$ (16,671,542)	
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 914,035	
Local Option Sales Taxes				1,596,323	
Wheel Tax				401,331	
Mineral Severance Tax				27,638	
Business Tax				29,144	
Other Local Taxes				2,617	
Grants and Contributions Not Restricted to Specific Programs				13,807,868	
Unrestricted Investment Earnings				45,756	
Miscellaneous				89,404	
Amortization of Debt Premium				24,006	
Total General Revenues				\$ 16,938,122	
Insurance Recovery				\$ 2,337	
Change in Net Position				\$ 268,917	
Prior-period Adjustment				(26,338)	
Net Position, July 1, 2012				15,851,963	
Net Position, June 30, 2013				\$ 16,094,542	

Exhibit I-2

Fentress County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Fentress County School Department  
June 30, 2013

	Major Funds			Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 4,223,916	\$ 100,261	\$ 670,006	\$ 4,994,183
Due from Other Governments	622,298	55,851	4,287	682,436
Due from Other Funds	13,964	0	0	13,964
Property Taxes Receivable	1,031,374	0	0	1,031,374
Allowance for Uncollectible Property Taxes	(38,567)	0	0	(38,567)
Notes Receivable - Long-term	9,333	0	0	9,333
<b>Total Assets</b>	<b>\$ 5,862,318</b>	<b>\$ 156,112</b>	<b>\$ 674,293</b>	<b>\$ 6,692,723</b>
<u>LIABILITIES</u>				
Due to State of Tennessee	\$ 9,570	\$ 2,095	\$ 1,033	\$ 12,698
<b>Total Liabilities</b>	<b>\$ 9,570</b>	<b>\$ 2,095</b>	<b>\$ 1,033</b>	<b>\$ 12,698</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 943,668	\$ 0	\$ 0	\$ 943,668
Deferred Delinquent Property Taxes	43,506	0	0	43,506
Other Deferred/Unavailable Revenue	141,910	0	0	141,910
<b>Total Deferred Inflows of Resources</b>	<b>\$ 1,129,084</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,129,084</b>
<u>FUND BALANCES</u>				
Nonspendable:				
Long-term Notes Receivable	\$ 9,333	\$ 0	\$ 0	\$ 9,333
Restricted:				
Restricted for Education	28,899	4,017	673,260	706,176
Committed:				
Committed for Education	2,183,957	0	0	2,183,957
Assigned:				
Assigned for Education	0	150,000	0	150,000
Unassigned	2,501,475	0	0	2,501,475
<b>Total Fund Balances</b>	<b>\$ 4,723,664</b>	<b>\$ 154,017</b>	<b>\$ 673,260</b>	<b>\$ 5,550,941</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 5,862,318</b>	<b>\$ 156,112</b>	<b>\$ 674,293</b>	<b>\$ 6,692,723</b>

Exhibit I-3

Fentress County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
Discretely Presented Fentress County School Department  
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	5,550,941
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	411,763	
Add: buildings and improvements net of accumulated depreciation		11,441,289	
Add: other capital assets net of accumulated depreciation		<u>1,705,867</u>	13,558,919
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions for notes payable on primary government debt	\$	(375,425)	
Less: contributions for other loans payable on primary government debt		(181,678)	
Less: contributions for bonds payable on primary government debt		(695,000)	
Less: other postemployment benefits liability		(1,495,264)	
Less: compensated absences payable		<u>(453,367)</u>	(3,200,734)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>185,416</u>
Net position of governmental activities (Exhibit A)			<u>\$ 16,094,542</u>

Exhibit I-4

Fentress County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Fentress County School Department  
For the Year Ended June 30, 2013

	Major Funds			Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>Revenues</u>				
Local Taxes	\$ 2,966,354	\$ 0	\$ 0	\$ 2,966,354
Licenses and Permits	1,320	0	0	1,320
Charges for Current Services	0	0	232,667	232,667
Other Local Revenues	208,834	0	1,540	210,374
State of Tennessee	13,298,291	0	14,980	13,313,271
Federal Government	251,406	2,291,657	1,094,150	3,637,213
Other Governments and Citizens Groups	111,406	0	0	111,406
<b>Total Revenues</b>	<b>\$ 16,837,611</b>	<b>\$ 2,291,657</b>	<b>\$ 1,343,337</b>	<b>\$ 20,472,605</b>
<u>Expenditures</u>				
Current:				
Instruction	\$ 9,300,504	\$ 1,462,532	\$ 0	\$ 10,763,036
Support Services	6,224,674	842,941	0	7,067,615
Operation of Non-Instructional Services	687,823	0	1,314,512	2,002,335
Capital Outlay	313,921	0	0	313,921
<b>Total Expenditures</b>	<b>\$ 16,526,922</b>	<b>\$ 2,305,473</b>	<b>\$ 1,314,512</b>	<b>\$ 20,146,907</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 310,689	\$ (13,816)	\$ 28,825	\$ 325,698
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 2,337	\$ 0	\$ 0	\$ 2,337
Transfers In	15,753	0	0	15,753
Transfers Out	0	(15,753)	0	(15,753)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 18,090</b>	<b>\$ (15,753)</b>	<b>\$ 0</b>	<b>\$ 2,337</b>
Net Change in Fund Balances	\$ 328,779	\$ (29,569)	\$ 28,825	\$ 328,035
Fund Balance, July 1, 2012	4,394,885	183,586	644,435	5,222,906
<b>Fund Balance, June 30, 2013</b>	<b>\$ 4,723,664</b>	<b>\$ 154,017</b>	<b>\$ 673,260</b>	<b>\$ 5,550,941</b>

Exhibit I-5

Fentress County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Fentress County School Department  
For the Year Ended June 30, 2013

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)		\$ 328,035
<p>(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:</p>		
Add: capital assets purchased in the current period	\$ 335,240	
Less: current-year depreciation expense	<u>(556,055)</u>	(220,815)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.</p>		
Less: loss on disposal of capital assets		(3,007)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$ 185,416	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(180,682)</u>	4,734
<p>(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Add: principal payments on notes for primary government debt	\$ 34,121	
Add: principal payments on other loans for primary government debt	19,338	
Add: principal payments on bonds for primary government debt	325,000	
Less: other loan proceeds contributed from primary government	(111,406)	
Add: change in premium on debt proceeds	<u>24,006</u>	291,059
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest	\$ 8,123	
Change in other postemployment benefits liability	(118,904)	
Change in compensated absences payable	<u>(20,308)</u>	(131,089)
Change in net position of governmental activities (Exhibit B)		<u>\$ 268,917</u>

Exhibit I-6

Fentress County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Fentress County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,966,354	\$ 2,940,962	\$ 2,940,962	\$ 25,392
Licenses and Permits	1,320	1,500	1,500	(180)
Other Local Revenues	208,834	177,538	177,538	31,296
State of Tennessee	13,298,291	13,098,400	13,265,886	32,405
Federal Government	251,406	221,670	236,574	14,832
Other Governments and Citizens Groups	111,406	0	0	111,406
<b>Total Revenues</b>	<b>\$ 16,837,611</b>	<b>\$ 16,440,070</b>	<b>\$ 16,622,460</b>	<b>\$ 215,151</b>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 8,113,195	\$ 8,862,770	\$ 8,825,235	\$ 712,040
Alternative Instruction Program	121,542	121,480	122,655	1,113
Special Education Program	883,027	1,080,579	1,009,679	126,652
Vocational Education Program	126,290	125,520	128,320	2,030
Adult Education Program	56,450	110,540	134,540	78,090
<u>Support Services</u>				
Attendance	142,613	143,750	144,330	1,717
Health Services	245,587	276,650	276,650	31,063
Other Student Support	318,440	336,400	336,400	17,960
Regular Instruction Program	598,711	559,690	633,670	34,959
Special Education Program	219,783	179,647	250,547	30,764
Vocational Education Program	26,916	29,136	29,136	2,220
Adult Programs	74,350	78,040	79,040	4,690
Other Programs	142,130	0	142,130	0
Board of Education	1,285,745	853,500	1,313,835	28,090
Director of Schools	165,539	188,630	166,630	1,091
Office of the Principal	619,377	592,400	628,400	9,023
Fiscal Services	98,304	114,570	114,570	16,266
Operation of Plant	1,021,893	1,196,900	1,196,900	175,007
Maintenance of Plant	241,356	427,300	402,300	160,944
Transportation	1,023,930	1,156,350	1,139,750	115,820
<u>Operation of Non-Instructional Services</u>				
Community Services	90,945	77,000	92,262	1,317
Early Childhood Education	596,878	597,280	597,280	402
<u>Capital Outlay</u>				
Regular Capital Outlay	313,921	251,500	363,310	49,389
<u>Principal on Debt</u>				
Education	0	375,400	0	0
<u>Interest on Debt</u>				
Education	0	49,350	0	0
<u>Other Debt Service</u>				
Education	0	1,000	0	0
<b>Total Expenditures</b>	<b>\$ 16,526,922</b>	<b>\$ 17,785,382</b>	<b>\$ 18,127,569</b>	<b>\$ 1,600,647</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 310,689	\$ (1,345,312)	\$ (1,505,109)	\$ 1,815,798

(Continued)

Exhibit I-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 2,337	\$ 0	\$ 0	\$ 2,337
Transfers In	15,753	0	0	15,753
Total Other Financing Sources	\$ 18,090	\$ 0	\$ 0	\$ 18,090
Net Change in Fund Balance	\$ 328,779	\$ (1,345,312)	\$ (1,505,109)	\$ 1,833,888
Fund Balance, July 1, 2012	4,394,885	4,465,976	4,465,976	(71,091)
Fund Balance, June 30, 2013	\$ 4,723,664	\$ 3,120,664	\$ 2,960,867	\$ 1,762,797

Exhibit I-7

Fentress County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Fentress County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,291,657	\$ 2,576,950	\$ 2,661,462	\$ (369,805)
Total Revenues	\$ 2,291,657	\$ 2,576,950	\$ 2,661,462	\$ (369,805)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 811,290	\$ 906,026	\$ 892,160	\$ 80,870
Special Education Program	606,058	644,914	717,588	111,530
Vocational Education Program	45,184	44,436	45,221	37
<u>Support Services</u>				
Other Student Support	374,716	398,633	406,119	31,403
Regular Instruction Program	342,874	412,365	428,322	85,448
Special Education Program	88,403	108,078	108,078	19,675
Vocational Education Program	1,623	2,396	1,623	0
Transportation	35,325	43,620	43,620	8,295
Total Expenditures	\$ 2,305,473	\$ 2,560,468	\$ 2,642,731	\$ 337,258
Excess (Deficiency) of Revenues Over Expenditures	\$ (13,816)	\$ 16,482	\$ 18,731	\$ (32,547)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (15,753)	\$ (16,482)	\$ (18,731)	\$ 2,978
Total Other Financing Sources	\$ (15,753)	\$ (16,482)	\$ (18,731)	\$ 2,978
Net Change in Fund Balance	\$ (29,569)	\$ 0	\$ 0	\$ (29,569)
Fund Balance, July 1, 2012	183,586	0	0	183,586
Fund Balance, June 30, 2013	\$ 154,017	\$ 0	\$ 0	\$ 154,017

Exhibit I-8

Fentress County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Fentress County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 232,667	\$ 290,000	\$ 290,000	\$ (57,333)
Other Local Revenues	1,540	18,500	18,500	(16,960)
State of Tennessee	14,980	15,000	15,000	(20)
Federal Government	1,094,150	1,128,000	1,128,000	(33,850)
Total Revenues	<u>\$ 1,343,337</u>	<u>\$ 1,451,500</u>	<u>\$ 1,451,500</u>	<u>\$ (108,163)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,314,512	\$ 1,745,900	\$ 1,745,900	\$ 431,388
Total Expenditures	<u>\$ 1,314,512</u>	<u>\$ 1,745,900</u>	<u>\$ 1,745,900</u>	<u>\$ 431,388</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 28,825</u>	<u>\$ (294,400)</u>	<u>\$ (294,400)</u>	<u>\$ 323,225</u>
Net Change in Fund Balance	\$ 28,825	\$ (294,400)	\$ (294,400)	\$ 323,225
Fund Balance, July 1, 2012	<u>644,435</u>	<u>642,526</u>	<u>642,526</u>	<u>1,909</u>
Fund Balance, June 30, 2013	<u>\$ 673,260</u>	<u>\$ 348,126</u>	<u>\$ 348,126</u>	<u>\$ 325,134</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

Fentress County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds  
For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-13
<u>NOTES PAYABLE</u>								
<u>Payable through General Fund</u>								
USDA Promissory Note - Grant 81-07	(1) \$ 224,000	3.25 %	9-2-10	12-31-20	\$ 200,154	\$ 0	\$ 20,093	\$ 180,061
<u>Payable through Highway/Public Works Fund</u>								
County Highway Improvements, Series 2011	1,000,000	4	3-1-11	3-1-16	\$ 768,522	\$ 0	\$ 112,325	\$ 656,197
<u>Payable through General Debt Service Fund</u>								
Justice Center	2,000,000	1.83	2-8-13	2-1-16	\$ 0	\$ 2,000,000	\$ 0	\$ 2,000,000
Vehicles	212,120	3	10-4-12	11-1-14	0	212,120	72,590	139,530
Total Payable through General Debt Service Fund					\$ 0	\$ 2,212,120	\$ 72,590	\$ 2,139,530
<u>Contributed by School Department through General Purpose School Fund</u>								
School Roof Projects	477,435	4	6-24-10	4-15-22	\$ 409,546	\$ 0	\$ 34,121	\$ 375,425
Total Notes Payable					\$ 1,378,222	\$ 2,212,120	\$ 239,129	\$ 3,351,213
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Construction - Southern System Facility	6,000,000	Variable	10-25-01	5-25-26	\$ 4,304,000	\$ 0	\$ 220,000	\$ 4,084,000
Public Works Project	1,000,000	Variable	5-21-02	5-25-22	619,000	0	49,000	570,000
Community Facilities Loan - Ambulances	180,000	4.375	1-27-10	6-30-13	59,979	0	59,979	0
Community Facilities Loan - Patrol Cars	88,000	4.375	1-27-10	6-30-13	29,322	0	29,322	0
Total Payable through General Debt Service Fund					\$ 5,012,301	\$ 0	\$ 358,301	\$ 4,654,000
<u>Contributed by School Department through General Purpose School Fund</u>								
Energy Efficient Schools Initiative Loan	107,530	0	5-1-11	4-1-18	\$ 89,610	\$ 0	\$ 15,360	\$ 74,250
Energy Efficient Schools Initiative Loan	111,406	0	4-1-13	3-1-20	0	111,406	3,978	107,428
Total Contributed by School Department through General Purpose School Fund					\$ 89,610	\$ 111,406	\$ 19,338	\$ 181,678
Total Other Loans Payable					\$ 5,101,911	\$ 111,406	\$ 377,639	\$ 4,835,678

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-13
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through Highway/Public Works Fund</u>								
Tractor and Cutter	\$ 30,059	7 %	4-25-08	3-25-13	\$ 4,587	0 \$	4,587 \$	0
Tractor	23,454	6.59	4-19-12	4-19-17	23,454	0	4,264	19,190
Tractor	15,500	6.25	12-3-12	12-3-15	0	15,500	3,551	11,949
Total Capital Leases Payable					\$ 28,041	15,500 \$	12,402 \$	31,139
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Refunding Bonds, School Construction - Allardt, Series 2010	1,435,000	2.106	12-30-10	6-1-14	\$ 590,000	0 \$	430,000 \$	160,000
<u>Contributed by School Department through General Purpose School Fund</u>								
School Refunding Series 2009	1,950,000	3	4-30-09	4-30-15	\$ 1,020,000	0 \$	325,000 \$	695,000
Total Bonds Payable					\$ 1,610,000	0 \$	755,000 \$	855,000

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

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 1,008,904	\$ 80,327	\$ 1,089,231
2015	1,036,621	56,665	1,093,286
2016	925,223	31,805	957,028
2017	62,751	14,353	77,104
2018	65,089	12,014	77,103
2019	67,517	9,587	77,104
2020	70,019	7,084	77,103
2021	66,583	4,456	71,039
2022	48,506	1,942	50,448
Total	\$ 3,351,213	\$ 218,233	\$ 3,569,446

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2014	\$ 314,272	\$ 10,239	\$ 29,896	\$ 354,407
2015	327,272	9,616	28,202	365,090
2016	342,272	8,965	26,431	377,668
2017	358,272	8,281	24,569	391,122
2018	371,722	7,561	22,612	401,895
2019	375,912	6,807	20,559	403,278
2020	389,956	6,015	18,404	414,375
2021	397,000	5,183	16,142	418,325
2022	417,000	4,310	13,766	435,076
2023	358,000	3,392	10,250	371,642
2024	376,000	2,605	8,107	386,712
2025	394,000	1,778	5,856	401,634
2026	414,000	911	3,498	418,409
Total	\$ 4,835,678	\$ 75,663	\$ 228,292	\$ 5,139,633

(Continued)

Exhibit J-2

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

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2014	\$ 10,443	\$ 1,453	\$ 11,896
2015	10,444	1,455	11,899
2016	6,413	1,080	7,493
2017	3,839	716	4,555
Total	\$ 31,139	\$ 4,704	\$ 35,843

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 505,000	\$ 27,400	\$ 532,400
2015	350,000	12,250	362,250
Total	\$ 855,000	\$ 39,650	\$ 894,650

Exhibit J-3

Fentress County, Tennessee  
Schedule of Notes Receivable  
Discretely Presented Fentress County School Department  
For the Year Ended June 30, 2013

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-13
<u>General Purpose School Fund</u>						
Repayment of training expenses	Michelle Wright	\$ 14,133	7-1-09	3-31-21	0 %	\$ 9,333
Total Notes Receivable						<u>\$ 9,333</u>

Exhibit J-4

Fentress County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Fentress County School Department  
For the Year Ended June 30, 2013

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Highway/Public Works	Operations	\$ 56,076
Total Transfers Primary Government			<u>\$ 56,076</u>
<u>DISCRETELY PRESENTED FENTRESS</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 15,753
Total Transfers Discretely Presented Fentress County School Department			<u>\$ 15,753</u>

Exhibit J-5

Fentress County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Fentress County School Department  
For the Year Ended June 30, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, TCA	\$ 67,843	\$ 100,000	Western Surety Company
Road Supervisor:				
Fred Blevins (7-1-12 through 5-11-13)	Section 8-24-102, TCA	57,158	100,000	"
Vacant (5-12-13 through 6-10-13)	Section 8-24-102, TCA	0	0	"
Scott Norris (6-11-13 through 6-30-13)	(1) Section 8-24-102, TCA	2,485	100,000	"
Director of Schools	State Board of Education and Fentress County Board of Education	84,750 (2)	150,000	"
Trustee	Section 8-24-102, TCA	58,739	690,400	"
Assessor of Property	Section 8-24-102, TCA	58,739	15,000	"
Finance Director	County Commission	46,991	100,000	"
County Clerk	Section 8-24-102, TCA	58,739	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	58,739	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	58,739 (3)	100,000	Ohio Farmers Insurance Company
Register of Deeds	Section 8-24-102, TCA	58,739	25,000	Western Surety Company
Sheriff	Section 8-24-102, TCA	64,613 (4)	25,000	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Local Government Insurance Pool
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Mr. Norris was appointed as interim road supervisor on June 11, 2013.
- (2) Includes a chief executive officer training supplement of \$1,000.
- (3) Does not include special commissioner fees of \$1,850.
- (4) Does not include a law enforcement training supplement of \$600.

Exhibit J-6

Fentress County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2013

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,962,035	\$ 393,395	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	213,227	24,049	0	0	0
Circuit/Clerk & Master Collections - Prior Years	90,961	13,074	0	0	0
Interest and Penalty	39,209	4,359	0	0	0
Pick-up Taxes	341	34	0	0	0
Payments in-Lieu-of Taxes - Other	64,773	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,594	631,572	0	0	0
Hotel/Motel Tax	41,638	0	0	0	0
Litigation Tax - General	26,189	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	10,310	0	0	0	0
Litigation Tax - Victim/Offender Mediation Center	21,189	0	0	0	0
Business Tax	69,303	10,911	0	0	0
Mineral Severance Tax	0	0	0	0	28,334
<u>Statutory Local Taxes</u>					
Bank Excise Tax	46,624	0	0	0	0
Wholesale Beer Tax	201,085	0	0	0	0
Beer Privilege Tax	17,480	0	0	0	0
Coal Severance Tax	0	0	0	0	1,017
Interstate Telecommunications Tax	1,123	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 4,808,081</b>	<b>\$ 1,077,394</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 29,351</b>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 21,749	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>					
Beer Permits	800	0	0	0	0
<b>Total Licenses and Permits</b>	<b>\$ 22,549</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 3,041	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	5,271	0	0	0	0
Drug Control Fines	0	0	3,498	0	0
<u>Criminal Court</u>					
Data Entry Fee - Criminal Court	1,456	0	0	0	0

(Continued)

Exhibit J-6

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>General Sessions Court</u>					
Fines	\$ 34,897	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	20,746	0	0	0	0
Game and Fish Fines	546	0	0	0	0
Drug Control Fines	0	0	13,828	0	0
Data Entry Fee - General Sessions Court	3,335	0	0	0	0
Courtroom Security Fee	2	0	0	0	0
<u>Other Courts - In-county</u>					
Fines	993	0	0	0	0
Officers Costs	4,536	0	0	0	0
DUI Treatment Fines	2,692	0	0	0	0
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	0	0	29,312	0	0
Data Entry Fee - Other Courts	368	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	23,310	0	0
Total Fines, Forfeitures, and Penalties	\$ 77,883	\$ 0	\$ 69,948	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 212,734	\$ 0	\$ 0	\$ 0
Solid Waste Disposal Fees	0	699	0	0	0
Patient Charges	1,284,579	0	0	0	0
Service Charges	0	25	0	0	0
<u>Fees</u>					
Recreation Fees	14,290	0	0	0	0
Library Fees	582	0	0	0	0
Greenbelt Late Application Fee	100	0	0	0	0
Vending Machine Collections	587	0	0	0	0
Constitutional Officers' Fees and Commissions	12,072	0	0	144	0
Special Commissioner Fees/Special Master Fees	17,555	0	0	1,850	0
Data Processing Fee - Register	6,940	0	0	0	0
Sexual Offender Registration Fees - Sheriff	3,000	0	0	0	0
Total Charges for Current Services	\$ 1,339,705	\$ 213,458	\$ 0	\$ 1,994	\$ 0

(Continued)

Exhibit J-6

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 42,343	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	87,000	6,000	0	0	0
Commissary Sales	5,539	0	0	0	0
Sale of Recycled Materials	0	99,395	0	0	0
Miscellaneous Refunds	21,534	149	0	0	37,871
<u>Nonrecurring Items</u>					
Sale of Equipment	0	6,280	24,225	0	62,820
Sale of Property	3,344	0	0	0	0
Contributions and Gifts	2,737	0	1,063	0	0
Total Other Local Revenues	\$ 162,497	\$ 111,824	\$ 25,288	\$ 0	\$ 100,691
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 158,570	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	54,549	0	0	0	0
General Sessions Court Clerk	80,944	0	0	0	0
Clerk and Master	20,266	0	0	0	0
Register	78,818	0	0	0	0
Sheriff	10,477	0	0	0	0
Trustee	237,889	0	0	0	0
Total Fees Received from County Officials	\$ 641,513	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	8,083	0	0	0	0
Solid Waste Grants	0	25,000	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	3,714	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	87,355	0	0	0	0
<u>Public Works Grants</u>					
Litter Program	33,468	0	0	0	0

(Continued)

Exhibit J-6

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues</u>					
Beer Tax	\$ 18,586	\$ 0	\$ 0	\$ 0	\$ 0
Alcoholic Beverage Tax	45,039	0	0	0	0
Contracted Prisoner Boarding	164,663	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,650,495
Petroleum Special Tax	0	0	0	0	12,958
Registrar's Salary Supplement	18,955	0	0	0	0
Other State Grants	10,796	12,311	0	0	0
Total State of Tennessee	\$ 395,159	\$ 37,311	\$ 0	\$ 0	\$ 1,663,453
<u>Federal Government</u>					
<u>Federal Through State</u>					
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,563
Law Enforcement Grants	18,004	0	0	0	0
Other Federal through State	86,742	0	0	0	0
Total Federal Government	\$ 104,746	\$ 0	\$ 0	\$ 0	\$ 41,563
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	20,900	0	0	0	0
Total Other Governments and Citizens Groups	\$ 20,900	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 7,573,033	\$ 1,439,987	\$ 95,236	\$ 1,994	\$ 1,835,058

(Continued)

Exhibit J-6

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

	Debt Service		Capital Projects Funds			Total
	Fund		West			
	General	HOME	Fentress	Unit #1		
	Debt	Grant	Fire Hall	Fire Hall		
	Service	Project	Project	Project		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 391,029	\$ 0	\$ 0	\$ 0	\$ 0	4,746,459
Trustee's Collections - Prior Year	32,064	0	0	0	0	269,340
Circuit/Clerk & Master Collections - Prior Years	14,057	0	0	0	0	118,092
Interest and Penalty	5,657	0	0	0	0	49,225
Pick-up Taxes	34	0	0	0	0	409
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	64,773
<u>County Local Option Taxes</u>						
Local Option Sales Tax	308,834	0	0	0	0	943,000
Hotel/Motel Tax	0	0	0	0	0	41,638
Litigation Tax - General	0	0	0	0	0	26,189
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	10,310
Litigation Tax - Victim/Offender Mediation Center	0	0	0	0	0	21,189
Business Tax	7,060	0	0	0	0	87,274
Mineral Severance Tax	0	0	0	0	0	28,334
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	0	46,624
Wholesale Beer Tax	0	0	0	0	0	201,085
Beer Privilege Tax	0	0	0	0	0	17,480
Coal Severance Tax	0	0	0	0	0	1,017
Interstate Telecommunications Tax	0	0	0	0	0	1,123
Total Local Taxes	\$ 758,735	\$ 0	\$ 0	\$ 0	\$ 0	6,673,561
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	21,749
<u>Permits</u>						
Beer Permits	0	0	0	0	0	800
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	22,549
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,041
Officers Costs	0	0	0	0	0	5,271
Drug Control Fines	0	0	0	0	0	3,498
<u>Criminal Court</u>						
Data Entry Fee - Criminal Court	0	0	0	0	0	1,456

(Continued)

Exhibit J-6

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

	Debt Service		Capital Projects Funds			Total
	Fund		West			
	General	HOME	Fentress	Unit #1		
	Debt	Grant	Fire Hall	Fire Hall		
	Service	Project	Project	Project		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	34,897
Officers Costs	0	0	0	0	0	20,746
Game and Fish Fines	0	0	0	0	0	546
Drug Control Fines	0	0	0	0	0	13,828
Data Entry Fee - General Sessions Court	0	0	0	0	0	3,335
Courtroom Security Fee	0	0	0	0	0	2
<u>Other Courts - In-county</u>						
Fines	0	0	0	0	0	993
Officers Costs	0	0	0	0	0	4,536
DUI Treatment Fines	0	0	0	0	0	2,692
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	29,312
Data Entry Fee - Other Courts	0	0	0	0	0	368
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	23,310
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	147,831
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	212,734
Solid Waste Disposal Fees	0	0	0	0	0	699
Patient Charges	0	0	0	0	0	1,284,579
Service Charges	0	0	0	0	0	25
<u>Fees</u>						
Recreation Fees	0	0	0	0	0	14,290
Library Fees	0	0	0	0	0	582
Greenbelt Late Application Fee	0	0	0	0	0	100
Vending Machine Collections	0	0	0	0	0	587
Constitutional Officers' Fees and Commissions	0	0	0	0	0	12,216
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	19,405
Data Processing Fee - Register	0	0	0	0	0	6,940
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	3,000
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,555,157

(Continued)

Exhibit J-6

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

	Debt Service		Capital Projects Funds			Total
	Fund		West			
	General	HOME	Fentress	Unit #1		
	Debt	Grant	Fire Hall	Fire Hall		
	Service	Project	Project	Project		
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	42,343
Lease/Rentals	64,380	0	0	0	0	157,380
Commissary Sales	0	0	0	0	0	5,539
Sale of Recycled Materials	0	0	0	0	0	99,395
Miscellaneous Refunds	0	0	0	0	0	59,554
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	93,325
Sale of Property	0	0	0	0	0	3,344
Contributions and Gifts	0	0	0	0	0	3,800
<b>Total Other Local Revenues</b>	<b>\$ 64,380</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>464,680</b>
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	13,708
<u>Fees in-Lieu-of Salary</u>						
County Clerk	0	0	0	0	0	144,862
Circuit Court Clerk	0	0	0	0	0	54,549
General Sessions Court Clerk	0	0	0	0	0	80,944
Clerk and Master	0	0	0	0	0	20,266
Register	0	0	0	0	0	78,818
Sheriff	0	0	0	0	0	10,477
Trustee	0	0	0	0	0	237,889
<b>Total Fees Received from County Officials</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>641,513</b>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,500
Aging Programs	0	0	0	0	0	8,083
Solid Waste Grants	0	0	0	0	0	25,000
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	3,714
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	87,355
<u>Public Works Grants</u>						
Litter Program	0	0	0	0	0	33,468

(Continued)

Exhibit J-6

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

	Debt Service		Capital Projects Funds			Total
	Fund		West			
	General	HOME	Fentress	Unit #1		
	Debt	Grant	Fire Hall	Fire Hall		
	Service	Project	Project	Project		
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues</u>						
Beer Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	18,586
Alcoholic Beverage Tax	0	0	0	0	0	45,039
Contracted Prisoner Boarding	0	0	0	0	0	164,663
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,650,495
Petroleum Special Tax	0	0	0	0	0	12,958
Registrar's Salary Supplement	0	0	0	0	0	18,955
Other State Grants	0	0	0	0	0	23,107
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,095,923
<u>Federal Government</u>						
<u>Federal Through State</u>						
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	41,563
Law Enforcement Grants	0	0	0	0	0	18,004
Other Federal through State	0	93,822	185,805	672,250	0	1,038,619
Total Federal Government	\$ 0	\$ 93,822	\$ 185,805	\$ 672,250	\$ 0	1,098,186
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 781,885	\$ 0	\$ 0	\$ 0	\$ 0	781,885
Contracted Services	0	0	0	0	0	20,900
Total Other Governments and Citizens Groups	\$ 781,885	\$ 0	\$ 0	\$ 0	\$ 0	802,785
Total	\$ 1,605,000	\$ 93,822	\$ 185,805	\$ 672,250	\$ 0	13,502,185

Fentress County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Fentress County School Department  
For the Year Ended June 30, 2013

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 842,990	\$ 0	\$ 0	\$ 842,990
Trustee's Collections - Prior Year	44,289	0	0	44,289
Circuit/Clerk & Master Collections - Prior Years	21,791	0	0	21,791
Interest and Penalty	9,058	0	0	9,058
Pick-up Taxes	83	0	0	83
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,587,413	0	0	1,587,413
Wheel Tax	401,331	0	0	401,331
Business Tax	29,144	0	0	29,144
Mineral Severance Tax	27,638	0	0	27,638
<u>Statutory Local Taxes</u>				
Coal Severance Tax	1,017	0	0	1,017
Interstate Telecommunications Tax	1,600	0	0	1,600
Total Local Taxes	\$ 2,966,354	\$ 0	\$ 0	\$ 2,966,354
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,320	\$ 0	\$ 0	\$ 1,320
Total Licenses and Permits	\$ 1,320	\$ 0	\$ 0	\$ 1,320
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 130,083	\$ 130,083
Lunch Payments - Adults	0	0	32,863	32,863
Income from Breakfast	0	0	34,977	34,977
A la carte Sales	0	0	34,744	34,744
Total Charges for Current Services	\$ 0	\$ 0	\$ 232,667	\$ 232,667
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 44,216	\$ 0	\$ 1,540	\$ 45,756
Lease/Rentals	400	0	0	400
Sale of Recycled Materials	3,642	0	0	3,642
Refund of Telecommunication & Internet Fees (E-Rate)	47,226	0	0	47,226
Miscellaneous Refunds	89,884	0	0	89,884
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	257	0	0	257
Contributions and Gifts	22,899	0	0	22,899
<u>Other Local Revenues</u>				
Other Local Revenues	310	0	0	310
Total Other Local Revenues	\$ 208,834	\$ 0	\$ 1,540	\$ 210,374
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 142,130	\$ 0	\$ 0	\$ 142,130
<u>State Education Funds</u>				
Basic Education Program	11,679,674	0	0	11,679,674
Early Childhood Education	596,878	0	0	596,878
School Food Service	0	0	14,980	14,980
Driver Education	1,044	0	0	1,044
Other State Education Funds	121,303	0	0	121,303
Career Ladder Program	95,144	0	0	95,144
Career Ladder - Extended Contract	27,000	0	0	27,000
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	608,127	0	0	608,127

(Continued)

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues (Cont.)</u>				
Other State Grants	\$ 26,991	\$ 0	\$ 0	\$ 26,991
Total State of Tennessee	\$ 13,298,291	\$ 0	\$ 14,980	\$ 13,313,271
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 741,562	\$ 741,562
USDA - Commodities	0	0	71,139	71,139
Breakfast	0	0	277,162	277,162
USDA - Other	0	0	4,287	4,287
Adult Education State Grant Program	75,887	0	0	75,887
Vocational Education - Basic Grants to States	0	47,914	0	47,914
Title I Grants to Local Education Agencies	0	933,887	0	933,887
Special Education - Grants to States	0	676,978	0	676,978
Special Education Preschool Grants	0	27,436	0	27,436
Safe and Drug-Free Schools - State Grants	0	68,752	0	68,752
Rural Education	0	45,188	0	45,188
Eisenhower Professional Development State Grants	0	148,269	0	148,269
Job Training Partnership Act	0	11,000	0	11,000
Race-to-the-Top - ARRA	0	332,233	0	332,233
Other Federal through State	111,653	0	0	111,653
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	63,866	0	0	63,866
Total Federal Government	\$ 251,406	\$ 2,291,657	\$ 1,094,150	\$ 3,637,213
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 111,406	\$ 0	\$ 0	\$ 111,406
Total Other Governments and Citizens Groups	\$ 111,406	\$ 0	\$ 0	\$ 111,406
Total	\$ 16,837,611	\$ 2,291,657	\$ 1,343,337	\$ 20,472,605

Exhibit J-8

Fentress County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2013

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	67,843	
Social Security		4,206	
Employer Medicare		984	
Audit Services		5,388	
Legal Services		37,277	
Other Charges		<u>6,322</u>	
Total County Commission	\$		122,020

Board of Equalization

Board and Committee Members Fees	\$	<u>750</u>	
Total Board of Equalization			750

Beer Board

Board and Committee Members Fees	\$	<u>1,500</u>	
Total Beer Board			1,500

Other Boards and Committees

Advertising	\$	296	
Legal Services		1,562	
Postal Charges		1,293	
Printing, Stationery, and Forms		6,546	
Other Contracted Services		15,050	
Other Supplies and Materials		<u>550</u>	
Total Other Boards and Committees			25,297

County Mayor/Executive

County Official/Administrative Officer	\$	67,843	
Assistant(s)		33,072	
Clerical Personnel		23,566	
Social Security		7,449	
State Retirement		5,430	
Medical Insurance		3,000	
Unemployment Compensation		396	
Employer Medicare		1,742	
Communication		2,730	
Postal Charges		969	
Travel		3,282	
Office Supplies		7,783	
Premiums on Corporate Surety Bonds		350	
Other Equipment		<u>2,391</u>	
Total County Mayor/Executive			160,003

Election Commission

County Official/Administrative Officer	\$	52,865	
Deputy(ies)		24,814	
Clerical Personnel		395	
Election Commission		3,520	
Election Workers		30,764	
Social Security		5,990	
State Retirement		4,614	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Medical Insurance	\$	3,000	
Unemployment Compensation		830	
Employer Medicare		1,401	
Communication		1,326	
Data Processing Services		12,852	
Dues and Memberships		175	
Maintenance and Repair Services - Equipment		3,639	
Postal Charges		4,895	
Printing, Stationery, and Forms		5,150	
Travel		3,551	
Office Supplies		13,301	
Office Equipment		1,892	
Total Election Commission			\$ 174,974

Register of Deeds

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		29,390	
Clerical Personnel		45,510	
Social Security		8,198	
State Retirement		6,192	
Medical Insurance		9,000	
Unemployment Compensation		594	
Employer Medicare		1,917	
Communication		1,377	
Data Processing Services		6,766	
Postal Charges		752	
Printing, Stationery, and Forms		1,451	
Travel		1,983	
Duplicating Supplies		2,780	
Office Supplies		3,911	
Premiums on Corporate Surety Bonds		100	
Total Register of Deeds			178,660

Planning

Board and Committee Members Fees	\$	1,815	
Dues and Memberships		8,325	
Other Supplies and Materials		729	
Total Planning			10,869

County Buildings

Deputy(ies)	\$	22,880	
Foremen		52,000	
Social Security		3,612	
State Retirement		4,448	
Medical Insurance		3,000	
Unemployment Compensation		396	
Employer Medicare		845	
Communication		1,118	
Maintenance and Repair Services - Buildings		58,763	
Travel		896	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Custodial Supplies	\$	4,603	
Utilities		106,546	
Other Supplies and Materials		218	
Communication Equipment		6,000	
Total County Buildings			\$ 265,325

Finance

Accounting and Budgeting

Supervisor/Director	\$	46,991	
Accountants/Bookkeepers		149,139	
Social Security		11,234	
State Retirement		11,650	
Medical Insurance		15,250	
Unemployment Compensation		1,188	
Employer Medicare		2,627	
Communication		3,464	
Postal Charges		1,081	
Printing, Stationery, and Forms		6,029	
Travel		373	
Other Contracted Services		2,078	
Office Supplies		6,977	
Other Supplies and Materials		64	
Premiums on Corporate Surety Bonds		350	
Office Equipment		357	
Total Accounting and Budgeting			258,852

Property Assessor's Office

County Official/Administrative Officer	\$	58,739	
Clerical Personnel		27,310	
Part-time Personnel		23,462	
Social Security		6,790	
State Retirement		6,505	
Medical Insurance		6,000	
Unemployment Compensation		396	
Employer Medicare		1,588	
Audit Services		5,166	
Communication		958	
Contracts with Government Agencies		8,029	
Postal Charges		108	
Travel		4,693	
Office Supplies		2,869	
Premiums on Corporate Surety Bonds		467	
Office Equipment		744	
Total Property Assessor's Office			153,824

Reappraisal Program

Clerical Personnel	\$	22,048	
Social Security		1,272	
State Retirement		1,310	
Medical Insurance		3,000	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Unemployment Compensation	\$	198	
Employer Medicare		298	
Data Processing Services		2,779	
Total Reappraisal Program			\$ 30,905

County Trustee's Office

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		57,844	
Clerical Personnel		25,542	
Social Security		8,799	
State Retirement		8,442	
Medical Insurance		3,000	
Unemployment Compensation		792	
Employer Medicare		2,058	
Communication		2,128	
Contracts with Government Agencies		4,829	
Postal Charges		6,013	
Printing, Stationery, and Forms		1,360	
Travel		621	
Office Supplies		5,021	
Premiums on Corporate Surety Bonds		3,702	
Data Processing Equipment		7,045	
Total County Trustee's Office			195,935

County Clerk's Office

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		104,020	
Clerical Personnel		23,364	
Part-time Personnel		7,269	
Overtime Pay		23	
Social Security		11,304	
State Retirement		11,056	
Medical Insurance		12,000	
Unemployment Compensation		1,150	
Employer Medicare		2,644	
Communication		1,592	
Data Processing Services		13,426	
Postal Charges		4,130	
Printing, Stationery, and Forms		3,786	
Office Supplies		2,390	
Premiums on Corporate Surety Bonds		175	
Office Equipment		2,369	
Total County Clerk's Office			259,437

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		77,310	
Clerical Personnel		25,230	
Jury and Witness Expense		4,455	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Social Security	\$	9,592	
State Retirement		8,117	
Medical Insurance		6,000	
Unemployment Compensation		1,009	
Employer Medicare		2,243	
Communication		1,981	
Data Processing Services		4,552	
Postal Charges		2,841	
Printing, Stationery, and Forms		2,248	
Office Supplies		9,400	
Premiums on Corporate Surety Bonds		250	
Office Equipment		4,705	
Total Circuit Court			\$ 218,672

General Sessions Court

Judge(s)	\$	86,317	
Deputy(ies)		27,310	
Social Security		6,942	
State Retirement		6,749	
Medical Insurance		3,000	
Unemployment Compensation		198	
Employer Medicare		1,624	
Communication		1,284	
Data Processing Services		4,552	
Travel		1,096	
Office Supplies		802	
Total General Sessions Court			139,874

Chancery Court

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		28,558	
Clerical Personnel		5,996	
Social Security		5,239	
State Retirement		5,185	
Medical Insurance		6,000	
Unemployment Compensation		528	
Employer Medicare		1,225	
Communication		1,387	
Postal Charges		1,336	
Office Supplies		3,828	
Premiums on Corporate Surety Bonds		553	
Total Chancery Court			118,574

Juvenile Court

Social Workers	\$	17,326	
Social Security		1,074	
State Retirement		1,029	
Unemployment Compensation		200	
Employer Medicare		251	
Communication		1,475	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Contracts with Other Public Agencies	\$	750	
Office Supplies		64	
Total Juvenile Court			\$ 22,169

Other Administration of Justice

Special Commissioner Fees/Special Master Fees	\$	12,414	
Gasoline		12,091	
Total Other Administration of Justice			24,505

Probation Services

Probation Officer(s)	\$	29,000	
Social Workers		6,448	
Social Security		2,198	
State Retirement		1,723	
Unemployment Compensation		340	
Employer Medicare		514	
Communication		247	
Office Supplies		515	
Testing		929	
Total Probation Services			41,914

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	64,613	
Deputy(ies)		624,399	
Salary Supplements		19,800	
Clerical Personnel		74,648	
Part-time Personnel		33,194	
Overtime Pay		18,843	
Other Salaries and Wages		2,988	
In-Service Training		7,000	
Social Security		51,222	
State Retirement		46,972	
Medical Insurance		22,584	
Unemployment Compensation		6,006	
Employer Medicare		11,979	
Communication		19,108	
Data Processing Services		1,700	
Legal Notices, Recording, and Court Costs		137	
Licenses		151	
Maintenance and Repair Services - Equipment		227	
Maintenance and Repair Services - Office Equipment		1,978	
Maintenance and Repair Services - Vehicles		22,824	
Postal Charges		2,117	
Printing, Stationery, and Forms		1,224	
Travel		731	
Gasoline		134,914	
Law Enforcement Supplies		1,927	
Office Supplies		2,907	
Tires and Tubes		9,060	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Uniforms	\$	2,883	
Other Supplies and Materials		1,689	
Premiums on Corporate Surety Bonds		6,000	
Other Charges		174	
Law Enforcement Equipment		14,620	
Motor Vehicles		118,021	
Office Equipment		300	
Total Sheriff's Department			\$ 1,326,940

Administration of the Sexual Offender Registry

Remittance of Revenue Collected	\$	900	
Office Supplies		1,029	
Total Administration of the Sexual Offender Registry			1,929

Jail

Guards	\$	281,234	
Overtime Pay		1,975	
In-Service Training		2,323	
Social Security		17,470	
State Retirement		16,823	
Medical Insurance		11,924	
Unemployment Compensation		2,721	
Employer Medicare		4,086	
Contracts with Government Agencies		104,730	
Data Processing Services		8,258	
Maintenance and Repair Services - Buildings		12,200	
Medical and Dental Services		138,151	
Printing, Stationery, and Forms		981	
Transportation - Other than Students		214	
Travel		637	
Custodial Supplies		4,120	
Food Supplies		75,815	
Office Supplies		3,089	
Prisoners Clothing		1,575	
Uniforms		1,054	
Utilities		22,445	
Other Supplies and Materials		3,749	
Other Charges		1,014	
Building Improvements		3,274	
Furniture and Fixtures		1,434	
Office Equipment		1,101	
Total Jail			722,397

Fire Prevention and Control

In-Service Training	\$	968	
Other Per Diem and Fees		25,146	
Contracts with Government Agencies		2,000	
Maintenance and Repair Services - Buildings		1,113	
Maintenance and Repair Services - Equipment		1,500	
Maintenance and Repair Services - Vehicles		37,587	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Medical and Dental Services	\$	2,800	
Gasoline		8,432	
Utilities		24,727	
Other Supplies and Materials		1,498	
Communication Equipment		1,415	
Motor Vehicles		33,995	
Other Equipment		35,739	
Total Fire Prevention and Control	\$		176,920

Rural Fire Protection

Other Contracted Services	\$	10,000	
Building Construction		9,005	
Communication Equipment		9,317	
Furniture and Fixtures		10,683	
Total Rural Fire Protection			39,005

Civil Defense

Supervisor/Director	\$	24,960	
Social Security		1,548	
State Retirement		1,483	
Medical Insurance		3,000	
Unemployment Compensation		256	
Employer Medicare		362	
Communication		2,406	
Maintenance and Repair Services - Vehicles		3,192	
Gasoline		4,214	
Other Supplies and Materials		84	
Office Equipment		1,450	
Other Equipment		3,026	
Total Civil Defense			45,981

Rescue Squad

Communication	\$	1,668	
Contributions		4,000	
Maintenance and Repair Services - Vehicles		3,287	
Medical and Dental Services		2,008	
Gasoline		4,645	
Other Supplies and Materials		2,097	
Other Equipment		57,681	
Total Rescue Squad			75,386

Other Emergency Management

Contributions	\$	194,800	
Total Other Emergency Management			194,800

County Coroner/Medical Examiner

Other Contracted Services	\$	10,920	
Total County Coroner/Medical Examiner			10,920

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	8,854	
Social Security		549	
Unemployment Compensation		195	
Employer Medicare		128	
Communication		3,556	
Maintenance and Repair Services - Buildings		9,162	
Drugs and Medical Supplies		1,325	
Office Supplies		2,249	
Utilities		16,916	
Total Local Health Center			\$ 42,934

Ambulance/Emergency Medical Services

Supervisor/Director	\$	41,964	
Medical Personnel		746,669	
Clerical Personnel		36,286	
Overtime Pay		109,196	
In-Service Training		1,810	
Social Security		53,682	
State Retirement		53,487	
Medical Insurance		32,000	
Unemployment Compensation		5,812	
Employer Medicare		12,555	
Communication		10,974	
Contracts with Private Agencies		1,390	
Data Processing Services		60	
Maintenance and Repair Services - Vehicles		25,789	
Postal Charges		1,883	
Travel		1,494	
Other Contracted Services		9,495	
Custodial Supplies		5,138	
Drugs and Medical Supplies		44,083	
Gasoline		73,841	
Office Supplies		3,646	
Uniforms		4,354	
Utilities		13,092	
Refunds		6,449	
Motor Vehicles		128,400	
Total Ambulance/Emergency Medical Services			1,423,549

Alcohol and Drug Programs

Communication	\$	1,760	
Dues and Memberships		710	
Travel		3,686	
Other Contracted Services		28,138	
Office Supplies		1,794	
Other Supplies and Materials		2,945	
Total Alcohol and Drug Programs			39,033

Other Local Health Services

Medical Personnel	\$	52,734	
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(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services (Cont.)

Social Security	\$	3,270	
State Retirement		3,132	
Unemployment Compensation		396	
Employer Medicare		765	
Travel		4,198	
Instructional Supplies and Materials		9,917	
Total Other Local Health Services			\$ 74,412

Appropriation to State

Other Contracted Services	\$	17,606	
Total Appropriation to State			17,606

General Welfare Assistance

Pauper Burials	\$	1,000	
Total General Welfare Assistance			1,000

Other Local Welfare Services

Contributions	\$	8,604	
Total Other Local Welfare Services			8,604

Waste Pickup

Supervisor/Director	\$	8,480	
Clerical Personnel		15,128	
Social Security		1,455	
State Retirement		899	
Medical Insurance		1,048	
Unemployment Compensation		219	
Employer Medicare		340	
Maintenance and Repair Services - Vehicles		394	
Travel		1,565	
Gasoline		434	
Instructional Supplies and Materials		800	
Other Supplies and Materials		4,024	
Total Waste Pickup			34,786

Other Public Health and Welfare

Medical Personnel	\$	18,462	
Social Security		1,145	
State Retirement		1,097	
Unemployment Compensation		388	
Employer Medicare		268	
Travel		1,973	
Office Supplies		7,420	
Total Other Public Health and Welfare			30,753

Social, Cultural, and Recreational Services

Adult Activities

Supervisor/Director	\$	24,960	
Other Salaries and Wages		22,630	
Social Security		2,951	

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Adult Activities (Cont.)

State Retirement	\$	2,827	
Unemployment Compensation		396	
Employer Medicare		690	
Communication		913	
Contracts with Private Agencies		200	
Postal Charges		272	
Travel		2,406	
Custodial Supplies		1,458	
Office Supplies		5,016	
Utilities		20,361	
Premiums on Corporate Surety Bonds		175	
Office Equipment		2,590	
Total Adult Activities	\$		87,845

Libraries

Supervisor/Director	\$	30,296	
Librarians		57,619	
Social Security		5,169	
State Retirement		4,489	
Medical Insurance		3,000	
Unemployment Compensation		802	
Employer Medicare		1,209	
Communication		1,867	
Data Processing Services		1,748	
Maintenance and Repair Services - Buildings		5,924	
Maintenance and Repair Services - Equipment		449	
Postal Charges		212	
Travel		1,208	
Utilities		10,542	
Other Supplies and Materials		3,623	
Office Equipment		4,479	
Total Libraries			132,636

Parks and Fair Boards

Contributions	\$	2,000	
Maintenance and Repair Services - Equipment		1,700	
Total Parks and Fair Boards			3,700

Agriculture and Natural Resources

Agriculture Extension Service

Communication	\$	2,107	
Contributions		52,821	
Travel		2,070	
Custodial Supplies		138	
Office Supplies		3,654	
Office Equipment		2,351	
Total Agriculture Extension Service			63,141

Soil Conservation

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

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations

Tourism

Contributions	\$ 56,409	
Total Tourism		\$ 56,409

Industrial Development

Contributions	\$ 41,240	
Total Industrial Development		41,240

Other Economic and Community Development

Postal Charges	\$ 55	
Other Supplies and Materials	700	
Other Charges	2,860	
Total Other Economic and Community Development		3,615

Veterans' Services

Supervisor/Director	\$ 26,458	
Social Security	1,640	
State Retirement	1,572	
Unemployment Compensation	198	
Employer Medicare	384	
Communication	1,149	
Contracts with Government Agencies	9,983	
Contributions	500	
Postal Charges	346	
Travel	1,354	
Office Supplies	849	
Other Supplies and Materials	2,434	
Total Veterans' Services		46,867

Contributions to Other Agencies

Contributions	\$ 11,092	
Dues and Memberships	11,799	
Remittance of Revenue Collected	19,321	
Total Contributions to Other Agencies		42,212

Miscellaneous

Data Processing Services	\$ 14,815	
Legal Services	16,279	
Road Signs	5,027	
Liability Insurance	69,871	
Trustee's Commission	107,692	
Vehicle and Equipment Insurance	47,062	
Workers' Compensation Insurance	76,423	
Principal on Notes	20,093	
Interest on Notes	6,505	
Other Charges	1,484	
Other Capital Outlay	118,318	
Total Miscellaneous		483,569

Capital Projects - Donated

Capital Projects Donated to Other Entities

Contributions	\$ 1,363,298	
Total Capital Projects Donated to Other Entities		1,363,298

Total General Fund \$ 9,026,661

(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Assistant(s)	\$	51,709	
Supervisor/Director		37,648	
Social Security		5,268	
State Retirement		3,710	
Medical Insurance		6,000	
Unemployment Compensation		594	
Employer Medicare		1,232	
Communication		3,370	
Postal Charges		800	
Travel		1,057	
Office Supplies		1,416	
Other Supplies and Materials		2,741	
Office Equipment		623	
Total Sanitation Management			\$ 116,168

Sanitation Education/Information

Advertising	\$	2,512	
Instructional Supplies and Materials		2,585	
Other Supplies and Materials		3,160	
Total Sanitation Education/Information			8,257

Waste Pickup

Truck Drivers	\$	96,314	
Laborers		23,376	
Social Security		7,199	
State Retirement		5,454	
Medical Insurance		9,000	
Unemployment Compensation		990	
Employer Medicare		1,684	
Communication		1,096	
Maintenance and Repair Services - Vehicles		37,534	
Gasoline		36,790	
Tires and Tubes		1,530	
Uniforms		1,835	
Other Supplies and Materials		2,442	
Solid Waste Equipment		78,070	
Total Waste Pickup			303,314

Convenience Centers

Supervisor/Director	\$	53,096	
Paraprofessionals		27,144	
Equipment Operators - Heavy		31,990	
Attendants		264,395	
Social Security		23,252	
State Retirement		10,491	
Unemployment Compensation		4,355	
Employer Medicare		5,438	
Communication		5,433	
Maintenance and Repair Services - Equipment		12,727	
Permits		1,575	

(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Uniforms	\$	2,163	
Utilities		11,179	
Other Supplies and Materials		7,167	
Site Development		721	
Other Equipment		3,910	
Total Convenience Centers			\$ 465,036

Problem Waste Centers

Advertising	\$	3,700	
Other Supplies and Materials		1,501	
Total Problem Waste Centers			5,201

Other Waste Collection

Other Supplies and Materials	\$	921	
Total Other Waste Collection			921

Recycling Center

Paraprofessionals	\$	28,392	
Truck Drivers		75,784	
Laborers		44,429	
Social Security		9,213	
State Retirement		7,060	
Unemployment Compensation		1,188	
Employer Medicare		2,155	
Communication		1,413	
Contracts with Private Agencies		25,076	
Maintenance and Repair Services - Buildings		6,302	
Maintenance and Repair Services - Equipment		715	
Maintenance and Repair Services - Vehicles		142	
Travel		862	
Gasoline		25,180	
Tires and Tubes		835	
Uniforms		1,995	
Utilities		7,849	
Other Supplies and Materials		3,316	
Total Recycling Center			241,906

Landfill Operation and Maintenance

Contracts with Private Agencies	\$	337,278	
Total Landfill Operation and Maintenance			337,278

Postclosure Care Costs

Engineering Services	\$	3,855	
Permits		242	
Utilities		498	
Other Supplies and Materials		11	
Total Postclosure Care Costs			4,606

(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations

Other Charges

Liability Insurance	\$	6,187	
Trustee's Commission		17,289	
Vehicle and Equipment Insurance		9,075	
Workers' Compensation Insurance		33,834	
Total Other Charges			\$ 66,385

Employee Benefits

Medical and Dental Services	\$	208	
Total Employee Benefits			208

Total Solid Waste/Sanitation Fund \$ 1,549,280

Drug Control Fund

Public Safety

Drug Enforcement

Other Salaries and Wages	\$	2,659	
In-Service Training		3,056	
Social Security		165	
State Retirement		149	
Unemployment Compensation		58	
Employer Medicare		39	
Confidential Drug Enforcement Payments		5,000	
Maintenance and Repair Services - Vehicles		1,784	
Veterinary Services		228	
Animal Food and Supplies		570	
Law Enforcement Supplies		2,878	
Other Supplies and Materials		1,551	
Trustee's Commission		703	
Other Charges		3,249	
Law Enforcement Equipment		7,499	
Motor Vehicles		20,465	
Total Drug Enforcement			\$ 50,053

Total Drug Control Fund 50,053

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	144	
Total County Clerk's Office			\$ 144

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	1,850	
Total Chancery Court			1,850

Total Constitutional Officers - Fees Fund 1,994

(Continued)

Exhibit J-8

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	59,643	
Clerical Personnel		69,115	
Social Security		7,741	
State Retirement		7,648	
Employer Medicare		1,811	
Communication		6,831	
Dues and Memberships		3,226	
Licenses		70	
Postal Charges		176	
Other Contracted Services		252	
Custodial Supplies		1,042	
Office Supplies		1,258	
Other Charges		2,356	
Total Administration			\$ 161,169

Highway and Bridge Maintenance

Foremen	\$	35,051	
Equipment Operators		92,464	
Truck Drivers		58,672	
Laborers		209,935	
Social Security		24,080	
State Retirement		19,834	
Employer Medicare		5,632	
Rentals		14,100	
Asphalt - Cold Mix		10,785	
Asphalt - Liquid		354,410	
Crushed Stone		192,535	
Other Road Supplies		2,148	
Pipe - Metal		17,624	
Road Signs		527	
Other Charges		6,102	
Total Highway and Bridge Maintenance			1,043,899

Operation and Maintenance of Equipment

Foremen	\$	33,956	
Mechanic(s)		35,563	
Social Security		4,069	
State Retirement		4,129	
Employer Medicare		952	
Freight Expenses		1,011	
Maintenance and Repair Services - Vehicles		3,038	
Diesel Fuel		110,964	
Electricity		6,680	
Equipment and Machinery Parts		44,147	
Garage Supplies		2,126	
Gasoline		31,521	
Lubricants		8,670	
Natural Gas		1,507	
Tires and Tubes		13,115	
Other Supplies and Materials		7,292	
Other Charges		1,164	
Total Operation and Maintenance of Equipment			309,904

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Quarry Operations

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

Other Charges

Water and Sewer	\$	353	
Liability Insurance		27,386	
Premiums on Corporate Surety Bonds		602	
Trustee's Commission		16,909	
Workers' Compensation Insurance		34,378	
Total Other Charges			79,628

Employee Benefits

Medical Insurance	\$	32,632	
Unemployment Compensation		5,761	
Total Employee Benefits			38,393

Capital Outlay

Bridge Construction	\$	2,077	
Building Improvements		66	
Communication Equipment		931	
Highway Construction		2,187	
Highway Equipment		61,580	
Total Capital Outlay			66,841

Principal on Debt

Highways and Streets

Principal on Notes	\$	112,325	
Principal on Capital Leases		12,402	
Total Highways and Streets			124,727

Interest on Debt

Highways and Streets

Interest on Notes	\$	19,132	
Interest on Capital Leases		1,989	
Total Highways and Streets			21,121

Total Highway/Public Works Fund \$ 1,859,131

General Debt Service Fund

Other Operations

Contributions to Other Agencies

Contributions	\$	111,406	
Total Contributions to Other Agencies			\$ 111,406

Principal on Debt

General Government

Principal on Notes	\$	72,590	
Principal on Other Loans		138,301	
Total General Government			210,891

(Continued)

Exhibit J-8

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Education

Principal on Bonds	\$ 755,000	
Principal on Notes	34,121	
Principal on Other Loans	239,338	
Total Education		\$ 1,028,459

Interest on Debt

General Government

Interest on Notes	\$ 495	
Interest on Other Loans	6,255	
Total General Government		6,750

Education

Interest on Bonds	\$ 32,350	
Interest on Notes	16,384	
Interest on Other Loans	34,125	
Total Education		82,859

Other Debt Service

General Government

Trustee's Commission	\$ 12,992	
Other Debt Service	7,147	
Total General Government		20,139

Education

Other Debt Service	\$ 27,642	
Total Education		27,642

Total General Debt Service Fund \$ 1,488,146

HOME Grant Project

Capital Projects

Other General Government Projects

Other Contracted Services	\$ 2,322	
Other Capital Outlay	91,500	
Total Other General Government Projects		\$ 93,822

Total HOME Grant Project Fund 93,822

West Fentress Fire Hall Project Fund

Capital Projects

Public Safety Projects

Engineering Services	\$ 33,140	
Evaluation and Testing	1,500	
Building Construction	151,165	
Total Public Safety Projects		\$ 185,805

Total West Fentress Fire Hall Project Fund 185,805

(Continued)

Exhibit J-8

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

<u>Unit #1 Fire Hall Project Fund</u>		
<u>Capital Projects</u>		
<u>Public Safety Projects</u>		
Engineering Services	\$	59,650
Other Contracted Services		14,285
Building Construction		<u>598,315</u>
Total Public Safety Projects		\$ <u>672,250</u>
Total Unit #1 Fire Hall Project Fund		\$ <u>672,250</u>
Total Governmental Funds - Primary Government		\$ <u>14,927,142</u>

Exhibit J-9

Fentress County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Fentress County School Department  
For the Year Ended June 30, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	4,995,751	
Career Ladder Program		56,500	
Career Ladder Extended Contracts		37,213	
Homebound Teachers		4,223	
Educational Assistants		349,955	
Other Salaries and Wages		127,918	
Certified Substitute Teachers		73,030	
Non-certified Substitute Teachers		46,956	
Social Security		333,866	
State Retirement		477,346	
Medical Insurance		913,227	
Unemployment Compensation		5,866	
Employer Medicare		78,473	
Maintenance and Repair Services - Equipment		95,201	
Instructional Supplies and Materials		247,683	
Textbooks		180,122	
Other Supplies and Materials		54,875	
Other Charges		5,325	
Regular Instruction Equipment		29,665	
Total Regular Instruction Program			\$ 8,113,195

Alternative Instruction Program

Teachers	\$	91,050	
Social Security		5,327	
State Retirement		8,085	
Medical Insurance		15,790	
Unemployment Compensation		44	
Employer Medicare		1,246	
Total Alternative Instruction Program			121,542

Special Education Program

Teachers	\$	386,283	
Career Ladder Program		6,000	
Educational Assistants		88,805	
Speech Pathologist		142,087	
Certified Substitute Teachers		14,665	
Non-certified Substitute Teachers		26,049	
Social Security		39,029	
State Retirement		53,132	
Medical Insurance		104,730	
Unemployment Compensation		800	
Employer Medicare		9,128	
Instructional Supplies and Materials		11,268	
Other Supplies and Materials		813	
Other Charges		238	
Total Special Education Program			883,027

Vocational Education Program

Teachers	\$	89,595	
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(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Career Ladder Program	\$	1,250	
Social Security		5,414	
State Retirement		8,045	
Medical Insurance		15,227	
Unemployment Compensation		68	
Employer Medicare		1,270	
Instructional Supplies and Materials		5,421	
Total Vocational Education Program			\$ 126,290

Adult Education Program

Teachers	\$	14,670	
Career Ladder Program		1,000	
Other Salaries and Wages		19,205	
Social Security		1,513	
State Retirement		1,231	
Medical Insurance		95	
Unemployment Compensation		93	
Employer Medicare		506	
Other Contracted Services		10,886	
Instructional Supplies and Materials		7,251	
Total Adult Education Program			56,450

Support Services

Attendance

Supervisor/Director	\$	63,548	
Career Ladder Program		1,000	
Other Salaries and Wages		45,094	
Social Security		6,798	
State Retirement		8,640	
Medical Insurance		5,967	
Unemployment Compensation		100	
Employer Medicare		1,590	
Maintenance and Repair Services - Equipment		6,269	
Travel		3,607	
Total Attendance			142,613

Health Services

Supervisor/Director	\$	45,540	
Medical Personnel		124,557	
Secretary(ies)		20,250	
Social Security		11,334	
State Retirement		12,808	
Medical Insurance		10,402	
Unemployment Compensation		265	
Employer Medicare		2,651	
Travel		4,049	
Other Contracted Services		1,398	
Drugs and Medical Supplies		3,110	
Other Supplies and Materials		8,807	
Other Charges		416	
Total Health Services			245,587

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		227,946	
Social Security		14,044	
State Retirement		20,863	
Medical Insurance		36,281	
Unemployment Compensation		150	
Employer Medicare		3,284	
Evaluation and Testing		8,697	
Other Supplies and Materials		4,175	
Total Other Student Support			\$ 318,440

Regular Instruction Program

Supervisor/Director	\$	65,248	
Career Ladder Program		5,400	
Librarians		210,563	
Materials Supervisor		64,048	
In-Service Training		4,000	
Social Security		20,583	
State Retirement		30,926	
Medical Insurance		52,715	
Unemployment Compensation		228	
Employer Medicare		4,814	
Travel		34,596	
Other Contracted Services		62,855	
In Service/Staff Development		42,401	
Other Charges		97	
Other Equipment		237	
Total Regular Instruction Program			598,711

Special Education Program

Supervisor/Director	\$	32,140	
Career Ladder Program		2,500	
Psychological Personnel		53,540	
Social Security		5,187	
State Retirement		7,835	
Medical Insurance		11,354	
Unemployment Compensation		39	
Employer Medicare		1,213	
Travel		11,978	
Other Contracted Services		89,199	
Other Supplies and Materials		200	
In Service/Staff Development		2,796	
Other Equipment		1,802	
Total Special Education Program			219,783

Vocational Education Program

Supervisor/Director	\$	12,140	
Unemployment Compensation		32	
Employer Medicare		176	
Other Contracted Services		14,568	
Total Vocational Education Program			26,916

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs

Supervisor/Director	\$	51,293	
Social Security		3,135	
State Retirement		4,555	
Medical Insurance		5,872	
Unemployment Compensation		33	
Employer Medicare		733	
Travel		2,983	
In Service/Staff Development		5,746	
Total Adult Programs			\$ 74,350

Other Programs

On-Behalf Payments to OPEB	\$	142,130	
Total Other Programs			142,130

Board of Education

Board and Committee Members Fees	\$	12,100	
Social Security		750	
Medical Insurance		113,623	
Employer Medicare		175	
Audit Services		5,500	
Dues and Memberships		9,256	
Legal Services		16,074	
Travel		3,772	
Liability Insurance		161,042	
Premiums on Corporate Surety Bonds		1,414	
Trustee's Commission		75,922	
Workers' Compensation Insurance		146,943	
Other Charges		11,289	
Debt Service Contribution to Primary Government		727,885	
Total Board of Education			1,285,745

Director of Schools

County Official/Administrative Officer	\$	83,750	
Career Ladder Program		1,000	
Secretary(ies)		296	
Social Security		5,148	
State Retirement		7,526	
Medical Insurance		13,549	
Unemployment Compensation		34	
Employer Medicare		1,204	
Communication		49,464	
Travel		3,568	
Total Director of Schools			165,539

Office of the Principal

Principals	\$	292,209	
Career Ladder Program		3,500	
Secretary(ies)		191,739	
Social Security		29,346	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

State Retirement	\$	38,086	
Medical Insurance		45,557	
Unemployment Compensation		524	
Employer Medicare		6,864	
Communication		10,049	
Other Charges		1,503	
		<hr/>	
Total Office of the Principal	\$		619,377

Fiscal Services

Accountants/Bookkeepers	\$	48,316	
Clerical Personnel		25,815	
Social Security		3,702	
State Retirement		4,549	
Unemployment Compensation		113	
Employer Medicare		866	
Data Processing Services		225	
Travel		534	
Office Supplies		7,545	
Other Charges		5,396	
Administration Equipment		1,243	
		<hr/>	
Total Fiscal Services			98,304

Operation of Plant

Custodial Personnel	\$	278,980	
Social Security		16,472	
State Retirement		16,429	
Unemployment Compensation		728	
Employer Medicare		3,942	
Disposal Fees		28,800	
Electricity		438,193	
Natural Gas		118,408	
Water and Sewer		31,512	
Other Supplies and Materials		88,429	
		<hr/>	
Total Operation of Plant			1,021,893

Maintenance of Plant

Other Salaries and Wages	\$	76,334	
Social Security		4,733	
State Retirement		4,606	
Unemployment Compensation		158	
Employer Medicare		1,107	
Other Contracted Services		26,640	
Equipment and Machinery Parts		124,209	
Other Charges		3,569	
		<hr/>	
Total Maintenance of Plant			241,356

Transportation

Supervisor/Director	\$	1,916	
Mechanic(s)		41,880	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Bus Drivers	\$	306,006	
Other Salaries and Wages		3,431	
Social Security		21,893	
State Retirement		20,259	
Medical Insurance		37	
Unemployment Compensation		1,065	
Employer Medicare		5,121	
Contracts with Parents		3,724	
Rentals		3,876	
Equipment and Machinery Parts		28,553	
Gasoline		205,634	
Lubricants		9,628	
Tires and Tubes		30,364	
Vehicle Parts		53,654	
Other Supplies and Materials		2,500	
Other Charges		18,932	
Transportation Equipment		265,457	
Total Transportation	\$		1,023,930

Operation of Non-Instructional Services

Community Services

Teachers	\$	39,628	
Educational Assistants		12,019	
Social Security		3,158	
State Retirement		4,057	
Medical Insurance		10,712	
Unemployment Compensation		78	
Employer Medicare		739	
Travel		1,218	
Instructional Supplies and Materials		19,336	
Total Community Services			90,945

Early Childhood Education

Supervisor/Director	\$	32,140	
Teachers		230,650	
Educational Assistants		139,823	
Certified Substitute Teachers		595	
Non-certified Substitute Teachers		2,066	
Social Security		23,890	
State Retirement		28,838	
Medical Insurance		57,308	
Unemployment Compensation		657	
Employer Medicare		5,587	
Travel		6,191	
Food Supplies		7,105	
Instructional Supplies and Materials		54,790	
In Service/Staff Development		2,794	
Other Charges		3,700	
Other Equipment		744	
Total Early Childhood Education			596,878

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Architects	\$	12,622	
Building Improvements		301,299	
Total Regular Capital Outlay			\$ 313,921

Total General Purpose School Fund \$ 16,526,922

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	531,472	
Educational Assistants		50,787	
Certified Substitute Teachers		4,480	
Non-certified Substitute Teachers		1,529	
Social Security		34,986	
State Retirement		50,463	
Medical Insurance		105,986	
Unemployment Compensation		690	
Employer Medicare		8,183	
Instructional Supplies and Materials		19,585	
Regular Instruction Equipment		3,129	
Total Regular Instruction Program			\$ 811,290

Special Education Program

Teachers	\$	240,890	
Educational Assistants		186,997	
Speech Pathologist		35,984	
Social Security		27,270	
State Retirement		36,648	
Medical Insurance		67,715	
Unemployment Compensation		859	
Employer Medicare		6,378	
Travel		175	
Instructional Supplies and Materials		3,142	
Total Special Education Program			606,058

Vocational Education Program

Teachers	\$	10,783	
Unemployment Compensation		24	
Employer Medicare		156	
Instructional Supplies and Materials		500	
Other Supplies and Materials		500	
Vocational Instruction Equipment		33,221	
Total Vocational Education Program			45,184

Support Services

Other Student Support

Supervisor/Director	\$	8,063	
Teachers		21,015	
Other Salaries and Wages		211,970	

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Social Security	\$	13,376	
State Retirement		20,004	
Medical Insurance		34,400	
Unemployment Compensation		202	
Employer Medicare		3,298	
Evaluation and Testing		2,251	
Travel		13,316	
Other Contracted Services		25,756	
Instructional Supplies and Materials		10,891	
Other Charges		10,174	
Total Other Student Support			\$ 374,716

Regular Instruction Program

Supervisor/Director	\$	58,518	
Instructional Computer Personnel		58,692	
Other Salaries and Wages		50,138	
In-Service Training		11,380	
Social Security		9,695	
State Retirement		15,438	
Medical Insurance		31,265	
Unemployment Compensation		119	
Employer Medicare		2,332	
Maintenance and Repair Services - Equipment		1,762	
Travel		18,108	
Library Books/Media		306	
Periodicals		130	
Other Supplies and Materials		1,166	
In Service/Staff Development		83,825	
Total Regular Instruction Program			342,874

Special Education Program

Psychological Personnel	\$	39,459	
Secretary(ies)		28,836	
In-Service Training		960	
Social Security		4,293	
State Retirement		5,449	
Medical Insurance		6,143	
Unemployment Compensation		93	
Employer Medicare		1,004	
Travel		1,254	
Other Contracted Services		652	
In Service/Staff Development		260	
Total Special Education Program			88,403

Vocational Education Program

Travel	\$	1,623	
Total Vocational Education Program			1,623

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation

Bus Drivers	\$	18,669	
Other Salaries and Wages		12,927	
Social Security		1,959	
State Retirement		1,204	
Unemployment Compensation		108	
Employer Medicare		458	
Total Transportation			\$ <u>35,325</u>

Total School Federal Projects Fund \$ 2,305,473

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	6,000	
Secretary(ies)		23,369	
Cafeteria Personnel		358,300	
Overtime Pay		100	
Social Security		23,554	
State Retirement		22,341	
Unemployment Compensation		1,033	
Employer Medicare		5,509	
Communication		2,470	
Maintenance and Repair Services - Equipment		28,266	
Travel		4,320	
Other Contracted Services		13,046	
Food Supplies		594,598	
Uniforms		1,500	
USDA - Commodities		71,139	
Other Supplies and Materials		42,374	
Other Charges		7,924	
Food Service Equipment		108,669	
Total Food Service			\$ <u>1,314,512</u>

Total Central Cafeteria Fund 1,314,512

Total Governmental Funds - Fentress County School Department \$ 20,146,907

Exhibit J-10

Fentress County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2013

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 638,104
Total Cash Receipts	<u>\$ 638,104</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 631,723
Trustee's Commission	6,381
Total Cash Disbursements	<u>\$ 638,104</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2012	<u>0</u>
 Cash Balance, June 30, 2013	 <u><u>\$ 0</u></u>

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## **SINGLE AUDIT SECTION**

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

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

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fentress County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Fentress County's basic financial statements, and have issued our report thereon dated October 28, 2013. Our report includes a reference to other auditors who audited the financial statements of the Industrial Development Board of Fentress County as described in our report of Fentress County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Fentress County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2013-003, 2013-006, and 2013-008.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Fentress County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2013-001, 2013-002, 2013-004, 2013-005, and 2013-007.

### **Fentress County's Response to Findings**

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

## **Purpose of this Report**

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

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

October 28, 2013

JPW/yu



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

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

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

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

We have audited Fentress County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Fentress County's major federal programs for the year ended June 30, 2013. Fentress County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

*Management's Responsibility*

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

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of Fentress County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of

the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Fentress County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, Fentress County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

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

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

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

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

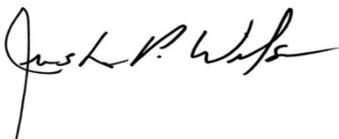
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fentress County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Fentress County's basic financial statements. We issued our report thereon dated October 28, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 Expenditure of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

October 28, 2013

JPW/yu

Fentress County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2013

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 277,162
National School Lunch Program	10.555	N/A	741,562 (3)
Passed through East Tennessee Human Resource Agency:			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	N/A	4,287
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	71,139 (3)
Direct Program:			
Community Facilities Loans and Grants	10.766	N/A	10,572
Total U.S. Department of Agriculture			<u>\$ 1,104,722</u>
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			
	14.228	(4)	\$ 858,055
	14.239	(2)	93,822
Total U.S. Department of Housing and Urban Development:			<u>\$ 951,877</u>
U.S. Department of Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	<u>\$ 61,161</u>
U.S. Department of Labor:			
Passed-through Upper Cumberland Human Resource Agency:			
WIA Youth Activities	17.259	(2)	<u>\$ 10,963</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(2)	<u>\$ 18,004</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	\$ 75,887
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	931,489
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	708,547
Special Education - Preschool Grants	84.173	N/A	27,436
Career and Technical Education - Basic Grants to States	84.048	N/A	47,914
Special Education - Grants for Infants and Families	84.181	ED0000KA11AAK11	2,310
Twenty-first Century Community Learning Centers	84.287	N/A	68,752
Rural Education	84.358	N/A	45,185
Improving Teacher Quality State Grants	84.367	N/A	148,599
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants Recovery Act	84.395	N/A	332,341
Total U.S. Department of Education			<u>\$ 2,388,460</u>
U.S. Department of Health and Human Services:			
Passed-through Upper Cumberland Development District:			
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 8,468
Passed-through State Department of Health:			
Coordinated Chronic Disease Prevention and Health Promotion Program	93.544	(2)	26,934
Passed-through State Department of Mental Health and Substance Abuse Services:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	33901-47912	40,768
Total U.S. Department of Health and Human Services			<u>\$ 76,170</u>

(Continued)

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

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 41,563
Passed-through Tennessee Emergency Mangement Agency:			
Emergency Management Performance Grant Program	97.042	34101-000011599	10,000
Total U.S. Department of Homeland Security			<u>\$ 51,563</u>
Total Expenditures of Federal Awards			<u>\$ 4,662,920</u>

<u>State Grants</u>		Contract Number	
Adult Education - State Department of Labor and Workforce Development	N/A	(2)	\$ 25,356
Art Subsidy - Tennessee Arts Commission	N/A	(2)	1,635
Aging Program - Upper Cumberland Development District	N/A	(2)	8,083
ConnectTenn - State Department of Education	N/A	(2)	7,555
Coordinated School Health Grant - State Department of Education	N/A	(2)	105,201
Juvenile Justice State Supplement Grant - State Children's Services Commission	N/A	(2)	4,500
Law Enforcement Training - State Department of Safety	N/A	(2)	3,714
Litter Program - State Department of Transportation	N/A	Z13LIT025	33,468
Pilot and Voluntary State Funded Classrooms Grant - State Department of Education	N/A	MX12AAX	596,878
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	(2)	25,000
Rural Local Health Services - State Department of Health	N/A	(2)	87,355
TEMA Disaster Relief Grant - State Department of Military	N/A	(2)	96
Tennessee Early Intervention System Grant - State Department of Education	N/A	(2)	109,343
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	<u>12,311</u>
Total State Grants			<u>\$ 1,020,495</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$812,701.
- (4) GG-12-38443-00: \$185,805; GG-10-38445-00: \$672,250.

Fentress County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2013

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Fentress County, Tennessee, for the year ended June 30, 2012, which have not been corrected.

**OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.05	153	Unclaimed funds were not reported and paid to the state

**OFFICE OF SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.07	154	Multiple employees operated from the same cash drawer

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.08	154	Duties were not segregated adequately

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**FENTRESS COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2013**

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

1. Our report on the financial statements of Fentress County is unmodified.
2. The audit of the financial statements of Fentress County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Fentress County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CFDA No. 14.228); the Title I Grants to Local Education Agencies (CFDA No. 84.010); and the State Fiscal Stabilization Fund – Race-to-the-Top Incentive Grants – Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Fentress County did not qualify as a low-risk auditee.

## PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The director of schools provided a written response, which is included in this report. Other management officials did not provide responses for inclusion in this report.

### **OFFICE OF FINANCE DIRECTOR**

#### **FINDING 2013-001**

#### **CERTAIN FINANCIAL ACTIVITIES OF THE FENTRESS COUNTY PUBLIC LIBRARY WERE NOT AUDITED AND WERE NOT SUBJECT TO THE BUDGETARY CONTROL OF THE COUNTY COMMISSION**

(Noncompliance Under *Government Auditing Standards*)

The Fentress County Public Library operates as a department within the county's General Fund. A significant portion of the library's expenditures for the year was paid through the county's General Fund (\$132,636), which is included in the financial statements of this report. However, the library maintained a checking account outside of the county's control to deposit various revenues and to pay certain operating expenses. Section 5-9-401, *Tennessee Code Annotated (TCA)*, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies." Also, Section 10-3-106, *TCA*, states that "all library accounts of every character shall be audited annually by or under the county legislative body and/or city governing body." The funds channeled through the library's bank account did not flow through the county's budgetary process, have not been audited, and are not included in the financial statements of this report.

As of June 30, 2013, the Comptroller's Division of Investigations was conducting an investigation regarding allegations of the misappropriation of funds at the library. Due to this ongoing investigation, we were unable to determine the balance in the library bank accounts at year-end and the amounts expended from this account. This information will be available after the investigation is completed. Any findings resulting from this investigation, if any, will be subsequently reported.

#### **RECOMMENDATION**

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

FINDING 2013-002

**THE SCHOOL DEPARTMENT DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION**  
(Noncompliance Under *Government Auditing Standards*)

The School Department collects and receipts cash at the central office for various activities during the year and deposits these funds with the county trustee. As part of our audit procedures for obtaining reasonable assurance that funds were deposited with the county trustee within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected the months of July, August, September, and April to examine receipts and deposits. The office did not deposit some funds with the county trustee within three days of collection in 37 of 62 deposits made during these months. This deficiency was the result of a lack of management oversight over cash collections. The delay in depositing the funds increases the risks of fraud and misappropriation.

RECOMMENDATION

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

MANAGEMENT RESPONSE – DIRECTOR OF SCHOOLS

We have contacted everyone connected with the depositing of school monies. We will begin making deposits each Tuesday and Friday to comply with the recommendation.

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OFFICE OF COUNTY CLERK

FINDING 2013-003

**THE COUNTY COMMISSION'S MINUTES WERE NOT MAINTAINED PROPERLY**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Between July 1, 2012, and May 20, 2013, the County Commission's official minutes were routinely prepared by an employee of the County Mayor's Office using notes and audio recordings from the meetings taken by the county clerk. In August 2013, we requested to review the minutes and noted that the minutes had not been bound into the official minute book since April 2012, but were being stored by the employee of the County Mayor's Office assigned to maintain them. When the minutes were supplied to us, we further noted that the County Commission had officially approved the minutes for 14 of the 18 meetings during the period examined. In May 2013, the county clerk resumed the duty of preparing the minutes. These minutes are the official record of the County Commission and should accurately reflect the actions of the County Commission. Section 18-6-104, *Tennessee Code Annotated*, provides that the county clerk serve as the clerk of the county legislative body; therefore, the county clerk is responsible for the preparation, accuracy, and proper maintenance of the minutes.

## RECOMMENDATION

The county clerk should ensure that the minutes approved by the County Commission provide a clear, accurate, and complete description of the County Commission's actions, should be maintained currently, and properly stored in the minute book.

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## OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

### FINDING 2013-004

### **UNCLAIMED FUNDS WERE NOT REPORTED AND PAID TO THE STATE**

(Noncompliance Under *Government Auditing Standards*)

The clerk did not report and pay to the state unclaimed funds (old outstanding checks) totaling \$4,019. At June 30, 2013, Circuit Court had 26 outstanding checks totaling \$3,512 and General Sessions Court had ten outstanding checks totaling \$507, all issued before July 1, 2012. The Unclaimed Property Act, Section 66-29-101, et seq., *Tennessee Code Annotated*, provides that any funds held by the court for more than one year and unclaimed by the owner are considered abandoned. This statute further provides for the funds to be reported and paid to the state Treasurer's Office. This deficiency in internal controls was the result of management's failure to correct the finding noted in the prior-year audit report.

## RECOMMENDATION

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

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### FINDING 2013-005

### **EXECUTION DOCKET TRIAL BALANCES IN CIRCUIT COURT DID NOT RECONCILE WITH CASH JOURNAL ACCOUNTS**

(Noncompliance Under *Government Auditing Standards*)

At June 30, 2013, the circuit court clerk had prepared a trial balance of execution docket cause balances as required by Section 18-2-103, *Tennessee Code Annotated (TCA)*. However, the trial balance did not reconcile with cash journal accounts by \$6,075. Therefore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-110, *TCA*. This statute provides that any funds held by the court for one year and unclaimed by the owner are considered abandoned. Section 66-29-113, *TCA*, further requires these funds to be reported and paid to the state Treasurer's Office. This deficiency is the result of management's failure to correctly identify funds held.

## RECOMMENDATION

An execution docket trial balance should be reconciled with cash journal accounts. Any funds held by the court for one year and unclaimed by the owner are considered abandoned and should be reported and paid to the state Treasurer's Office in compliance with state statute.

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## OFFICE OF SHERIFF

### FINDING 2013-006

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

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

Multiple employees operated from the same cash drawer in the Sheriff's Office. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to that employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the sheriff would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency in internal controls was the result of a lack of management oversight over risks related to safeguarding assets and the failure of management to correct the finding noted in the prior-year audit report.

## RECOMMENDATION

The sheriff should assign each employee their own cash drawer.

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### FINDING 2013-007

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

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for obtaining reasonable assurance that funds were deposited to the bank account within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected the months of April and June to examine receipts and deposits. The office did not deposit some funds to the bank account within three days of collection in 22 of 67 deposits made during these months. This deficiency was the result of a lack of management oversight over cash collections. The delay in depositing the funds increases the risks of fraud and misappropriation.

## RECOMMENDATION

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

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

**FINDING 2013-008**

**DUTIES WERE NOT SEGREGATED ADEQUATELY**

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

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

**RECOMMENDATION**

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

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

There were no findings and questioned costs for federal awards.

**FENTRESS COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2013**

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