
ANNUAL FINANCIAL REPORT FAYETTE COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2013



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

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

FAYETTE COUNTY, TENNESSEE

TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		6-7
<u>INTRODUCTORY SECTION</u>		8
Fayette County Officials		9
<u>FINANCIAL SECTION</u>		10
Independent Auditor's Report		11-14
BASIC FINANCIAL STATEMENTS:		15
Government-wide Financial Statements:		
Statement of Net Position	A	16-17
Statement of Activities	B	18-19
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	20-21
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	22
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	23-24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	25
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	C-5	26-27
Highway/Public Works Fund	C-6	28-29
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	30
Index and Notes to the Financial Statements		31-67
REQUIRED SUPPLEMENTARY INFORMATION:		68
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Fayette County School Department	E-1	69
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Fayette County School Department	E-2	70
Notes to the Required Supplementary Information		71

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		72
Nonmajor Governmental Funds:		73
Combining Balance Sheet	F-1	74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	75
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Solid Waste/Sanitation Fund	F-3	76
Drug Control Fund	F-4	77
Adequate Facilities/Development Tax Fund	F-5	78
Major Governmental Fund:		79
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	80
Fiduciary Funds:		81
Combining Statement of Fiduciary Assets and Liabilities	H-1	82
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	83
Component Unit:		
Discretely Presented Fayette County School Department:		84
Statement of Activities	I-1	85
Balance Sheet – Governmental Funds	I-2	86
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	I-3	87
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	88
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	89
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	90
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	91
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	92-93
School Federal Projects Fund	I-9	94
Central Cafeteria Fund	I-10	95

	Exhibit	Page(s)
Miscellaneous Schedules:		96
Schedule of Changes in Long-term Notes, Capital Leases, and Bonds	J-1	97-98
Schedule of Long-term Debt Requirements by Year	J-2	99-100
Schedule of Transfers - Primary Government and Discretely Presented Fayette County School Department	J-3	101
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Fayette County School Department	J-4	102
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	103-112
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Fayette County School Department	J-6	113-114
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	115-133
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Fayette County School Department	J-8	134-144
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	J-9	145
 <u>SINGLE AUDIT SECTION</u>		 146
 Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		 147-148
Auditor's Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133		 149-151
Schedule of Expenditures of Federal Awards and State Grants		152-153
Schedule of Audit Findings Not Corrected		154
Schedule of Findings and Questioned Costs		155-164
Auditee Reporting Responsibilities		165

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

Scope

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

Results

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

Our audit resulted in 11 findings and recommendations, which we have reviewed with Fayette County management. Detailed findings and recommendations are included in the Single Audit section of this report.

Findings and Best Practices

The following are summaries of the audit findings and best practices:

OFFICE OF COUNTY MAYOR

- ◆ The General, General Capital Projects, and Other Capital Projects funds required material audit adjustments for proper financial statement presentation.
- ◆ The office had deficiencies in purchasing procedures.
- ◆ The office had deficiencies in budget operations.
- ◆ The Adequate Facilities Office did not deposit some funds within three days of collection.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Department had deficiencies in purchasing procedures.
- ◆ The School Department had deficiencies in budget operations.

OFFICE OF ASSESSOR OR PROPERTY

- ◆ The assessor did not maintain an adequate program of sales verification.
 - ◆ Mobile home schedules were not mailed to the land owner where the mobile home was located.
-

OFFICE OF REGISTER OF DEEDS

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

OFFICE OF SHERIFF

- ◆ The office had accounting deficiencies.
-

OFFICES OF REGISTER OF DEEDS AND SHERIFF

- ◆ Duties were not segregated adequately.
-

BEST PRACTICES

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

- Fayette County should adopt a central system of accounting, budgeting, and purchasing.
- Fayette County should establish an Audit Committee.

INTRODUCTORY SECTION

Fayette County Officials

June 30, 2013

Officials

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

Board of County Commissioners

Rhea Taylor, County Mayor, Chairman
Ed Allen
Joann Allen
Steve Anderson
Charles Brewer, Sr.
Odis Cox
Charles Dacus, Jr.
Sissy Dowdle
Willie German, Jr.
Reggie Howard

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

Board of Education

Ronnie McCarty, Chairman
Thomas Fleps, Jr.
James Garrett
Dana Pittman
Robert Redditt

Evangeline Shaw
Sally Spencer
Wendell Wainwright
Marandy Wilkerson

Board of Public Works

Hank Franck, Chairman
Andrew Avery
Jimmy Jordan

Wesley Parks
Russell Wicker

FINANCIAL SECTION



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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fayette County, Tennessee, as of and for the year ended June 30, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Emphasis of Matter

We draw attention to Note I.D.8 in the financial statements, which describes restatements to the beginning net position of the primary government's governmental activities and the discretely presented Fayette County School Department. These restatements were necessary due to adjustments of prior-year capital assets and the primary government assuming responsibility for capital outlay note requirements that were previously paid by the School Department.

As described in Note V.B., Fayette 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. Fayette 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 require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of funding progress – pension plan and other postemployment benefit plans on pages 69-71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

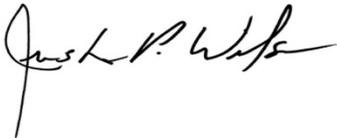
in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2013, on our consideration of Fayette County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fayette County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 21, 2013

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Fayette County School Department</u>
<u>ASSETS</u>		
Cash	\$ 39,753	\$ 0
Equity in Pooled Cash and Investments	10,637,223	842,643
Accounts Receivable	1,359,879	77,905
Allowance for Uncollectibles	(768,015)	0
Due from Other Governments	2,181,981	894,578
Due from Primary Government	0	7,186
Property Taxes Receivable	9,621,679	6,212,243
Allowance for Uncollectible Property Taxes	(248,013)	(308,233)
Cash Shortage	0	13,734
Capital Assets:		
Assets Not Depreciated:		
Land	2,008,365	359,607
Construction in Progress	479,322	549,800
Assets Net of Accumulated Depreciation:		
Land Improvements	0	1,978
Buildings and Improvements	13,467,736	8,611,299
Infrastructure	21,937,944	0
Other Capital Assets	3,555,783	1,659,792
Total Assets	<u>\$ 64,273,637</u>	<u>\$ 18,922,532</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	<u>\$ 42,935</u>	<u>\$ 0</u>
Total Deferred Outflows of Resources	<u>\$ 42,935</u>	<u>\$ 0</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 26,349
Accrued Payroll	0	38,809
Payroll Deductions Payable	0	223,458
Contracts Payable	1,078,768	15,686
Retainage Payable	38,557	0
Due to Component Unit	7,186	0
Due to State of Tennessee	0	197,811
Accrued Interest Payable	189,885	0
Other Current Liabilities	0	124
Noncurrent Liabilities:		
Due Within One Year	1,496,340	90,300
Due in More Than One Year (net of unamortized discounts and premiums on debt)	25,754,629	849,396
Total Liabilities	<u>\$ 28,565,365</u>	<u>\$ 1,441,933</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Fayette County School Department</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 8,970,144	\$ 5,761,822
Total Deferred Inflows of Resources	<u>\$ 8,970,144</u>	<u>\$ 5,761,822</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 29,093,641	\$ 0
Investment in Capital Assets	0	11,182,476
Restricted for:		
General Government	49,919	0
Finance	13,616	0
Administration of Justice	70,755	0
Public Safety	432,836	0
Public Health and Welfare	65,841	0
Other Operations	479,809	0
Highway/Public Works	316,590	0
Debt Service	2,289,594	0
Capital Projects	3,590,345	0
Education	0	186,138
Operation of Non-Instructional Services	0	647,167
Unrestricted	<u>(9,621,883)</u>	<u>(297,004)</u>
Total Net Position	<u>\$ 26,781,063</u>	<u>\$ 11,718,777</u>

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

Exhibit B

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Governmental Activities	Fayette County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,372,002	\$ 481,770	\$ 15,164	\$ 0	\$ (875,068)	\$ 0
Finance	1,050,551	849,493	0	0	(201,058)	0
Administration of Justice	1,192,314	529,812	51,132	0	(611,370)	0
Public Safety	7,560,470	1,095,417	204,689	0	(6,260,364)	0
Public Health and Welfare	3,381,623	1,427,538	343,212	0	(1,610,873)	0
Social, Cultural, and Recreational Services	228,225	7,776	8,500	0	(211,949)	0
Agriculture and Natural Resources	196,945	0	0	0	(196,945)	0
Other Operations	1,431,523	302,290	11,889	908,768	(208,576)	0
Highways/Public Works	5,595,804	63,750	2,549,194	501,700	(2,481,160)	0
Education	543,864	0	0	0	(543,864)	0
Interest on Long-term Debt	709,179	0	27,962	0	(681,217)	0
Other Debt Service	141,676	0	0	0	(141,676)	0
Total Primary Government	\$ 23,404,176	\$ 4,757,846	\$ 3,211,742	\$ 1,410,468	\$ (14,024,120)	\$ 0
Component Unit:						
Fayette County School Department	\$ 32,582,323	\$ 420,133	\$ 5,298,031	\$ 543,864	\$ 0	\$ (26,320,295)
Total Component Unit	\$ 32,582,323	\$ 420,133	\$ 5,298,031	\$ 543,864	\$ 0	\$ (26,320,295)

(Continued)

Exhibit B

Fayette County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
				Governmental Activities	Fayette County School Department
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 9,017,016	\$ 6,324,113
Property Taxes Levied for Debt Service				11,238	0
Local Option Sales Tax				527,145	2,838,444
Wheel Tax				2,608,208	0
Litigation Tax				141,308	0
Business Tax				290,386	0
Adequate Facilities/Development Tax				523,019	0
Wholesale Beer Tax				83,131	0
Other Local Taxes				8,075	3,385
Grants and Contributions Not Restricted to Specific Programs				1,622,897	16,286,391
Unrestricted Investment Income				68,435	0
Miscellaneous				181,002	141,660
Total General Revenues				\$ 15,081,860	\$ 25,593,993
Change in Net Position				\$ 1,057,740	\$ (726,302)
Net Position, July 1, 2012				26,491,646	11,853,985
Prior-period Adjustments				(768,323)	591,094
Net Position, June 30, 2013				\$ 26,781,063	\$ 11,718,777

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

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Capital Projects	Other	Governmental Funds	
\$	0	0	0	0	0	39,753	39,753
Cash	2,461,910	1,414,955	2,445,661	3,510,183	804,514	10,637,223	10,637,223
Equity in Pooled Cash and Investments	1,327,909	0	0	0	31,970	1,359,879	1,359,879
Accounts Receivable	(768,015)	0	0	0	0	(768,015)	(768,015)
Allowance for Uncollectibles	701,605	935,661	0	0	544,715	2,181,981	2,181,981
Due from Other Governments	27,981	0	0	0	13,061	41,042	41,042
Due from Other Funds	8,486,323	726,297	409,059	0	0	9,621,679	9,621,679
Property Taxes Receivable	(202,678)	(34,949)	(10,386)	0	0	(248,013)	(248,013)
Allowance for Uncollectible Property Taxes							
Total Assets	\$ 12,035,035	\$ 3,041,964	\$ 2,844,334	\$ 3,510,183	\$ 1,434,013	\$ 22,865,529	\$ 22,865,529

ASSETS

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

Total Assets

LIABILITIES

Contracts Payable
Retainage Payable
Due to Other Funds
Due to Component Units
Total Liabilities

\$	0	555,724	0	0	523,044	1,078,768
	0	0	0	0	38,557	38,557
	13,061	0	0	0	27,981	41,042
	0	0	0	7,186	0	7,186
\$	13,061	555,724	0	7,186	589,582	1,165,553

DEFERRED INFLOWS OF RESOURCES

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

\$	7,895,720	675,751	398,673	0	0	8,970,144
	359,806	13,224	137	0	0	373,167
	483,603	212,310	0	0	0	695,913
\$	8,739,129	901,285	398,810	0	0	10,039,224

FUND BALANCES

Restricted:
Restricted for General Government
Restricted for Finance
Restricted for Administration of Justice
Restricted for Public Safety
Restricted for Public Health and Welfare
Restricted for Other Operations
Restricted for Highways/Public Works
Restricted for Capital Outlay
Restricted for Debt Service
Restricted for Capital Projects

\$	38,053	0	0	0	11,866	49,919
	13,616	0	0	0	0	13,616
	70,755	0	0	0	0	70,755
	279,235	0	0	0	153,601	432,836
	65,841	0	0	0	0	65,841
	0	0	0	0	479,809	479,809
	0	182,809	0	0	0	182,809
	0	0	0	0	87,348	87,348
	0	0	2,436,407	0	0	2,436,407
	0	0	0	3,502,997	0	3,502,997

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Capital Projects	Other Governmental Funds		
\$	19,441	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	19,441
	0	0	0	0	111,807	0	111,807
	26,760	0	0	0	0	0	26,760
	4,800	0	0	0	0	0	4,800
	0	1,402,146	0	0	0	0	1,402,146
	0	0	9,117	0	0	0	9,117
	2,764,344	0	0	0	0	0	2,764,344
	<u>3,282,845</u>	<u>1,584,955</u>	<u>2,445,524</u>	<u>3,502,997</u>	<u>844,431</u>	<u>\$ 0</u>	<u>11,660,752</u>
	\$ 12,035,035	\$ 3,041,964	\$ 2,844,334	\$ 3,510,183	\$ 1,434,013	\$ 0	22,865,529

FUND BALANCES (CONT.)

Committed:
 Committed for Public Safety
 Committed for Public Health and Welfare
 Committed for Social, Cultural, and Recreational Services
 Committed for Other Operations
 Committed for Highways/Public Works
 Committed for Debt Service
 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

Fayette 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)		\$ 11,660,752
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,008,365	
Add: construction in progress	479,322	
Add: buildings and improvements net of accumulated depreciation	13,467,736	
Add: infrastructure net of accumulated depreciation	21,937,944	
Add: other capital assets net of accumulated depreciation	<u>3,555,783</u>	41,449,150
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (542,714)	
Less: bonds payable	(24,788,897)	
Less: capital leases payable	(189,539)	
Add: deferred discount on debt issuances	3,381	
Add: deferred amount on refunding	42,935	
Less: premium on debt issuances	(367,905)	
Less: compensated absences payable	(364,250)	
Less: landfill postclosure care costs	(726,695)	
Less: other postemployment benefits liability	(274,350)	
Less: accrued interest on bonds, notes, and capital leases	<u>(189,885)</u>	(27,397,919)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,069,080</u>
Net position of governmental activities (Exhibit A)		<u>\$ 26,781,063</u>

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

Exhibit C-3

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Capital Projects	Other			
					Governmental Funds			
<u>Revenues</u>								
Local Taxes	\$ 8,906,357	\$ 1,955,844	\$ 1,851,772	\$ 0	\$ 0	\$ 523,019	\$ 0	\$ 13,236,992
Licenses and Permits	238,948	0	0	0	0	0	0	238,948
Fines, Forfeitures, and Penalties	100,812	0	0	0	0	42,267	0	143,079
Charges for Current Services	1,195,070	0	0	0	0	537,876	0	1,732,946
Other Local Revenues	277,349	63,750	9,117	0	0	263,464	0	613,680
Fees Received from County Officials	1,400,957	0	0	0	0	0	0	1,400,957
State of Tennessee	2,284,850	2,559,768	0	0	0	1,242,768	0	6,087,366
Federal Government	142,307	491,126	0	0	0	0	0	633,433
Other Governments and Citizens Groups	303,863	0	175,104	0	0	147,000	0	625,967
Total Revenues	\$ 14,850,493	\$ 5,070,488	\$ 2,035,993	\$ 0	\$ 0	\$ 2,756,394	\$ 0	\$ 24,713,368
<u>Expenditures</u>								
Current:								
General Government	\$ 1,010,899	\$ 0	\$ 0	\$ 0	\$ 0	\$ 133,489	\$ 0	\$ 1,144,388
Finance	886,836	0	0	0	0	101	0	886,937
Administration of Justice	851,870	0	0	0	0	3,900	0	855,770
Public Safety	6,566,331	0	0	0	0	65,252	0	6,631,583
Public Health and Welfare	1,955,136	0	0	0	0	913,963	0	2,869,099
Social, Cultural, and Recreational Services	193,675	0	0	0	0	0	0	193,675
Agriculture and Natural Resources	182,957	0	0	0	0	0	0	182,957
Other Operations	2,305,937	0	0	0	0	10,295	0	2,316,232
Highways	0	4,361,207	0	0	0	0	0	4,361,207
Debt Service:								
Principal on Debt	0	478,349	1,152,688	0	0	0	0	1,631,037
Interest on Debt	8,940	5,304	658,747	0	0	0	0	672,991
Other Debt Service	12,062	0	21,127	96,590	0	0	0	129,779
Capital Projects	0	466,121	0	543,864	0	980,517	0	1,990,502
Total Expenditures	\$ 13,974,643	\$ 5,310,981	\$ 1,832,562	\$ 640,454	\$ 0	\$ 2,107,517	\$ 0	\$ 23,866,157
Excess (Deficiency) of Revenues Over Expenditures	\$ 875,850	\$ (240,493)	\$ 203,431	\$ (640,454)	\$ 0	\$ 648,877	\$ 0	\$ 847,211

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Capital Projects	Other	Governmental Funds	
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 545,000	\$ 0	\$ 0	\$ 4,030,000	\$ 0	\$ 0	\$ 4,575,000
Notes Issued	0	398,000	0	0	0	0	398,000
Premiums on Debt Issued	19,827	0	0	113,451	0	0	133,278
Insurance Recovery	0	268	0	0	0	0	268
Transfers In	0	0	397,224	0	0	0	397,224
Transfers Out	(32,670)	0	0	0	(364,554)	0	(397,224)
Total Other Financing Sources (Uses)	\$ 532,157	\$ 398,268	\$ 397,224	\$ 4,143,451	\$ (364,554)	\$ (364,554)	\$ 5,106,546
Net Change in Fund Balances	\$ 1,408,007	\$ 157,775	\$ 600,655	\$ 3,502,997	\$ 284,323	\$ 284,323	\$ 5,953,757
Fund Balance, July 1, 2012	1,874,838	1,427,180	1,844,869	0	560,108	560,108	5,706,995
Fund Balance, June 30, 2013	\$ 3,282,845	\$ 1,584,955	\$ 2,445,524	\$ 3,502,997	\$ 844,431	\$ 844,431	\$ 11,660,752

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

Exhibit C-4

Fayette County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 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)		\$ 5,953,757
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 2,389,255	
Less: current-year depreciation expense	<u>(3,459,134)</u>	(1,069,879)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: proceeds received from the disposal of capital assets		(7,188)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$ 1,069,080	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(1,165,420)</u>	(96,340)
(4) The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Less: bond proceeds	\$ (4,575,000)	
Less: note proceeds	(398,000)	
Less: change in discount on debt issuances	(216)	
Less: change in premium on debt issuances	(114,930)	
Add: principal payments on bonds	793,431	
Add: principal payments on notes	598,126	
Add: principal payments on capital leases	239,480	
Less: debt service contributions for principal to primary government	(165,490)	
Less: change in deferred amount on refunding	<u>(11,681)</u>	(3,634,280)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ (36,188)	
Change in compensated absences payable	(6,519)	
Change in other postemployment benefits liability	(48,128)	
Change in landfill postclosure care costs	<u>2,505</u>	(88,330)
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,057,740</u>

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

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 8,906,357	\$ 8,538,437	\$ 8,538,437	\$ 367,920
Licenses and Permits	238,948	187,000	187,000	51,948
Fines, Forfeitures, and Penalties	100,812	92,300	92,300	8,512
Charges for Current Services	1,195,070	1,306,980	1,318,980	(123,910)
Other Local Revenues	277,349	329,878	352,747	(75,398)
Fees Received from County Officials	1,400,957	1,295,000	1,295,000	105,957
State of Tennessee	2,284,830	1,591,429	1,591,429	693,401
Federal Government	142,307	156,389	156,389	(14,082)
Other Governments and Citizens Groups	303,863	258,500	261,125	42,738
Total Revenues	\$ 14,850,493	\$ 13,755,913	\$ 13,793,407	\$ 1,057,086
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 50,902	\$ 71,388	\$ 56,088	\$ 5,186
Beer Board	269	613	613	344
County Mayor/Executive	90,630	90,872	91,072	442
County Attorney	94,745	57,463	100,478	5,733
Election Commission	261,783	293,206	293,206	31,423
Register of Deeds	18,868	18,750	18,750	(118)
Development	187,709	195,492	192,707	4,998
Building	71,735	72,249	74,434	2,699
County Buildings	175,494	156,939	178,339	2,845
Other Facilities	7,491	2,300	7,640	149
Other General Administration	51,273	54,297	54,297	3,024
<u>Finance</u>				
Accounting and Budgeting	146,772	180,115	180,115	33,343
Property Assessor's Office	245,200	257,614	257,614	12,414
Reappraisal Program	50,495	53,767	53,767	3,272
County Trustee's Office	186,077	188,448	188,448	2,371
County Clerk's Office	258,292	258,472	258,472	180
<u>Administration of Justice</u>				
Circuit Court	157,450	167,919	167,919	10,469
General Sessions Court	144,656	147,617	147,417	2,761
General Sessions Judge	196,607	192,631	192,631	(3,976)
General Sessions Court Clerk	60,134	65,365	65,565	5,431
Drug Court	51,111	50,000	51,100	(11)
Chancery Court	169,723	178,036	178,036	8,313
Juvenile Court	46,242	52,620	52,620	6,378
Other Administration of Justice	25,947	41,850	41,850	15,903
<u>Public Safety</u>				
Sheriff's Department	2,392,509	2,285,339	2,448,526	56,017
Drug Enforcement	223,816	219,557	229,356	5,540
Jail	2,549,436	2,611,964	2,643,802	94,366
Workhouse	15,111	0	15,112	1
Fire Prevention and Control	1,012,178	638,770	1,018,270	6,092
Civil Defense	216,018	223,480	223,480	7,462
Rescue Squad	881	6,618	6,618	5,737

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety (Cont.)</u>				
Other Emergency Management	\$ 6,038	\$ 7,000	\$ 7,000	\$ 962
County Coroner/Medical Examiner	20,925	35,000	35,000	14,075
Other Public Safety	129,419	125,348	138,348	8,929
<u>Public Health and Welfare</u>				
Local Health Center	50,314	55,642	55,642	5,328
Rabies and Animal Control	116,178	81,455	120,975	4,797
Ambulance/Emergency Medical Services	1,411,370	1,492,293	1,492,293	80,923
Dental Health Program	270,240	306,800	306,800	36,560
Crippled Children Services	2,216	2,216	2,216	0
Other Local Health Services	1,534	1,534	1,534	0
Appropriation to State	25,761	25,761	25,761	0
Aid to Dependent Children	2,048	2,750	2,750	702
Other Local Welfare Services	26,575	28,138	28,138	1,563
Sanitation Education/Information	48,900	51,139	51,139	2,239
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	11,925	11,925	11,925	0
Libraries	181,750	175,825	180,825	(925)
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	123,542	123,566	123,566	24
Soil Conservation	59,415	60,483	60,483	1,068
<u>Other Operations</u>				
Industrial Development	1,220	500	1,700	480
Airport	328,547	307,909	298,018	(30,529)
Veterans' Services	5,867	5,900	5,900	33
Other Charges	304,300	298,978	303,649	(651)
Contributions to Other Agencies	46,986	27,225	46,987	1
Employee Benefits	1,564,105	1,646,510	1,571,482	7,377
Miscellaneous	54,912	1,000	56,417	1,505
<u>Interest on Debt</u>				
General Government	8,940	26,000	14,823	5,883
<u>Other Debt Service</u>				
General Government	12,062	0	13,061	999
Total Expenditures	\$ 13,974,643	\$ 13,734,648	\$ 14,444,774	\$ 470,131
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 875,850	\$ 21,265	\$ (651,367)	\$ 1,527,217
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 545,000	\$ 0	\$ 513,000	\$ 32,000
Premiums on Debt Issued	19,827	0	0	19,827
Transfers Out	(32,670)	0	(32,760)	90
Total Other Financing Sources	\$ 532,157	\$ 0	\$ 480,240	\$ 51,917
Net Change in Fund Balance				
Fund Balance, July 1, 2012	\$ 1,408,007	\$ 21,265	\$ (171,127)	\$ 1,579,134
	1,874,838	1,373,711	1,373,711	501,127
Fund Balance, June 30, 2013				
	\$ 3,282,845	\$ 1,394,976	\$ 1,202,584	\$ 2,080,261

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

Exhibit C-6

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,955,844	\$ 0	\$ 1,955,844	\$ 1,979,215	\$ 1,979,215	\$ (23,371)
Other Local Revenues	63,750	0	63,750	99,785	99,785	(36,035)
State of Tennessee	2,559,768	0	2,559,768	2,708,000	2,708,000	(148,232)
Federal Government	491,126	0	491,126	764,000	764,000	(272,874)
Total Revenues	\$ 5,070,488	\$ 0	\$ 5,070,488	\$ 5,551,000	\$ 5,551,000	\$ (480,512)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 187,026	\$ 0	\$ 187,026	\$ 188,049	\$ 190,049	\$ 3,023
Highway and Bridge Maintenance	1,478,828	7,218	1,486,046	1,504,600	1,595,100	109,054
Operation and Maintenance of Equipment	507,311	0	507,311	529,000	538,500	31,189
Other Charges	296,545	0	296,545	299,000	304,700	8,155
Employee Benefits	618,178	0	618,178	657,000	657,000	38,822
Capital Outlay	1,273,319	98,406	1,371,725	1,593,014	1,641,414	269,689
Principal on Debt						
Highways and Streets	478,349	0	478,349	911,415	885,350	407,001
Interest on Debt						
Highways and Streets	5,304	0	5,304	0	26,065	20,761
<u>Capital Projects</u>						
Highway and Street Capital Projects	466,121	0	466,121	790,000	764,000	297,879
Total Expenditures	\$ 5,310,981	\$ 105,624	\$ 5,416,605	\$ 6,472,078	\$ 6,602,178	\$ 1,185,573
Excess (Deficiency) of Revenues Over Expenditures	\$ (240,493)	\$ (105,624)	\$ (346,117)	\$ (921,078)	\$ (1,051,178)	\$ 705,061

(Continued)

Exhibit C-6

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 398,000	\$ 0	\$ 398,000	\$ 855,000	\$ 855,000	\$ (457,000)
Insurance Recovery	268	0	268	0	0	268
Total Other Financing Sources	\$ 398,268	\$ 0	\$ 398,268	\$ 855,000	\$ 855,000	\$ (456,732)
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 157,775	\$ (105,624)	\$ 52,151	\$ (66,078)	\$ (196,178)	\$ 248,329
	1,427,180	0	1,427,180	1,839,248	1,839,248	(412,068)
Fund Balance, June 30, 2013	\$ 1,584,955	\$ (105,624)	\$ 1,479,331	\$ 1,773,170	\$ 1,643,070	\$ (163,739)

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,106,842
Equity in Pooled Cash and Investments	42,792
Accounts Receivable	8,028
Due from Other Governments	<u>385,426</u>
Total Assets	<u>\$ 2,543,088</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 428,218
Due to Litigants, Heirs, and Others	<u>2,114,870</u>
Total Liabilities	<u>\$ 2,543,088</u>

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

FAYETTE COUNTY, TENNESSEE
Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	32
B. Government-wide and Fund Financial Statements	33
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	34
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	36
2. Receivables and Payables	37
3. Capital Assets	38
4. Deferred Outflows/Inflows of Resources	39
5. Compensated Absences	39
6. Long-term Obligations	40
7. Net Position and Fund Balance	40
8. Prior-period Adjustments	42
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	42
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	43
III. Stewardship, Compliance, and Accountability	
A. Budgetary Information	43
B. Cash Shortages - Prior-Years	44
C. Expenditures Exceeded Appropriations	44
IV. Detailed Notes on All Funds	
A. Deposits and Investments	45
B. Capital Assets	46
C. Construction Commitments	49
D. Interfund Receivables, Payables, and Transfers	49
E. Due to State of Tennessee	51
F. Operating Leases	51
G. Capital Lease	51
H. Long-term Obligations	52
I. On-Behalf Payments	56
J. Short-term Debt	56
V. Other Information	
A. Risk Management	57
B. Accounting Changes	58
C. Subsequent Events	59
D. Contingent Liabilities	60
E. Change in Administration	60
F. Landfill Closure/Postclosure Care Costs	60
G. Joint Ventures	60
H. Retirement Commitments	61
I. Other Postemployment Benefits (OPEB)	64
J. Purchasing Laws	66

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

The Fayette County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Fayette County, and the Fayette County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Fayette 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 Fayette County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of

contents. Although required by GAAP, the financial statements of the Fayette County Emergency Communications District were not available from other auditors in time for inclusion, as previously mentioned. Complete financial statements of the Fayette County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

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

B. Government-wide and Fund Financial Statements

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

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

Fayette County issues all debt for the discretely presented Fayette County School Department. Net debt issues totaling \$543,864 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 Fayette County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Fayette County has no proprietary funds to report.

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

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

on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Fayette County reports the following major governmental funds:

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

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

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

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

Additionally, Fayette County reports the following fund type:

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

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

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

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

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

Capital Projects Fund – The Education Capital Projects Fund accounts for the construction and equipping of public schools in the county.

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

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

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Fayette County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the primary government's Solid Waste/Sanitation Fund. Fayette County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when

purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.54 percent of total taxes levied.

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

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

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

Retainage payable in the primary government's nonmajor governmental funds represent amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the nonmajor governmental funds.

3. Capital Assets

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

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

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

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

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

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

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. 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 one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 three sources: current and delinquent property taxes and other deferred/unavailable revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. **Compensated Absences**

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

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

amounts have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

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

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

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

7. Net Position and Fund Balance

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of

other governments or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

The government-wide Statement of Net Position reports \$7,309,305 of restricted net position for the primary government, of which \$479,809 is restricted by enabling legislation.

As of June 30, 2013, Fayette County had \$13,355,000 in outstanding debt for capital purposes for the discretely presented Fayette County School Department. This debt is a liability of Fayette County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Fayette County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

decision-making authority, and shall remain binding unless removed in the same manner.

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

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

8. Prior-period Adjustments

Capital assets of the primary government were restated \$230,418 from the prior year because land and two roads had been omitted. Capital assets of the School Department were restated \$16,094 from the prior year to correct assets, which had been included twice. Also, in the prior year a \$575,000 capital outlay note had been reflected as payable from the School Department. Beginning July 1, 2012, the primary government assumed responsibility for the note requirements without reimbursement from the School Department. As a result of these adjustments, the beginning net position of the primary government’s governmental activities and the discretely presented Fayette County School Department were restated \$344,582 and \$591,094, respectively.

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 totaling \$423,741 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Fayette County School Department

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

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

Primary Government

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

Discretely Presented Fayette County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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 capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

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

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

B. Cash Shortage – Prior-Years

On April 27, 2010, a special report was issued on the Fayette County School Food Service Department for the period July 1, 2007, through December 15, 2009. This report disclosed that the food service supervisor circumvented purchasing procedures, resulting in a cash shortage of \$142,433. In addition, the food service supervisor altered time sheets of a part-time cafeteria worker, resulting in a cash shortage of \$35,196.93. In May 2010, the School Department's insurance carrier paid the department \$149,500. The three individuals entered into plea agreements. As of June 30, 2013, the restitution outstanding totaled \$13,734.

C. Expenditures Exceeded Appropriations

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
Primary Government:	
General:	
Register of Deeds	\$ 118
General Sessions Judge	3,976
Drug Court	11
Libraries	925
Airport	30,529
Other Charges	651
General Debt Service:	
Principal on Debt - General Government	8,329
Other Debt Service - Education	439
School Department:	
General Purpose School:	
Support Services - Board of Education	202,022

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

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

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

B. Capital Assets

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

Primary Government - Governmental Activities:

	* Restated			
	Balance			Balance
	7-1-12	Increases	Decreases	6-30-13
Capital Assets Not Depreciated:				
Land	\$ 1,978,845	\$ 29,520	\$ 0	\$ 2,008,365
Construction in Progress	0	479,322	0	479,322
Total Capital Assets				
Not Depreciated	\$ 1,978,845	\$ 508,842	\$ 0	\$ 2,487,687

Primary Government - Governmental Activities (Cont.):

	* Restated			
	Balance			Balance
	7-1-12	Increases	Decreases	6-30-13
Capital Assets Depreciated:				
Buildings and Improvements	\$ 18,994,162	\$ 0	\$ 0	\$ 18,994,162
Infrastructure	114,854,335	963,220	0	115,817,555
Other Capital Assets	8,870,626	917,193	(468,168)	9,319,651
Total Capital Assets Depreciated	\$ 142,719,123	\$ 1,880,413	\$ (468,168)	\$ 144,131,368
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,786,213	\$ 740,213	\$ 0	\$ 5,526,426
Infrastructure	91,933,866	1,945,745	0	93,879,611
Other Capital Assets	5,451,672	773,176	(460,980)	5,763,868
Total Accumulated Depreciation	\$ 102,171,751	\$ 3,459,134	\$ (460,980)	\$ 105,169,905
Total Capital Assets Depreciated, Net	\$ 40,547,372	\$ (1,578,721)	\$ (7,188)	\$ 38,961,463
Governmental Activities Capital Assets, Net	\$ 42,526,217	\$ (1,069,879)	\$ (7,188)	\$ 41,449,150

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

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

Governmental Activities:

General Government	\$ 41,409
Finance	3,482
Administration of Justice	154,821
Public Safety	848,157
Public Health and Welfare	176,536
Social, Cultural, and Recreational Services	10,200
Other Operations	229,897
Highway/Public Works	1,994,632
Total Depreciation Expense - Governmental Activities	\$ 3,459,134

Discretely Presented Fayette County School Department

Governmental Activities:

	* Restated			
	Balance			Balance
	7-1-12	Increases	Decreases	6-30-13
	<hr/>			
Capital Assets Not				
Depreciated:				
Land	\$ 359,607	\$ 0	\$ 0	\$ 359,607
Construction in Progress	0	549,800	0	549,800
Total Capital Assets	<hr/>			
Not Depreciated	\$ 359,607	\$ 549,800	\$ 0	\$ 909,407
	<hr/>			
Capital Assets Depreciated:				
Land Improvements	\$ 127,792	\$ 0	\$ 0	\$ 127,792
Buildings and				
Improvements	34,477,821	0	0	34,477,821
Infrastructure	394,280	0	0	394,280
Other Capital Assets	6,506,494	0	(387,020)	6,119,474
Total Capital Assets	<hr/>			
Depreciated	\$ 41,506,387	\$ 0	\$ (387,020)	\$ 41,119,367
	<hr/>			
Less Accumulated				
Depreciation For:				
Land Improvements	\$ 125,814	\$ 0	\$ 0	\$ 125,814
Buildings and				
Improvements	25,032,934	833,588	0	25,866,522
Infrastructure	394,280	0	0	394,280
Other Capital Assets	4,389,851	431,554	(361,723)	4,459,682
Total Accumulated	<hr/>			
Depreciation	\$ 29,942,879	\$ 1,265,142	\$ (361,723)	\$ 30,846,298
	<hr/>			
Total Capital Assets				
Depreciated, Net	\$ 11,563,508	\$ (1,265,142)	\$ (25,297)	\$ 10,273,069
	<hr/>			
Governmental Activities				
Capital Assets, Net	\$ 11,923,115	\$ (715,342)	\$ (25,297)	\$ 11,182,476
	<hr/>			

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

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

Governmental Activities:

Instruction	\$ 810,662
Support Services	376,613
Operation of Non-Instructional Services	<u>77,867</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,265,142</u>

C. Construction Commitments

At June 30, 2013, the General Capital Projects Fund had uncompleted construction contracts of \$127,605 for the construction of an industrial tenant warehouse. In addition, the Other Capital Projects Fund had uncompleted construction contracts of \$183,490 for the construction of airport hangars. Funding for these future expenditures is expected to be received from state grants.

At June 30, 2013, the Education Capital Projects Fund of the discretely presented School Department had uncompleted construction contracts of \$451,513 for the construction of a new school building. Funding for these future expenditures has been provided by bond proceeds.

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	\$ 27,981
Nonmajor governmental	General	13,061
Discretely Presented School Department:		
Nonmajor governmental	General Purpose School	7,408

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 nonmajor governmental fund (School Federal Projects Fund) totaling \$7,408 was in transit from the General Purpose School Fund at June 30, 2013.

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Component Unit:		
School Department:	Primary Government:	
Nonmajor governmental	Education Capital Projects	\$ 7,186

Interfund Transfers:

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

Primary Government

	Transfers In
	General Debt Service Fund
Transfers Out	
General Fund	\$ 32,670
Nonmajor governmental funds	364,554
Total	<u>\$ 397,224</u>

Discretely Presented Fayette County School Department

	Transfer In
	Nonmajor Governmental Fund
Transfer Out	
General Purpose School Fund	\$ 20,502

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

The county made a one-time transfer of \$147,000 from the General Capital Projects Fund to the General Debt Service Fund to remit funds received from the justice complex building contractor to settle disputed construction deficiencies.

E. Due to State of Tennessee

The School Department's General Purpose School Fund reflects a liability of \$197,811 due to the State of Tennessee for a refund of disallowed expenditures of prior-year grant funds. The School Department has agreed to repay the state \$100,000 of this liability in the 2013-14 fiscal year and the remaining \$97,811 in the 2014-15 fiscal year.

F. Operating Leases

The discretely presented Fayette County School Department rents copiers and teacher software under operating leases considered to be noncancelable. The rental expenditures for the year ended June 30, 2013, were \$151,405. There are no provisions for contingent or sublease rentals in the agreements. The future minimum lease payments for these leases are as follows:

Year Ending June 30	Amount
2014	\$ 158,280
2015	158,280
2016	<u>158,280</u>
Total	<u>\$ 474,840</u>

G. Capital Leases

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

The assets acquired through capital leases are as follows:

Assets	Governmental Activities
Other Capital Assets	\$ 233,180
Less: Accumulated Depreciation	<u>(77,726)</u>
Total Book Value	<u>\$ 155,454</u>

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

Year Ending June 30	Governmental Funds
2014	\$ 51,381
2015	51,381
2016	51,381
2017	<u>51,381</u>
Total Minimum Lease Payments	\$ 205,524
Less: Amount Representing Interest	<u>(15,985)</u>
 Present Value of Minimum Lease Payments	 <u>\$ 189,539</u>

H. Long-term Obligations

Primary Government

General Obligation Bonds and Notes

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 37 years for bonds and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2013, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, 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 Bonds	2 to 4.375 %	9-16-45	\$ 10,125,000	\$ 8,958,897
General Obligation Bonds - Refunding	1.25 to 3.5	4-1-30	16,825,000	15,830,000
Capital Outlay Notes	3.86 to 4.25	3-15-22	1,219,789	542,714
Capital Leases	3.27	11-10-16	233,180	189,539

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 973,218	\$ 682,300	\$ 1,655,518
2015	993,578	661,512	1,655,090
2016	1,043,953	639,297	1,683,250
2017	1,179,345	615,143	1,794,488
2018	1,214,754	588,107	1,802,861
2019-2023	6,720,555	2,448,921	9,169,476
2024-2028	7,783,819	1,481,599	9,265,418
2029-2033	3,795,248	410,514	4,205,762
2034-2038	885,600	102,543	988,143
2039-2043	130,813	29,308	160,121
2044-2046	68,014	4,065	72,079
Total	\$ 24,788,897	\$ 7,663,309	\$ 32,452,206

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 160,557	\$ 21,602	\$ 182,159
2015	166,005	15,283	181,288
2016	141,463	8,773	150,236
2017	11,960	3,174	15,134
2018	12,468	2,666	15,134
2019-2022	50,261	5,139	55,400
Total	\$ 542,714	\$ 56,637	\$ 599,351

There is \$2,445,524 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and capital leases totaled \$664, based on the 2010 federal census.

Changes in Long-term Obligations

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

Governmental Activities:

	Bonds	Notes	Capital Leases
Balance, July 1, 2012	\$ 21,007,328	\$ 167,840	\$ 263,529
Prior-period Adjustment *	0	575,000	0
Reclassification of School Debt	0	0	165,490
Additions	4,575,000	398,000	0
Reductions	(793,431)	(598,126)	(239,480)
Balance, June 30, 2013	<u>\$ 24,788,897</u>	<u>\$ 542,714</u>	<u>\$ 189,539</u>
Balance Due Within One Year	<u>\$ 973,218</u>	<u>\$ 160,557</u>	<u>\$ 45,090</u>

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

	Compensated Absences	Landfill Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2012	\$ 357,731	\$ 729,200	\$ 226,222
Additions	328,492	13,550	62,444
Reductions	(321,973)	(16,055)	(14,316)
Balance, June 30, 2013	<u>\$ 364,250</u>	<u>\$ 726,695</u>	<u>\$ 274,350</u>
Balance Due Within One Year	<u>\$ 301,420</u>	<u>\$ 16,055</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 26,886,445
Less: Balance Due Within One Year	(1,496,340)
Add: Unamortized Premium on Debt	367,905
Less: Deferred Discount on Debt	<u>(3,381)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 25,754,629</u>

In prior years, leases for school buses had been reflected as debt of the School Department. However, the remaining lease balance of \$165,490 at July 1, 2012, was reclassified as debt of the primary government because the primary government was legally obligated to repay the debt. The School Department contributed the debt requirements to the General Debt Service Fund. These leases were retired during the year.

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

Discretely Presented Fayette County School Department

Changes in Long-term Obligations

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

Governmental Activities:

	Note	Capital Leases
	_____	_____
Balance, July 1, 2012	\$ 575,000	\$ 165,490
Prior-period Adjustment *	(575,000)	0
Reclassification of School Debt	0	(165,490)
	_____	_____
Balance, June 30, 2013	\$ 0	\$ 0
	_____	_____
Balance Due Within One Year	\$ 0	\$ 0
	_____	_____

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

	Compensated Absences	Other Postemployment Benefits
	_____	_____
Balance, July 1, 2012	\$ 168,663	\$ 617,891
Additions	98,528	299,481
Reductions	(94,772)	(150,095)
	_____	_____
Balance, June 30, 2013	\$ 172,419	\$ 767,277
	_____	_____
Balance Due Within One Year	\$ 90,300	\$ 0
	_____	_____

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 939,696
Less: Balance Due Within One Year	<u>(90,300)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 849,396</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Fayette County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2013, were \$50,177 and \$34,797, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

J. Short-term Debt

Fayette County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General (\$1,400,000) and General Purpose School (\$1,700,000) funds. These notes were necessary because funds were not available to meet operating expenses coming due before current tax collections. Short-term debt activity for the year ended June 30, 2013, was as follows:

	Balance 7-1-12	Issued	Paid	Balance 6-30-13
Tax Anticipation Notes	\$ 0	\$ 3,100,000	\$ (3,100,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Primary Government

Liability, Property, and Casualty

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

Workers' Compensation Insurance

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

Employee Health Insurance

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

Discretely Presented Fayette County School Department

Liability, Property, Casualty, and Workers' Compensation Insurance

The School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices

of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays an annual premium to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums.

Employee Health Insurance

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

B. Accounting Changes

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 totaling \$423,741 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. Fayette 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.

C. Subsequent Events

Subsequent to June 30, 2013, Fayette County issued tax anticipation notes to provide temporary operating funds for the following funds:

Fund	Date Issued	Amount
General	7-11-13	\$ 50,000
General Purpose School	7-11-13	1,100,000
"	8-28-13	450,000
"	8-28-13	450,000

D. Contingent Liabilities

The county is involved in several pending lawsuits. Management estimates that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

E. Change in Administration

Director of Schools Dr. Cedric Gray resigned June 30, 2012, and was succeeded by James Teague.

F. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Fayette County closed its sanitary landfill in 1998. The \$726,695 reported as postclosure care liability at June 30, 2013, represents amounts based on what it would cost to perform all postclosure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. Joint Venture

The Twenty-fifth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fifth Judicial District, Fayette, Hardeman, Lauderdale, McNairy and Tipton counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

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

H. Retirement Commitments

Information for this footnote for the year ended June 30, 2013, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented below is for the fiscal year ended June 30, 2012.

Plan Description

Employees of Fayette 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 Fayette 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

Fayette County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 8.57 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

For the year ended June 30, 2012, Fayette County's annual pension cost of \$1,148,037 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, 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, 2009, was six years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$1,148,037	100%	\$0
6-30-11	1,092,374	100	0
6-30-10	1,125,349	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 95.51 percent funded. The actuarial accrued liability for benefits was \$35.58 million, and the actuarial value of assets was \$33.99 million, resulting

in an unfunded actuarial accrued liability (UAAL) of \$1.6 million. The covered payroll (annual payroll of active employees covered by the plan) was \$12.87 million, and the ratio of the UAAL to the covered payroll was 12.42 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 Fayette County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2012, was 9.05 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, 2012, 2011, and 2010, were \$1,306,386, \$1,300,320, and \$910,334, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Plan Description

Fayette County and the Fayette County School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, *Tennessee Code Annotated (TCA)*, for local governments and Section 8-27-302, *TCA*, for local education employees. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (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 plans 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. During the year ended June 30, 2013, Fayette County and the discretely presented School Department contributed \$14,316 and \$150,095, respectively, for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 301,000	\$ 63,000
Interest on the NOPEBO	24,716	9,049
Adjustment to the ARC	(26,235)	(9,605)
Annual OPEB cost	\$ 299,481	\$ 62,444
Less: Amount of contribution	(150,095)	(14,316)
Increase/decrease in NOPEBO	\$ 149,386	\$ 48,128
Net OPEB obligation, 7-1-12	617,891	226,222
Net OPEB obligation, 6-30-13	\$ 767,277	\$ 274,350

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Local Education Group	\$ 244,992	63 %	\$ 507,833
6-30-12	"	297,751	63	617,891
6-30-13	"	299,481	50	767,277
6-30-11	Local Government Group	98,247	25	177,422
6-30-12	"	62,564	22	226,222
6-30-13	"	62,444	23	274,350

Funded Status and Funding Progress

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

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 2,132,000	\$ 423,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,132,000	\$ 423,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 19,426,014	\$ 7,752,730
UAAL as a % of covered payroll	11%	5%

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 supplemental 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 Group and the Local Education Group plans, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.75 percent for fiscal year 2013. The trend 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.

J. Purchasing Laws

Office of County Mayor

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

Office of Public Works Superintendent

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

Office of Director of Schools

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Fayette County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Fayette 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)
7-1-11	\$ 33,986	\$ 35,584	\$ 1,598	95.51%	\$ 12,867	12.42 %
7-1-09	27,496	28,498	1,002	96.48	12,272	8.17
7-1-07	25,406	26,656	1,250	95.31	10,796	11.58

Information for this exhibit for the year ended June 30, 2013, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented above is for the fiscal year ended June 30, 2012.

Exhibit E-2

Fayette County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Fayette 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	\$ 798	\$ 798	0 %	\$ 7,119	11 %
"	7-1-10	0	846	846	0	7,690	11
"	7-1-11	0	423	423	0	7,753	5
<u>DISCRETELY PRESENTED FAYETTE COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	1,835	1,835	0	18,148	10
"	7-1-10	0	1,905	1,905	0	19,157	10
"	7-1-11	0	2,132	2,132	0	19,426	11

FAYETTE 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.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

Capital Projects Funds

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

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

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

Exhibit F-1

	Special Revenue Funds							Capital Projects Funds			Total Nonmajor Governmental Funds
	Adequate Facilities/ Development Tax				Constitu- tional Officers - Fees	Total	General Capital Projects		Other Capital Projects	Total	
	Solid Waste/ Sanitation	Drug Control									
Cash	\$ 100	\$ 0	\$ 0	\$ 0	\$ 39,653	\$ 39,753	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,753
Equity in Pooled Cash and Investments	79,931	140,540	479,809	0	0	700,280	20,185	84,049	104,234	804,514	
Accounts Receivable	31,776	0	0	194	0	31,970	0	0	0	31,970	
Due from Other Governments	0	0	0	0	0	0	139,109	405,606	544,715	544,715	
Due from Other Funds	0	13,061	0	0	0	13,061	0	0	0	13,061	
Total Assets	\$ 111,807	\$ 153,601	\$ 479,809	\$ 39,847	\$ 785,064	\$ 159,294	\$ 489,655	\$ 648,949	\$ 1,434,013		
ASSETS											
Contracts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 139,109	\$ 383,935	\$ 523,044	\$ 523,044	
Retainage Payable	0	0	0	0	0	0	16,886	21,671	38,557	38,557	
Due to Other Funds	0	0	0	27,981	27,981	27,981	0	0	0	27,981	
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 27,981	\$ 27,981	\$ 27,981	\$ 155,995	\$ 405,606	\$ 561,601	\$ 589,582	
FUND BALANCES											
Restricted:	\$ 0	\$ 0	\$ 0	\$ 11,866	\$ 11,866	\$ 11,866	\$ 0	\$ 0	\$ 0	\$ 11,866	
Restricted for General Government	0	153,601	0	0	153,601	153,601	0	0	0	153,601	
Restricted for Public Safety	0	0	479,809	0	479,809	479,809	0	0	0	479,809	
Restricted for Other Operations	0	0	0	0	0	0	3,299	84,049	87,348	87,348	
Restricted for Capital Outlay	0	0	0	0	0	0	0	0	0	0	
Committed:	111,807	0	0	0	111,807	111,807	0	0	0	111,807	
Committed for Public Health and Welfare	111,807	153,601	479,809	11,866	757,083	757,083	3,299	84,049	87,348	844,431	
Total Fund Balances	\$ 111,807	\$ 153,601	\$ 479,809	\$ 39,847	\$ 785,064	\$ 159,294	\$ 489,655	\$ 648,949	\$ 1,434,013		
Total Liabilities and Fund Balances	\$ 111,807	\$ 153,601	\$ 479,809	\$ 39,847	\$ 785,064	\$ 648,949	\$ 1,434,013				

Exhibit F-2

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

	Special Revenue Funds							Capital Projects Funds			Total Nonmajor Governmental Funds	
	Solid Waste/ Sanitation		Adequate Facilities/ Development Tax		Constitu- tional Officers - Fees		Total					
	Drug Control	0 \$	0 \$	523,019 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$		
Revenues												
Local Taxes	0 \$	0 \$	0 \$	523,019 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	523,019
Fines, Forfeitures, and Penalties	0	42,267	0	0	0	0	0	0	0	0	0	42,267
Charges for Current Services	395,942	0	0	0	141,934	0	537,876	0	0	0	0	537,876
Other Local Revenues	263,464	0	0	0	0	0	263,464	0	0	0	0	263,464
State of Tennessee	334,000	0	0	0	0	0	334,000	385,907	522,861	0	0	908,768
Other Governments and Citizens Groups	0	0	0	0	0	0	0	147,000	0	0	0	147,000
Total Revenues	993,406 \$	42,267 \$	523,019 \$	523,019 \$	141,934 \$	1,700,626 \$	532,907 \$	522,861 \$	1,055,768 \$	1,055,768 \$	2,756,394	
Expenditures												
Current:												
General Government	0 \$	0 \$	0 \$	0 \$	133,489 \$	133,489 \$	0 \$	0 \$	0 \$	0 \$	0 \$	133,489
Finance	0	0	0	0	101	101	0	0	0	0	0	101
Administration of Justice	0	0	0	0	3,900	3,900	0	0	0	0	0	3,900
Public Safety	0	65,252	0	0	0	65,252	0	0	0	0	0	65,252
Public Health and Welfare	913,963	0	0	0	0	913,963	0	0	0	0	0	913,963
Other Operations	0	0	0	10,295	0	10,295	0	0	0	0	0	10,295
Capital Projects	0	0	0	0	0	0	411,941	568,576	0	0	0	980,517
Total Expenditures	913,963 \$	65,252 \$	10,295 \$	10,295 \$	137,490 \$	1,127,000 \$	411,941 \$	568,576 \$	980,517 \$	980,517 \$	2,107,517	
Excess (Deficiency) of Revenues Over Expenditures	79,443 \$	(22,985) \$	512,724 \$	512,724 \$	4,444 \$	573,626 \$	120,966 \$	(45,715) \$	75,251 \$	648,877		
Other Financing Sources (Uses)												
Transfers Out	0 \$	0 \$	(217,554) \$	(217,554) \$	0 \$	(217,554) \$	(147,000) \$	0 \$	(147,000) \$	(147,000) \$	(364,554)	
Total Other Financing Sources (Uses)	0 \$	0 \$	(217,554) \$	(217,554) \$	0 \$	(217,554) \$	(147,000) \$	0 \$	(147,000) \$	(364,554)		
Net Change in Fund Balances	79,443 \$	(22,985) \$	295,170 \$	295,170 \$	4,444 \$	356,072 \$	(26,034) \$	(45,715) \$	(71,749) \$	284,323		
Fund Balance, July 1, 2012	32,364	176,586	184,639	401,011	7,422	129,764	29,333	159,097	560,108			
Fund Balance, June 30, 2013	111,807 \$	153,601 \$	479,809 \$	757,083 \$	11,866 \$	84,049 \$	3,299 \$	87,348 \$	844,431			

Exhibit F-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 395,942	\$ 275,000	\$ 289,319	\$ 106,623
Other Local Revenues	263,464	195,000	301,854	(38,390)
State of Tennessee	334,000	340,000	340,000	(6,000)
Total Revenues	<u>\$ 993,406</u>	<u>\$ 810,000</u>	<u>\$ 931,173</u>	<u>\$ 62,233</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 360,859	\$ 228,500	\$ 360,859	\$ 0
Landfill Operation and Maintenance	553,104	565,929	554,743	1,639
Total Expenditures	<u>\$ 913,963</u>	<u>\$ 794,429</u>	<u>\$ 915,602</u>	<u>\$ 1,639</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 79,443</u>	<u>\$ 15,571</u>	<u>\$ 15,571</u>	<u>\$ 63,872</u>
Net Change in Fund Balance	\$ 79,443	\$ 15,571	\$ 15,571	\$ 63,872
Fund Balance, July 1, 2012	<u>32,364</u>	<u>29,204</u>	<u>29,204</u>	<u>3,160</u>
Fund Balance, June 30, 2013	<u><u>\$ 111,807</u></u>	<u><u>\$ 44,775</u></u>	<u><u>\$ 44,775</u></u>	<u><u>\$ 67,032</u></u>

Exhibit F-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 42,267	\$ 25,945	\$ 25,945	\$ 16,322
Total Revenues	\$ 42,267	\$ 25,945	\$ 25,945	\$ 16,322
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 65,252	\$ 100,500	\$ 100,500	\$ 35,248
Total Expenditures	\$ 65,252	\$ 100,500	\$ 100,500	\$ 35,248
Excess (Deficiency) of Revenues Over Expenditures	\$ (22,985)	\$ (74,555)	\$ (74,555)	\$ 51,570
Net Change in Fund Balance	\$ (22,985)	\$ (74,555)	\$ (74,555)	\$ 51,570
Fund Balance, July 1, 2012	176,586	124,187	124,187	52,399
Fund Balance, June 30, 2013	\$ 153,601	\$ 49,632	\$ 49,632	\$ 103,969

Exhibit F-5

Fayette County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Adequate Facilities/Development Tax Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 523,019	\$ 200,000	\$ 211,400	\$ 311,619
Total Revenues	\$ 523,019	\$ 200,000	\$ 211,400	\$ 311,619
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 10,295	\$ 7,500	\$ 11,400	\$ 1,105
Total Expenditures	\$ 10,295	\$ 7,500	\$ 11,400	\$ 1,105
Excess (Deficiency) of Revenues Over Expenditures	\$ 512,724	\$ 192,500	\$ 200,000	\$ 312,724
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (217,554)	\$ (217,554)	\$ (217,554)	\$ 0
Total Other Financing Sources	\$ (217,554)	\$ (217,554)	\$ (217,554)	\$ 0
Net Change in Fund Balance	\$ 295,170	\$ (25,054)	\$ (17,554)	\$ 312,724
Fund Balance, July 1, 2012	184,639	92,500	92,500	92,139
Fund Balance, June 30, 2013	\$ 479,809	\$ 67,446	\$ 74,946	\$ 404,863

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,851,772	\$ 2,023,154	\$ 2,023,154	\$ (171,382)
Other Local Revenues	9,117	0	0	9,117
Other Governments and Citizens Groups	175,104	32,076	207,180	(32,076)
Total Revenues	<u>\$ 2,035,993</u>	<u>\$ 2,055,230</u>	<u>\$ 2,230,334</u>	<u>\$ (194,341)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 522,198	\$ 432,220	\$ 513,869	\$ (8,329)
Education	630,490	325,000	630,490	0
<u>Interest on Debt</u>				
General Government	367,256	486,521	379,680	12,424
Education	291,491	231,415	320,528	29,037
<u>Other Debt Service</u>				
General Government	19,688	21,000	21,000	1,312
Education	1,439	1,000	1,000	(439)
Total Expenditures	<u>\$ 1,832,562</u>	<u>\$ 1,497,156</u>	<u>\$ 1,866,567</u>	<u>\$ 34,005</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 203,431</u>	<u>\$ 558,074</u>	<u>\$ 363,767</u>	<u>\$ (160,336)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 397,224	\$ 0	\$ 0	\$ 397,224
Total Other Financing Sources	<u>\$ 397,224</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 397,224</u>
Net Change in Fund Balance	\$ 600,655	\$ 558,074	\$ 363,767	\$ 236,888
Fund Balance, July 1, 2012	1,844,869	1,628,596	1,822,903	21,966
Fund Balance, June 30, 2013	<u>\$ 2,445,524</u>	<u>\$ 2,186,670</u>	<u>\$ 2,186,670</u>	<u>\$ 258,854</u>

Fiduciary Funds

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

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

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

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

Exhibit H-1

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

	Agency Funds			Total
	Cities - Sales Tax	Watershed District	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 2,106,842	\$ 2,106,842
Equity in Pooled Cash and Investments	0	42,792	0	42,792
Accounts Receivable	0	0	8,028	8,028
Due from Other Governments	385,426	0	0	385,426
Total Assets	<u>\$ 385,426</u>	<u>\$ 42,792</u>	<u>2,114,870</u>	<u>\$ 2,543,088</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 385,426	\$ 42,792	\$ 0	\$ 428,218
Due to Litigants, Heirs, and Others	0	0	2,114,870	2,114,870
Total Liabilities	<u>\$ 385,426</u>	<u>\$ 42,792</u>	<u>\$ 2,114,870</u>	<u>\$ 2,543,088</u>

Exhibit H-2

Fayette 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	\$ 2,352,230	\$ 2,352,230	\$ 0
Due from Other Governments	340,000	385,426	340,000	385,426
Total Assets	\$ 340,000	\$ 2,737,656	\$ 2,692,230	\$ 385,426
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 340,000	\$ 2,737,656	\$ 2,692,230	\$ 385,426
Total Liabilities	\$ 340,000	\$ 2,737,656	\$ 2,692,230	\$ 385,426
<u>Watershed District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 42,792	\$ 0	\$ 0	\$ 42,792
Total Assets	\$ 42,792	\$ 0	\$ 0	\$ 42,792
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 42,792	\$ 0	\$ 0	\$ 42,792
Total Liabilities	\$ 42,792	\$ 0	\$ 0	\$ 42,792
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,291,302	\$ 10,480,868	\$ 10,665,328	\$ 2,106,842
Accounts Receivable	5,937	8,028	5,937	8,028
Total Assets	\$ 2,297,239	\$ 10,488,896	\$ 10,671,265	\$ 2,114,870
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,297,239	\$ 10,488,896	\$ 10,671,265	\$ 2,114,870
Total Liabilities	\$ 2,297,239	\$ 10,488,896	\$ 10,671,265	\$ 2,114,870
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,291,302	\$ 10,480,868	\$ 10,665,328	\$ 2,106,842
Equity in Pooled Cash and Investments	42,792	2,352,230	2,352,230	42,792
Accounts Receivable	5,937	8,028	5,937	8,028
Due from Other Governments	340,000	385,426	340,000	385,426
Total Assets	\$ 2,680,031	\$ 13,226,552	\$ 13,363,495	\$ 2,543,088
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 382,792	\$ 2,737,656	\$ 2,692,230	\$ 428,218
Due to Litigants, Heirs, and Others	2,297,239	10,488,896	10,671,265	2,114,870
Total Liabilities	\$ 2,680,031	\$ 13,226,552	\$ 13,363,495	\$ 2,543,088

Fayette County School Department

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

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

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

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

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

Exhibit I-1

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 17,702,360	\$ 61,121	\$ 1,385,023	\$ 337,196	\$ (15,919,020)
Support Services	11,623,579	6,360	1,213,631	119,650	(10,283,938)
Operation of Non-Instructional Services	3,241,424	352,652	2,699,377	87,018	(102,377)
Interest on Long-term Debt	12,015	0	0	0	(12,015)
Other Debt Service	2,945	0	0	0	(2,945)
Total Governmental Activities	\$ 32,582,323	\$ 420,133	\$ 5,298,031	\$ 543,864	\$ (26,320,295)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 6,324,113
Local Option Sales Taxes					2,838,444
Other Local Taxes					3,385
Grants and Contributions Not Restricted to Specific Programs					16,286,391
Miscellaneous					141,660
Total General Revenues					\$ 25,593,993
Change in Net Position					\$ (726,302)
Net Position, July 1, 2012					11,853,985
Prior-period Adjustment					591,094
Net Position, June 30, 2013					\$ 11,718,777

Exhibit I-2

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 268,628	\$ 566,607	\$ 835,235
Accounts Receivable	77,905	0	77,905
Due from Other Governments	713,045	181,533	894,578
Due from Other Funds	0	7,408	7,408
Due from Primary Government	0	7,186	7,186
Property Taxes Receivable	6,212,243	0	6,212,243
Allowance for Uncollectible Property Taxes	(308,233)	0	(308,233)
Cash Shortage	0	13,734	13,734
Total Assets	<u>\$ 6,963,588</u>	<u>\$ 776,468</u>	<u>\$ 7,740,056</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 24,370	\$ 1,979	\$ 26,349
Accrued Payroll	28,112	10,697	38,809
Payroll Deductions Payable	221,897	1,561	223,458
Contracts Payable	7,500	8,186	15,686
Due to State of Tennessee	197,811	0	197,811
Other Current Liabilities	124	0	124
Total Liabilities	<u>\$ 479,814</u>	<u>\$ 22,423</u>	<u>\$ 502,237</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 5,761,822	\$ 0	\$ 5,761,822
Deferred Delinquent Property Taxes	120,544	0	120,544
Other Deferred/Unavailable Revenue	238,786	0	238,786
Total Deferred Inflows of Resources	<u>\$ 6,121,152</u>	<u>\$ 0</u>	<u>\$ 6,121,152</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 79,260	\$ 106,878	\$ 186,138
Restricted for Operation of Non-Instructional Services	0	647,167	647,167
Assigned:			
Assigned for Education	4,730	0	4,730
Unassigned	278,632	0	278,632
Total Fund Balances	<u>\$ 362,622</u>	<u>\$ 754,045</u>	<u>\$ 1,116,667</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,963,588</u>	<u>\$ 776,468</u>	<u>\$ 7,740,056</u>

Exhibit I-3

Fayette County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Fayette County School Department
June 30, 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)		\$	1,116,667
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	359,607	
Add: construction in progress		549,800	
Add: land improvements net of accumulated depreciation		1,978	
Add: buildings and improvements net of accumulated depreciation		8,611,299	
Add: other capital assets net of accumulated depreciation		<u>1,659,792</u>	11,182,476
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: compensated absences payable	\$	(172,419)	
Less: other postemployment benefits liability		<u>(767,277)</u>	(939,696)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>359,330</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>11,718,777</u></u>

Exhibit I-4

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

	Major Fund	Nonmajor Funds	
	General	Other	
	Purpose	Govern- mental	Total
	School	Funds	Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 9,251,805	\$ 0	\$ 9,251,805
Licenses and Permits	1,957	0	1,957
Charges for Current Services	67,181	352,952	420,133
Other Local Revenues	142,785	2,765	145,550
State of Tennessee	16,299,498	18,916	16,318,414
Federal Government	708,275	4,515,615	5,223,890
Other Governments and Citizens Groups	0	543,864	543,864
Total Revenues	<u>\$ 26,471,501</u>	<u>\$ 5,434,112</u>	<u>\$ 31,905,613</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 15,271,672	\$ 1,296,094	\$ 16,567,766
Support Services	10,207,121	1,208,998	11,416,119
Operation of Non-Instructional Services	771,538	2,379,983	3,151,521
Capital Outlay	33,317	0	33,317
Debt Service:			
Interest on Debt	12,015	0	12,015
Other Debt Service	175,104	0	175,104
Capital Projects	0	551,482	551,482
Total Expenditures	<u>\$ 26,470,767</u>	<u>\$ 5,436,557</u>	<u>\$ 31,907,324</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 734</u>	<u>\$ (2,445)</u>	<u>\$ (1,711)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 45,498	\$ 0	\$ 45,498
Transfers In	20,502	0	20,502
Transfers Out	0	(20,502)	(20,502)
Total Other Financing Sources (Uses)	<u>\$ 66,000</u>	<u>\$ (20,502)</u>	<u>\$ 45,498</u>
Net Change in Fund Balances	\$ 66,734	\$ (22,947)	\$ 43,787
Fund Balance, July 1, 2012	<u>295,888</u>	<u>776,992</u>	<u>1,072,880</u>
Fund Balance, June 30, 2013	<u>\$ 362,622</u>	<u>\$ 754,045</u>	<u>\$ 1,116,667</u>

Exhibit I-5

Fayette County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Fayette County School Department
For the Year Ended June 30, 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)		\$	43,787
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	549,800	
Less: current-year depreciation expense		<u>(1,265,142)</u>	(715,342)
(2) The net effect of various miscellaneous transactions involving capital assets (sales) is to decrease net position.			
Less: loss on disposal of capital assets	\$	(24,172)	
Less: proceeds received from the disposal of capital assets		<u>(1,125)</u>	(25,297)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$	359,330	
Less: deferred delinquent property taxes and other deferred June 30, 2012		<u>(407,797)</u>	(48,467)
(4) The issuance of long-term debt (e.g., 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.			
Add: contribution payments on leases for primary government			165,490
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest	\$	6,669	
Change in compensated absences payable		(3,756)	
Change in other postemployment benefits liability		<u>(149,386)</u>	<u>(146,473)</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ (726,302)</u>

Exhibit I-6

Fayette County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Fayette County School Department
June 30, 2013

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 45,730	\$ 520,877	\$ 566,607	\$ 0	\$ 566,607
Due from Other Governments	64,523	117,010	181,533	0	181,533
Due from Other Funds	7,408	0	7,408	0	7,408
Due from Primary Government	0	0	0	7,186	7,186
Cash Shortage	0	13,734	13,734	0	13,734
Total Assets	\$ 117,661	\$ 651,621	\$ 769,282	\$ 7,186	\$ 776,468
<u>LIABILITIES</u>					
Accounts Payable	\$ 1,511	\$ 468	\$ 1,979	\$ 0	\$ 1,979
Accrued Payroll	9,272	1,425	10,697	0	10,697
Payroll Deductions Payable	0	1,561	1,561	0	1,561
Contracts Payable	0	1,000	1,000	7,186	8,186
Total Liabilities	\$ 10,783	\$ 4,454	\$ 15,237	\$ 7,186	\$ 22,423
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Education	\$ 106,878	\$ 0	\$ 106,878	\$ 0	\$ 106,878
Restricted for Operation of Non-Instructional Services	0	647,167	647,167	0	647,167
Total Fund Balances	\$ 106,878	\$ 647,167	\$ 754,045	\$ 0	\$ 754,045
Total Liabilities and Fund Balances	\$ 117,661	\$ 651,621	\$ 769,282	\$ 7,186	\$ 776,468

Exhibit I-7

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

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 352,952	\$ 352,952	\$ 0	\$ 352,952
Other Local Revenues	0	2,765	2,765	0	2,765
State of Tennessee	0	18,916	18,916	0	18,916
Federal Government	2,562,163	1,953,452	4,515,615	0	4,515,615
Other Governments and Citizens Groups	0	0	0	543,864	543,864
Total Revenues	\$ 2,562,163	\$ 2,328,085	\$ 4,890,248	\$ 543,864	\$ 5,434,112
<u>Expenditures</u>					
Current:					
Instruction	\$ 1,296,094	\$ 0	\$ 1,296,094	\$ 0	\$ 1,296,094
Support Services	1,208,998	0	1,208,998	0	1,208,998
Operation of Non-Instructional Services	0	2,379,983	2,379,983	0	2,379,983
Capital Projects	0	0	0	551,482	551,482
Total Expenditures	\$ 2,505,092	\$ 2,379,983	\$ 4,885,075	\$ 551,482	\$ 5,436,557
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 57,071	\$ (51,898)	\$ 5,173	\$ (7,618)	\$ (2,445)
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (20,502)	\$ 0	\$ (20,502)	\$ 0	\$ (20,502)
Total Other Financing Sources (Uses)	\$ (20,502)	\$ 0	\$ (20,502)	\$ 0	\$ (20,502)
Net Change in Fund Balances	\$ 36,569	\$ (51,898)	\$ (15,329)	\$ (7,618)	\$ (22,947)
Fund Balance, July 1, 2012	70,309	699,065	769,374	7,618	776,992
Fund Balance, June 30, 2013	\$ 106,878	\$ 647,167	\$ 754,045	\$ 0	\$ 754,045

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 9,251,805	\$ 0	\$ 0	\$ 9,251,805	\$ 9,058,816	\$ 9,058,816	\$ 192,989
Licenses and Permits	1,957	0	0	1,957	2,750	2,750	(793)
Charges for Current Services	67,181	0	0	67,181	65,700	65,700	1,481
Other Local Revenues	142,785	0	0	142,785	57,509	75,135	67,650
State of Tennessee	16,299,498	0	0	16,299,498	16,282,059	16,409,874	(110,376)
Federal Government	708,275	0	0	708,275	750,307	750,307	(42,032)
Total Revenues	\$ 26,471,501	\$ 0	\$ 0	\$ 26,471,501	\$ 26,217,141	\$ 26,362,582	\$ 108,919
Expenditures							
Instruction							
Regular Instruction Program	\$ 12,331,581	\$ (4,685)	\$ 0	\$ 12,326,896	\$ 12,028,048	\$ 12,350,522	\$ 23,626
Special Education Program	2,071,491	0	0	2,071,491	1,998,224	2,094,085	22,594
Vocational Education Program	851,042	0	0	851,042	811,135	854,516	3,474
Adult Education Program	17,558	0	0	17,558	12,920	17,654	96
Support Services							
Attendance	99,384	0	0	99,384	100,679	100,679	1,295
Health Services	198,394	0	0	198,394	200,720	200,721	2,327
Other Student Support	522,971	0	0	522,971	524,223	523,239	268
Regular Instruction Program	716,732	0	0	716,732	738,780	720,412	3,680
Special Education Program	239,773	0	0	239,773	276,123	257,835	18,062
Vocational Education Program	378,577	0	0	378,577	395,289	381,639	3,062
Adult Programs	393,824	0	0	393,824	410,404	413,724	19,900
Other Programs	84,974	0	0	84,974	0	84,974	0
Board of Education	970,305	0	0	970,305	707,754	768,283	(202,022)
Director of Schools	355,664	(6,762)	0	348,902	367,861	367,861	18,959
Office of the Principal	1,310,297	0	0	1,310,297	1,375,744	1,351,996	41,699
Fiscal Services	257,421	0	0	257,421	309,242	262,703	5,282
Operation of Plant	1,566,338	(17,179)	0	1,549,159	1,657,162	1,582,634	33,475

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 569,934	\$ (6,656)	4,730	\$ 568,008	\$ 572,106	\$ 571,045	\$ 3,037
Transportation	2,341,656	(65,328)	0	2,276,328	2,198,198	2,349,790	73,462
Central and Other	200,877	0	0	200,877	181,775	201,958	1,081
<u>Operation of Non-Instructional Services</u>							
Community Services	42,499	(132)	0	42,367	67,382	67,382	25,015
Early Childhood Education	729,039	0	0	729,039	842,295	842,295	113,256
<u>Capital Outlay</u>							
Regular Capital Outlay	33,317	(3,519)	0	29,798	100,000	29,797	(1)
<u>Interest on Debt</u>							
Education	12,015	0	0	12,015	45,504	12,015	0
<u>Other Debt Service</u>							
Education	175,104	0	0	175,104	313,246	175,104	0
Total Expenditures	\$ 26,470,767	\$ (104,261)	4,730	\$ 26,371,236	\$ 26,234,814	\$ 26,582,863	\$ 211,627
Excess (Deficiency) of Revenues Over Expenditures	\$ 734	\$ 104,261	(4,730)	\$ 100,265	\$ (17,673)	\$ (220,281)	\$ 320,546
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 45,498	\$ 0	\$ 0	\$ 45,498	\$ 0	\$ 44,918	\$ 580
Transfers In	20,502	0	0	20,502	17,673	17,673	2,829
Total Other Financing Sources	\$ 66,000	\$ 0	\$ 0	\$ 66,000	\$ 17,673	\$ 62,591	\$ 3,409
Net Change in Fund Balance	\$ 66,734	\$ 104,261	(4,730)	\$ 166,265	\$ 0	\$ (157,690)	\$ 323,955
Fund Balance, July 1, 2012	295,888	(104,261)	0	191,627	197,981	197,981	(6,354)
Fund Balance, June 30, 2013	\$ 362,622	\$ 0	(4,730)	\$ 357,892	\$ 197,981	\$ 40,291	\$ 317,601

Exhibit I-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 2,562,163	\$ 0	\$ 2,562,163	\$ 2,547,834	\$ 2,736,182	\$ (174,019)
Total Revenues	\$ 2,562,163	\$ 0	\$ 2,562,163	\$ 2,547,834	\$ 2,736,182	\$ (174,019)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 700,530	\$ (2,328)	\$ 698,202	\$ 832,504	\$ 799,485	\$ 101,283
Special Education Program	543,697	0	543,697	564,105	615,218	71,521
Vocational Education Program	51,867	0	51,867	51,382	51,868	1
<u>Support Services</u>						
Health Services	161,873	0	161,873	214,292	161,870	(3)
Other Student Support	371,516	0	371,516	398,078	402,953	31,437
Regular Instruction Program	335,628	(23,000)	312,628	258,134	410,657	98,029
Special Education Program	74,938	0	74,938	47,568	74,937	(1)
Vocational Education Program	1,181	0	1,181	3,000	1,181	0
Transportation	263,862	0	263,862	161,098	272,973	9,111
Total Expenditures	\$ 2,505,092	\$ (25,328)	\$ 2,479,764	\$ 2,530,161	\$ 2,791,142	\$ 311,378
Excess (Deficiency) of Revenues Over Expenditures	\$ 57,071	\$ 25,328	\$ 82,399	\$ 17,673	\$ (54,960)	\$ 137,359
<u>Other Financing Sources (Uses)</u>						
Transfers In	0	0	0	119,448	119,448	(119,448)
Transfers Out	(20,502)	0	(20,502)	(137,121)	(137,121)	116,619
Total Other Financing Sources	\$ (20,502)	\$ 0	\$ (20,502)	\$ (17,673)	\$ (17,673)	\$ (2,829)
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 36,569	\$ 25,328	\$ 61,897	\$ 0	\$ (72,633)	\$ 134,530
Fund Balance, July 1, 2012	70,309	(25,328)	44,981	72,633	72,633	(27,652)
Fund Balance, June 30, 2013	\$ 106,878	\$ 0	\$ 106,878	\$ 72,633	\$ 0	\$ 106,878

Exhibit I-10

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 352,952	\$ 347,500	\$ 347,500	\$ 5,452
Other Local Revenues	2,765	4,500	4,500	(1,735)
State of Tennessee	18,916	18,800	18,800	116
Federal Government	1,953,452	1,715,500	1,826,451	127,001
Total Revenues	<u>\$ 2,328,085</u>	<u>\$ 2,086,300</u>	<u>\$ 2,197,251</u>	<u>\$ 130,834</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,379,983	\$ 2,303,529	\$ 2,497,935	\$ 117,952
Total Expenditures	<u>\$ 2,379,983</u>	<u>\$ 2,303,529</u>	<u>\$ 2,497,935</u>	<u>\$ 117,952</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (51,898)</u>	<u>\$ (217,229)</u>	<u>\$ (300,684)</u>	<u>\$ 248,786</u>
Net Change in Fund Balance	\$ (51,898)	\$ (217,229)	\$ (300,684)	\$ 248,786
Fund Balance, July 1, 2012	<u>699,065</u>	<u>699,962</u>	<u>699,962</u>	<u>(897)</u>
Fund Balance, June 30, 2013	<u>\$ 647,167</u>	<u>\$ 482,733</u>	<u>\$ 399,278</u>	<u>\$ 247,889</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Fayette County, Tennessee
Schedule of Changes in Long-term Notes, 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
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Sheriff's Department Maintenance Shop	\$ 139,789	4.25 %	7-29-10	3-15-22	\$ 117,840	\$ 0	\$ 10,126	\$ 107,714
School Capital Outlay Note (1)	1,080,000	3.86	9-16-08	6-1-16	575,000	0	140,000	435,000
Total Payable through General Debt Service Fund					\$ 692,840	\$ 0	\$ 150,126	\$ 542,714
<u>Payable through Highway/Public Works Fund</u>								
General Obligation Capital Outlay Note, Series 2012	448,000	1.725	5-31-12	5-31-13	\$ 50,000	\$ 398,000	\$ 448,000	\$ 0
Total Notes Payable					\$ 742,840	\$ 398,000	\$ 598,126	\$ 542,714
CAPITAL LEASES PAYABLE								
<u>Payable through Highway/Public Works Fund</u>								
Mack Dump Truck	88,000	3.45	9-25-09	9-25-12	\$ 30,349	\$ 0	\$ 30,349	\$ 0
Total Payable through Highway/Public Works Fund					\$ 30,349	\$ 0	\$ 30,349	\$ 0
<u>Payable through General Debt Service Fund</u>								
Ten Sheriff Cars	233,180	3.27	11-2-11	11-10-16	\$ 233,180	\$ 0	\$ 43,641	\$ 189,539
Total Payable through General Debt Service Fund					\$ 233,180	\$ 0	\$ 43,641	\$ 189,539
<u>Payable by School Department Contributions from the General Purpose School Fund to the General Debt Service Fund</u>								
School Buses	220,500	5.07	8-14-07	8-1-12	\$ 48,572	\$ 0	\$ 48,572	\$ 0
School Buses	189,000	4.64	9-25-07	9-24-12	41,304	0	41,304	0
School Buses	220,955	4.465	8-15-10	8-15-12	75,614	0	75,614	0
Total Payable by School Department Contributions from the General Purpose School Fund to the General Debt Service Fund					\$ 165,490	\$ 0	\$ 165,490	\$ 0
Total Capital Leases Payable					\$ 429,019	\$ 0	\$ 239,480	\$ 189,539

(Continued)

Exhibit J-1

Fayette County, Tennessee
Schedule of Changes in Long-term Notes, 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>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Bonds, Series 2006	\$ 4,950,000	3.5 to 4	11-28-06	4-1-29	\$ 3,990,000	\$ 0	\$ 165,000	\$ 3,825,000
USDA Rural Development Bonds	600,000	4.375	9-16-08	9-16-45	562,328	0	3,431	558,897
General Obligation Refunding, Series 2011	9,585,000	1.25 to 3.5	9-15-11	4-1-30	9,215,000	0	325,000	8,890,000
General Obligation Refunding, Series 2012A	7,240,000	2 to 3	5-1-12	4-1-29	7,240,000	0	300,000	6,940,000
General Obligation, Series 2012B	4,575,000	2 to 3	12-12-12	4-1-36	0	4,575,000	0	4,575,000
Total Bonds Payable					\$ 21,007,328	\$ 4,575,000	\$ 793,431	\$ 24,788,897

(1) In prior years, this note was paid by the General Purpose School Fund.

Exhibit J-2

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

Year Ending June 30	Notes		Total
	Principal	Interest	
2014	\$ 160,557	\$ 21,602	\$ 182,159
2015	166,005	15,283	181,288
2016	141,463	8,773	150,236
2017	11,960	3,174	15,134
2018	12,468	2,666	15,134
2019	12,998	2,136	15,134
2020	13,547	1,588	15,135
2021	14,127	1,007	15,134
2022	9,589	408	9,997
Total	\$ 542,714	\$ 56,637	\$ 599,351

Year Ending June 30	Capital Leases		Total
	Principal	Interest	
2014	\$ 45,090	\$ 6,291	\$ 51,381
2015	46,586	4,795	51,381
2016	48,133	3,248	51,381
2017	49,730	1,651	51,381
Total	\$ 189,539	\$ 15,985	\$ 205,524

Year Ending June 30	Bonds		Total
	Principal	Interest	
2014	\$ 973,218	\$ 682,300	\$ 1,655,518
2015	993,578	661,512	1,655,090
2016	1,043,953	639,297	1,683,250
2017	1,179,345	615,143	1,794,488
2018	1,214,754	588,107	1,802,861
2019	1,250,180	556,820	1,807,000
2020	1,300,626	524,688	1,825,314
2021	1,356,091	491,192	1,847,283
2022	1,401,576	454,440	1,856,016
2023	1,412,082	421,781	1,833,863
2024	1,452,611	380,062	1,832,673
2025	1,498,163	340,982	1,839,145
2026	1,553,738	299,160	1,852,898
2027	1,609,340	254,444	1,863,784
2028	1,669,967	206,951	1,876,918
2029	1,725,622	155,955	1,881,577
2030	1,301,305	101,187	1,402,492
2031	247,018	57,731	304,749
2032	257,763	51,219	308,982
2033	263,540	44,422	307,962

(Continued)

Exhibit J-2

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

Year Ending June 30	Bonds (Cont.)		
	Principal	Interest	Total
2034	\$ 269,351	\$ 36,241	\$ 305,592
2035	280,198	27,874	308,072
2036	291,081	19,168	310,249
2037	22,004	10,123	32,127
2038	22,966	9,137	32,103
2039	23,971	8,107	32,078
2040	25,020	7,032	32,052
2041	26,115	5,911	32,026
2042	27,257	4,740	31,997
2043	28,450	3,518	31,968
2044	29,694	2,243	31,937
2045	30,993	911	31,904
2046	7,327	911	8,238
Total	\$ 24,788,897	\$ 7,663,309	\$ 32,452,206

Exhibit J-3

Fayette County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Fayette 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	General Debt Service	Debt retirement	\$ 32,670
Adequate Facilities/Development Tax	"	"	217,554
General Capital Projects	"	"	147,000
Total Transfers Primary Government			<u>\$ 397,224</u>
<u>DISCRETELY PRESENTED FAYETTE</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 20,502
Total Transfers Discretely Presented Fayette County School Department			<u>\$ 20,502</u>

Exhibit J-4

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 82,022	\$ 50,000	Western Surety Company
Public Works Superintendent	Chapter 234, Private Acts of 1974 and Section 8-24-102, TCA	77,820 (1)	100,000 "	"
Director of Schools	State Board of Education and County Board of Education	106,000 (2)	100,000 "	"
Trustee	Section 8-24-102, TCA	67,081	1,202,900 "	"
Assessor of Property	Section 8-24-102, TCA	67,081	10,000 "	"
County Clerk	Section 8-24-102, TCA	67,081	50,000 "	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	67,081	50,000 "	"
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge	67,081 (3)	100,000 "	"
Register of Deeds	Section 8-24-102, TCA	67,081	25,000 "	"
Sheriff	Section 8-24-102, TCA	78,116 (4)	25,000 "	"
Employees Blanket Bond:				
Office:				
County Mayor:				
All Employees			150,000	Local Government Property and Casualty
Public Works Superintendent:				
All Employees			150,000	"
Director of Schools:				
All Employees			150,000	Tennessee Risk Management Trust

- (1) Includes a certified public administrator supplement of \$1,242.
- (2) Includes a chief executive officer training supplement of \$1,000.
- (3) Does not include special commissioner fees of \$3,900.
- (4) Does not include a law enforcement training supplement of \$600.

Fayette 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	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 7,623,144	\$ 0	\$ 0	\$ 0	\$ 0	\$ 652,392
Trustee's Collections - Prior Year	198,393	0	0	0	0	21,251
Circuit/Clerk & Master Collections - Prior Years	214,713	0	0	0	0	20,752
Interest and Penalty	37,413	0	0	0	0	3,940
Pick-up Taxes	5,256	0	0	0	0	507
Payments in-Lieu-of Taxes - Local Utilities	4,444	0	0	0	0	380
Payments in-Lieu-of Taxes - Other	40,895	0	0	0	0	3,817
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	521,092
Hotel/Motel Tax	5,983	0	0	0	0	0
Wheel Tax	182,928	0	0	0	0	731,713
Litigation Tax - General	53,862	0	0	0	0	0
Litigation Tax - Special Purpose	37,448	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	49,998	0	0	0	0	0
Business Tax	290,386	0	0	0	0	0
Adequate Facilities/Development Tax	0	0	0	523,019	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	76,271	0	0	0	0	0
Wholesale Beer Tax	83,131	0	0	0	0	0
Interstate Telecommunications Tax	2,092	0	0	0	0	0
Total Local Taxes	\$ 8,906,357	\$ 0	\$ 0	\$ 523,019	\$ 0	\$ 1,955,844
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 14,750	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	177,709	0	0	0	0	0
<u>Permits</u>						
Beer Permits	1,045	0	0	0	0	0
Building Permits	45,444	0	0	0	0	0
Total Licenses and Permits	\$ 238,948	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 2,144	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	10,325	0	0	0	0	0
Drug Control Fines	15,220	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works
Fines, Forfeitures, and Penalties (Cont.)						
<u>Circuit Court (Cont.)</u>						
Drug Court Fees	\$ 1,293	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Jail Fees	1,373	0	0	0	0	0
DUI Treatment Fines	1,378	0	0	0	0	0
Data Entry Fee - Circuit Court	1,813	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	9,891	0	0	0	0	0
Fines for Littering	48	0	0	0	0	0
Officers Costs	24,906	0	0	0	0	0
Game and Fish Fines	328	0	0	0	0	0
Drug Control Fines	950	0	950	0	0	0
Drug Court Fees	2,156	0	0	0	0	0
Jail Fees	2,561	0	0	0	0	0
DUI Treatment Fines	6,151	0	0	0	0	0
Data Entry Fee - General Sessions Court	6,382	0	0	0	0	0
Courtroom Security Fee	230	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	48	0	0	0	0	0
Officers Costs	794	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	2,071	0	0	0	0	0
Data Entry Fee - Chancery Court	1,250	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	41,317	0	0	0
Other Fines, Forfeitures, and Penalties	9,500	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 100,812	\$ 0	\$ 42,267	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Other Employee Benefit Charges/Contributions	\$ 134,600	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Residential Waste Collection Charge	10,800	0	0	0	0	0
Solid Waste Disposal Fees	0	395,942	0	0	0	0
Patient Charges	844,965	0	0	0	0	0
<u>Fees</u>						
Airport Fees	97,733	0	0	0	0	0
Copy Fees	200	0	0	0	0	0
Library Fees	7,776	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Greenbelt Late Application Fee	\$ 150	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Telephone Commissions	66,564	0	0	0	0	0
Vending Machine Collections	1,260	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	141,934	0
Data Processing Fee - Register	16,164	0	0	0	0	0
Data Processing Fee - Sheriff	2,569	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,975	0	0	0	0	0
Data Processing Fee - County Clerk	2,978	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	6,336	0	0	0	0	0
Total Charges for Current Services	\$ 1,195,070	\$ 395,942	\$ 0	\$ 0	\$ 141,934	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 68,435	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	24,500	0	0	0	0	0
Sale of Materials and Supplies	1,865	0	0	0	0	0
Commissary Sales	29,382	0	0	0	0	0
Sale of Gasoline	204,557	0	0	0	0	0
Sale of Recycled Materials	0	133,986	0	0	0	0
Miscellaneous Refunds	12,529	29,443	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	550	31,600	0	0	0	45,750
Contributions and Gifts	3,585	0	0	0	0	18,000
<u>Other Local Revenues</u>						
Other Local Revenues	381	0	0	0	0	0
Total Other Local Revenues	\$ 277,349	\$ 263,464	\$ 0	\$ 0	\$ 0	\$ 63,750
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
Register	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees in-Lieu-of Salary</u>						
County Clerk	310,334	0	0	0	0	0
Circuit Court Clerk	115,695	0	0	0	0	0
General Sessions Court Clerk	105,157	0	0	0	0	0
Clerk and Master	181,547	0	0	0	0	0

(Continued)

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works	
<u>Fees Received from County Officials (Cont.)</u>							
<u>Fees in-Lieu-of Salary (Cont.)</u>							
Juvenile Court Clerk	\$ 21,751	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sheriff	30,943	0	0	0	0	0	0
Trustee	535,530	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,400,957	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Airport Maintenance Program	\$ 11,889	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other General Government Grants	1,132	0	0	0	0	0	0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	24,000	0	0	0	0	0	0
Other Public Safety Grants	19,137	0	0	0	0	0	0
<u>Health and Welfare Grants</u>							
Health Department Programs	300,114	0	0	0	0	0	0
<u>Public Works Grants</u>							
Bridge Program	0	0	0	0	0	0	501,700
Litter Program	43,098	0	0	0	0	0	0
Tennessee Industrial Infrastructure Program	0	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	506,084	0	0	0	0	0	0
Beer Tax	18,586	0	0	0	0	0	0
Alcoholic Beverage Tax	77,075	0	0	0	0	0	0
Mixed Drink Tax	687	0	0	0	0	0	0
State Revenue Sharing - T. V.A.	610,181	334,000	0	0	0	0	0
Contracted Prisoner Boarding	585,010	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	2,030,351
Petroleum Special Tax	0	0	0	0	0	0	27,717
Registrar's Salary Supplement	15,164	0	0	0	0	0	0
Other State Grants	50,000	0	0	0	0	0	0
Other State Revenues	22,673	0	0	0	0	0	0
Total State of Tennessee	\$ 2,284,830	\$ 334,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,559,768
<u>Federal Government</u>							
<u>Federal Through State</u>							
Civil Defense Reimbursement	\$ 47,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	0	0	0	0	0	0	491,126

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	Constitutional Officers - Fees	Highway / Public Works
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Other Federal through State	\$ 95,307	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Federal Government	\$ 142,307	\$ 0	\$ 0	\$ 0	\$ 0	\$ 491,126
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 261,985	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	11,125	0	0	0	0	0
Contracted Services	24,298	0	0	0	0	0
Other	6,455	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 303,863	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 14,850,493	\$ 993,406	\$ 42,267	\$ 523,019	\$ 141,934	\$ 5,070,488

(Continued)

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

	Debt Service Fund			Capital Projects Funds			Total
	General Debt Service	General Capital Projects	Other Capital Projects				
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	0	0	0	0	0	0	8,275,536
Trustee's Collections - Prior Year	3,005	0	0	0	0	0	222,649
Circuit/Clerk & Master Collections - Prior Years	17,385	0	0	0	0	0	252,850
Interest and Penalty	440	0	0	0	0	0	41,793
Pick-up Taxes	38	0	0	0	0	0	5,801
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0	0	4,824
Payments in-Lieu-of Taxes - Other	1,346	0	0	0	0	0	46,058
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	0	521,092
Hotel/Motel Tax	0	0	0	0	0	0	5,983
Wheel Tax	1,829,558	0	0	0	0	0	2,744,199
Litigation Tax - General	0	0	0	0	0	0	53,862
Litigation Tax - Special Purpose	0	0	0	0	0	0	37,448
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	49,998
Business Tax	0	0	0	0	0	0	290,386
Adequate Facilities/Development Tax	0	0	0	0	0	0	523,019
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	0	0	0	0	76,271
Wholesale Beer Tax	0	0	0	0	0	0	83,131
Interstate Telecommunications Tax	0	0	0	0	0	0	2,092
Total Local Taxes	\$ 1,851,772	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,236,992
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Registration	0	0	0	0	0	0	14,750
Cable TV Franchise	0	0	0	0	0	0	177,709
<u>Permits</u>							
Beer Permits	0	0	0	0	0	0	1,045
Building Permits	0	0	0	0	0	0	45,444
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 238,948
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	0	0	0	0	0	0	2,144
Officers Costs	0	0	0	0	0	0	10,325
Drug Control Fines	0	0	0	0	0	0	15,220

(Continued)

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

	Debt Service Fund			Capital Projects Funds			Total
	General Debt Service	General Capital Projects	Other Capital Projects				
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Circuit Court (Cont.)</u>							
Drug Court Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,293
Jail Fees	0	0	0	0	0	0	1,373
DUI Treatment Fines	0	0	0	0	0	0	1,378
Data Entry Fee - Circuit Court	0	0	0	0	0	0	1,813
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	9,891
Fines for Littering	0	0	0	0	0	0	48
Officers Costs	0	0	0	0	0	0	24,906
Game and Fish Fines	0	0	0	0	0	0	328
Drug Control Fines	0	0	0	0	0	0	1,900
Drug Court Fees	0	0	0	0	0	0	2,156
Jail Fees	0	0	0	0	0	0	2,561
DUI Treatment Fines	0	0	0	0	0	0	6,151
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	6,382
Courtroom Security Fee	0	0	0	0	0	0	230
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	48
Officers Costs	0	0	0	0	0	0	794
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	2,071
Data Entry Fee - Chancery Court	0	0	0	0	0	0	1,250
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	41,317
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	9,500
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	143,079
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Other Employee Benefit Charges/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	134,600
Residential Waste Collection Charge	0	0	0	0	0	0	10,800
Solid Waste Disposal Fees	0	0	0	0	0	0	395,942
Patient Charges	0	0	0	0	0	0	844,965
<u>Fees</u>							
Airport Fees	0	0	0	0	0	0	97,733
Copy Fees	0	0	0	0	0	0	200
Library Fees	0	0	0	0	0	0	7,776

(Continued)

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

	Debt Service Fund				Capital Projects Funds			Total
	General Debt Service	General Capital Projects	Other Capital Projects		General Capital Projects	Other Capital Projects		
<u>Charges for Current Services (Cont.)</u>								
<u>Fees (Cont.)</u>								
Greenbelt Late Application Fee	\$	0	0	0	0	0	0	150
Telephone Commissions		0	0	0	0	0	0	66,564
Vending Machine Collections		0	0	0	0	0	0	1,260
Constitutional Officers' Fees and Commissions		0	0	0	0	0	0	141,934
Data Processing Fee - Register		0	0	0	0	0	0	16,164
Data Processing Fee - Sheriff		0	0	0	0	0	0	2,569
Sexual Offender Registration Fees - Sheriff		0	0	0	0	0	0	2,975
Data Processing Fee - County Clerk		0	0	0	0	0	0	2,978
<u>Other Charges for Services</u>								
Other Charges for Services	\$	0	0	0	0	0	0	6,336
Total Charges for Current Services	\$	0	0	0	0	0	0	1,732,946
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$	0	0	0	0	0	0	68,435
Lease/Rentals		0	0	0	0	0	0	24,500
Sale of Materials and Supplies		0	0	0	0	0	0	1,865
Commissary Sales		0	0	0	0	0	0	29,382
Sale of Gasoline		0	0	0	0	0	0	204,557
Sale of Recycled Materials		0	0	0	0	0	0	133,986
Miscellaneous Refunds		0	0	0	0	0	0	41,972
<u>Nonrecurring Items</u>								
Sale of Equipment		9,117	0	0	0	0	0	87,017
Contributions and Gifts		0	0	0	0	0	0	21,585
<u>Other Local Revenues</u>								
Other Local Revenues	\$	9,117	0	0	0	0	0	381
Total Other Local Revenues	\$	9,117	0	0	0	0	0	613,680
<u>Fees Received from County Officials</u>								
<u>Excess Fees</u>								
Register	\$	0	0	0	0	0	0	100,000
<u>Fees in-Lieu-of Salary</u>								
County Clerk		0	0	0	0	0	0	310,334
Circuit Court Clerk		0	0	0	0	0	0	115,695
General Sessions Court Clerk		0	0	0	0	0	0	105,157
Clerk and Master		0	0	0	0	0	0	181,547

(Continued)

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

	Debt Service Fund			Capital Projects Funds			Total
	General Debt Service	General Capital Projects	Other Capital Projects				
<u>Fees Received from County Officials (Cont.)</u>							
<u>Fees in-Lieu-of Salary (Cont.)</u>							
Juvenile Court Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,751
Sheriff	0	0	0	0	0	0	30,943
Trustee	0	0	0	0	0	0	535,530
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,400,957
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Airport Maintenance Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,889
Other General Government Grants	0	0	0	0	0	0	1,132
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0	0	24,000
Other Public Safety Grants	0	0	0	0	0	0	19,137
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0	0	300,114
<u>Public Works Grants</u>							
Bridge Program	0	0	0	0	0	0	501,700
Litter Program	0	0	0	0	0	0	43,098
Tennessee Industrial Infrastructure Program	0	385,907	0	0	0	0	385,907
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	506,084
Beer Tax	0	0	0	0	0	0	18,586
Alcoholic Beverage Tax	0	0	0	0	0	0	77,075
Mixed Drink Tax	0	0	0	0	0	0	687
State Revenue Sharing - T. V.A.	0	0	0	0	0	0	944,181
Contracted Prisoner Boarding	0	0	0	0	0	0	585,010
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	2,030,351
Petroleum Special Tax	0	0	0	0	0	0	27,717
Registrar's Salary Supplement	0	0	0	0	0	0	15,164
Other State Grants	0	0	0	522,861	0	0	522,861
Other State Revenues	0	0	0	0	0	0	22,673
Total State of Tennessee	\$ 0	\$ 385,907	\$ 0	\$ 522,861	\$ 0	\$ 0	\$ 6,087,366
<u>Federal Government</u>							
<u>Federal Through State</u>							
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 47,000
Disaster Relief	0	0	0	0	0	0	491,126

(Continued)

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

	Debt Service			Capital Projects Funds			Total
	Fund	General Debt Service	General Capital Projects	Other Capital Projects	General Capital Projects	Other Capital Projects	
<u>Federal Government (Cont.)</u>							
<u>Federal Through State (Cont.)</u>							
Other Federal through State	\$	0 \$	0 \$	0 \$	0 \$	0 \$	95,307
Total Federal Government	\$	0 \$	0 \$	0 \$	0 \$	0 \$	633,433
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Prisoner Board	\$	0 \$	0 \$	0 \$	0 \$	0 \$	261,985
Contributions		175,104	0	0	0	0	186,229
Contracted Services		0	0	0	0	0	24,298
<u>Other</u>		0	147,000	0	0	0	153,455
Total Other Governments and Citizens Groups	\$	175,104 \$	147,000 \$	0 \$	0 \$	0 \$	625,967
Total	\$	2,035,993 \$	532,907 \$	522,861 \$	0 \$	0 \$	24,713,368

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 5,947,534	\$ 0	\$ 0	\$ 0	\$ 5,947,534
Trustee's Collections - Prior Year	177,409	0	0	0	177,409
Circuit/Clerk & Master Collections - Prior Years	199,563	0	0	0	199,563
Interest and Penalty	32,283	0	0	0	32,283
Pick-up Taxes	4,402	0	0	0	4,402
Payments in-Lieu-of Taxes - Local Utilities	3,467	0	0	0	3,467
Payments in-Lieu-of Taxes - Other	33,887	0	0	0	33,887
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,849,985	0	0	0	2,849,985
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	3,275	0	0	0	3,275
Total Local Taxes	\$ 9,251,805	\$ 0	\$ 0	\$ 0	\$ 9,251,805
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,957	\$ 0	\$ 0	\$ 0	\$ 1,957
Total Licenses and Permits	\$ 1,957	\$ 0	\$ 0	\$ 0	\$ 1,957
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Other	\$ 61,121	\$ 0	\$ 0	\$ 0	\$ 61,121
Lunch Payments - Children	0	0	47,207	0	47,207
Lunch Payments - Adults	0	0	23,530	0	23,530
Income from Breakfast	0	0	17,677	0	17,677
TBI Criminal Background Fees	6,060	0	300	0	6,360
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	264,238	0	264,238
Total Charges for Current Services	\$ 67,181	\$ 0	\$ 352,952	\$ 0	\$ 420,133
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 2,765	\$ 0	\$ 2,765
Lease/Rentals	47,927	0	0	0	47,927
Sale of Materials and Supplies	214	0	0	0	214
Miscellaneous Refunds	57,419	0	0	0	57,419
<u>Nonrecurring Items</u>					
Sale of Equipment	24,550	0	0	0	24,550
Damages Recovered from Individuals	2,838	0	0	0	2,838
Contributions and Gifts	9,837	0	0	0	9,837
Total Other Local Revenues	\$ 142,785	\$ 0	\$ 2,765	\$ 0	\$ 145,550
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 84,974	\$ 0	\$ 0	\$ 0	\$ 84,974
<u>State Education Funds</u>					
Basic Education Program	15,239,921	0	0	0	15,239,921
Early Childhood Education	724,244	0	0	0	724,244
School Food Service	0	0	18,916	0	18,916
Driver Education	12,365	0	0	0	12,365
Other State Education Funds	125,688	0	0	0	125,688
Career Ladder Program	86,144	0	0	0	86,144
Career Ladder - Extended Contract	25,500	0	0	0	25,500
<u>Other State Revenues</u>					
Mixed Drink Tax	662	0	0	0	662
Total State of Tennessee	\$ 16,299,498	\$ 0	\$ 18,916	\$ 0	\$ 16,318,414

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Central</u>	<u>Projects</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Cafeteria</u>	<u>Education</u>	
	<u>School</u>	<u>Projects</u>		<u>Capital</u>	
				<u>Projects</u>	
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,211,847	\$ 0	\$ 1,211,847
USDA - Commodities	0	0	110,951	0	110,951
Breakfast	0	0	585,437	0	585,437
USDA - Other	0	0	45,217	0	45,217
Vocational Education - Basic Grants to States	0	76,434	0	0	76,434
Title I Grants to Local Education Agencies	0	1,006,455	0	0	1,006,455
Special Education - Grants to States	0	933,429	0	0	933,429
Special Education Preschool Grants	0	30,376	0	0	30,376
English Language Acquisition Grants	0	7,360	0	0	7,360
Eisenhower Professional Development State Grants	0	245,109	0	0	245,109
Job Training Partnership Act	331,672	0	0	0	331,672
Race-to-the-Top - ARRA	0	263,000	0	0	263,000
Other Federal through State	376,603	0	0	0	376,603
Total Federal Government	\$ 708,275	\$ 2,562,163	\$ 1,953,452	\$ 0	\$ 5,223,890
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 543,864	\$ 543,864
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 543,864	\$ 543,864
Total	\$ 26,471,501	\$ 2,562,163	\$ 2,328,085	\$ 543,864	\$ 31,905,613

Exhibit J-7

Fayette 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	\$	40,109	
State Retirement		2,370	
Communication		887	
Legal Services		500	
Rentals		1,268	
Travel		489	
Duplicating Supplies		3,000	
Office Supplies		1,682	
Other Charges		597	
Total County Commission			\$ 50,902

Beer Board

Board and Committee Members Fees	\$	269	
Total Beer Board			269

County Mayor/Executive

County Official/Administrative Officer	\$	82,022	
Communication		2,011	
Legal Notices, Recording, and Court Costs		1,014	
Maintenance and Repair Services - Office Equipment		100	
Maintenance and Repair Services - Vehicles		300	
Postal Charges		90	
Printing, Stationery, and Forms		1,174	
Rentals		594	
Travel		781	
Other Contracted Services		2,000	
Office Supplies		544	
Total County Mayor/Executive			90,630

County Attorney

Other Salaries and Wages	\$	19,668	
Board and Committee Members Fees		1,341	
Other Per Diem and Fees		62,919	
Social Security		5,120	
Employer Medicare		1,197	
Legal Services		4,500	
Total County Attorney			94,745

Election Commission

Assistant(s)	\$	31,215	
Supervisor/Director		60,373	
Deputy(ies)		27,573	
Temporary Personnel		3,664	
Part-time Personnel		10,918	
Election Commission		5,764	
Election Workers		58,206	
In-Service Training		2,975	
Communication		3,589	
Data Processing Services		16,128	
Dues and Memberships		200	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Janitorial Services	\$	2,700	
Legal Notices, Recording, and Court Costs		3,300	
Maintenance and Repair Services - Buildings		950	
Maintenance and Repair Services - Office Equipment		2,725	
Postal Charges		5,488	
Printing, Stationery, and Forms		4,237	
Rentals		2,779	
Travel		3,994	
Office Supplies		4,374	
Other Supplies and Materials		2,463	
Data Processing Equipment		5,798	
Office Equipment		2,370	
Total Election Commission			\$ 261,783

Register of Deeds

Communication	\$	579	
Data Processing Services		15,014	
Postal Charges		250	
Printing, Stationery, and Forms		204	
Rentals		1,080	
Travel		851	
Office Supplies		890	
Total Register of Deeds			18,868

Development

Assistant(s)	\$	33,122	
Supervisor/Director		55,049	
Deputy(ies)		26,014	
Secretary(ies)		36,838	
Board and Committee Members Fees		2,753	
Communication		2,042	
Data Processing Services		10,726	
Legal Services		7,500	
Legal Notices, Recording, and Court Costs		2,196	
Maintenance and Repair Services - Buildings		272	
Postal Charges		45	
Rentals		2,384	
Travel		4,272	
Office Supplies		1,582	
Data Processing Equipment		2,914	
Total Development			187,709

Building

Supervisor/Director	\$	41,621	
Part-time Personnel		17,036	
In-Service Training		135	
Communication		1,299	
Contracts with Private Agencies		3,162	
Maintenance and Repair Services - Vehicles		1,581	
Postal Charges		92	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Printing, Stationery, and Forms	\$	480	
Travel		1,435	
Gasoline		4,196	
Office Supplies		199	
Other Supplies and Materials		314	
Other Charges		185	
Total Building			\$ 71,735

County Buildings

Custodial Personnel	\$	26,014	
Temporary Personnel		3,412	
Communication		837	
Contracts with Government Agencies		12,655	
Contracts with Other Public Agencies		1,975	
Maintenance and Repair Services - Buildings		34,411	
Maintenance and Repair Services - Vehicles		154	
Postal Charges		19,944	
Rentals		27,513	
Custodial Supplies		3,671	
Gasoline		1,919	
Uniforms		497	
Utilities		42,426	
Other Supplies and Materials		66	
Total County Buildings			175,494

Other Facilities

Communication	\$	1,474	
Maintenance and Repair Services - Buildings		864	
Electricity		2,889	
Propane Gas		2,264	
Total Other Facilities			7,491

Other General Administration

Dues and Memberships	\$	51,273	
Total Other General Administration			51,273

Finance

Accounting and Budgeting

Supervisor/Director	\$	23,270	
Purchasing Personnel		44,423	
Clerical Personnel		50,601	
In-Service Training		1,000	
Audit Services		11,524	
Communication		943	
Data Processing Services		8,739	
Legal Notices, Recording, and Court Costs		1,036	
Printing, Stationery, and Forms		1,483	
Rentals		594	
Travel		483	
Duplicating Supplies		200	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Office Supplies	\$	2,030	
Office Equipment		446	
Total Accounting and Budgeting			\$ 146,772

Property Assessor's Office

County Official/Administrative Officer	\$	67,081	
Assistant(s)		33,616	
Deputy(ies)		70,900	
Investigator(s)		33,436	
Board and Committee Members Fees		403	
Communication		830	
Consultants		22,650	
Data Processing Services		6,223	
Dues and Memberships		522	
Legal Notices, Recording, and Court Costs		174	
Maintenance Agreements		3,000	
Maintenance and Repair Services - Vehicles		1,711	
Postal Charges		1,500	
Printing, Stationery, and Forms		448	
Rentals		1,044	
Travel		75	
Gasoline		593	
Office Supplies		456	
Other Supplies and Materials		244	
Office Equipment		294	
Total Property Assessor's Office			245,200

Reappraisal Program

Communication	\$	184	
Consultants		30,000	
Data Processing Services		12,063	
Postal Charges		6,616	
Gasoline		1,632	
Total Reappraisal Program			50,495

County Trustee's Office

County Official/Administrative Officer	\$	67,081	
Assistant(s)		31,215	
Deputy(ies)		53,588	
In-Service Training		700	
Communication		1,586	
Data Processing Services		9,711	
Dues and Memberships		225	
Maintenance and Repair Services - Office Equipment		126	
Postal Charges		13,087	
Printing, Stationery, and Forms		1,288	
Rentals		1,142	
Travel		1,521	
Office Supplies		1,016	
Other Supplies and Materials		1,373	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Data Processing Equipment	\$	1,981	
Office Equipment		437	
Total County Trustee's Office			\$ 186,077

County Clerk's Office

County Official/Administrative Officer	\$	67,081	
Assistant(s)		31,215	
Deputy(ies)		130,185	
Other Salaries and Wages		1,500	
In-Service Training		475	
Communication		4,255	
Data Processing Services		14,797	
Dues and Memberships		562	
Legal Notices, Recording, and Court Costs		729	
Maintenance and Repair Services - Office Equipment		319	
Printing, Stationery, and Forms		697	
Rentals		2,463	
Travel		1,936	
Other Contracted Services		19	
Office Supplies		1,694	
Office Equipment		365	
Total County Clerk's Office			258,292

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	67,081	
Assistant(s)		31,215	
Deputy(ies)		29,395	
Jury and Witness Expense		15,979	
In-Service Training		760	
Communication		2,434	
Data Processing Services		6,108	
Dues and Memberships		95	
Postal Charges		100	
Printing, Stationery, and Forms		1,404	
Transportation - Other than Students		638	
Travel		746	
Office Supplies		1,495	
Total Circuit Court			157,450

General Sessions Court

Assistant(s)	\$	31,215	
Deputy(ies)		102,829	
Communication		1,786	
Data Processing Services		2,862	
Postal Charges		56	
Printing, Stationery, and Forms		769	
Rentals		4,040	
Office Supplies		1,099	
Total General Sessions Court			144,656

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge

Judge(s)	\$	161,808	
Deputy(ies)		27,573	
In-Service Training		261	
Communication		975	
Legal Services		4,088	
Travel		750	
Office Supplies		462	
Other Supplies and Materials		500	
Other Charges		190	
Total General Sessions Judge			\$ 196,607

General Sessions Court Clerk

Assistant(s)	\$	27,202	
Deputy(ies)		25,502	
Communication		301	
Data Processing Services		5,129	
Printing, Stationery, and Forms		182	
Rentals		754	
Travel		676	
Office Supplies		388	
Total General Sessions Court Clerk			60,134

Drug Court

Temporary Personnel	\$	36,035	
Social Security		2,234	
State Retirement		2,923	
Employee and Dependent Insurance		6,898	
Employer Medicare		523	
Workers' Compensation Insurance		2,498	
Total Drug Court			51,111

Chancery Court

County Official/Administrative Officer	\$	67,081	
Assistant(s)		31,215	
Deputy(ies)		53,219	
Communication		1,207	
Data Processing Services		6,069	
Legal Notices, Recording, and Court Costs		4,600	
Maintenance and Repair Services - Office Equipment		481	
Postal Charges		130	
Printing, Stationery, and Forms		2,070	
Rentals		2,394	
Office Supplies		1,257	
Total Chancery Court			169,723

Juvenile Court

Youth Service Officer(s)	\$	39,345	
In-Service Training		350	
Communication		2,747	
Contracts with Government Agencies		790	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Maintenance and Repair Services - Office Equipment	\$	153	
Postal Charges		125	
Travel		500	
Other Contracted Services		1,499	
Library Books/Media		70	
Other Supplies and Materials		663	
Total Juvenile Court			\$ 46,242

Other Administration of Justice

Overtime Pay	\$	10,195	
Social Security		557	
State Retirement		737	
Employer Medicare		130	
Evaluation and Testing		2,449	
Travel		5,414	
Other Contracted Services		6,465	
Total Other Administration of Justice			25,947

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	78,116	
Supervisor/Director		120,844	
Deputy(ies)		799,561	
Investigator(s)		120,462	
Captain(s)		83,912	
Lieutenant(s)		118,010	
Sergeant(s)		154,222	
Salary Supplements		21,000	
Overtime Pay		46,262	
In-Service Training		4,550	
Employee and Dependent Insurance		241,433	
Communication		35,111	
Maintenance and Repair Services - Buildings		155	
Maintenance and Repair Services - Office Equipment		7,841	
Maintenance and Repair Services - Vehicles		39,484	
Medical and Dental Services		3,341	
Postal Charges		1,311	
Printing, Stationery, and Forms		395	
Rentals		7,155	
Travel		200	
Gasoline		252,971	
Office Supplies		20,597	
Uniforms		14,075	
Other Supplies and Materials		18,909	
Liability Insurance		62,673	
Other Charges		174	
Communication Equipment		3,204	
Motor Vehicles		136,541	
Total Sheriff's Department			2,392,509

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement

Supervisor/Director	\$	42,424	
Investigator(s)		118,778	
Salary Supplements		2,400	
Overtime Pay		6,320	
Social Security		10,306	
State Retirement		13,584	
Employee and Dependent Insurance		27,594	
Employer Medicare		2,410	
Total Drug Enforcement			\$ 223,816

Jail

Assistant(s)	\$	42,269	
Supervisor/Director		44,433	
Lieutenant(s)		91,181	
Sergeant(s)		60,984	
Data Processing Personnel		31,215	
Salary Supplements		600	
Dispatchers/Radio Operators		352,873	
Guards		596,496	
Secretary(ies)		31,215	
Maintenance Personnel		61,280	
Part-time Personnel		40,246	
Overtime Pay		42,208	
In-Service Training		5,193	
Employee and Dependent Insurance		293,349	
Contracts with Private Agencies		8,369	
Data Processing Services		8,680	
Maintenance and Repair Services - Buildings		84,115	
Medical and Dental Services		168,615	
Printing, Stationery, and Forms		826	
Royalties		1,260	
Travel		1,091	
Custodial Supplies		37,853	
Food Supplies		220,504	
Gasoline		7,016	
Office Supplies		969	
Prisoners Clothing		3,457	
Uniforms		10,220	
Utilities		252,224	
Other Supplies and Materials		3,416	
Liability Insurance		45,368	
Communication Equipment		1,911	
Total Jail			2,549,436

Workhouse

Guards	\$	15,111	
Total Workhouse			15,111

Fire Prevention and Control

Assistant(s)	\$	28,563	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Supervisor/Director	\$	41,798	
Part-time Personnel		45,000	
In-Service Training		12,119	
Communication		10,524	
Contracts with Government Agencies		131,000	
Dues and Memberships		1,056	
Evaluation and Testing		2,433	
Forest Resource Services		2,000	
Operating Lease Payments		9,350	
Maintenance and Repair Services - Buildings		13,875	
Maintenance and Repair Services - Equipment		11,829	
Maintenance and Repair Services - Vehicles		46,710	
Postal Charges		423	
Printing, Stationery, and Forms		599	
Travel		2,156	
Data Processing Supplies		2,561	
Diesel Fuel		14,211	
Drugs and Medical Supplies		1,459	
Gasoline		9,643	
Natural Gas		4,054	
Office Supplies		1,224	
Propane Gas		8,092	
Uniforms		7,500	
Utilities		7,608	
Other Supplies and Materials		69,991	
Building and Contents Insurance		9,748	
Liability Insurance		7,131	
Vehicle and Equipment Insurance		49,029	
Workers' Compensation Insurance		9,396	
Other Charges		10,433	
Administration Equipment		1,500	
Communication Equipment		19,905	
Motor Vehicles		379,443	
Office Equipment		941	
Other Equipment		38,874	
Total Fire Prevention and Control			\$ 1,012,178

Civil Defense

Assistant(s)	\$	12,472
Supervisor/Director		42,844
Deputy(ies)		25,685
Communication		3,872
Legal Notices, Recording, and Court Costs		52
Maintenance and Repair Services - Vehicles		1,911
Postal Charges		46
Printing, Stationery, and Forms		100
Rentals		1,027
Travel		410
Gasoline		7,065
Office Supplies		725

(Continued)

Exhibit J-7

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

<u>General Fund (Cont.)</u>		
<u>Public Safety (Cont.)</u>		
<u>Civil Defense (Cont.)</u>		
Uniforms	\$	396
Utilities		7,432
Other Supplies and Materials		95,730
Liability Insurance		13,071
Other Charges		972
Office Equipment		1,155
Other Equipment		1,053
Total Civil Defense		<u>216,018</u>
	\$	216,018
<u>Rescue Squad</u>		
Other Supplies and Materials	\$	446
Liability Insurance		435
Total Rescue Squad		<u>881</u>
		881
<u>Other Emergency Management</u>		
Other Contracted Services	\$	4,350
Other Supplies and Materials		1,688
Total Other Emergency Management		<u>6,038</u>
		6,038
<u>County Coroner/Medical Examiner</u>		
Contracts with Government Agencies	\$	20,055
Transportation - Other than Students		870
Total County Coroner/Medical Examiner		<u>20,925</u>
		20,925
<u>Other Public Safety</u>		
Mechanic(s)	\$	60,163
Employee and Dependent Insurance		13,230
Communication		1,223
Maintenance and Repair Services - Vehicles		64
Equipment Parts - Light		44,620
Gasoline		5,215
Uniforms		543
Utilities		4,205
Other Supplies and Materials		156
Total Other Public Safety		<u>129,419</u>
		129,419
<u>Public Health and Welfare</u>		
<u>Local Health Center</u>		
Board and Committee Members Fees	\$	304
Communication		4,412
Janitorial Services		12,519
Maintenance and Repair Services - Buildings		13,978
Postal Charges		189
Travel		654
Drugs and Medical Supplies		4,726
Office Supplies		3,214
Utilities		10,318
Total Local Health Center		<u>50,314</u>
		50,314

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Deputy(ies)	\$	27,665	
Investigator(s)		29,412	
Communication		2,255	
Maintenance and Repair Services - Buildings		439	
Maintenance and Repair Services - Vehicles		54	
Travel		1,484	
Animal Food and Supplies		205	
Gasoline		9,193	
Uniforms		700	
Utilities		2,858	
Other Supplies and Materials		2,393	
Motor Vehicles		39,520	
Total Rabies and Animal Control			\$ 116,178

Ambulance/Emergency Medical Services

Supervisor/Director	\$	48,665	
Secretary(ies)		31,216	
Attendants		500,951	
Part-time Personnel		84,220	
Overtime Pay		253,077	
In-Service Training		250	
Social Security		55,451	
State Retirement		66,361	
Employee and Dependent Insurance		120,787	
Employer Medicare		12,968	
Communication		5,413	
Debt Collection Services		50,108	
Licenses		2,497	
Maintenance and Repair Services - Buildings		2,089	
Maintenance and Repair Services - Office Equipment		863	
Maintenance and Repair Services - Vehicles		22,090	
Postal Charges		2,000	
Printing, Stationery, and Forms		108	
Rentals		1,044	
Travel		550	
Custodial Supplies		1,602	
Diesel Fuel		54,952	
Drugs and Medical Supplies		54,063	
Gasoline		1,126	
Office Supplies		1,061	
Uniforms		1,208	
Utilities		7,401	
Building and Contents Insurance		670	
Vehicle and Equipment Insurance		27,867	
Communication Equipment		572	
Data Processing Equipment		123	
Motor Vehicles		17	
Total Ambulance/Emergency Medical Services			1,411,370

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program

Medical Personnel	\$	123,635	
Paraprofessionals		24,727	
Clerical Personnel		43,322	
Longevity Pay		2,500	
Social Security		11,393	
State Retirement		14,921	
Employee and Dependent Insurance		27,593	
Employer Medicare		2,700	
Other Fringe Benefits		2,709	
Travel		471	
Drugs and Medical Supplies		16,269	
Total Dental Health Program			\$ 270,240

Crippled Children Services

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

Other Local Health Services

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

Appropriation to State

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

Aid to Dependent Children

Other Supplies and Materials	\$	2,048	
Total Aid to Dependent Children			2,048

Other Local Welfare Services

Contributions	\$	26,575	
Total Other Local Welfare Services			26,575

Sanitation Education/Information

Foremen	\$	31,229	
Social Security		1,917	
State Retirement		2,533	
Employee and Dependent Insurance		6,898	
Employer Medicare		448	
Maintenance and Repair Services - Vehicles		1,542	
Other Supplies and Materials		2,324	
Other Charges		2,009	
Total Sanitation Education/Information			48,900

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Matching Share	\$	11,925	
Total Senior Citizens Assistance			11,925

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries

Assistant(s)	\$	47,496	
Supervisor/Director		32,153	
Librarians		17,527	
Part-time Personnel		8,656	
Social Security		6,515	
State Retirement		6,468	
Employee and Dependent Insurance		20,695	
Employer Medicare		1,524	
Communication		2,250	
Janitorial Services		4,800	
Maintenance and Repair Services - Buildings		963	
Maintenance and Repair Services - Office Equipment		159	
Library Books/Media		16,109	
Office Supplies		919	
Utilities		9,227	
Other Supplies and Materials		1,042	
Other Charges		989	
Data Processing Equipment		2,150	
Heating and Air Conditioning Equipment		2,108	
Total Libraries			\$ 181,750

Agriculture and Natural Resources

Agriculture Extension Service

Board and Committee Members Fees	\$	1,206	
Communication		6,280	
Contracts with Government Agencies		84,004	
Contributions		1,000	
Dues and Memberships		486	
Maintenance and Repair Services - Buildings		2,531	
Rentals		12,969	
Travel		5,483	
Other Contracted Services		1,500	
Custodial Supplies		350	
Utilities		4,734	
Office Equipment		2,999	
Total Agriculture Extension Service			123,542

Soil Conservation

Secretary(ies)	\$	27,574	
Educational Assistants		29,759	
Rentals		2,028	
Office Supplies		54	
Total Soil Conservation			59,415

Other Operations

Industrial Development

Utilities	\$	1,220	
Total Industrial Development			1,220

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport

Supervisor/Director	\$	31,422	
Temporary Personnel		28,464	
In-Service Training		225	
Advertising		60	
Communication		5,828	
Maintenance and Repair Services - Buildings		9,554	
Travel		693	
Custodial Supplies		359	
Diesel Fuel		69	
Gasoline		228,095	
Office Supplies		1,444	
Small Tools		65	
Utilities		16,741	
Liability Insurance		5,528	
Total Airport			\$ 328,547

Veterans' Services

Supervisor/Director	\$	800	
Communication		992	
Travel		827	
Office Supplies		3,248	
Total Veterans' Services			5,867

Other Charges

Liability Insurance	\$	67,402	
Premiums on Corporate Surety Bonds		14,201	
Trustee's Commission		188,483	
Tax Relief Program		34,214	
Total Other Charges			304,300

Contributions to Other Agencies

Contracts with Other Public Agencies	\$	6,800	
Contributions		40,186	
Total Contributions to Other Agencies			46,986

Employee Benefits

Longevity Pay	\$	82,200	
Social Security		321,075	
State Retirement		405,759	
Employee and Dependent Insurance		308,204	
Unemployment Compensation		1,586	
Employer Medicare		76,153	
Medical and Dental Services		3,670	
Workers' Compensation Insurance		365,458	
Total Employee Benefits			1,564,105

Miscellaneous

Other Supplies and Materials	\$	120	
Refunds		4,792	
Other Charges		50,000	
Total Miscellaneous			54,912

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Interest on Debt

General Government

Interest on Notes	\$ 8,940	
Total General Government		\$ 8,940

Other Debt Service

General Government

Underwriter's Discount	\$ 6,135	
Other Debt Issuance Charges	5,927	
Total General Government		<u>12,062</u>

Total General Fund		\$ 13,974,643
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Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Contracts with Public Carriers	\$ 360,859	
Total Convenience Centers		\$ 360,859

Landfill Operation and Maintenance

Supervisor/Director	\$ 53,097	
Accountants/Bookkeepers	29,604	
Equipment Operators - Heavy	134,869	
Temporary Personnel	26,138	
Longevity Pay	4,500	
Overtime Pay	15,745	
Board and Committee Members Fees	403	
In-Service Training	1,499	
Social Security	15,733	
State Retirement	18,744	
Employee and Dependent Insurance	41,760	
Employer Medicare	4,326	
Communication	5,163	
Contracts with Government Agencies	28,908	
Data Processing Services	5,500	
Evaluation and Testing	6,000	
Legal Notices, Recording, and Court Costs	900	
Licenses	5,800	
Maintenance and Repair Services - Equipment	1,369	
Travel	1,300	
Diesel Fuel	9,999	
Equipment and Machinery Parts	18,250	
Gasoline	18,099	
Lubricants	1,200	
Tires and Tubes	3,478	
Utilities	9,766	
Other Supplies and Materials	4,169	
Liability Insurance	41,465	
Trustee's Commission	8,018	
Workers' Compensation Insurance	33,403	
Other Charges	3,899	
Total Landfill Operation and Maintenance		<u>553,104</u>

Total Solid Waste/Sanitation Fund		913,963
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(Continued)

Exhibit J-7

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

Drug Control Fund

Public Safety

Drug Enforcement

In-Service Training	\$	195	
Communication		10,247	
Contributions		1,494	
Confidential Drug Enforcement Payments		6,000	
Veterinary Services		1,111	
Uniforms		308	
Trustee's Commission		723	
Other Equipment		45,174	
Total Drug Enforcement			\$ 65,252

Total Drug Control Fund \$ 65,252

Adequate Facilities/Development Tax Fund

Other Operations

Other Charges

Refunds	\$	5,065	
Trustee's Commission		5,230	
Total Other Charges			\$ 10,295

Total Adequate Facilities/Development Tax Fund 10,295

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	133,489	
Total Register of Deeds			\$ 133,489

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	101	
Total County Clerk's Office			101

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	3,900	
Total Chancery Court			3,900

Total Constitutional Officers - Fees Fund 137,490

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	76,578	
Accountants/Bookkeepers		62,430	
Educational Incentive - Other County Employees		4,968	
Board and Committee Members Fees		6,840	
In-Service Training		3,278	
Data Processing Services		9,951	
Dues and Memberships		3,699	
Rentals		3,059	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Office Supplies	\$	3,756	
Other Charges		12,467	
Total Administration			\$ 187,026

Highway and Bridge Maintenance

Supervisor/Director	\$	144,384	
Foremen		98,052	
Equipment Operators		205,162	
Equipment Operators - Light		57,919	
Truck Drivers		268,261	
Laborers		236,411	
Clerical Personnel		15,608	
Longevity Pay		33,500	
Overtime Pay		18,364	
Freight Expenses		179,833	
Other Contracted Services		104,400	
Asphalt - Liquid		33,319	
Crushed Stone		73,277	
Road Signs		6,052	
Small Tools		246	
Other Supplies and Materials		4,040	
Total Highway and Bridge Maintenance			1,478,828

Operation and Maintenance of Equipment

Mechanic(s)	\$	137,142	
Maintenance and Repair Services - Equipment		7,044	
Diesel Fuel		165,313	
Equipment and Machinery Parts		87,843	
Garage Supplies		3,091	
Gasoline		53,962	
Lubricants		9,545	
Small Tools		1,789	
Tires and Tubes		32,105	
Other Supplies and Materials		4,799	
Other Capital Outlay		4,678	
Total Operation and Maintenance of Equipment			507,311

Other Charges

Communication	\$	6,667	
Utilities		17,513	
Liability Insurance		134,556	
Premiums on Corporate Surety Bonds		1,495	
Trustee's Commission		44,768	
Liability Claims		500	
Hazardous Waste Cleanup		91,046	
Total Other Charges			296,545

Employee Benefits

Social Security	\$	101,970	
State Retirement		107,621	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits (Cont.)

Employee and Dependent Insurance	\$ 268,138	
Evaluation and Testing	965	
Workers' Compensation Insurance	139,484	
Total Employee Benefits		\$ 618,178

Capital Outlay

Bridge Construction	\$ 110,972	
Highway Equipment	224,275	
State Aid Projects	590,403	
Other Construction	347,669	
Total Capital Outlay		1,273,319

Principal on Debt

Highways and Streets

Principal on Notes	\$ 448,000	
Principal on Capital Leases	30,349	
Total Highways and Streets		478,349

Interest on Debt

Highways and Streets

Interest on Notes	\$ 4,240	
Interest on Capital Leases	1,064	
Total Highways and Streets		5,304

Capital Projects

Highway and Street Capital Projects

Bridge Construction	\$ 415,602	
Other Capital Outlay	50,519	
Total Highway and Street Capital Projects		466,121

Total Highway/Public Works Fund \$ 5,310,981

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 468,431	
Principal on Notes	10,126	
Principal on Capital Leases	43,641	
Total General Government		\$ 522,198

Education

Principal on Bonds	\$ 325,000	
Principal on Notes	140,000	
Principal on Capital Leases	165,490	
Total Education		630,490

Interest on Debt

General Government

Interest on Bonds	\$ 354,508	
Interest on Notes	5,008	
Interest on Capital Leases	7,740	
Total General Government		367,256

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Interest on Debt (Cont.)</u>			
<u>Education</u>			
Interest on Bonds	\$	260,240	
Interest on Notes		21,637	
Interest on Capital Leases		9,614	
Total Education			\$ 291,491
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	18,646	
Other Debt Service		1,042	
Total General Government			19,688
<u>Education</u>			
Other Debt Service	\$	1,439	
Total Education			1,439
Total General Debt Service Fund			\$ 1,832,562
<u>General Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Administration of Justice Projects</u>			
Legal Services	\$	9,148	
Total Administration of Justice Projects			\$ 9,148
<u>Other General Government Projects</u>			
Building Construction	\$	402,793	
Total Other General Government Projects			402,793
Total General Capital Projects Fund			411,941
<u>Education Capital Projects Fund</u>			
<u>Other Debt Service</u>			
<u>Education</u>			
Underwriter's Discount	\$	45,367	
Other Debt Issuance Charges		51,223	
Total Education			\$ 96,590
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Contributions	\$	543,864	
Total Education Capital Projects			543,864
Total Education Capital Projects Fund			640,454
<u>Other Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Other General Government Projects</u>			
Engineering Services	\$	70,396	
Matching Share		47,252	
Airport Improvement		410,678	
Site Development		40,250	
Total Other General Government Projects			\$ 568,576
Total Other Capital Projects Fund			568,576
Total Governmental Funds - Primary Government			<u>\$ 23,866,157</u>

Exhibit J-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 8,520,241	
Career Ladder Program	35,468	
Homebound Teachers	4,301	
Educational Assistants	434,198	
Non-certified Substitute Teachers	152,280	
Social Security	530,204	
State Retirement	787,100	
Medical Insurance	1,026,991	
Employer Medicare	124,170	
Maintenance and Repair Services - Equipment	1,308	
Other Contracted Services	254,475	
Instructional Supplies and Materials	124,547	
Textbooks	321,761	
Other Supplies and Materials	14,434	
Other Charges	103	
Total Regular Instruction Program		\$ 12,331,581

Special Education Program

Teachers	\$ 1,296,839	
Career Ladder Program	8,000	
Homebound Teachers	8,435	
Educational Assistants	91,838	
Other Salaries and Wages	45,227	
Non-certified Substitute Teachers	9,510	
Social Security	84,940	
State Retirement	128,040	
Medical Insurance	160,639	
Employer Medicare	19,869	
Other Fringe Benefits	37,106	
Contracts with Private Agencies	181,048	
Total Special Education Program		2,071,491

Vocational Education Program

Teachers	\$ 641,817	
Career Ladder Program	4,000	
Non-certified Substitute Teachers	1,560	
Social Security	38,407	
State Retirement	57,297	
Medical Insurance	75,256	
Employer Medicare	8,982	
Other Fringe Benefits	76	
Travel	1,460	
Other Contracted Services	998	
Instructional Supplies and Materials	10,222	
Vocational Instruction Equipment	10,967	
Total Vocational Education Program		851,042

Adult Education Program

Teachers	\$ 15,291	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

Social Security	\$	692	
Employer Medicare		200	
Instructional Supplies and Materials		1,375	
Total Adult Education Program			\$ 17,558

Support Services

Attendance

Supervisor/Director	\$	51,049	
Career Ladder Program		1,000	
Clerical Personnel		13,099	
Social Security		3,541	
State Retirement		5,684	
Medical Insurance		11,591	
Employer Medicare		828	
Travel		1,920	
Other Contracted Services		9,711	
Other Supplies and Materials		961	
Total Attendance			99,384

Health Services

Medical Personnel	\$	131,055	
Other Salaries and Wages		18,332	
Social Security		9,048	
State Retirement		11,246	
Medical Insurance		7,644	
Employer Medicare		2,116	
Communication		1,001	
Travel		3,500	
Other Contracted Services		575	
Drugs and Medical Supplies		742	
Other Supplies and Materials		12,144	
In Service/Staff Development		838	
Health Equipment		153	
Total Health Services			198,394

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		375,407	
Clerical Personnel		17,140	
Social Security		23,463	
State Retirement		34,993	
Medical Insurance		44,615	
Employer Medicare		5,487	
Evaluation and Testing		17,999	
Other Charges		867	
Total Other Student Support			522,971

Regular Instruction Program

Supervisor/Director	\$	66,491	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Career Ladder Program	\$	9,748	
Librarians		417,126	
Social Security		27,728	
State Retirement		43,811	
Medical Insurance		51,992	
Employer Medicare		6,735	
Travel		3,954	
Other Contracted Services		25,120	
Library Books/Media		58,054	
Other Supplies and Materials		5,029	
Other Charges		944	
Total Regular Instruction Program			\$ 716,732

Special Education Program

Supervisor/Director	\$	55,820	
Career Ladder Program		2,000	
Psychological Personnel		31,273	
Assessment Personnel		40,732	
Secretary(ies)		26,198	
Clerical Personnel		21,816	
Social Security		10,737	
State Retirement		15,422	
Medical Insurance		19,458	
Employer Medicare		2,511	
Other Fringe Benefits		6,173	
Communication		7,188	
Maintenance and Repair Services - Equipment		445	
Total Special Education Program			239,773

Vocational Education Program

Supervisor/Director	\$	57,905	
Career Ladder Program		3,000	
Secretary(ies)		27,462	
Other Salaries and Wages		148,134	
Social Security		14,309	
State Retirement		20,088	
Medical Insurance		25,414	
Employer Medicare		3,347	
Other Fringe Benefits		566	
Communication		3,860	
Maintenance and Repair Services - Equipment		2,631	
Travel		501	
Other Supplies and Materials		11,510	
Other Charges		59,850	
Total Vocational Education Program			378,577

Adult Programs

Supervisor/Director	\$	82,311	
Clerical Personnel		3,160	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Other Salaries and Wages	\$	156,225	
Social Security		14,160	
State Retirement		16,801	
Medical Insurance		28,838	
Employer Medicare		3,321	
Other Fringe Benefits		500	
Rentals		900	
Travel		1,865	
Other Contracted Services		54,055	
Other Charges		29,788	
Other Equipment		1,900	
Total Adult Programs			\$ 393,824

Other Programs

On-Behalf Payments to OPEB	\$	84,974	
Total Other Programs			84,974

Board of Education

Longevity Pay	\$	34,550	
Board and Committee Members Fees		27,978	
Social Security		3,726	
State Retirement		3,020	
Unemployment Compensation		103,105	
Employer Medicare		907	
Audit Services		7,500	
Dues and Memberships		9,760	
Legal Services		116,681	
Travel		7,538	
Liability Insurance		54,406	
Premiums on Corporate Surety Bonds		4,132	
Refunds		197,811	
Trustee's Commission		247,419	
Workers' Compensation Insurance		126,896	
Criminal Investigation of Applicants - TBI		7,690	
Other Charges		17,186	
Total Board of Education			970,305

Director of Schools

County Official/Administrative Officer	\$	105,000	
Assistant(s)		10,240	
Career Ladder Program		1,000	
Secretary(ies)		26,516	
Clerical Personnel		26,016	
Other Salaries and Wages		81,300	
Social Security		15,415	
State Retirement		21,039	
Medical Insurance		31,397	
Employer Medicare		3,605	
Communication		9,774	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Dues and Memberships	\$	5,662	
Travel		4,433	
Office Supplies		1,454	
Other Charges		12,813	
Total Director of Schools			\$ 355,664

Office of the Principal

Principals	\$	569,225	
Career Ladder Program		4,000	
Assistant Principals		288,311	
Secretary(ies)		169,152	
Social Security		60,644	
State Retirement		88,417	
Medical Insurance		77,273	
Employer Medicare		14,183	
Communication		29,207	
Dues and Memberships		6,525	
Other Contracted Services		3,360	
Total Office of the Principal			1,310,297

Fiscal Services

Supervisor/Director	\$	78,129	
Accountants/Bookkeepers		29,041	
Clerical Personnel		25,056	
Other Salaries and Wages		64,583	
Social Security		8,341	
State Retirement		10,470	
Medical Insurance		20,417	
Employer Medicare		2,835	
Data Processing Services		7,201	
Dues and Memberships		160	
Travel		2,413	
Data Processing Supplies		3,808	
Office Supplies		1,599	
Other Charges		3,368	
Total Fiscal Services			257,421

Operation of Plant

Secretary(ies)	\$	37,661	
Custodial Personnel		414,080	
Social Security		27,137	
State Retirement		33,174	
Medical Insurance		19,504	
Employer Medicare		6,347	
Rentals		11,400	
Travel		650	
Other Contracted Services		49,182	
Custodial Supplies		37,926	
Electricity		572,228	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Natural Gas	\$	84,980	
Water and Sewer		57,955	
Other Supplies and Materials		1,931	
Boiler Insurance		8,928	
Building and Contents Insurance		162,660	
Other Charges		2,310	
Plant Operation Equipment		38,285	
Total Operation of Plant			\$ 1,566,338

Maintenance of Plant

Supervisor/Director	\$	51,000	
Maintenance Personnel		273,050	
Social Security		19,833	
State Retirement		26,281	
Medical Insurance		60,479	
Employer Medicare		4,638	
Maintenance and Repair Services - Buildings		4,998	
Maintenance and Repair Services - Equipment		43,806	
Other Contracted Services		17,670	
General Construction Materials		20,788	
Other Supplies and Materials		41,417	
Other Charges		989	
Maintenance Equipment		4,985	
Total Maintenance of Plant			569,934

Transportation

Supervisor/Director	\$	43,144	
Mechanic(s)		305,251	
Bus Drivers		750,280	
Clerical Personnel		21,466	
Other Salaries and Wages		22,411	
Social Security		70,447	
State Retirement		82,881	
Medical Insurance		50,319	
Employer Medicare		16,518	
Other Fringe Benefits		6,500	
Communication		12,399	
Operating Lease Payments		6,433	
Maintenance and Repair Services - Vehicles		27,373	
Travel		81	
Other Contracted Services		40,675	
Diesel Fuel		489,229	
Equipment and Machinery Parts		8,754	
Gasoline		69,451	
Lubricants		19,103	
Tires and Tubes		66,033	
Vehicle Parts		155,111	
Other Supplies and Materials		4,086	
Vehicle and Equipment Insurance		50,220	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Other Charges	\$ 8,481	
Transportation Equipment	15,010	
Total Transportation		\$ 2,341,656

Central and Other

Other Salaries and Wages	\$ 160,633	
Social Security	9,911	
State Retirement	12,233	
Employer Medicare	2,318	
Other Contracted Services	1,950	
Instructional Supplies and Materials	5,832	
Other Equipment	8,000	
Total Central and Other		200,877

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$ 6,600	
Other Salaries and Wages	23,237	
Social Security	1,198	
State Retirement	1,618	
Employer Medicare	433	
Other Supplies and Materials	9,413	
Total Community Services		42,499

Early Childhood Education

Supervisor/Director	\$ 54,012	
Teachers	343,374	
Career Ladder Program	3,000	
Educational Assistants	141,585	
Other Salaries and Wages	1,446	
Non-certified Substitute Teachers	420	
Social Security	33,189	
State Retirement	46,705	
Medical Insurance	39,433	
Employer Medicare	7,768	
Travel	2,130	
Other Contracted Services	188	
Instructional Supplies and Materials	22,821	
Other Supplies and Materials	9,358	
In Service/Staff Development	8,681	
Other Charges	3,825	
Other Equipment	11,104	
Total Early Childhood Education		729,039

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 29,797	
Other Capital Outlay	3,520	
Total Regular Capital Outlay		33,317

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Interest on Debt

Education

Interest on Notes	\$ 12,015	
Total Education		\$ 12,015

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 175,104	
Total Education		<u>175,104</u>

Total General Purpose School Fund		\$ 26,470,767
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School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 206,332	
Educational Assistants	92,857	
Other Salaries and Wages	506	
Social Security	17,189	
State Retirement	25,257	
Medical Insurance	37,803	
Employer Medicare	4,020	
Other Fringe Benefits	754	
Maintenance and Repair Services - Equipment	9,958	
Other Contracted Services	168,119	
Instructional Supplies and Materials	40,907	
Other Supplies and Materials	3,457	
Regular Instruction Equipment	<u>93,371</u>	
Total Regular Instruction Program		\$ 700,530

Special Education Program

Clerical Personnel	\$ 1,800	
Educational Assistants	325,118	
Social Security	19,752	
State Retirement	22,815	
Employer Medicare	4,619	
Other Fringe Benefits	13,877	
Maintenance and Repair Services - Equipment	600	
Other Contracted Services	85,704	
Instructional Supplies and Materials	16,080	
Other Supplies and Materials	6,751	
Special Education Equipment	<u>46,581</u>	
Total Special Education Program		543,697

Vocational Education Program

Educational Assistants	\$ 14,915	
Social Security	909	
State Retirement	1,209	
Employer Medicare	213	
Other Fringe Benefits	51	
Other Contracted Services	600	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Instructional Supplies and Materials	\$	1,260	
Other Charges		1,456	
Vocational Instruction Equipment		31,254	
Total Vocational Education Program			\$ 51,867

Support Services

Health Services

Other Salaries and Wages	\$	97,858	
Social Security		5,967	
State Retirement		7,936	
Medical Insurance		12,494	
Employer Medicare		1,395	
Other Fringe Benefits		3,079	
Other Contracted Services		30,900	
Drugs and Medical Supplies		2,244	
Total Health Services			161,873

Other Student Support

Guidance Personnel	\$	4,925	
Bus Drivers		300	
Secretary(ies)		64,929	
Other Salaries and Wages		162,801	
Social Security		14,252	
State Retirement		20,100	
Medical Insurance		12,544	
Employer Medicare		3,333	
Other Fringe Benefits		498	
Travel		25,960	
Other Contracted Services		42,286	
Other Supplies and Materials		567	
In Service/Staff Development		10,031	
Other Charges		8,990	
Total Other Student Support			371,516

Regular Instruction Program

Supervisor/Director	\$	67,490	
Instructional Computer Personnel		59,843	
Educational Assistants		1,200	
Other Salaries and Wages		90,930	
Social Security		12,883	
State Retirement		18,581	
Medical Insurance		15,901	
Employer Medicare		3,013	
Other Fringe Benefits		928	
Maintenance and Repair Services - Equipment		5,088	
Travel		4,482	
In Service/Staff Development		9,245	
Other Equipment		46,044	
Total Regular Instruction Program			335,628

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program

Other Salaries and Wages	\$	5,874	
Social Security		364	
State Retirement		476	
Medical Insurance		1,880	
Employer Medicare		85	
Travel		33,821	
Other Supplies and Materials		32,438	
Total Special Education Program			\$ 74,938

Vocational Education Program

Travel	\$	1,181	
Total Vocational Education Program			1,181

Transportation

Bus Drivers	\$	35,829	
Other Salaries and Wages		106,347	
Social Security		8,815	
State Retirement		8,026	
Employer Medicare		2,062	
Other Fringe Benefits		4,991	
Contracts with Parents		20,000	
Maintenance and Repair Services - Vehicles		34,432	
Diesel Fuel		43,360	
Total Transportation			<u>263,862</u>

Total School Federal Projects Fund \$ 2,505,092

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	38,836	
Accountants/Bookkeepers		24,622	
Cafeteria Personnel		869,656	
Longevity Pay		4,450	
Other Salaries and Wages		37,045	
Social Security		59,936	
State Retirement		71,798	
Medical Insurance		21,146	
Unemployment Compensation		5,452	
Employer Medicare		14,011	
Communication		9,698	
Maintenance and Repair Services - Equipment		3,995	
Travel		642	
Other Contracted Services		31,499	
Food Supplies		924,330	
USDA - Commodities		110,951	
Other Supplies and Materials		90,975	
Workers' Compensation Insurance		30,493	
In Service/Staff Development		1,884	
Food Service Equipment		28,564	
Total Food Service			<u>\$ 2,379,983</u>

Total Central Cafeteria Fund 2,379,983

(Continued)

Exhibit J-8

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

<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Architects	\$ 495,690	
Consultants	54,109	
Legal Services	1,488	
Site Development	<u>195</u>	
Total Education Capital Projects		<u>\$ 551,482</u>
Total Education Capital Projects Fund		<u>\$ 551,482</u>
Total Governmental Funds - Fayette County School Department		<u>\$ 31,907,324</u>

Exhibit J-9

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

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,352,230
Total Cash Receipts	<u>\$ 2,352,230</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 2,330,588
Trustee's Commission	21,642
Total Cash Disbursements	<u>\$ 2,352,230</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>

SINGLE AUDIT SECTION



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

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fayette County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Fayette County's basic financial statements, and have issued our report thereon dated October 21, 2013.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 2013-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2013-002, 2013-005, 2013-009, 2013-010, and 2013-011.

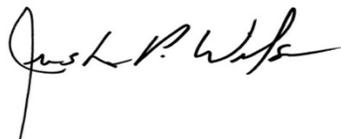
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fayette County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2013-003, 2013-004, 2013-006, 2013-007, and 2013-008.

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 21, 2013

JPW/sb



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

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

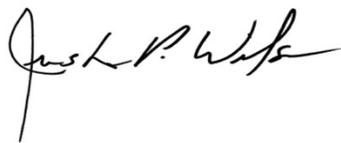
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fayette County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Fayette County's basic financial statements. We issued our report thereon dated October 21, 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 Expenditures 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 21, 2013

JPW/sb

Fayette 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	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 585,437
National School Lunch Program	10.555	N/A	1,211,847 (6)
Fresh Fruit and Vegetable Program	10.582	N/A	45,217
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	110,951 (6)
Total U.S. Department of Agriculture			\$ 1,953,452
U.S. Department of Labor:			
Passed-through City of Memphis, Tennessee:			
WIA Cluster:			
WIA Adult Program	17.258	29596	\$ 229,218
WIA Youth Activities	17.259	29844	337,107
WIA Dislocated Worker Formula Grants	17.278	29596	113,845
Total U.S. Department of Labor			\$ 680,170
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(2)	\$ 522,861
Alcohol Open Container Requirements	20.607	(3)	14,664
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	20.614	(4)	4,473
Total U.S. Department of Transportation			\$ 541,998
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	33709-19688/DG1338264	\$ 60,242
Passed-through State Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	910,697
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	91,045
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	928,036
Special Education - Preschool Grants, Recovery Act	84.392	N/A	30,376
Career and Technical Education - Basic Grants to States	84.048	N/A	76,434
English Language Acquisition State Grants	84.365	N/A	7,360
Improving Teacher Quality State Grants	84.367	N/A	239,509
State Fiscal Stabilization Fund (SFSF) -			
Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	242,137
State Fiscal Stabilization Fund (SFSF) -			
Government Services, Recovery Act	84.397	N/A	9,711
Total U.S. Department of Education			\$ 2,595,547
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1974-DR-TN	\$ 491,126
Emergency Management Performance Grants	97.042	34101-00713	47,000
Total U.S. Department of Homeland Security			\$ 538,126
Total Expenditures of Federal Awards			\$ 6,309,293

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
State Grants:			
Airport Maintenance - State Department of Transportation	N/A	(5)	\$ 11,889
Custodial Parents Access and Visitation - Administrative Office of the Courts	N/A	(2)	1,132
Local Health Services - State Department of Health	N/A	34360-17013	300,114
Litter Program - State Department of Transportation	N/A	Z13LIT024	43,098
Certified Drug Court Program - State Department of Mental Health and Substance Abuse Services	N/A	38139	50,000
FastTrack Infrastructure Development Program - State Department of Economic and Community Development	N/A	32458	385,907
Early Childhood Education - State Department of Education	N/A	(2)	724,244
ConnecTenn - State Department of Education	N/A	(2)	11,541
Coordinated School Health - State Department of Education	N/A	(2)	85,000
Safe Schools - State Department of Education	N/A	(2)	17,300
Total State Grants			<u>\$ 1,630,225</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) Z12GHS104: \$4,836; Z13GHS113: \$9,828.
- (4) Z12GHS378: \$1,620; Z13GHS407: \$2,853.
- (5) 99-555-1228-04: \$8,847; 99-555-1217-04: \$3,042.
- (6) Total CFDA No. 10.555 is \$1,322,798.

Fayette 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 Fayette County, Tennessee, for the year ended June 30, 2012, which have not been corrected.

OFFICE OF COUNTY MAYOR

Finding Number	Page Number	Subject
12.01	163	The office had deficiencies in purchasing procedures
12.02	164	The office had deficiencies in budget operations
12.03	165	The Adequate Facilities Office did not deposit some funds within three days of collection

OFFICE OF DIRECTOR OF SCHOOLS

Finding Number	Page Number	Subject
12.09	170	The office had deficiencies in budget operations
12.11	175	The School Department had deficiencies in purchasing procedures

OFFICE OF REGISTER OF DEEDS

Finding Number	Page Number	Subject
12.15	184	Multiple employees operated from the same cash drawer

OFFICES OF REGISTER OF DEEDS AND SHERIFF

Finding Number	Page Number	Subject
12.16	184	Duties were not segregated adequately

FAYETTE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Fayette County is unmodified.
2. The audit of the financial statements of Fayette County disclosed significant deficiencies in internal control. One 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 Fayette 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 WIA Cluster: WIA Adult Program, WIA Youth Activities, and WIA Dislocated Worker Formula Grants (CFDA Nos. 17.258, 17.259, and 17.278); Airport Improvement Program (CFDA No. 20.106); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027 and 84.392); and Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Fayette County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination and the annual monitoring by the state Division of Property Assessments on assessors of property, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response; however, management did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 2013-001

THE GENERAL, GENERAL CAPITAL PROJECTS, AND OTHER CAPITAL PROJECTS FUNDS REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION

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

At June 30, 2013, certain general ledger account balances in the General, General Capital Projects, and Other Capital Projects funds were not materially correct. Audit adjustments totaling \$763,011 (General Fund), \$311,989 (General Capital Projects Fund), and \$811,211 (Other Capital Projects Fund) were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Fayette County to have adequate controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

FINDING 2013-002

THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

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

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 93 disbursements totaling \$864,677 from a population of 4,477 vendor checks totaling \$14,224,295. Our examination revealed the following deficiencies, which are the result of a lack of management oversight and management's failure to correct the deficiencies noted in the prior-year audit report:

- A. Our sample revealed that purchase orders were not issued in 29 of 48 applicable purchases. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. The failure to issue purchase orders increases the risks of unauthorized purchases.
- B. Our sample revealed that in eight of 26 applicable instances, the Sheriff's Department issued their own purchase orders, which were not forwarded to the County Mayor's Office for approval. These purchase orders typically did not include any descriptions or amounts. This practice defeats the purpose of issuing purchase orders and increases the risk of unauthorized purchases.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the County Mayor's Office should issue purchase orders for the general government for all applicable purchases. These purchase orders should include adequate descriptions and dollar amounts of items to be purchased. The Sheriff's Department should not issue purchase orders, but should submit purchase requisitions to the County Mayor's Office.

FINDING 2013-003 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**
 (Noncompliance Under *Government Auditing Standards*)

We noted the following deficiencies in budget operations:

- A. Expenditures exceeded appropriations in six of 57 major appropriation categories (the legal level of control) of the General Fund as reflected in the following table:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Register of Deeds	\$ 118
General Sessions Judge	3,976
Drug Court	11
Libraries	925
Airport	30,529
Other Charges	651

- B. Expenditures exceeded appropriations in two of six major appropriation categories (the legal level of control) of the General Debt Service Fund: Principal on Debt – General Government by \$8,329 and Other Debt Service – Education by \$439.

- C. Three of 104 salary line-items exceeded appropriations in the General Fund by amounts ranging from \$246 to \$2,751, and one of six salary line-items exceeded appropriations in the Solid Waste/Sanitation Fund by \$543. The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will not exceed appropriations that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

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

RECOMMENDATION

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

FINDING 2013-004

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

(Noncompliance Under *Government Auditing Standards*)

The Adequate Facilities Office did not deposit some funds within three days of collection. 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 20 of the 86 deposits to examine. In 12 instances, collections were held in the Adequate Facilities Office from four to eight days before being deposited with the county trustee. This deficiency is the result of the failure of management to correct the finding noted in the prior-year audit report. The delay in depositing funds increases the risks of fraud and misappropriation.

RECOMMENDATION

The Adequate Facilities Office should ensure that all funds are deposited with the county trustee within three days of collection as required by state statute.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2013-005

THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN PURCHASING PROCEDURES

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

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 59 disbursements totaling \$495,623 from a population of 4,422 vendor checks totaling \$18,509,669. Our examination revealed the following deficiencies, which are the result of a lack of management oversight and management’s failure to correct the deficiencies noted in the prior-year audit report:

- A. Our sample revealed that purchase orders were not issued in 12 of 33 applicable purchases. Purchase orders are necessary to control who has purchasing authority for the School Department and to document purchasing commitments. The failure to issue purchase orders increases the risks of unauthorized purchases.
- B. In 18 of 33 applicable instances, purchase orders were issued after the purchases were made. This practice defeats the purpose of issuing a purchase order and makes the purchase order an approval for payment, rather than an approval of the purchase.
- C. In eight of 33 applicable instances, purchase orders did not include adequate descriptions or dollar amounts of the items to be purchased when the purchase order was issued. The dollar amounts and descriptions of items on purchase orders at the time of issuance are necessary to quantify purchasing commitments and to identify the items purchased.
- D. In one instance from the sample of 59 disbursements, a service charge was incurred due to the late payment of an invoice. The accounting and purchasing system should be designed to ensure that invoices are paid timely.

RECOMMENDATION

The School Department should issue purchase orders for all applicable purchases before purchases are made to strengthen internal controls over purchasing procedures and to document purchasing commitments. Purchase orders should include adequate descriptions and dollar amounts of items to be purchased. All invoices should be paid on a timely basis.

FINDING 2013-006

THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN BUDGET OPERATIONS

(Noncompliance Under *Government Auditing Standards*)

We noted the following deficiencies in budget operations:

- A. General Purpose School Fund expenditures exceeded appropriations in one of 25 major appropriation categories (the legal level of control) by \$202,022. This deficiency was mainly attributable to the department not recording and budgeting a \$197,811 refund due to the State of Tennessee as a result of unauthorized expenditures of grant funds during the prior fiscal year.
- B. Seven of 86 salary line-items exceeded appropriations in the General Purpose School Fund by amounts ranging from \$175 to \$6,458, and one of five salary line-items exceeded appropriations in the Central Cafeteria Fund by \$45. The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county shall not exceed appropriations that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

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

RECOMMENDATION

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

OFFICE OF ASSESSOR OF PROPERTY

FINDING 2013-007

THE ASSESSOR DID NOT MAINTAIN AN ADEQUATE PROGRAM OF SALES VERIFICATION

(Noncompliance Under *Government Auditing Standards*)

The assessor did not maintain an adequate program of sales verification. Section 67-5-1601, *Tennessee Code Annotated*, requires the assessor to maintain an adequate program of real property sales verifications in accordance with procedures and rules established by the state Board of Equalization. This deficiency can be attributed to the failure of management to maintain adequate records of sales and rejections in analyzing reappraisals, sales ratio studies, current value update programs, and other reporting

services. This resulted in a lack of sufficient documentation to verify sales during reappraisals, sales ratio studies, and current value update programs.

RECOMMENDATION

The assessor should maintain an adequate program of sales verifications as required by state statute.

FINDING 2013-008

MOBILE HOME SCHEDULES WERE NOT MAILED TO THE LAND OWNER WHERE THE MOBILE HOME WAS LOCATED

(Noncompliance Under *Government Auditing Standards*)

Mobile home schedules were not mailed to the owner of the land where the mobile homes were located. Section 67-5-802, *Tennessee Code Annotated*, requires the assessor to furnish a schedule to each land owner of a mobile home park by March 1 each year. It is the land owner's responsibility to complete the schedule to report the number of mobile homes, make, serial number, size, original cost, and any other information necessary for proper assessment of the mobile homes. This deficiency occurred because the assessor failed to follow the state statute, which could result in the inaccurate assessment of the property.

RECOMMENDATION

The assessor should provide to land owners where mobile homes are located a schedule of each mobile home before March 1 of each tax year and should review them for accuracy.

OFFICE OF REGISTER OF DEEDS

FINDING 2013-009

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 Office of Register of Deeds. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but the beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control 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 register of deeds would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the official resulting in a loss of control over assets. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The register of deeds should assign each employee their own cash drawer.

OFFICE OF SHERIFF

FINDING 2013-010

THE OFFICE HAD ACCOUNTING DEFICIENCIES

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

The following deficiencies were noted during our examination of the accounting records and can be attributed to a lack of understanding of internal controls, generally accepted accounting principles, and sound business practices.

- A. Commissary transactions were not posted to the subsidiary ledger and reconciled with bank statements in a timely manner. During the period January 1, 2013, through June 30, 2013, 43 of the 55 deposit transactions were not posted to the commissary ledger until six-to-56 days after the actual deposit date. The delay in posting deposits resulted in the cash in bank account reflecting an inaccurate credit balance for much of the period.
- B. The Sheriff's Department did not include all commissary activity on its annual financial report. Operations and year-end balances were determined by substantive testing and alternative auditing procedures and have been correctly reflected in the financial statements of this report.

RECOMMENDATION

The office should maintain the commissary subsidiary ledger on a current basis and reconcile with bank statements monthly. The annual financial report should accurately reflect all operations of the Sheriff's Department.

OFFICES OF REGISTER OF DEEDS AND SHERIFF

FINDING 2013-011

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among the official and employees in the Offices of Register of Deeds and Sheriff. 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.

BEST PRACTICES

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

ITEM 1. **FAYETTE COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

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

ITEM 2. **FAYETTE COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE**

Fayette County does not have an Audit Committee. An Audit Committee can assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks. County officials should establish an Audit Committee as a best practice.

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

There were no findings and questioned costs for federal awards.

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

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

Director of Schools – Summary Schedule of Prior-year's Findings

FINDINGS 12.14 and 12.17

The Fayette County School Department now adequately maintains and monitors federal grant records and follows requirements of OMB Circular A-133. Accounting records of the individual grant programs are reconciled, and all revenues, expenditures, and budget appropriations are properly posted. There have been no cash overdrafts. Any necessary general journal entries are properly documented. Reserve balances of the individual grants were properly calculated at year-end. In addition, the State of Tennessee Department of Education has reviewed the questioned costs of the federal grants as noted in the 2011-12 audit report. The School Department will refund \$197,810.72 of disallowed costs to the state by December 31, 2014.