

ANNUAL FINANCIAL REPORT
FAYETTE COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2005

**Comptroller of the Treasury
Department of Audit
Division of County Audit
Nashville, Tennessee**

ANNUAL FINANCIAL REPORT
FAYETTE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2005

DEPARTMENT OF AUDIT
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Comptroller of the Treasury

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This financial report is available at www.comptroller.state.tn.us

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Audit Highlights
Annual Financial Report
Fayette County, Tennessee
For the Year Ended June 30, 2005

Scope

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fayette County as of and for the year ended June 30, 2005.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements did not include one component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The General Fund's actual fund balance at July 1, 2004, exceeded the estimated fund balance presented to the County Commission by \$1,381,824. Expenditures exceeded total appropriations in the General Debt Service and Solid Waste/Sanitation Funds. General Fund expenditures exceeded appropriations approved by the County Commission at the major category level of control (legal level of control).

OFFICE OF PUBLIC WORKS SUPERINTENDENT

- ◆ The public works department did not account for the use of some road materials.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The Education Capital Projects Fund had a fund deficit of \$486,277, resulting from expenditures exceeding available funds and the unperformed portions of construction contracts being reserved as encumbrances.
-

OFFICE OF COUNTY CLERK

- ◆ The county clerk did not require a depository to pledge securities to protect county funds exceeding Federal Deposit Insurance Corporation coverage by \$54,921.
-

OFFICE OF GENERAL SESSIONS COURT CLERK

- ◆ The general sessions court clerk did not require a depository to pledge securities to protect county funds exceeding Federal Deposit Insurance Corporation coverage by \$13,538.
-

OFFICE OF CLERK AND MASTER

- ◆ The clerk and master did not require a depository to pledge adequate securities to protect county funds exceeding Federal Deposit Insurance Corporation coverage by \$219,000.
-

OTHER FINDING

- ◆ A central system of accounting, budgeting, and purchasing had not been adopted.

INTRODUCTORY SECTION

Fayette County Officials

June 30, 2005

Officials:

Rhea Taylor, County Mayor
James E. Smith, Public Works Superintendent
Myles Wilson, Director of Schools
Barbra J. Parker, Trustee
Mark A. Ward, Assessor of Property
Dell T. Graham, County Clerk
Jimmie N. German, Circuit, General Sessions, and Juvenile Courts Clerk
Barbara W. Walls, Clerk and Master
Edward Pattat, Register
Bill G. Kelley, Sheriff

Board of County Commissioners:

Rhea Taylor, Chairman	Willie L. German, Jr.
Ronnie Harris, Chairman Pro Tempore	Ronnie Graves
Joann Allen	Myles Leifer
Steve Anderson	David Lillard, Sr.
Joe B. Burnette, Jr.	Sylvester Logan
Christopher Campbell	George McCloud
Bob Doll	Claude Oglesby, Jr.
Sissy Dowdle	Gordon Tomlin
John Dowdy	Myles Wilson
Thomas Fowler	Allen Yancey, Jr.

Board of Education:

Rickey Hoskins, Chairman	Dorothy Lewis
Nadalyn Shelton, Chairman Pro Tempore	Robert Redditt
Reed Barber	Evangeline Shaw
Patricia Burnette	Allen Wilkerson
	Marandy Wilkerson

Budget Committee:

Bob Doll, Chairman
Thomas Fowler
Ronnie Harris
David Lillard, Sr.
Claude Oglesby
Gordon M. Tomlin
Allen Yancey, Jr.

Board of Public Works:

Hank Franck, Chairman
Vernon Ray Glover
Buck Matthews
Robert Turpen
Russell Wicker

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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INDEPENDENT AUDITOR'S REPORT

September 29, 2005

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

To the County Mayor and Board of County Commissioners:

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, 2005, which collectively comprise Fayette County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Fayette County's management. 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 auditing 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements of the Fayette County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units referred to above do not include the financial statements of the Fayette County Emergency Communications District, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on

the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Fayette County Emergency Communications District, as discussed in the preceding paragraph, 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, 2005, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 29, 2005, on our consideration of Fayette County's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Fayette County has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. For the first time, the financial statements include the government-wide financial statements.

As described in Note V.B., Fayette County has implemented GASB Statement No. 40, Deposit and Investment Risk Disclosures, which modifies the county's disclosures for custodial credit risk and adds disclosures about other types of risk.

The management of Fayette County did not prepare the management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison information on pages 55 through 60 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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), miscellaneous schedules, and statistical tables 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 the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Very truly yours,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in black ink and includes a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Fayette County, Tennessee
Statement of Net Assets
June 30, 2005

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Fayette County School Department</u>
<u>ASSETS</u>		
Cash	\$ 67,696	\$ 0
Equity in Pooled Cash and Investments	9,951,340	913,794
Investments	8,157,988	0
Accounts Receivable	119,492	35,545
Due from Other Governments	505,375	1,106,913
Property Taxes Receivable	5,924,361	4,200,344
Allowance for Uncollectible Property Taxes	(247,284)	(188,059)
Accrued Interest Receivable	44,626	0
Cash Shortage	0	10,371
Deferred Charges - Debt Issuance Costs	109,956	0
Capital Assets:		
Assets Not Depreciated:		
Land	1,570,348	359,607
Construction in Progress	465,302	682,327
Assets Net of Accumulated Depreciation:		
Land Improvements	0	1,113
Buildings and Improvements	2,084,893	15,067,130
Infrastructure	15,451,780	65,047
Other Capital Assets	1,350,608	910,302
Total Assets	<u>\$ 45,556,481</u>	<u>\$ 23,164,434</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 40,980	\$ 254
Accrued Payroll	0	150,969
Payroll Deductions Payable	0	152,644
Contracts Payable	0	250,966
Retainage Payable	0	43,441
Accrued Interest Payable	367,087	2,237
Matured Interest on Bonds	142	0
Deferred Revenue - Current Property Taxes	5,479,671	3,850,282
Noncurrent Liabilities:		
Due Within One Year	1,244,114	138,304
Due In More Than One Year (net of unamortized discounts on debt)	22,046,196	342,543
Total Liabilities	<u>\$ 29,178,190</u>	<u>\$ 4,931,640</u>

(Continued)

Exhibit A

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

	Primary Government <u>Governmental Activities</u>	Component Unit <u>Fayette County School Department</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 20,835,599	\$ 16,787,217
Restricted for:		
Capital Projects	81,155	0
Debt Service	4,715,628	0
Other Purposes	2,536,269	1,013,693
Unrestricted	<u>(11,790,360)</u>	<u>431,884</u>
Total Net Assets	<u>\$ 16,378,291</u>	<u>\$ 18,232,794</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, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Government	Unit
					Total	Fayette
					Governmental	School
					Activities	Department
Primary Government:						
Governmental Activities:						
General Government	\$ 959,116	\$ 780,050	\$ 16,380	\$ 0	\$ (162,686)	\$ 0
Finance	769,404	613,429	11,517	0	(144,458)	0
Administration of Justice	872,080	705,257	15,586	27,666	(123,571)	0
Public Safety	4,084,294	446,670	124,690	82,998	(3,429,936)	0
Public Health and Welfare	2,629,702	1,284,905	361,358	0	(983,439)	0
Social, Cultural, and Rec Services	167,126	0	0	0	(167,126)	0
Agriculture & Natural Resources	146,812	0	0	0	(146,812)	0
Other Operations	637,382	8,057	115,149	474,121	(40,055)	0
Highways/Public Works	3,189,137	6,600	2,121,688	0	(1,060,849)	0
Education	403,420	0	0	0	(403,420)	0
Interest on Long-term Debt	923,258	0	0	0	(923,258)	0
Other Debt Service	66,877	0	0	0	(66,877)	0
Total Primary Government	\$ 14,848,608	\$ 3,844,968	\$ 2,766,368	\$ 584,785	\$ (7,652,487)	\$ 0
Component Unit:						
Fayette County School Department	\$ 29,699,475	\$ 479,584	\$ 7,645,156	\$ 395,920	\$ 0	\$ (21,178,815)

(Continued)

Exhibit B

Fayette County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Government	Unit
					Total	Fayette County School Department
					Governmental Activities	
General Revenues:						
Taxes:						
	Property taxes levied for general purposes				\$ 5,124,350	\$ 4,139,863
	Property taxes levied for debt service				678,918	0
	Local option sales tax				508,450	1,707,791
	Other local taxes				2,661,371	4,883
	Grants & Contributions not restricted for specific programs				684,257	13,078,653
	Unrestricted Investment Earnings				263,839	0
	Miscellaneous				127,683	103,738
	Total General Revenues				\$ 10,048,868	\$ 19,034,928
	Change in net assets				\$ 2,396,381	\$ (2,143,887)
	Net assets, July 1, 2004				13,981,910	20,376,681
	Net assets, June 30, 2005				\$ 16,378,291	\$ 18,232,794

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, 2005

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
ASSETS						
Cash	\$ 0	\$ 0	\$ 0	\$ 580	\$ 67,116	\$ 67,696
Equity in Pooled Cash and Investments	3,104,036	941,967	5,062,754	11,016	831,567	9,951,340
Investments	0	0	0	8,157,988	0	8,157,988
Accounts Receivable	90,953	1,291	148	0	27,100	119,492
Due from Other Governments	93,692	410,739	0	0	944	505,375
Due from Other Funds	36,593	0	0	0	0	36,593
Property Taxes Receivable	4,801,454	585,229	537,678	0	0	5,924,361
Allowance for Uncollectible Property Taxes	(196,886)	(28,843)	(21,555)	0	0	(247,284)
Accrued Interest Receivable	0	0	0	0	44,626	44,626
Total Assets	\$ 7,929,842	\$ 1,910,383	\$ 5,579,025	\$ 8,169,584	\$ 971,353	\$ 24,560,187
LIABILITIES AND FUND BALANCES						
<u>Liabilities</u>						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 40,980	\$ 0	\$ 40,980
Due to Other Funds	0	0	0	0	36,593	36,593
Matured Interest on Bonds	0	0	142	0	0	142
Deferred Revenue - Current Property Taxes	4,450,683	529,245	499,743	0	0	5,479,671
Deferred Revenue - Delinquent Property Taxes	132,145	23,739	12,972	0	0	168,856
Other Deferred Revenues	0	201,931	0	0	81,558	283,489
Total Liabilities	\$ 4,582,828	\$ 754,915	\$ 512,857	\$ 40,980	\$ 118,151	\$ 6,009,731
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 0	\$ 149,982	\$ 0	\$ 0	\$ 0	\$ 149,982
Reserved for Alcohol and Drug Treatment	11,830	0	0	0	0	11,830
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	133,823	0	0	0	0	133,823
Reserved for Sexual Offender Registration	545	0	0	0	0	545
Reserved for Computer System - Register	28,898	0	0	0	0	28,898
Reserved for Automation Purposes - Circuit Court	3,023	0	0	0	0	3,023
Reserved for Automation Purposes - General Sessions Court	24,458	0	0	0	0	24,458

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>						
<u>Fund Balances (Cont.)</u>						
Reserved for Automation Purposes - Chancery Court	\$ 3,986	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,986
Reserved for Automation Purposes - Sheriff	25,016	0	0	0	0	25,016
Reserved for Other General Purposes	37,000	0	0	0	0	37,000
Unreserved, Reported In:						
General Fund	3,078,435	0	0	0	0	3,078,435
Special Revenue Funds	0	1,005,486	0	0	852,747	1,858,233
Debt Service Funds	0	0	5,066,168	0	0	5,066,168
Capital Projects Funds	0	0	0	8,128,604	455	8,129,059
Total Fund Balances	<u>\$ 3,347,014</u>	<u>\$ 1,155,468</u>	<u>\$ 5,066,168</u>	<u>\$ 8,128,604</u>	<u>\$ 853,202</u>	<u>\$ 18,550,456</u>
Total Liabilities and Fund Balances	<u>\$ 7,929,842</u>	<u>\$ 1,910,383</u>	<u>\$ 5,579,025</u>	<u>\$ 8,169,584</u>	<u>\$ 971,353</u>	<u>\$ 24,560,187</u>

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

Exhibit C-2

Fayette County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)	\$ 18,550,456
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	20,922,931
(2) Long-term liabilities are not due in the current period and therefore are not reported in the funds.	(23,547,441)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	<u>452,345</u>
Net assets of governmental activities (Exhibit A)	<u>\$ 16,378,291</u>

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

Exhibit D-1

Fayette County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 5,360,547	\$ 1,660,028	\$ 1,475,900	\$ 0	\$ 381,759	\$ 8,878,234
Licenses and Permits	438,154	0	0	0	0	438,154
Fines, Forfeitures and Penalties	152,539	0	0	0	76,878	229,417
Charges for Current Services	927,500	0	0	0	373,811	1,301,311
Other Local Revenues	60,050	103,091	11,113	110,664	418,042	702,960
Fees Received from County Officials	1,309,112	0	0	0	0	1,309,112
State of Tennessee	1,401,139	2,558,630	0	0	44,740	4,004,509
Federal Government	146,716	37,179	0	0	18,255	202,150
Other Governments and Citizens Groups	126,036	0	0	0	0	126,036
Total Revenues	\$ 9,921,793	\$ 4,358,928	\$ 1,487,013	\$ 110,664	\$ 1,313,485	\$ 17,191,883
<u>Expenditures</u>						
Current:						
General Government	\$ 743,397	\$ 0	\$ 0	\$ 0	\$ 122,481	\$ 865,878
Finance	643,081	0	0	0	0	643,081
Administration of Justice	641,794	0	0	0	33,606	675,400
Public Safety	3,473,697	0	0	0	36,728	3,510,425
Public Health and Welfare	1,653,723	0	0	0	802,763	2,456,486
Social, Cultural, and Recreational Services	152,436	0	0	0	0	152,436
Agricultural and Natural Resources	132,115	0	0	0	0	132,115
Other Operations	1,368,672	0	0	0	5,539	1,374,211
Highways	0	3,902,481	0	0	0	3,902,481
Debt Service:						
Principal	0	0	635,000	0	0	635,000
Interest	0	0	863,547	0	0	863,547
Other Debt Service	0	0	62,531	0	0	62,531
Capital Projects	0	87,091	0	379,692	403,420	870,203
Total Expenditures	\$ 8,808,915	\$ 3,989,572	\$ 1,561,078	\$ 379,692	\$ 1,404,537	\$ 16,143,794
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,112,878	\$ 369,356	\$ (74,065)	\$ (269,028)	\$ (91,052)	\$ 1,048,089
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 8,200,000	\$ 0	\$ 8,200,000
Notes Issued	0	0	0	0	403,875	403,875

Exhibit D-1

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 225,522	\$ 11,232	\$ 236,754
Transfers Out	(236,754)	0	0	0	0	(236,754)
Discounts on Debt Issued	0	0	0	(38,906)	0	(38,906)
Total Other Financing Sources (Uses)	\$ (236,754)	\$ 0	\$ 0	\$ 8,386,616	\$ 415,107	\$ 8,564,969
Net Change in Fund Balances	\$ 876,124	\$ 369,356	\$ (74,065)	\$ 8,117,588	\$ 324,055	\$ 9,613,058
Fund Balance, July 1, 2004	2,470,890	786,112	5,140,233	11,016	529,147	8,937,398
Fund Balance, June 30, 2005	\$ 3,347,014	\$ 1,155,468	\$ 5,066,168	\$ 8,128,604	\$ 853,202	\$ 18,550,456

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

Exhibit D-2

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, 2005

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

Net change in fund balances - total governmental funds (Exhibit D-1)	\$ 9,613,058
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and is reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	532,798
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	64,219
(3) The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(7,738,058)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(75,636)</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ 2,396,381</u>

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

Exhibit E

Fayette County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

	<u>Agency Funds</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 42,792
Cash	2,935,097
Due from Other Governments	<u>230,000</u>
Total Assets	<u>\$ 3,207,889</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 272,792
Due to Litigants, Heirs, and Others	<u>2,935,097</u>
Total Liabilities	<u>\$ 3,207,889</u>

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

FAYETTE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2005

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.

Blended Component Units – There are no legally separate component units of Fayette County that meet the criteria for being reported as part of the primary government by the blending method.

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 without county approval, 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.

The Fayette County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Fayette County 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 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 assets 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. 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 (\$395,920) were contributed by the county to the School Department during the year ended June 30, 2005.

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. 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, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary; however, Fayette County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category. 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 grant 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 fund financial statements are reported using the economic resources 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 fund accounts for transactions of the county’s Highway Department.

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.

General Capital Projects Fund – This fund accounts for transactions involving the construction of a criminal justice complex.

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, property taxes collected for a city in the county, and assets held in a custodial capacity for a watershed district. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

School Federal Projects Fund – This fund accounts for restricted federal revenues which must be expended on specific education programs.

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

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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted revenues first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

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 assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the primary government's Solid Waste/Sanitation Fund. In addition, investments are held separately by the primary government's General Capital Projects Fund. Fayette County and the Fayette County 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 and

investments in the State Treasurer's Investment Pool are reported at cost. 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. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.25 percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

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

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

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more (buildings and improvements \$10,000, heavy equipment \$10,000, and infrastructure \$25,000), 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. **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 discretely presented Fayette County 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 discretely presented Fayette County 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.

5. **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 assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

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, claims and judgments,

special termination benefits, and landfill closure/postclosure care costs are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – 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 assets – Consists of net assets 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 assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2005, Fayette County had \$14,298,875 in outstanding debt for capital purposes for the discretely presented Fayette County School Department. The 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 assets with no corresponding increase in the county’s capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2005:

<u>Fund/Purpose</u>	<u>Amount</u>
<u>Primary Government:</u>	
General:	
Parks and recreation	\$ 120,750
Fire service	6,785
 <u>School Department:</u>	
General Purpose School:	
Extended school program	36,954

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 assets

Primary Government

Exhibit C-2 presents a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including debt payable, are not due and payable in the current period and therefore are not reported in the funds. The details of the \$23,547,441 difference are as follows:

Bonds payable	\$ (22,107,978)
Deferred charges - discount (to be amortized over life of debt)	37,794
Deferred charges - issuance costs (to be amortized over life of debt)	109,956
Accrued interest payable	(367,087)
Landfill closure/postclosure care costs	(508,280)
Notes payable	(403,875)
Capital leases payable	(70,008)
Compensated absences	<u>(237,963)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u><u>\$ (23,547,441)</u></u>

Discretely Presented Fayette County School Department

Exhibit J-3 presents a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including debt payable, are not due and payable in the current period and therefore are not reported in the funds. The details of the \$483,084 difference are as follows:

Accrued interest payable	\$ (2,237)
Notes payable	(298,309)
Compensated absences	<u>(182,538)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (483,084)</u>

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 D-2 presents a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$532,798 difference are as follows:

Capital outlay	\$ 1,864,014
Depreciation expense	<u>(1,331,216)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 532,798</u>

Another element of that reconciliation states that 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$7,738,058 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (8,200,000)
Issuance of capital outlay notes	(403,875)
Related items:	
Deferred debt issuance costs	109,956
Deferred discount on debt proceeds	37,794
Principal repayments:	
Capital Leases	32,259
Bonds	<u>685,808</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (7,738,058)</u>

Another element of that reconciliation states that 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 governmental funds. The details of this \$75,636 difference are as follows:

Net change in compensated absences	\$ (16,017)
Net change in landfill closure/postclosure care costs	11,205
Net change in accrued interest on bonds	(69,471)
Net change in accrued interest on notes	(2,999)
Net change in accrued interest on capital leases	<u>1,646</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (75,636)</u>

Discretely Presented Fayette County School Department

The discretely presented Fayette County School Department's Exhibit J-5 presents a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$678,522 difference are as follows:

Capital outlay	\$ 695,327
Depreciation expense	<u>(1,373,849)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (678,522)</u>

Another element of that reconciliation states that 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 governmental funds. The details of this \$14,341 difference are as follows:

Net change in compensated absences	\$ (14,861)
Net change in accrued interest on notes	<u>520</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (14,341)</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Fund Deficit

The Education Capital Projects Fund had a fund deficit of \$486,277 at June 30, 2005. This fund deficit resulted from expenditures exceeding available funds and the unperformed portions of construction contracts of \$207,488 being reserved as encumbrances. Funding for these current and future expenditures is expected to be received from the issuance of debt.

B. Cash Shortage

The Office of Director of Schools had a remaining cash shortage of \$10,371 as of June 30, 2005. Details of this cash shortage were reflected in the Schedule of Findings and Questioned Costs of the Annual Financial Report for the 2001-02 fiscal year.

C. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations approved by the County Commission in the General Debt Service (\$930) and Solid Waste/Sanitation (\$15,677) Funds. Also, expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) in the General Fund:

Fund	Major Appropriation Category	Amount
General	Election Commission	\$ 4,297
"	Soil Conservation	28
"	Airport	64,353
"	Miscellaneous	289
"	Transfers Out	225,522

Such overexpenditures are a violation of state statute. These overexpenditures were funded by available fund balance.

D. The Actual Fund Balance Exceeded the Estimated Beginning Fund Balance by a Material Amount

The actual fund balance in the General Fund was \$2,470,890 at July 1, 2004; however, the estimated fund balance reflected in the county's budget was \$1,089,066. Therefore, the actual fund balance was \$1,381,824 more than the estimated fund balance presented to the County Commission.

E. The County Had Deposits That Were Exposed to Custodial Credit Risk

The county clerk, general sessions court clerk, and clerk and master did not require depositories holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage in the amounts of \$54,921, \$13,538, and \$219,000, respectively. Section 5-8-201, Tennessee Code Annotated, provides for county officials to require any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of such county funds.

F. The County Had an Unauthorized Investment and Investments Subject to Credit Risk

The county had an investment totaling \$7,906,567 in Federal Home Loan Mortgage Corporation (Freddie Mac) securities at June 30, 2005. This investment is not an investment type permitted by Section 5-8-301, Tennessee Code Annotated. This investment matured in July 2005 and was replaced with an authorized investment. In addition to the Freddie Mac the county had an investment with the Federal National Mortgage Association (Fannie Mae, \$251,421). Both of these investments are government sponsored enterprises that are independent organizations not backed by the full faith and credit of the federal government and therefore are subject to credit risk.

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 assets as Equity in Pooled Cash and Investments. Cash and Investments reflected on the balance sheets or statements of net assets represent 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. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

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

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, Fayette County's deposits may not be returned to it. Fayette County does not have a formal policy that limits custodial credit risks for deposits. As of June 30, 2005, bank balances of \$287,459 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 287,549</u>
Total	<u><u>\$ 287,549</u></u>

This \$287,549 consisted of nonpooled bank deposits reported in the fiduciary funds. Uninsured and uncollateralized deposits are a violation of state statutes.

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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating

service; 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 director of Local Finance 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 market value of the securities on the day of purchase. The county's investment in Federal Home Loan Mortgage Corporation (Freddie Mac) of \$7,906,567 is not authorized by state statute. This investment matured July 2005, and was reinvested in authorized securities.

Investment Balances. As of June 30, 2005, Fayette County had the following investments carried at fair value. Separate disclosures concerning pooled investments cannot be made for Fayette County and the discretely presented Fayette County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Fair Value
Federal Home Loan Mortgage Corporation (Freddie Mac)	7-26-05	\$ 7,906,567
Federal National Mortgage Association (Fannie Mae)	7-27-05	251,420
Total		\$ 8,157,987

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Fayette County has no investment policy that would further limit its investment choices. Fayette County's investments with the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal National Mortgage Association (Fannie Mae) are government sponsored enterprises that are independent organizations not backed by the full faith and credit of the federal government and, therefore, the county could lose its investments if these enterprises were to fail. At June 30, 2005, Fayette County officials did not provide auditors with rating information on the investments in the Federal Home Loan Mortgage Corporation and Federal National Mortgage Association securities.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Fayette County places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are in the Federal Home Loan Mortgage Corporation. These investments are 97 percent of the county's total investments.

B. Capital Assets

Capital asset activity for the year ended June 30, 2005, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 1,570,348	\$ 0	\$ 0	\$ 1,570,348
Construction in Progress	0	465,302	0	465,302
Total Capital Assets Not Depreciated	\$ 1,570,348	\$ 465,302	\$ 0	\$ 2,035,650
Capital Assets Depreciated:				
Buildings and Improvements	\$ 3,645,890	\$ 0	\$ 0	\$ 3,645,890
Infrastructure	95,634,966	1,179,382	0	96,814,348
Other Capital Assets	5,569,011	219,330	(341,080)	5,447,261
Total Capital Assets Depreciated	\$ 104,849,867	\$ 1,398,712	\$ (341,080)	\$ 105,907,499

Governmental Activities: (Cont.)

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,431,295	\$ 129,702	\$ 0	\$ 1,560,997
Infrastructure	80,539,129	823,439	0	81,362,568
Other Capital Assets	4,059,658	378,075	(341,080)	4,096,653
Total Accumulated Depreciation	\$ 86,030,082	\$ 1,331,216	\$ (341,080)	\$ 87,020,218
Total Capital Assets Depreciated, Net	\$ 18,819,785	\$ 67,496	\$ 0	\$ 18,887,281
Governmental Activities Capital Assets, Net	\$ 20,390,133	\$ 532,798	\$ 0	\$ 20,922,931

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

Governmental Activities:

General Government	\$ 40,707
Finance	3,321
Administration of Justice	4,643
Public Safety	125,535
Public Health and Welfare	128,417
Social, Cultural, and Recreational Services	10,200
Other Operations	176,365
Highway/Public Works	<u>842,028</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,331,216</u>

Discretely Presented Fayette County School Department

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 359,607	\$ 0	\$ 0	\$ 359,607
Construction in Progress	0	682,327	0	682,327
Total Capital Assets Not Depreciated	\$ 359,607	\$ 682,327	\$ 0	\$ 1,041,934
Capital Assets Depreciated:				
Land Improvements	\$ 112,305	\$ 0	\$ 0	\$ 112,305
Buildings and Improvements	33,162,497	0	0	33,162,497
Infrastructure	433,679	0	0	433,679
Other Capital Assets	4,779,472	13,000	(14,354)	4,778,118
Total Capital Assets Depreciated	\$ 38,487,953	\$ 13,000	\$ (14,354)	\$ 38,486,599
Less Accumulated Depreciation For:				
Land Improvements	\$ 108,967	\$ 2,225	\$ 0	\$ 111,192
Buildings and Improvements	17,059,544	1,035,823	0	18,095,367
Infrastructure	353,434	15,198	0	368,632
Other Capital Assets	3,561,567	320,603	(14,354)	3,867,816
Total Accumulated Depreciation	\$ 21,083,512	\$ 1,373,849	\$ (14,354)	\$ 22,443,007
Total Capital Assets Depreciated, Net	\$ 17,404,441	\$ (1,360,849)	\$ 0	\$ 16,043,592
Governmental Activities Capital Assets, Net	\$ 17,764,048	\$ (678,522)	\$ 0	\$ 17,085,526

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

Governmental Activities:

Instruction	\$ 724,614
Support Services	344,412
Operation of Non-Instructional Services	<u>304,823</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,373,849</u></u>

C. Construction Commitments

At June 30, 2005, the Highway Department had uncompleted construction contracts of approximately \$149,982 for road construction. Funding has been received for these future expenditures.

At June 30, 2005, the discretely presented Fayette County School Department's Education Capital Projects Fund had uncompleted construction contracts of \$207,488 for school construction. Funding for these future expenditures is expected to be received from school bond anticipation notes.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2005, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 36,593
Discretely Presented School Department:		
General Purpose Schools	School Federal Projects	30,338

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 discretely presented Fayette County School Department's General Purpose School Fund (\$30,338) was in transit from the School Federal Projects Fund at June 30, 2005.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2005, consisted of the following amounts:

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u>	
	General Capital Projects Fund	Nonmajor Governmental Funds
General Fund	\$ 225,522	\$ 11,232

Discretely Presented Fayette County School Department

<u>Transfers Out</u>	<u>Transfers In</u>
	General Purpose School Fund
School Federal Projects Fund	\$ 36,396

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

E. Capital Leases

On July 16, 1999, Fayette County entered into a seven-year lease-purchase agreement for fire trucks. The terms of the agreement require total lease payments of \$215,157 plus interest of 5.57 percent. Title to the equipment transfers to Fayette County at the end of the lease period. The lease payments are made by the General Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2005, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2006	\$ 37,955
2007	<u>37,956</u>
Total Minimum Lease Payments Amounts Representing Interest	\$ 75,911 <u>(5,903)</u>
Present Value of Minimum Lease Payments	<u>\$ 70,008</u>

F. Long-term Debt

Primary Government

General Obligation Bonds and Notes

The county issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. 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 18 years for bonds and up to one year 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, 2005, will be retired from the General Debt Service Fund and the Solid Waste/Sanitation Fund.

General obligation bonds, capital outlay notes, and capital leases outstanding as of June 30, 2005, are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-05</u>
General Obligation Bonds	2.5 to 5.6 %	\$ 23,434,250	\$ 10,137,978
General Obligation Bonds - Refunding	3 to 5	12,170,000	11,970,000
Bond Anticipation Notes	2.97	403,875	403,875
Capital Leases	5.57	215,157	70,008

The annual requirements to amortize all general obligation bonds and notes as of June 30, 2005, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2006	\$ 677,978	\$ 997,371	\$ 403,875	\$ 8,996
2007	795,000	964,486	0	0
2008	880,000	927,704	0	0
2009	920,000	887,922	0	0
2010	955,000	850,311	0	0
2011-2015	5,840,000	3,575,913	0	0
2016-2020	7,090,000	2,095,068	0	0
2021-2025	2,510,000	889,913	0	0
2026-2029	2,440,000	286,944	0	0
Total	<u>\$ 22,107,978</u>	<u>\$ 11,475,632</u>	<u>\$ 403,875</u>	<u>\$ 8,996</u>

There is \$5,066,168 available in the General Debt Service Fund to service long-term debt. General bonded debt per capita amounted to \$767, based on the 2000 federal census. Total debt per capita, including bonds, notes, and capital leases, amounted to \$784, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2005, was as follows:

Governmental Activities:

	Bonds	Notes	Capital Leases
Balance, July 1, 2004	\$ 14,593,786	\$ 0	\$ 102,267
Additions	8,200,000	403,875	0
Deductions	(685,808)	0	(32,259)
Balance, June 30, 2005	<u>\$ 22,107,978</u>	<u>\$ 403,875</u>	<u>\$ 70,008</u>
Balance Due Within One Year	<u>\$ 677,978</u>	<u>\$ 403,875</u>	<u>\$ 34,056</u>

Governmental Activities: (Cont.)

	Compensated Absences	Landfill Closure/ Postclosure Care Costs	Claims and Judgments
Balance, July 1, 2004	\$ 221,946	\$ 519,485	\$ 40,000
Additions	133,540	0	0
Deductions	(117,523)	(11,205)	(40,000)
Balance, June 30, 2005	<u>\$ 237,963</u>	<u>\$ 508,280</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 117,000</u>	<u>\$ 11,205</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2005	\$ 23,328,104
Less: Balance Due Within One Year	(1,244,114)
Less: Deferred Discount on Debt	<u>(37,794)</u>
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	<u>\$ 22,046,196</u>

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

Defeasance of Prior Debt

In prior years, Fayette County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2005, the following outstanding bonds are considered defeased:

School General Obligation Bonds – Series 2000	\$11,605,000
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Discretely Presented Fayette County School Department

The annual requirements to amortize all notes as of June 30, 2005, including interest payments, are presented in the following table:

Year Ending June 30	Notes	
	Principal	Interest
2006	\$ 71,304	\$ 8,949
2007	73,443	6,810
2008	75,646	4,607
2009	77,916	2,337
Total	<u>\$ 298,309</u>	<u>\$ 22,703</u>

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Fayette County School Department for the year ended June 30, 2005, was as follows:

Governmental Activities:

	Notes		Compensated Absences	
Balance, July 1, 2004	\$	367,536	\$	167,677
Additions		0		81,683
Deductions		(69,227)		(66,822)
Balance, June 30, 2005	<u>\$</u>	<u>298,309</u>	<u>\$</u>	<u>182,538</u>
Balance Due Within One Year	<u>\$</u>	<u>71,304</u>	<u>\$</u>	<u>67,000</u>

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

V. OTHER INFORMATION

A. Risk Management

Primary Government

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, by the Tennessee County Service 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.

Fayette County continues to carry commercial insurance for the risks of losses to which it is exposed. These risks included general liability, property, casualty, and employee health and accident. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Discretely Presented Fayette County School Department

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 8-27-302, Tennessee Code Annotated (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.

The School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the School Boards Association, an association of member school boards. The School Department pays annual premiums to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TSB-RMT provides for it to be self-sustaining through member premiums. The TSB-RMT reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

B. Accounting Changes

At the beginning of the year, Fayette County implemented the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. In the prior year, Fayette County had only elected to implement the provisions of Statement 34 that related to the fund financial statements.

During the year, Fayette County adopted the provisions of Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. These provisions modified the county's previous custodial risk disclosures for deposits and investments and related collateral. These provisions also added disclosures about other types of risk, including credit risk, interest rate risk, foreign currency risk, and concentrations of credit risk. Governments are also required to provide brief disclosures about their deposit and investment policies that are related to any of the risks required to be disclosed.

C. Subsequent Events

On July 26, 2005, and August 30, 2005, Fayette County issued school bond anticipation notes totaling \$264,978 and \$131,487 respectively, for school construction.

D. Contingent Liabilities

The county is involved in several pending lawsuits. The county attorney 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. Landfill Closure/Postclosure Care Costs

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Fayette County has stopped accepting household waste and has placed the final cover on its landfill. Fayette County has a liability of \$508,280 for landfill postclosure care costs at June 30, 2005. This amount represents the estimated postclosure care liability costs for the next 21 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Retirement Commitments

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 Greene 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 www.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/PS/>.

Funding Policy

Fayette County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 7.77 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Fayette County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, Fayette County's annual pension cost of \$799,795 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2003, 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 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), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three 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 five-year period. Fayette 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, 2003, was 12 years.

Trend Information

Fiscal Year Ended	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$799,795	100%	\$0
6-30-04	623,034	100	0
6-30-03	579,962	100	0

Required Supplementary Information
Schedule of Funding Progress for Fayette County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a/b)	(c)	((b-a)/c)
6-30-03	\$19,085	\$20,736	\$1,651	92.04%	\$9,712	17.00%
6-30-01	16,814	18,703	1,889	89.90	7,575	24.94
6-30-99	14,332	15,692	1,360	91.33	7,228	18.82

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.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/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 Fayette County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2005, was 5.5 percent of annual covered payroll. The employer contribution requirement for the Fayette County 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, 2005, 2004, and 2003, were \$669,495, \$398,283, and \$347,453, respectively, equal to the required contributions for each year.

G. 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. This act provides for all purchases exceeding \$5,000 (excluding emergency purchases) to be made based on competitive bids solicited through newspaper advertisement.

Office of Public Works Superintendent

Chapter 234, Private Acts of 1974 and Section 54-7-113, Tennessee Code Annotated (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, Tennessee Code Annotated, 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 \$5,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Fayette County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,360,547	\$ 4,894,561	\$ 4,894,561	\$ 465,986
Licenses and Permits	438,154	210,500	210,500	227,654
Fines, Forfeitures and Penalties	152,539	136,600	141,962	10,577
Charges for Current Services	927,500	866,500	874,525	52,975
Other Local Revenues	60,050	39,500	60,430	(380)
Fees Received from County Officials	1,309,112	1,153,500	1,153,500	155,612
State of Tennessee	1,401,139	1,237,000	1,409,964	(8,825)
Federal Government	146,716	160,068	160,068	(13,352)
Other Governments and Citizens Groups	126,036	68,500	81,373	44,663
Total Revenues	\$ 9,921,793	\$ 8,766,729	\$ 8,986,883	\$ 934,910
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 99,081	\$ 125,460	\$ 125,460	\$ 26,379
Beer Board	532	917	917	385
County Mayor	77,342	79,396	79,396	2,054
Election Commission	166,922	162,625	162,625	(4,297)
Register of Deeds	30,402	38,198	38,198	7,796
Development	113,404	113,938	118,635	5,231
Building	86,165	87,607	87,910	1,745
County Buildings	136,240	203,932	203,932	67,692
Other Facilities	6,042	9,800	9,800	3,758
Other General Administration	27,267	27,400	27,400	133
<u>Finance</u>				
Accounting and Budgeting	125,070	128,654	128,654	3,584
Property Assessor's Office	204,831	210,554	210,554	5,723
County Trustee's Office	138,413	145,751	145,751	7,338
County Clerk's Office	174,767	193,978	193,978	19,211
<u>Administration of Justice</u>				
Circuit Court	142,369	164,467	166,467	24,098
General Sessions Court	123,471	127,418	127,418	3,947
General Sessions Judge	122,682	124,031	124,031	1,349
General Sessions Court Clerk	30,574	34,828	32,828	2,254
Drug Court	5,362	0	5,362	0
Chancery Court	149,849	160,154	160,154	10,305
Juvenile Court	67,487	76,142	76,142	8,655
District Attorney General	0	5,483	5,483	5,483
<u>Public Safety</u>				
Sheriff's Department	1,588,861	1,646,401	1,607,168	18,307
Drug Enforcement	87,913	75,351	109,252	21,339
Jail	1,055,754	1,014,724	1,058,147	2,393
Workhouse	29,591	31,184	31,184	1,593
Fire Prevention and Control	454,934	439,015	455,253	319

(Continued)

Exhibit F-1

Fayette County, Tennessee
Schedule 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>				
Civil Defense	\$ 56,420	\$ 172,618	\$ 172,618	\$ 116,198
Rescue Squad	22,318	23,350	23,350	1,032
County Coroner/Medical Examiner	19,072	20,000	20,000	928
Other Public Safety	158,834	140,193	159,593	759
<u>Public Health and Welfare</u>				
Local Health Center	50,177	50,394	50,394	217
Rabies and Animal Control	56,330	77,745	60,745	4,415
Ambulance/Emergency Medical Services	1,179,781	1,188,489	1,188,489	8,708
Dental Health Program	259,664	289,394	326,544	66,880
Crippled Children Services	2,216	2,216	2,216	0
Other Local Health Services	17,000	17,000	17,000	0
Appropriation to State	25,761	25,761	25,761	0
Aid to Dependent Children	1,690	2,750	2,750	1,060
Other Local Welfare Services	9,000	9,000	9,000	0
Sanitation Education/Information	52,104	52,197	52,197	93
<u>Social, Cultural and Recreational Services</u>				
Senior Citizens Assistance	30,000	30,000	30,000	0
Libraries	122,436	123,302	123,302	866
<u>Agriculture & Natural Resources</u>				
Agriculture Extension Service	79,609	95,084	95,084	15,475
Soil Conservation	52,506	52,478	52,478	(28)
<u>Other Operations</u>				
Industrial Development	570	1,800	1,800	1,230
Airport	237,602	53,443	173,249	(64,353)
Veterans' Services	906	6,801	6,801	5,895
Other Charges	191,309	280,900	271,900	80,591
Contributions to Other Agencies	20,321	21,091	21,091	770
Employee Benefits	915,109	994,776	1,001,710	86,601
Miscellaneous	2,855	500	2,566	(289)
Total Expenditures	\$ 8,808,915	\$ 9,158,690	\$ 9,382,737	\$ 573,822
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 1,112,878	\$ (391,961)	\$ (395,854)	\$ 1,508,732
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (236,754)	\$ 0	\$ (11,232)	\$ (225,522)
Total Other Financing Sources (Uses)	\$ (236,754)	\$ 0	\$ (11,232)	\$ (225,522)
Net Change in Fund Balance				
Fund Balance, July 1, 2004	\$ 876,124	\$ (391,961)	\$ (407,086)	\$ 1,283,210
	2,470,890	1,089,066	1,089,066	1,381,824
Fund Balance, June 30, 2005				
	\$ 3,347,014	\$ 697,105	\$ 681,980	\$ 2,665,034

Exhibit F-2

Fayette County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,660,028	\$ 0	\$ 0	\$ 1,660,028	\$ 1,551,960	\$ 1,551,960	\$ 108,068
Other Local Revenues	103,091	0	0	103,091	41,775	72,290	30,801
State of Tennessee	2,558,630	0	0	2,558,630	2,447,000	2,447,000	111,630
Federal Government	37,179	0	0	37,179	37,000	37,000	179
Other Governments and Citizens Groups	0	0	0	0	3,000	3,000	(3,000)
Total Revenues	\$ 4,358,928	\$ 0	\$ 0	\$ 4,358,928	\$ 4,080,735	\$ 4,111,250	\$ 247,678
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 148,200	\$ 0	\$ 0	\$ 148,200	\$ 145,542	\$ 154,242	\$ 6,042
Highway and Bridge Maintenance	1,365,381	0	0	1,365,381	1,460,004	1,411,804	46,423
Operation and Maintenance of Equipment	525,016	0	0	525,016	518,760	557,360	32,344
Other Charges	195,149	(2,950)	0	192,199	194,210	195,210	3,011
Employee Benefits	623,387	0	0	623,387	644,372	645,372	21,985
Capital Outlay	1,045,348	(146,341)	149,982	1,048,989	1,074,372	1,099,772	50,783
<u>Capital Projects</u>							
Highway & Street Capital Projects	87,091	0	0	87,091	273,475	273,475	186,384
Total Expenditures	\$ 3,989,572	\$ (149,291)	\$ 149,982	\$ 3,990,263	\$ 4,310,735	\$ 4,337,235	\$ 346,972
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 369,356	\$ 149,291	\$ (149,982)	\$ 368,665	\$ (230,000)	\$ (225,985)	\$ 594,650
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2004	\$ 786,112	(149,291)	0	636,821	805,526	805,526	(168,705)
Fund Balance, June 30, 2005	\$ 1,155,468	\$ 0	\$ (149,982)	\$ 1,005,486	\$ 575,526	\$ 579,541	\$ 425,945

FAYETTE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2005

A. BUDGETARY INFORMATION

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 State 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, Election Commission, etc.). Management may make revisions within major categories, but only the governing body may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) in the General Fund.

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Election Commission	\$ 4,297
Soil Conservation	28
Airport	64,353
Miscellaneous	289
Transfers Out	225,522

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

C. **THE ACTUAL BEGINNING FUND BALANCE EXCEEDED THE ESTIMATED BEGINNING FUND BALANCE BY A MATERIAL AMOUNT**

The actual beginning fund balance in the General Fund (\$2,470,890) was \$1,381,824 greater than the estimated fund balance (\$1,089,066) presented to the Fayette County Commission during the budget approval process.

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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.

District Attorney General Fund – The District Attorney General Fund is used to account for revenue held for the benefit of the Office of District Attorney General.

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

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

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for revenues received from federal grants for community development projects.

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

Exhibit G-1

Fayette County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	Special Revenue Funds					Total
	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	District Attorney General	Constitu - tional Officers - Fees	
<u>ASSETS</u>						
Cash	\$ 100	\$ 0	\$ 0	\$ 0	\$ 67,016	\$ 67,116
Equity in Pooled Cash and Investments	217,562	153,867	369,131	53,620	0	794,180
Accounts Receivable	19,591	0	7,089	0	420	27,100
Due from Other Governments	0	0	0	944	0	944
Accrued Interest Receivable	44,626	0	0	0	0	44,626
Total Assets	\$ 281,879	\$ 153,867	\$ 376,220	\$ 54,564	\$ 67,436	\$ 933,966
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,593	\$ 36,593
Other Deferred Revenues	44,626	0	0	0	0	44,626
Total Liabilities	\$ 44,626	\$ 0	\$ 0	\$ 0	\$ 36,593	\$ 81,219
<u>Fund Balances</u>						
Unreserved	\$ 237,253	\$ 153,867	\$ 376,220	\$ 54,564	\$ 30,843	\$ 852,747
Total Fund Balances	\$ 237,253	\$ 153,867	\$ 376,220	\$ 54,564	\$ 30,843	\$ 852,747
Total Liabilities and Fund Balances	\$ 281,879	\$ 153,867	\$ 376,220	\$ 54,564	\$ 67,436	\$ 933,966

(Continued)

Exhibit G-1

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

	<u>Capital Projects Funds</u>			
	Community Development/ Industrial Park	Other Capital Projects	Total	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 0	\$ 67,116
Equity in Pooled Cash and Investments	36,932	455	37,387	831,567
Accounts Receivable	0	0	0	27,100
Due from Other Governments	0	0	0	944
Accrued Interest Receivable	0	0	0	44,626
Total Assets	<u>\$ 36,932</u>	<u>\$ 455</u>	<u>\$ 37,387</u>	<u>\$ 971,353</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 36,593
Other Deferred Revenues	36,932	0	36,932	81,558
Total Liabilities	<u>\$ 36,932</u>	<u>\$ 0</u>	<u>\$ 36,932</u>	<u>\$ 118,151</u>
<u>Fund Balances</u>				
Unreserved	\$ 0	\$ 455	\$ 455	\$ 853,202
Total Fund Balances	<u>\$ 0</u>	<u>\$ 455</u>	<u>\$ 455</u>	<u>\$ 853,202</u>
Total Liabilities and Fund Balances	<u>\$ 36,932</u>	<u>\$ 455</u>	<u>\$ 37,387</u>	<u>\$ 971,353</u>

Exhibit G-2

Fayette County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

	Special Revenue Funds					Total	Capital	Total
	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	District Attorney General	Constitu - tional Officers - Fees		Projects Fund	
<u>Revenues</u>								
Local Taxes	\$ 0	\$ 0	\$ 381,759	\$ 0	\$ 0	\$ 381,759	\$ 0	\$ 381,759
Fines, Forfeitures and Penalties	0	61,070	0	15,808	0	76,878	0	76,878
Charges for Current Services	235,762	0	0	0	138,049	373,811	0	373,811
Other Local Revenues	418,042	0	0	0	0	418,042	0	418,042
State of Tennessee	44,740	0	0	0	0	44,740	0	44,740
Federal Government	18,255	0	0	0	0	18,255	0	18,255
Total Revenues	\$ 716,799	\$ 61,070	\$ 381,759	\$ 15,808	\$ 138,049	\$ 1,313,485	\$ 0	\$ 1,313,485
<u>Expenditures</u>								
Current:								
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 122,481	\$ 122,481	\$ 0	\$ 122,481
Administration of Justice	0	0	0	17,251	16,355	33,606	0	33,606
Public Safety	0	36,728	0	0	0	36,728	0	36,728
Public Health and Welfare	802,763	0	0	0	0	802,763	0	802,763
Other Operations	0	0	5,539	0	0	5,539	0	5,539
Capital Projects	0	0	0	0	0	0	403,420	403,420
Total Expenditures	\$ 802,763	\$ 36,728	\$ 5,539	\$ 17,251	\$ 138,836	\$ 1,001,117	\$ 403,420	\$ 1,404,537
Excess (Deficiency) of Revenues Over Expenditures	\$ (85,964)	\$ 24,342	\$ 376,220	\$ (1,443)	\$ (787)	\$ 312,368	\$ (403,420)	\$ (91,052)
<u>Other Financing Sources (Uses)</u>								
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 403,875	\$ 403,875
Transfers In	0	11,232	0	0	0	11,232	0	11,232
Total Other Financing Sources (Uses)	\$ 0	\$ 11,232	\$ 0	\$ 0	\$ 0	\$ 11,232	\$ 403,875	\$ 415,107
Net Change in Fund Balances	\$ (85,964)	\$ 35,574	\$ 376,220	\$ (1,443)	\$ (787)	\$ 323,600	\$ 455	\$ 324,055
Fund Balance, July 1, 2004	323,217	118,293	0	56,007	31,630	529,147	0	529,147
Fund Balance, June 30, 2005	\$ 237,253	\$ 153,867	\$ 376,220	\$ 54,564	\$ 30,843	\$ 852,747	\$ 455	\$ 853,202

Exhibit G-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, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 235,762	\$ 246,250	\$ 246,250	\$ (10,488)
Other Local Revenues	418,042	448,100	457,800	(39,758)
State of Tennessee	44,740	35,000	60,000	(15,260)
Federal Government	18,255	24,000	24,000	(5,745)
Total Revenues	<u>\$ 716,799</u>	<u>\$ 753,350</u>	<u>\$ 788,050</u>	<u>\$ (71,251)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 336,517	\$ 250,000	\$ 275,000	\$ (61,517)
Landfill Operation and Maintenance	466,246	502,386	512,086	45,840
Total Expenditures	<u>\$ 802,763</u>	<u>\$ 752,386</u>	<u>\$ 787,086</u>	<u>\$ (15,677)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (85,964)</u>	<u>\$ 964</u>	<u>\$ 964</u>	<u>\$ (86,928)</u>
Net Change in Fund Balance	\$ (85,964)	\$ 964	\$ 964	\$ (86,928)
Fund Balance, July 1, 2004	<u>323,217</u>	<u>325,828</u>	<u>325,828</u>	<u>(2,611)</u>
Fund Balance, June 30, 2005	<u>\$ 237,253</u>	<u>\$ 326,792</u>	<u>\$ 326,792</u>	<u>\$ (89,539)</u>

Exhibit G-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, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures and Penalties	\$ 61,070	\$ 51,155	\$ 72,105	\$ (11,035)
Total Revenues	\$ 61,070	\$ 51,155	\$ 72,105	\$ (11,035)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 36,728	\$ 15,400	\$ 47,582	\$ 10,854
Total Expenditures	\$ 36,728	\$ 15,400	\$ 47,582	\$ 10,854
Excess (Deficiency) of Revenues Over Expenditures	\$ 24,342	\$ 35,755	\$ 24,523	\$ (181)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 11,232	\$ 0	\$ 11,232	\$ 0
Total Other Financing Sources (Uses)	\$ 11,232	\$ 0	\$ 11,232	\$ 0
Net Change in Fund Balance	\$ 35,574	\$ 35,755	\$ 35,755	\$ (181)
Fund Balance, July 1, 2004	118,293	118,793	118,793	(500)
Fund Balance, June 30, 2005	\$ 153,867	\$ 154,548	\$ 154,548	\$ (681)

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Exhibit H

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, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,475,900	\$ 1,395,101	\$ 1,395,101	\$ 80,799
Other Local Revenues	11,113	0	0	11,113
Total Revenues	<u>\$ 1,487,013</u>	<u>\$ 1,395,101</u>	<u>\$ 1,395,101</u>	<u>\$ 91,912</u>
<u>Expenditures</u>				
<u>Principal</u>				
Education	\$ 635,000	\$ 605,000	\$ 635,000	\$ 0
<u>Interest</u>				
General Government	165,047	0	165,047	0
Education	698,500	728,250	698,500	0
<u>Other Debt Service</u>				
General Government	61,455	57,000	57,000	(4,455)
Education	1,076	4,851	4,601	3,525
Total Expenditures	<u>\$ 1,561,078</u>	<u>\$ 1,395,101</u>	<u>\$ 1,560,148</u>	<u>\$ (930)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (74,065)</u>	<u>\$ 0</u>	<u>\$ (165,047)</u>	<u>\$ 90,982</u>
Net Change in Fund Balance	\$ (74,065)	\$ 0	\$ (165,047)	\$ 90,982
Fund Balance, July 1, 2004	<u>5,140,233</u>	<u>5,063,594</u>	<u>5,063,594</u>	<u>76,639</u>
Fund Balance, June 30, 2005	<u>\$ 5,066,168</u>	<u>\$ 5,063,594</u>	<u>\$ 4,898,547</u>	<u>\$ 167,621</u>

Fiduciary Funds

Agency Funds are used to account for assets held by the county 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.

Cities - Property Tax Fund – The Cities - Property Tax Fund is used to account for local taxes collected by the county trustee for the City of Hickory Withe.

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 I-1

Fayette County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

	Agency Funds			Total
	Cities - Sales Tax	Watershed District	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 42,792	\$ 0	\$ 42,792
Cash	0	0	2,935,097	2,935,097
Due from Other Governments	230,000	0	0	230,000
Total Assets	<u>\$ 230,000</u>	<u>\$ 42,792</u>	<u>\$ 2,935,097</u>	<u>\$ 3,207,889</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 230,000	\$ 42,792	\$ 0	\$ 272,792
Due to Litigants, Heirs, and Others	0	0	2,935,097	2,935,097
Total Liabilities	<u>\$ 230,000</u>	<u>\$ 42,792</u>	<u>\$ 2,935,097</u>	<u>\$ 3,207,889</u>

Exhibit I-2

Fayette County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2005

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,368,987	\$ 1,368,987	\$ 0
Due From Other Governments	220,286	230,000	220,286	230,000
Total Assets	\$ 220,286	\$ 1,598,987	\$ 1,589,273	\$ 230,000
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 220,286	\$ 1,598,987	\$ 1,589,273	\$ 230,000
Total Liabilities	\$ 220,286	\$ 1,598,987	\$ 1,589,273	\$ 230,000
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 764,702	\$ 7,137	\$ 771,839	\$ 0
Total Assets	\$ 764,702	\$ 7,137	\$ 771,839	\$ 0
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 764,702	\$ 7,137	\$ 771,839	\$ 0
Total Liabilities	\$ 764,702	\$ 7,137	\$ 771,839	\$ 0
<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	\$ 2,596,294	\$ 13,765,057	\$ 13,426,254	\$ 2,935,097
Total Assets	\$ 2,596,294	\$ 13,765,057	\$ 13,426,254	\$ 2,935,097
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,596,294	\$ 13,765,057	\$ 13,426,254	\$ 2,935,097
Total Liabilities	\$ 2,596,294	\$ 13,765,057	\$ 13,426,254	\$ 2,935,097

(Continued)

Exhibit I-2

Fayette County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 807,494	\$ 1,376,124	\$ 2,140,826	\$ 42,792
Cash	2,596,294	13,765,057	13,426,254	2,935,097
Due From Other Governments	220,286	230,000	220,286	230,000
Total Assets	<u>\$ 3,624,074</u>	<u>\$ 15,371,181</u>	<u>\$ 15,787,366</u>	<u>\$ 3,207,889</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,027,780	\$ 1,606,124	\$ 2,361,112	\$ 272,792
Due to Litigants, Heirs, and Others	2,596,294	13,765,057	13,426,254	2,935,097
Total Liabilities	<u>\$ 3,624,074</u>	<u>\$ 15,371,181</u>	<u>\$ 15,787,366</u>	<u>\$ 3,207,889</u>

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 Fayette County 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 – 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 J-1

Fayette County, Tennessee
Statement of Activities
Discretely Presented Fayette County School Department
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets Total Governmental Activities
Component Unit:					
Governmental Activities:					
Instruction	\$ 17,950,657	\$ 36,250	\$ 4,985,286	\$ 395,920	\$ (12,533,201)
Support Services	9,299,225	20,457	935,153	0	(8,343,615)
Operation of Non-Instructional Services	2,439,087	422,877	1,724,717	0	(291,493)
Interest on Long-term Debt	10,506	0	0	0	(10,506)
Total Governmental Activities	\$ 29,699,475	\$ 479,584	\$ 7,645,156	\$ 395,920	\$ (21,178,815)
General Revenues:					
Taxes:					
Property taxes levied for general purposes					\$ 4,139,863
Local option sales tax					1,707,791
Other local taxes					4,883
Grants & Contributions not restricted for specific programs					13,078,653
Miscellaneous					103,738
Total General Revenues					\$ 19,034,928
Change in net assets					\$ (2,143,887)
Net assets, July 1, 2004					20,376,681
Net assets, June 30, 2005					\$ 18,232,794

Exhibit J-2

Fayette County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Fayette County School Department
June 30, 2005

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 299,224	\$ 262,703	\$ 321,529	\$ 883,456
Accounts Receivable	33,712	1,211	622	35,545
Due from Other Governments	580,020	375,297	151,596	1,106,913
Due from Other Funds	30,338	0	0	30,338
Property Taxes Receivable	4,200,344	0	0	4,200,344
Allowance for Uncollectible Property Taxes	(188,059)	0	0	(188,059)
Cash Shortage	10,371	0	0	10,371
Total Assets	\$ 4,965,950	\$ 639,211	\$ 473,747	\$ 6,078,908
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 0	\$ 254	\$ 254
Accrued Payroll	62,640	86,923	1,406	150,969
Payroll Deductions Payable	139,836	11,816	992	152,644
Contracts Payable	5,750	0	245,216	250,966
Retainage Payable	0	0	43,441	43,441
Deferred Revenue - Current Property Taxes	3,850,282	0	0	3,850,282
Deferred Revenue - Delinquent Property Taxes	141,831	0	0	141,831
Other Deferred Revenues	180,438	0	0	180,438
Total Liabilities	\$ 4,380,777	\$ 98,739	\$ 291,309	\$ 4,770,825
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 105,418	\$ 295,084	\$ 207,488	\$ 607,990
Reserved for Career Ladder - Extended Contract	11,994	0	0	11,994
Reserved for Title I Grants to Local Education Agencies	0	116,823	0	116,823
Reserved for Special Education - Grants to States	0	78,827	0	78,827
Other Federal Reserves	0	49,738	0	49,738
Unreserved, Reported In:				
General Fund	467,761	0	0	467,761
Special Revenue Funds	0	0	461,227	461,227
Capital Projects Funds (Deficit)	0	0	(486,277)	(486,277)
Total Fund Balances	\$ 585,173	\$ 540,472	\$ 182,438	\$ 1,308,083
Total Liabilities and Fund Balances	\$ 4,965,950	\$ 639,211	\$ 473,747	\$ 6,078,908

Exhibit J-3

Fayette County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
Discretely Presented Fayette County School Department
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)	\$ 1,308,083
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	17,085,526
(2) Long-term liabilities are not due in the current period and therefore are not reported in the funds.	(483,084)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	<u>322,269</u>
Net assets of governmental activities (Exhibit A)	<u><u>\$ 18,232,794</u></u>

Exhibit J-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, 2005

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 5,810,905	\$ 0	\$ 0	\$ 5,810,905
Licenses and Permits	2,604	0	0	2,604
Charges for Current Services	40,844	0	422,507	463,351
Other Local Revenues	137,777	0	8,261	146,038
State of Tennessee	13,606,652	0	23,647	13,630,299
Federal Government	978,046	5,359,119	1,581,249	7,918,414
Other Governments and Citizens Groups	0	0	395,920	395,920
Total Revenues	<u>\$ 20,576,828</u>	<u>\$ 5,359,119</u>	<u>\$ 2,431,584</u>	<u>\$ 28,367,531</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 12,798,138	\$ 4,250,669	\$ 0	\$ 17,048,807
Support Services	8,057,392	929,480	0	8,986,872
Operation of Non-Instructional Services	34,215	0	1,982,805	2,017,020
Capital Outlay	149,000	0	0	149,000
Debt Service:				
Principal	69,227	0	0	69,227
Interest	11,026	0	0	11,026
Capital Projects	0	0	682,327	682,327
Total Expenditures	<u>\$ 21,118,998</u>	<u>\$ 5,180,149</u>	<u>\$ 2,665,132</u>	<u>\$ 28,964,279</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (542,170)</u>	<u>\$ 178,970</u>	<u>\$ (233,548)</u>	<u>\$ (596,748)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 36,396	\$ 0	\$ 0	\$ 36,396
Transfers Out	0	(36,396)	0	(36,396)
Total Other Financing Sources (Uses)	<u>\$ 36,396</u>	<u>\$ (36,396)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (505,774)	\$ 142,574	\$ (233,548)	\$ (596,748)
Fund Balance, July 1, 2004	<u>1,090,947</u>	<u>397,898</u>	<u>415,986</u>	<u>1,904,831</u>
Fund Balance, June 30, 2005	<u>\$ 585,173</u>	<u>\$ 540,472</u>	<u>\$ 182,438</u>	<u>\$ 1,308,083</u>

Exhibit J-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, 2005

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

Net change in fund balances - total governmental funds (Exhibit J-4)	\$ (596,748)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays were less than depreciation in the current period.	(678,522)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(923,503)
(3) The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	69,227
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(14,341)</u>
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ (2,143,887)</u></u>

Fayette County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Fayette County School Department
June 30, 2005

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 312,411	\$ 9,118	\$ 321,529
Accounts Receivable	622	0	622
Due from Other Governments	151,596	0	151,596
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 464,629	\$ 9,118	\$ 473,747
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 254	\$ 0	\$ 254
Accrued Payroll	1,406	0	1,406
Payroll Deductions Payable	992	0	992
Contracts Payable	750	244,466	245,216
Retainage Payable	0	43,441	43,441
Total Liabilities	\$ 3,402	\$ 287,907	\$ 291,309
	<hr/>	<hr/>	<hr/>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 0	\$ 207,488	\$ 207,488
Unreserved (Deficit)	461,227	(486,277)	(25,050)
Total Fund Balances	\$ 461,227	\$ (278,789)	\$ 182,438
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 464,629	\$ 9,118	\$ 473,747
	<hr/>	<hr/>	<hr/>

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, 2005

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	
<u>Revenues</u>			
Charges for Current Services	\$ 422,507	\$ 0	\$ 422,507
Other Local Revenues	8,261	0	8,261
State of Tennessee	23,647	0	23,647
Federal Government	1,581,249	0	1,581,249
Other Governments and Citizens Groups	0	395,920	395,920
Total Revenues	<u>\$ 2,035,664</u>	<u>\$ 395,920</u>	<u>\$ 2,431,584</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 1,982,805	\$ 0	\$ 1,982,805
Capital Projects	0	682,327	682,327
Total Expenditures	<u>\$ 1,982,805</u>	<u>\$ 682,327</u>	<u>\$ 2,665,132</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 52,859</u>	<u>\$ (286,407)</u>	<u>\$ (233,548)</u>
Net Change in Fund Balances	\$ 52,859	\$ (286,407)	\$ (233,548)
Fund Balance, July 1, 2004	408,368	7,618	415,986
Fund Balance, June 30, 2005	<u>\$ 461,227</u>	<u>\$ (278,789)</u>	<u>\$ 182,438</u>

Exhibit J-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, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 5,810,905	\$ 0	\$ 0	\$ 5,810,905	\$ 5,960,000	\$ 5,960,000	\$ (149,095)
Licenses and Permits	2,604	0	0	2,604	3,000	3,000	(396)
Charges for Current Services	40,844	0	0	40,844	30,906	33,793	7,051
Other Local Revenues	137,777	0	0	137,777	109,528	135,480	2,297
State of Tennessee	13,606,652	0	0	13,606,652	13,394,352	13,580,944	25,708
Federal Government	978,046	0	0	978,046	937,470	1,034,370	(56,324)
Total Revenues	\$ 20,576,828	\$ 0	\$ 0	\$ 20,576,828	\$ 20,435,256	\$ 20,747,587	\$ (170,759)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 10,126,398	\$ (1,025)	\$ 95,108	\$ 10,220,481	\$ 10,052,344	\$ 10,272,889	\$ 52,408
Special Education Program	1,746,984	0	0	1,746,984	1,731,000	1,755,167	8,183
Vocational Education Program	854,868	0	0	854,868	856,850	876,390	21,522
Adult Education Program	69,888	0	0	69,888	67,797	78,919	9,031
<u>Support Services</u>							
Attendance	76,573	0	0	76,573	76,505	77,033	460
Health Services	71,036	0	0	71,036	82,144	74,843	3,807
Other Student Support	442,544	(90)	1,206	443,660	433,495	444,838	1,178
Regular Instruction Program	892,835	0	2,302	895,137	881,559	897,138	2,001
Special Education Program	248,456	0	0	248,456	246,867	248,456	0
Vocational Education Program	336,190	0	0	336,190	376,071	365,457	29,267
Adult Programs	177,672	0	0	177,672	186,980	192,748	15,076
Board of Education	461,617	0	0	461,617	455,153	490,353	28,736
Director of Schools	211,637	0	1,538	213,175	213,916	213,916	741
Office of the Principal	1,175,885	0	0	1,175,885	1,161,187	1,190,065	14,180
Fiscal Services	173,878	0	0	173,878	178,147	178,147	4,269

(Continued)

Exhibit J-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 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Operation of Plant	\$ 1,548,796	\$ 0	\$ 0	\$ 1,548,796	\$ 1,450,619	\$ 1,567,721	\$ 18,925
Maintenance of Plant	545,877	(10,416)	5,264	540,725	550,027	550,027	9,302
Transportation	1,524,170	0	0	1,524,170	1,417,110	1,625,990	101,820
Central and Other	170,226	0	0	170,226	139,734	172,760	2,534
<u>Operation of Non-Instructional Services</u>							
Community Services	34,215	0	0	34,215	31,965	34,852	637
<u>Capital Outlay</u>							
Regular Capital Outlay	149,000	0	0	149,000	149,000	249,000	100,000
<u>Principal</u>							
Education	69,227	0	0	69,227	69,228	69,228	1
<u>Interest</u>							
Education	11,026	0	0	11,026	11,026	11,026	0
Total Expenditures	\$ 21,118,998	\$ (11,531)	\$ 105,418	\$ 21,212,885	\$ 20,818,724	\$ 21,636,963	\$ 424,078
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (542,170)	\$ 11,531	\$ (105,418)	\$ (636,057)	\$ (383,468)	\$ (889,376)	\$ 253,319
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 110,728	\$ (110,728)
Transfers In	36,396	0	0	36,396	41,646	41,646	(5,250)
Total Other Financing Sources (Uses)	\$ 36,396	\$ 0	\$ 0	\$ 36,396	\$ 41,646	\$ 152,374	\$ (115,978)

(Continued)

Exhibit J-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 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (505,774)	\$ 11,531	\$ (105,418)	\$ (599,661)	\$ (341,822)	\$ (737,002)	\$ 137,341
Fund Balance, July 1, 2004	1,090,947	(11,531)	0	1,079,416	1,063,045	1,063,045	16,371
Fund Balance, June 30, 2005	\$ 585,173	\$ 0	\$ (105,418)	\$ 479,755	\$ 721,223	\$ 326,043	\$ 153,712

Exhibit J-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, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 5,359,119	\$ 0	\$ 0	\$ 5,359,119	\$ 3,738,984	\$ 5,672,849	\$ (313,730)
Total Revenues	\$ 5,359,119	\$ 0	\$ 0	\$ 5,359,119	\$ 3,738,984	\$ 5,672,849	\$ (313,730)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 3,208,680	\$ (97)	\$ 279,519	\$ 3,488,102	\$ 2,180,740	\$ 3,829,035	\$ 340,933
Special Education Program	912,783	0	0	912,783	850,353	952,423	39,640
Vocational Education Program	129,206	0	0	129,206	82,003	129,205	(1)
<u>Support Services</u>							
Health Services	37,458	0	0	37,458	37,456	37,456	(2)
Other Student Support	61,785	0	0	61,785	57,486	61,856	71
Regular Instruction Program	564,637	0	10,465	575,102	591,266	673,421	98,319
Special Education Program	142,912	(4,200)	5,100	143,812	174,778	183,088	39,276
Vocational Education Program	2,934	0	0	2,934	4,506	2,934	0
Operation of Plant	7,634	0	0	7,634	7,500	12,500	4,866
Maintenance of Plant	0	0	0	0	750	250	250
Transportation	112,120	0	0	112,120	104,100	142,636	30,516
Total Expenditures	\$ 5,180,149	\$ (4,297)	\$ 295,084	\$ 5,470,936	\$ 4,090,938	\$ 6,024,804	\$ 553,868
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 178,970	\$ 4,297	\$ (295,084)	\$ (111,817)	\$ (351,954)	\$ (351,955)	\$ 240,138
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (36,396)	\$ 0	\$ 0	\$ (36,396)	\$ (41,646)	\$ (41,646)	\$ 5,250
Total Other Financing Sources (Uses)	\$ (36,396)	\$ 0	\$ 0	\$ (36,396)	\$ (41,646)	\$ (41,646)	\$ 5,250

(Continued)

Exhibit J-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 (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 142,574	\$ 4,297	\$ (295,084)	\$ (148,213)	\$ (393,600)	\$ (393,601)	\$ 245,388
Fund Balance, July 1, 2004	397,898	(4,297)	0	393,601	393,600	397,898	(4,297)
Fund Balance, June 30, 2005	\$ 540,472	\$ 0	\$ (295,084)	\$ 245,388	\$ 0	\$ 4,297	\$ 241,091

Exhibit J-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, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive - (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 422,507	\$ 386,997	\$ 404,297	\$ 18,210
Other Local Revenues	8,261	25,000	15,000	(6,739)
State of Tennessee	23,647	24,000	23,647	0
Federal Government	1,581,249	1,552,030	1,545,030	36,219
Total Revenues	<u>\$ 2,035,664</u>	<u>\$ 1,988,027</u>	<u>\$ 1,987,974</u>	<u>\$ 47,690</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,982,805	\$ 1,988,027	\$ 2,068,940	\$ 86,135
Total Expenditures	<u>\$ 1,982,805</u>	<u>\$ 1,988,027</u>	<u>\$ 2,068,940</u>	<u>\$ 86,135</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 52,859</u>	<u>\$ 0</u>	<u>\$ (80,966)</u>	<u>\$ 133,825</u>
Net Change in Fund Balance	\$ 52,859	\$ 0	\$ (80,966)	\$ 133,825
Fund Balance, July 1, 2004	408,368	408,367	408,367	1
Fund Balance, June 30, 2005	<u>\$ 461,227</u>	<u>\$ 408,367</u>	<u>\$ 327,401</u>	<u>\$ 133,826</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Fayette County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, and Bonds
Primary Government and Discretely Presented Fayette County School Department
For the Year Ended June 30, 2005

Description of Indebtedness	Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-05
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Bond Anticipation Note, Series 2005	\$ 403,875	2.97%	4-8-05	4-8-06	\$ 0	\$ 403,875	\$ 0	\$ 403,875
Total Notes Payable					\$ 0	\$ 403,875	\$ 0	\$ 403,875
<u>CAPITAL LEASES</u>								
<u>Payable through General Fund</u>								
Fire Trucks	215,157	5.57	7-16-1999	7-16-06	\$ 102,267	\$ 0	\$ 32,259	\$ 70,008
Total Capital Leases					\$ 102,267	\$ 0	\$ 32,259	\$ 70,008
<u>GENERAL BONDED DEBT</u>								
<u>Payable through General Debt Service Fund</u>								
School General Obligation Bonds, Series 2000	15,000,000	5 to 5.6	7-19-00	2-1-08	\$ 2,510,000	\$ 0	\$ 585,000	\$ 1,925,000
School Refunding Bonds, Series 2001	9,960,000	3 to 5	12-1-01	2-1-18	9,810,000	0	50,000	9,760,000
School Refunding Bonds, Series 2002	2,210,000	5	1-2-02	2-1-20	2,210,000	0	0	2,210,000
General Obligation Bonds, Series 2004	8,200,000	2.5 to 4.625	3-15-04	4-1-16	0	8,200,000	0	8,200,000
Total Payable through General Debt Service Fund					\$ 14,530,000	\$ 8,200,000	\$ 635,000	\$ 22,095,000
<u>Payable through Solid Waste/Sanitation Fund</u>								
General Obligation Bonds, Series 2000A	234,250	4.75	9-13-00	9-13-05	\$ 63,786	\$ 0	\$ 50,808	\$ 12,978
Total General Bonded Debt					\$ 14,593,786	\$ 8,200,000	\$ 685,808	\$ 22,107,978
<u>FAYETTE COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
Local Government Energy Loan	500,000	3	3-31-02	3-31-09	\$ 367,536	\$ 0	\$ 69,227	\$ 298,309
Total Notes Payable					\$ 367,536	\$ 0	\$ 69,227	\$ 298,309

Exhibit K-2

Fayette County, Tennessee
Schedule of Bond and Interest Requirements By Year

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2006	\$ 677,978	\$ 997,371	\$ 1,675,349
2007	795,000	964,486	1,759,486
2008	880,000	927,704	1,807,704
2009	920,000	887,922	1,807,922
2010	955,000	850,311	1,805,311
2011	990,000	810,392	1,800,392
2012	1,135,000	767,903	1,902,903
2013	1,175,000	718,626	1,893,626
2014	1,220,000	667,026	1,887,026
2015	1,320,000	611,966	1,931,966
2016	1,370,000	552,506	1,922,506
2017	1,425,000	489,544	1,914,544
2018	1,485,000	422,756	1,907,756
2019	1,545,000	352,106	1,897,106
2020	1,265,000	278,156	1,543,156
2021	460,000	217,906	677,906
2022	480,000	199,276	679,276
2023	500,000	179,356	679,356
2024	525,000	158,106	683,106
2025	545,000	135,269	680,269
2026	570,000	111,425	681,425
2027	595,000	86,488	681,488
2028	625,000	58,969	683,969
2029	650,000	30,062	680,062
Total	\$ 22,107,978	\$ 11,475,632	\$ 33,583,610

Exhibit K-3

Fayette County, Tennessee
Schedule of Investments - All Funds
June 30, 2005

<u>Fund and Type</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>	
<u>General Capital Projects Fund</u>	
Federal Home Loan Mortgage Corporation Discount Notes	\$ 7,906,567
Federal National Mortgage Association Discount Notes	<u>251,421</u>
Total Investments	<u>\$ 8,157,988</u>

Exhibit K-4

Fayette County, Tennessee
Schedule of Transfers - All Funds and Discretely Presented Fayette County School Department
For the Year Ended June 30, 2005

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Primary Government</u>			
General	Drug Control	To provide funds for drug enforcement equipment	\$ 11,232
General	General Capital Projects	To provide funds for the construction of a criminal justice complex	225,522
<u>School Department</u>			
School Federal Projects	General Purpose School	Indirect cost	<u>36,396</u>
Total			<u>\$ 273,150</u>

Exhibit K-5

Fayette County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
For the Year Ended June 30, 2005

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 69,046	\$ 50,000	Western Surety Company
Public Works Superintendent	Section 234, Private Acts of 1974 and Section 8-24-102, <u>TCA</u>	61,290	100,000	"
Director of Schools	State Board of Education and Fayette County Board of Education	87,689 (1)	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	51,969	772,700	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	51,969	10,000	'
County Clerk	Section 8-24-102, <u>TCA</u>	51,969	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	51,969	50,000	'
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	68,324 (2)	100,000	"
Register	Section 8-24-102, <u>TCA</u>	51,969	25,000	'
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	65,532 (3)	25,000	"
Employees Blanket Bond:				
Office:				
County Mayor:				
All Employees			150,000	Local Government Property and Casualty Fund
Public Works Superintendent:				
All Employees			150,000	"
Director of School:				
All Employees			150,000	Tennessee School Boards Risk Management Trust

(1) Includes chief executive officer training supplement of \$1,000.

(2) Includes special commissioner fees of \$16,355.

(3) Includes \$7,848 for serving as superintendent of the workhouse and a law enforcement training supplement of \$518.

Exhibit K-6

Fayette County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2005

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Adequate Facilities/ Development Tax	District Attorney General
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,139,081	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	142,449	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	93,295	0	0	0	0
Interest and Penalty	30,307	0	0	0	0
Pick-up Taxes	2,739	0	0	0	0
Payments in Lieu of Taxes - Local Utilities	3,260	0	0	0	0
Payments in Lieu of Taxes - Other	12,744	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	0
Hotel/Motel Tax	4,620	0	0	0	0
Wheel Tax	144,893	0	0	0	0
Litigation Tax - General	315,745	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	133,823	0	0	0	0
Business Tax	141,814	0	0	0	0
Adequate Facilities/Development Tax	0	0	0	381,759	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	89,024	0	0	0	0
Wholesale Beer Tax	103,137	0	0	0	0
Interstate Telecommunications Tax	3,616	0	0	0	0
Total Local Taxes	\$ 5,360,547	\$ 0	\$ 0	\$ 381,759	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 1,980	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	81,580	0	0	0	0
<u>Permits</u>					
Beer Permits	1,393	0	0	0	0
Building Permits	245,701	0	0	0	0
Other Permits	107,500	0	0	0	0
Total Licenses and Permits	\$ 438,154	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-6

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	District Attorney General
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 3,382	\$ 0	\$ 0	\$ 0	0
Officers Costs	4,739	0	0	0	0
Game and Fish Fines	1,508	0	0	0	0
Drug Control Fines	950	0	0	0	0
Drug Court Fees	640	0	0	0	0
District Attorney General Fees	0	0	0	0	356
DUI Treatment Fines	428	0	0	0	0
Data Entry Fee - Circuit Court	492	0	0	0	0
<u>Criminal Court</u>					
Fines	7,483	0	0	0	0
Drug Control Fines	0	0	13,711	0	0
<u>General Sessions Court</u>					
Fines	28,417	0	0	0	0
Officers Costs	57,001	0	0	0	0
Game and Fish Fines	1,120	0	0	0	0
Drug Control Fines	5,198	0	22,566	0	0
Drug Court Fees	4,722	0	0	0	0
Jail Fees	6,585	0	0	0	0
District Attorney General Fees	0	0	0	0	3,016
DUI Treatment Fines	8,184	0	0	0	0
Data Entry Fee - General Sessions Court	12,412	0	0	0	0
<u>Juvenile Court</u>					
Fines	3,586	0	0	0	0
Officers Costs	1,281	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	2,245	0	0	0	0
Data Entry Fee - Chancery Court	2,166	0	0	0	0
<u>Courts in Other District Counties</u>					
District Attorney General Fees	0	0	0	0	12,436
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	24,793	0	0
Total Fines, Forfeitures, and Penalties	\$ 152,539	\$ 0	\$ 61,070	\$ 0	\$ 15,808

(Continued)

Exhibit K-6

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	District Attorney General
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Solid Waste Disposal Fee	\$ 0	\$ 235,762	\$ 0	\$ 0	\$ 0
Patient Charges	864,296	0	0	0	0
<u>Fees</u>					
Copy Fees	619	0	0	0	0
Telephone Commissions	13,060	0	0	0	0
Vending Machine Collections	16,162	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	22,182	0	0	0	0
Data Processing Fee - Sheriff	10,636	0	0	0	0
Sexual Offender Registration Fee	545	0	0	0	0
Total Charges for Current Services	\$ 927,500	\$ 235,762	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 224,333	\$ 0	\$ 0	\$ 0
Lease/Rentals	6,475	0	0	0	0
Sale of Materials and Supplies	188	0	0	0	0
Sale of Gasoline	8,691	0	0	0	0
Sale of Recycled Materials	0	142,349	0	0	0
Miscellaneous Refunds	7,658	1,200	0	0	0
<u>Nonrecurring Items</u>					
Accrued Interest on Debt Issues	0	0	0	0	0
Insurance Recovery	0	350	0	0	0
Sale of Equipment	12,496	9,700	0	0	0
Contributions & Gifts	346	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	24,196	40,110	0	0	0
Total Other Local Revenues	\$ 60,050	\$ 418,042	\$ 0	\$ 0	\$ 0
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
Register	\$ 200,000	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-6

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	District Attorney General
<u>Fees Received from County Officials (Cont.)</u>					
<u>Fees In Lieu of Salary</u>					
County Clerk	\$ 253,012	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	49,809	0	0	0	0
General Sessions Court Clerk	293,583	0	0	0	0
Clerk and Master	113,014	0	0	0	0
Juvenile Court Clerk	27,872	0	0	0	0
Sheriff	12,024	0	0	0	0
Trustee	359,798	0	0	0	0
Total Fees Received from County Officials	\$ 1,309,112	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 15,586	\$ 0	\$ 0	\$ 0	0
State Reappraisal Grant	11,517	0	0	0	0
Solid Waste Grants	0	44,740	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	15,042	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	263,018	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	0
State Aid Program	0	0	0	0	0
Litter Program	35,345	0	0	0	0
<u>Other State Revenues</u>					
Beer Tax	16,778	0	0	0	0
Alcoholic Beverage Tax	44,490	0	0	0	0
Mixed Drink Tax	169	0	0	0	0
State Revenue Sharing - T.V.A.	510,988	0	0	0	0
Contracted Prisoner Boarding	261,833	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Grants	30,000	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	District Attorney General
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Other State Revenues	\$ 179,993	\$ 0	\$ 0	\$ 0	\$ 0
Total State of Tennessee	\$ 1,401,139	\$ 44,740	\$ 0	\$ 0	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	31,567	18,255	0	0	0
Other Federal through State	115,149	0	0	0	0
Total Federal Government	\$ 146,716	\$ 18,255	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 48,081	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	76,320	0	0	0	0
<u>Other</u>					
Other	1,635	0	0	0	0
Total Other Governments and Citizens Groups	\$ 126,036	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 9,921,793	\$ 716,799	\$ 61,070	\$ 381,759	\$ 15,808

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 0	\$ 646,243	\$ 646,582	\$ 0	\$ 5,431,906
Trustee's Collections - Prior Year	0	25,124	17,373	0	184,946
Circuit/Clerk & Master Collections - Prior Years	0	16,450	9,932	0	119,677
Interest and Penalty	0	4,402	3,722	0	38,431
Pick-up Taxes	0	430	426	0	3,595
Payments in Lieu of Taxes - Local Utilities	0	500	331	0	4,091
Payments in Lieu of Taxes - Other	0	1,994	1,998	0	16,736
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	328,457	0	0	328,457
Hotel/Motel Tax	0	0	0	0	4,620
Wheel Tax	0	636,428	795,536	0	1,576,857
Litigation Tax - General	0	0	0	0	315,745
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	133,823
Business Tax	0	0	0	0	141,814
Adequate Facilities/Development Tax	0	0	0	0	381,759
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	0	89,024
Wholesale Beer Tax	0	0	0	0	103,137
Interstate Telecommunications Tax	0	0	0	0	3,616
Total Local Taxes	\$ 0	\$ 1,660,028	\$ 1,475,900	\$ 0	\$ 8,878,234
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,980
Cable TV Franchise	0	0	0	0	81,580
<u>Permits</u>					
Beer Permits	0	0	0	0	1,393
Building Permits	0	0	0	0	245,701
Other Permits	0	0	0	0	107,500
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 438,154

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	3,382
Officers Costs	0	0	0	0	4,739
Game and Fish Fines	0	0	0	0	1,508
Drug Control Fines	0	0	0	0	950
Drug Court Fees	0	0	0	0	640
District Attorney General Fees	0	0	0	0	356
DUI Treatment Fines	0	0	0	0	428
Data Entry Fee - Circuit Court	0	0	0	0	492
<u>Criminal Court</u>					
Fines	0	0	0	0	7,483
Drug Control Fines	0	0	0	0	13,711
<u>General Sessions Court</u>					
Fines	0	0	0	0	28,417
Officers Costs	0	0	0	0	57,001
Game and Fish Fines	0	0	0	0	1,120
Drug Control Fines	0	0	0	0	27,764
Drug Court Fees	0	0	0	0	4,722
Jail Fees	0	0	0	0	6,585
District Attorney General Fees	0	0	0	0	3,016
DUI Treatment Fines	0	0	0	0	8,184
Data Entry Fee - General Sessions Court	0	0	0	0	12,412
<u>Juvenile Court</u>					
Fines	0	0	0	0	3,586
Officers Costs	0	0	0	0	1,281
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	2,245
Data Entry Fee - Chancery Court	0	0	0	0	2,166
<u>Courts in Other District Counties</u>					
District Attorney General Fees	0	0	0	0	12,436
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	24,793
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	229,417

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Solid Waste Disposal Fee	\$ 0	\$ 0	\$ 0	\$ 0	235,762
Patient Charges	0	0	0	0	864,296
<u>Fees</u>					
Copy Fees	0	0	0	0	619
Telephone Commissions	0	0	0	0	13,060
Vending Machine Collections	0	0	0	0	16,162
Constitutional Officers' Fees and Commissions	138,049	0	0	0	138,049
Data Processing Fee - Register	0	0	0	0	22,182
Data Processing Fee - Sheriff	0	0	0	0	10,636
Sexual Offender Registration Fee	0	0	0	0	545
Total Charges for Current Services	\$ 138,049	\$ 0	\$ 0	\$ 0	1,301,311
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	110,664	\$ 334,997
Lease/Rentals	0	0	0	0	6,475
Sale of Materials and Supplies	0	0	0	0	188
Sale of Gasoline	0	0	0	0	8,691
Sale of Recycled Materials	0	408	0	0	142,757
Miscellaneous Refunds	0	1,143	0	0	10,001
<u>Nonrecurring Items</u>					
Accrued Interest on Debt Issues	0	0	11,113	0	11,113
Insurance Recovery	0	3,000	0	0	3,350
Sale of Equipment	0	91,940	0	0	114,136
Contributions & Gifts	0	6,600	0	0	6,946
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	64,306
Total Other Local Revenues	\$ 0	\$ 103,091	\$ 11,113	\$ 110,664	\$ 702,960
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
Register	\$ 0	\$ 0	\$ 0	\$ 0	200,000

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Fees Received from County Officials (Cont.)</u>					
<u>Fees In Lieu of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	253,012
Circuit Court Clerk	0	0	0	0	49,809
General Sessions Court Clerk	0	0	0	0	293,583
Clerk and Master	0	0	0	0	113,014
Juvenile Court Clerk	0	0	0	0	27,872
Sheriff	0	0	0	0	12,024
Trustee	0	0	0	0	359,798
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	1,309,112
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	15,586
State Reappraisal Grant	0	0	0	0	11,517
Solid Waste Grants	0	0	0	0	44,740
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	15,042
<u>Health and Welfare Grants</u>					
Health Department Programs	0	0	0	0	263,018
<u>Public Works Grants</u>					
Bridge Program	0	294,775	0	0	294,775
State Aid Program	0	179,346	0	0	179,346
Litter Program	0	0	0	0	35,345
<u>Other State Revenues</u>					
Beer Tax	0	0	0	0	16,778
Alcoholic Beverage Tax	0	0	0	0	44,490
Mixed Drink Tax	0	0	0	0	169
State Revenue Sharing - T.V.A.	0	0	0	0	510,988
Contracted Prisoner Boarding	0	0	0	0	261,833
Gasoline and Motor Fuel Tax	0	2,061,337	0	0	2,061,337
Petroleum Special Tax	0	23,172	0	0	23,172
Registrar's Salary Supplement	0	0	0	0	16,380
Other State Grants	0	0	0	0	30,000

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	
	Constitu- tional - Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Other State Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 179,993
Total State of Tennessee	\$ 0	\$ 2,558,630	\$ 0	\$ 0	\$ 4,004,509
<u>Federal Government</u>					
<u>Federal Through State</u>					
Disaster Relief	\$ 0	\$ 37,179	\$ 0	\$ 0	\$ 37,179
Homeland Security Grants	0	0	0	0	49,822
Other Federal through State	0	0	0	0	115,149
Total Federal Government	\$ 0	\$ 37,179	\$ 0	\$ 0	\$ 202,150
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 48,081
Contracted Services	0	0	0	0	76,320
<u>Other</u>					
Other	0	0	0	0	1,635
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 126,036
Total	\$ 138,049	\$ 4,358,928	\$ 1,487,013	\$ 110,664	\$ 17,191,883

Exhibit K-7

Fayette County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Fayette County School Department
For the Year Ended June 30, 2005

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,815,105	\$ 0	\$ 0	\$ 0	\$ 3,815,105
Trustee's Collections - Prior Year	149,963	0	0	0	149,963
Circuit/Clerk & Master Collections - Prior Years	98,208	0	0	0	98,208
Interest and Penalty	26,178	0	0	0	26,178
Payments in Lieu of Taxes - Local Utilities	3,025	0	0	0	3,025
Payments in Lieu of Taxes - Other	11,825	0	0	0	11,825
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,701,791	0	0	0	1,701,791
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	4,810	0	0	0	4,810
Total Local Taxes	\$ 5,810,905	\$ 0	\$ 0	\$ 0	\$ 5,810,905
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,604	\$ 0	\$ 0	\$ 0	\$ 2,604
Total Licenses and Permits	\$ 2,604	\$ 0	\$ 0	\$ 0	\$ 2,604
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 225	\$ 0	\$ 0	\$ 0	\$ 225
Tuition - Other	36,025	0	0	0	36,025
Lunch Payments - Children	0	0	84,646	0	84,646
Lunch Payments - Adults	0	0	24,954	0	24,954
Income from Breakfast	0	0	25,828	0	25,828
School Based Health Services - FFS	370	0	0	0	370
TBI Criminal Background Fee	4,224	0	0	0	4,224
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	287,079	0	287,079
Total Charges for Current Services	\$ 40,844	\$ 0	\$ 422,507	\$ 0	\$ 463,351
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 8,261	\$ 0	\$ 8,261
Lease/Rentals	16,233	0	0	0	16,233
Miscellaneous Refunds	77,538	0	0	0	77,538
<u>Nonrecurring Items</u>					
Insurance Recovery	20,484	0	0	0	20,484
Sale of Equipment	3,582	0	0	0	3,582
Damages Recovered from Individuals	2,134	0	0	0	2,134
Contributions & Gifts	6,059	0	0	0	6,059
<u>Other Local Revenues</u>					
Other Local Revenues	11,747	0	0	0	11,747
Total Other Local Revenues	\$ 137,777	\$ 0	\$ 8,261	\$ 0	\$ 146,038
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 12,936,134	\$ 0	\$ 0	\$ 0	\$ 12,936,134
School Food Service	0	0	23,647	0	23,647

Exhibit K-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Driver Education	\$ 10,440	\$ 0	\$ 0	\$ 0	\$ 10,440
Other State Education Funds	396,390	0	0	0	396,390
Career Ladder Program	168,884	0	0	0	168,884
Career Ladder - Extended Contract	64,967	0	0	0	64,967
Other Vocational	4,976	0	0	0	4,976
<u>Other State Revenues</u>					
Income Tax	24,692	0	0	0	24,692
Mixed Drink Tax	169	0	0	0	169
Total State of Tennessee	\$ 13,606,652	\$ 0	\$ 23,647	\$ 0	\$ 13,630,299
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,060,213	\$ 0	\$ 1,060,213
Breakfast	0	0	499,167	0	499,167
USDA - Other	0	0	21,869	0	21,869
Vocational Education - Basic Grants to States	0	102,509	0	0	102,509
Other Vocational	0	50,000	0	0	50,000
Title I Grants to Local Education Agencies	0	1,057,472	0	0	1,057,472
Innovative Education Program Strategies	0	22,732	0	0	22,732
Special Education - Grants to States	54,346	997,833	0	0	1,052,179
Eisenhower Professional Development State Grants	0	304,850	0	0	304,850
Title XX	46,103	0	0	0	46,103
Job Training Partnership Act	103,334	0	0	0	103,334
Other Federal through State	774,263	2,823,723	0	0	3,597,986
Total Federal Government	\$ 978,046	\$ 5,359,119	\$ 1,581,249	\$ 0	\$ 7,918,414
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 395,920	\$ 395,920
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 395,920	\$ 395,920
Total	\$ 20,576,828	\$ 5,359,119	\$ 2,035,664	\$ 395,920	\$ 28,367,531

Fayette County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2005

General FundGeneral GovernmentCounty Commission

Other Salaries & Wages	\$	17,477	
Board and Committee Members Fees		40,592	
State Retirement		1,681	
Communication		2,652	
Legal Services		26,550	
Rentals		1,235	
Duplicating Supplies		3,000	
Gasoline		499	
Office Supplies		1,695	
Other Charges		200	
Office Equipment		3,500	
Total County Commission			\$ 99,081

Beer Board

Board and Committee Members Fees	\$	532	
Total Beer Board			532

County Mayor

County Official/Administrative Officer	\$	69,046	
Communication		2,023	
Dues and Memberships		200	
Legal Notices, Recording and Court Costs		1,400	
Maintenance & Repair Services- Office Equipment		290	
Maintenance & Repair Services- Vehicles		362	
Postal Charges		100	
Printing, Stationery and Forms		1,460	
Rentals		568	
Travel		140	
Gasoline		1,120	
Office Supplies		515	
Periodicals		118	
Total County Mayor			77,342

Election Commission

Assistant(s)	\$	25,601	
Supervisor/Director		45,094	
Temporary Personnel		5,638	
Part-time Personnel		12,919	
Election Commission		5,395	
Election Workers		27,101	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Audit Services	\$	650	
Communication		1,732	
Dues and Memberships		175	
Legal Notices, Recording and Court Costs		4,228	
Maintenance & Repair Services- Office Equipment		5,262	
Postal Charges		5,498	
Printing, Stationery and Forms		8,719	
Rentals		2,394	
Travel		4,210	
Office Supplies		3,735	
Other Supplies and Materials		2,972	
Data Processing Equipment		4,599	
Office Equipment		1,000	
Total Election Commission			\$ 166,922

Register of Deeds

Communication	\$	638	
Data Processing Services		22,737	
Postal Charges		100	
Printing, Stationery and Forms		3,350	
Rentals		2,028	
Travel		504	
Office Supplies		1,045	
Total Register of Deeds			30,402

Development

Assistant(s)	\$	2,985	
Supervisor/Director		48,416	
Investigator(s)		23,700	
Secretary(s)		24,855	
Board and Committee Members Fees		5,477	
Communication		1,128	
Legal Notices, Recording and Court Costs		1,666	
Maintenance & Repair Services- Office Equipment		50	
Rentals		2,104	
Travel		827	
Office Supplies		1,201	
Other Supplies and Materials		980	
Other Charges		15	
Total Development			113,404

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Building

Assistant(s)	\$	35,746	
Supervisor/Director		38,871	
Board and Committee Members Fees		650	
In-Service Training		731	
Communication		2,180	
Legal Notices, Recording and Court Costs		380	
Maintenance & Repair Services- Vehicles		1,833	
Printing, Stationery and Forms		495	
Travel		372	
Gasoline		3,454	
Office Supplies		528	
Other Supplies and Materials		425	
Other Charges		500	
Total Building			\$ 86,165

County Buildings

Custodial Personnel	\$	20,775	
Overtime Pay		2,576	
Communication		930	
Maintenance & Repair Services- Buildings		18,318	
Maintenance & Repair Services- Vehicles		1,312	
Postal Charges		19,927	
Rentals		12,030	
Custodial Supplies		7,668	
Gasoline		183	
Uniforms		500	
Utilities		24,890	
Other Supplies and Materials		3	
Disabilities Act Improvements		26,778	
Other Construction		350	
Total County Buildings			136,240

Other Facilities

Communication	\$	915	
Maintenance & Repair Services- Buildings		2,803	
Electricity		1,513	
Propane Gas		811	
Total Other Facilities			6,042

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration

Dues and Memberships	\$ 27,267	
Total Other General Administration		\$ 27,267

Finance

Accounting and Budgeting

Supervisor/Director	\$ 35,398	
Purchasing Personnel	36,319	
Clerical Personnel	25,909	
In-Service Training	162	
Accounting Services	1,250	
Audit Services	6,882	
Communication	1,333	
Data Processing Services	8,985	
Legal Notices, Recording and Court Costs	33	
Maintenance & Repair Services- Office Equipment	100	
Printing, Stationery and Forms	1,497	
Rentals	667	
Travel	653	
Duplicating Supplies	1,500	
Office Supplies	1,198	
Data Processing Equipment	2,000	
Office Equipment	1,184	
Total Accounting and Budgeting		125,070

Property Assessor's Office

County Official/Administrative Officer	\$ 51,969	
Assistant(s)	25,601	
Deputy(ies)	43,568	
Investigator(s)	26,896	
Board and Committee Members Fees	170	
In-Service Training	900	
Communication	1,131	
Consultants	23,715	
Data Processing Services	13,555	
Dues and Memberships	233	
Legal Notices, Recording and Court Costs	188	
Maintenance & Repair Services- Buildings	500	
Maintenance & Repair Services- Office Equipment	82	
Maintenance & Repair Services- Vehicles	663	
Postal Charges	830	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Printing, Stationery and Forms	\$	349	
Rentals		742	
Travel		1,709	
Gasoline		2,089	
Office Supplies		2,424	
Motor Vehicles		7,517	
Total Property Assessor's Office			\$ 204,831

County Trustee's Office

County Official/Administrative Officer	\$	51,969	
Assistant(s)		25,604	
Deputy(ies)		43,741	
In-Service Training		730	
Communication		1,908	
Data Processing Services		6,584	
Dues and Memberships		225	
Legal Notices, Recording and Court Costs		110	
Maintenance & Repair Services- Office Equipment		902	
Postal Charges		148	
Printing, Stationery and Forms		1,891	
Rentals		872	
Travel		1,950	
Office Supplies		435	
Other Supplies and Materials		861	
Data Processing Equipment		199	
Office Equipment		284	
Total County Trustee's Office			138,413

County Clerk's Office

County Official/Administrative Officer	\$	51,969	
Assistant(s)		25,601	
Deputy(ies)		87,487	
Communication		2,459	
Dues and Memberships		75	
Legal Notices, Recording and Court Costs		610	
Maintenance & Repair Services- Office Equipment		48	
Printing, Stationery and Forms		1,199	
Rentals		2,394	
Travel		80	
Other Contracted Services		600	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Office Supplies	\$	1,953	
Other Supplies and Materials		167	
Other Charges		125	
Total County Clerk's Office			\$ 174,767

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	51,969	
Deputy(ies)		43,764	
Part-time Personnel		8,912	
Jury and Witness Fees		16,688	
In-Service Training		255	
Communication		2,466	
Data Processing Services		5,195	
Dues and Memberships		95	
Maintenance & Repair Services- Office Equipment		154	
Postal Charges		68	
Printing, Stationery and Forms		1,467	
Transportation - Other than Students		312	
Travel		1,958	
Office Supplies		883	
Office Equipment		8,183	
Total Circuit Court			142,369

General Sessions Court

Assistant(s)	\$	25,601	
Deputy(ies)		85,893	
Communication		1,939	
Data Processing Services		2,801	
Maintenance & Repair Services- Office Equipment		48	
Printing, Stationery and Forms		2,872	
Rentals		3,479	
Office Supplies		838	
Total General Sessions Court			123,471

General Sessions Judge

Judge(s)	\$	115,431	
In-Service Training		345	
Communication		985	
Travel		504	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Library Books/Media	\$	3,073	
Office Supplies		425	
Other Supplies and Materials		1,919	
Total General Sessions Judge			\$ 122,682

General Sessions Court Clerk

Deputy(ies)	\$	22,428	
Communication		600	
Data Processing Services		4,796	
Printing, Stationery and Forms		595	
Rentals		1,434	
Office Supplies		401	
Office Equipment		320	
Total General Sessions Court Clerk			30,574

Drug Court

Remittance of Revenue Collected	\$	5,362	
Total Drug Court			5,362

Chancery Court

County Official/Administrative Officer	\$	51,969	
Assistant(s)		25,601	
Deputy(ies)		43,740	
In-Service Training		1,619	
Communication		3,273	
Data Processing Services		6,286	
Dues and Memberships		170	
Legal Notices, Recording and Court Costs		5,000	
Maintenance & Repair Services- Office Equipment		648	
Postal Charges		126	
Printing, Stationery and Forms		3,286	
Rentals		2,482	
Travel		1,861	
Data Processing Supplies		615	
Office Supplies		1,593	
Office Equipment		1,580	
Total Chancery Court			149,849

Juvenile Court

Youth Service Officer(s)	\$	35,643	
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(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Secretary(s)	\$	13,237	
In-Service Training		1,440	
Social Security		821	
Employer Medicare		192	
Communication		3,855	
Contracts with Government Agencies		8,046	
Dues and Memberships		360	
Maintenance & Repair Services- Office Equipment		772	
Postal Charges		200	
Travel		2,013	
Other Contracted Services		204	
Office Supplies		676	
Periodicals		28	
Total Juvenile Court			\$ 67,487

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	65,014	
Deputy(ies)		600,848	
Investigator(s)		150,288	
Captain(s)		161,800	
Sergeant(s)		33,413	
Salary Supplements		16,058	
Part-time Personnel		52,225	
Overtime Pay		37,878	
In-Service Training		2,202	
Employee and Dependent Insurance		122,385	
Communication		8,526	
Maintenance & Repair Services- Buildings		2,157	
Maintenance & Repair Services- Office Equipment		4,423	
Maintenance & Repair Services- Vehicles		51,516	
Medical and Dental Services		1,010	
Postal Charges		1,295	
Printing, Stationery and Forms		2,850	
Rentals		2,715	
Travel		1,321	
Gasoline		113,164	
Office Supplies		2,921	
Uniforms		15,368	
Utilities		8,531	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Other Supplies and Materials	\$	4,459	
Liability Insurance		62,956	
Liability Claims		4,569	
Communication Equipment		8,349	
Data Processing Equipment		1,826	
Motor Vehicles		45,385	
Office Equipment		3,409	
Total Sheriff's Department			\$ 1,588,861

Drug Enforcement

Supervisor/Director	\$	19,747	
Investigator(s)		47,319	
Temporary Personnel		60	
Overtime Pay		1,414	
Social Security		4,005	
State Retirement		5,289	
Employee and Dependent Insurance		9,142	
Employer Medicare		937	
Total Drug Enforcement			87,913

Jail

Assistant(s)	\$	37,177	
Supervisor/Director		39,080	
Data Processing Personnel		27,206	
Salary Supplements		518	
Dispatchers/Radio Operators		203,674	
Guards		278,017	
Secretary(s)		26,439	
Cafeteria Personnel		9,040	
Overtime Pay		21,868	
Employee and Dependent Insurance		100,176	
Contracts with Private Agencies		900	
Data Processing Services		1,600	
Maintenance & Repair Services- Buildings		14,125	
Maintenance & Repair Services- Vehicles		988	
Medical and Dental Services		64,274	
Postal Charges		24	
Travel		3,878	
Custodial Supplies		15,773	
Food Supplies		102,476	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Gasoline	\$	3,169	
Office Supplies		2,596	
Prisoners Clothing		1,752	
Uniforms		5,652	
Utilities		43,795	
Other Supplies and Materials		4,598	
Liability Insurance		30,168	
Building Improvements		2,443	
Communication Equipment		912	
Furniture and Fixtures		1,000	
Law Enforcement Equipment		466	
Motor Vehicles		5,000	
Other Equipment		6,970	
Total Jail			\$ 1,055,754

Workhouse

Guards	\$	13,736	
Cafeteria Personnel		9,040	
Contracts with Private Agencies		3,599	
Medical and Dental Services		1,000	
Food Supplies		2,216	
Total Workhouse			29,591

Fire Prevention and Control

Assistant(s)	\$	20,407	
Supervisor/Director		24,000	
Part-time Personnel		25,000	
In-Service Training		7,275	
Communication		5,267	
Contracts with Government Agencies		169,873	
Forest Resource Services		2,000	
Maintenance & Repair Services- Buildings		9,457	
Maintenance & Repair Services- Vehicles		26,627	
Matching Share		25,000	
Medical and Dental Services		2,649	
Postal Charges		105	
Travel		2,231	
Diesel Fuel		4,972	
Gasoline		2,204	
Office Supplies		182	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Uniforms	\$	2,992	
Utilities		6,015	
Liability Insurance		11,672	
Vehicle and Equipment Insurance		23,634	
Other Charges		1,901	
Principal on Capitalized Leases		32,259	
Interest on Capitalized Leases		5,696	
Motor Vehicles		39,976	
Other Equipment		3,540	
Total Fire Prevention and Control			\$ 454,934

Civil Defense

Supervisor/Director	\$	23,830	
Communication		2,212	
Legal Notices, Recording and Court Costs		120	
Maintenance & Repair Services- Vehicles		2,123	
Postal Charges		105	
Printing, Stationery and Forms		140	
Rentals		897	
Travel		208	
Gasoline		2,236	
Office Supplies		632	
Uniforms		690	
Other Supplies and Materials		21,604	
Other Charges		70	
Office Equipment		295	
Other Equipment		1,258	
Total Civil Defense			56,420

Rescue Squad

Maintenance & Repair Services- Vehicles	\$	6,019	
Diesel Fuel		81	
Gasoline		2,022	
Other Supplies and Materials		13,374	
Liability Insurance		822	
Total Rescue Squad			22,318

County Coroner/Medical Examiner

Contracts with Government Agencies	\$	19,072	
Total County Coroner/Medical Examiner			19,072

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety

Mechanic(s)	\$	55,521	
Overtime Pay		4,177	
Employee and Dependent Insurance		8,934	
Communication		24	
Rentals		6,000	
Equipment Parts - Light		69,010	
Gasoline		7,247	
Uniforms		425	
Utilities		2,600	
Other Supplies and Materials		1,196	
Maintenance Equipment		3,700	
Total Other Public Safety			\$ 158,834

Public Health and Welfare

Local Health Center

Board and Committee Members Fees	\$	245	
Communication		3,103	
Janitorial Services		13,200	
Maintenance & Repair Services- Buildings		6,492	
Postal Charges		1,306	
Drugs and Medical Supplies		6,114	
Office Supplies		9,979	
Utilities		9,738	
Total Local Health Center			50,177

Rabies and Animal Control

Deputy(ies)	\$	24,094	
Investigator(s)		12,935	
Communication		210	
Maintenance & Repair Services- Vehicles		6,335	
Veterinary Services		193	
Animal Food and Supplies		52	
Gasoline		6,552	
Uniforms		231	
Utilities		1,228	
Other Supplies and Materials		900	
Motor Vehicles		3,600	
Total Rabies and Animal Control			56,330

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

Supervisor/Director	\$	42,800	
Secretary(s)		24,893	
Attendants		482,980	
Part-time Personnel		49,475	
Overtime Pay		118,862	
In-Service Training		1,380	
Social Security		42,516	
State Retirement		49,799	
Employee and Dependent Insurance		88,988	
Employer Medicare		9,943	
Communication		4,011	
Licenses		1,450	
Maintenance & Repair Services- Buildings		1,476	
Maintenance & Repair Services- Office Equipment		1,079	
Maintenance & Repair Services- Vehicles		26,870	
Postal Charges		4,514	
Custodial Supplies		2,014	
Diesel Fuel		30,105	
Drugs and Medical Supplies		38,579	
Gasoline		871	
Office Supplies		4,214	
Uniforms		3,798	
Utilities		7,678	
Building and Contents Insurance		636	
Vehicle and Equipment Insurance		21,008	
Communication Equipment		1,791	
Furniture and Fixtures		655	
Motor Vehicles		51,867	
Other Construction		65,529	
Total Ambulance/Emergency Medical Services			\$ 1,179,781

Dental Health Program

Medical Personnel	\$	111,036
Paraprofessionals		20,487
Clerical Personnel		58,755
Longevity Pay		700
Social Security		10,982
State Retirement		11,819
Employee and Dependent Insurance		19,690
Employer Medicare		2,568

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program (Cont.)

Other Fringe Benefits	\$	1,753	
Travel		3,649	
Drugs and Medical Supplies		18,225	
Total Dental Health Program			\$ 259,664

Crippled Children Services

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

Other Local Health Services

Contracts with Other Public Agencies	\$	17,000	
Total Other Local Health Services			17,000

Appropriation to State

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

Aid to Dependent Children

Other Supplies and Materials	\$	1,690	
Total Aid to Dependent Children			1,690

Other Local Welfare Services

Contributions	\$	7,500	
Matching Share		1,500	
Total Other Local Welfare Services			9,000

Sanitation Education/Information

Foremen	\$	27,466	
Social Security		1,703	
State Retirement		2,134	
Employee and Dependent Insurance		4,467	
Employer Medicare		398	
Rentals		5,525	
Uniforms		460	
Other Supplies and Materials		2,835	
Other Charges		7,116	
Total Sanitation Education/Information			52,104

(Continued)

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

General Fund (Cont.)

Social, Cultural and Recreational Services

Senior Citizens Assistance

Matching Share	\$ 30,000	
Total Senior Citizens Assistance		\$ 30,000

Libraries

Assistant(s)	\$ 25,588	
Supervisor/Director	31,187	
Part-time Personnel	17,983	
Social Security	4,635	
State Retirement	4,411	
Employee and Dependent Insurance	4,467	
Employer Medicare	1,084	
Communication	1,734	
Maintenance & Repair Services- Buildings	3,083	
Maintenance & Repair Services- Office Equipment	500	
Printing, Stationery and Forms	186	
Library Books/Media	19,241	
Office Supplies	378	
Utilities	5,811	
Other Supplies and Materials	976	
Other Charges	503	
Data Processing Equipment	669	
Total Libraries		122,436

Agriculture & Natural Resources

Agriculture Extension Service

Board and Committee Members Fees	\$ 1,352	
Communication	3,280	
Contracts with Government Agencies	53,378	
Contributions	500	
Dues and Memberships	485	
Maintenance & Repair Services- Buildings	1,683	
Rentals	12,168	
Travel	15	
Other Contracted Services	1,434	
Custodial Supplies	278	
Utilities	3,308	
Office Equipment	1,728	
Total Agriculture Extension Service		79,609

(Continued)

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Soil Conservation

Secretary(s)	\$	22,434	
Educational Assistants		24,496	
Dues and Memberships		1,645	
Rentals		2,028	
Travel		1,792	
Office Supplies		111	
Total Soil Conservation			\$ 52,506

Other Operations

Industrial Development

Board and Committee Members Fees	\$	264	
Utilities		306	
Total Industrial Development			570

Airport

Communication	\$	778	
Maintenance & Repair Services- Buildings		19,888	
Other Contracted Services		197,027	
Gasoline		10,452	
Utilities		4,239	
Liability Insurance		5,218	
Total Airport			237,602

Veterans' Services

Communication	\$	195	
Travel		275	
Office Supplies		436	
Total Veterans' Services			906

Other Charges

Liability Insurance	\$	61,988	
Premiums on Corporate Surety Bonds		8,548	
Trustee's Commission		120,773	
Total Other Charges			191,309

Contributions to Other Agencies

Contracts with Other Public Agencies	\$	18,321	
Contributions		2,000	
Total Contributions to Other Agencies			20,321

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Longevity Pay	\$	70,000	
Social Security		212,019	
State Retirement		246,343	
Employee and Dependent Insurance		199,406	
Employer Medicare		49,874	
Medical and Dental Services		1,915	
Workers' Compensation Insurance		135,552	
Total Employee Benefits			\$ 915,109

Miscellaneous

Other Supplies and Materials	\$	70	
Refunds		2,785	
Total Miscellaneous			2,855

Total General Fund \$ 8,808,915

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Contracts with Public Carriers	\$	336,517	
Total Convenience Centers			\$ 336,517

Landfill Operation and Maintenance

Supervisor/Director	\$	46,698	
Accountants/Bookkeepers		25,203	
Equipment Operators - Heavy		72,447	
Temporary Personnel		6,968	
Longevity Pay		3,400	
Overtime Pay		11,751	
Board and Committee Members Fees		354	
In-Service Training		175	
Social Security		10,165	
State Retirement		11,650	
Employee and Dependent Insurance		21,207	
Employer Medicare		2,377	
Communication		3,868	
Data Processing Services		5,157	
Evaluation and Testing		3,100	
Legal Notices, Recording and Court Costs		3,296	
Licenses		4,147	

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Landfill Operation and Maintenance (Cont.)

Maintenance & Repair Services- Equipment	\$	8,423	
Travel		519	
Diesel Fuel		3,310	
Equipment and Machinery Parts		39,079	
Gasoline		10,638	
Lubricants		282	
Tires and Tubes		902	
Utilities		9,203	
Other Supplies and Materials		1,912	
Liability Insurance		32,095	
Trustee's Commission		4,482	
Workers' Compensation Insurance		12,422	
Other Charges		4,390	
Principal on Bonds		50,808	
Interest on Bonds		1,932	
Site Development		52,886	
Solid Waste Equipment		1,000	
Total Landfill Operation and Maintenance		<u>466,246</u>	\$ 466,246
Total Solid Waste/Sanitation Fund			\$ 802,763

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	3,583	
Confidential Drug Enforcement Payments		6,500	
Uniforms		3,000	
Trustee's Commission		363	
Other Equipment		23,282	
Total Drug Enforcement		<u>36,728</u>	\$ 36,728
Total Drug Control Fund			36,728

Adequate Facilities/Development Tax Fund

Other Operations

Other Charges

Refunds	\$	2,141	
Trustee's Commission		3,398	
Total Other Charges		<u>5,539</u>	\$ 5,539
Total Adequate Facilities/Development Tax Fund			5,539

(Continued)

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

District Attorney General Fund

Administration of Justice

District Attorney General

In-Service Training	\$	9,903	
Dues and Memberships		315	
Travel		954	
Library Books/Media		366	
Trustee's Commission		149	
Office Equipment		5,564	
Total District Attorney General			\$ 17,251

Total District Attorney General Fund \$ 17,251

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	122,481	
Total Register of Deeds			\$ 122,481

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	16,355	
Total Chancery Court			16,355

Total Constitutional Officers - Fees Fund 138,836

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	61,290	
Accountants/Bookkeepers		51,203	
Board and Committee Members Fees		6,840	
In-Service Training		1,980	
Data Processing Services		7,401	
Dues and Memberships		3,082	
Rentals		2,232	
Office Supplies		3,212	
Other Charges		10,960	
Total Administration			\$ 148,200

Highway and Bridge Maintenance

Supervisor/Director	\$	113,437	
Foremen		89,010	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Equipment Operators	\$	356,178	
Truck Drivers		325,854	
Laborers		268,895	
Clerical Personnel		24,678	
Longevity Pay		43,500	
Overtime Pay		10,010	
Other Salaries & Wages		15,856	
Asphalt - Liquid		1,415	
Crushed Stone		97,682	
Road Signs		8,038	
Small Tools		51	
Gravel and Chert		3,931	
Chemicals		4,950	
Other Supplies and Materials		1,896	
Total Highway and Bridge Maintenance			\$ 1,365,381

Operation and Maintenance of Equipment

Mechanic(s)	\$	136,355	
Maintenance & Repair Services- Equipment		17,726	
Diesel Fuel		137,087	
Equipment and Machinery Parts		135,481	
Garage Supplies		6,499	
Gasoline		42,160	
Lubricants		6,756	
Small Tools		610	
Tires and Tubes		27,484	
Other Supplies and Materials		3,775	
Other Capital Outlay		11,083	
Total Operation and Maintenance of Equipment			525,016

Other Charges

Communication	\$	6,985	
Consultants		2,950	
Utilities		11,291	
Liability Insurance		127,110	
Premiums on Corporate Surety Bonds		1,255	
Trustee's Commission		44,229	
Liability Claims		1,329	
Total Other Charges			195,149

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Social Security	\$	110,261	
State Retirement		114,840	
Employee and Dependent Insurance		245,771	
Unemployment Compensation		2,475	
Evaluation and Testing		1,385	
Workers' Compensation Insurance		148,655	
Total Employee Benefits			\$ 623,387

Capital Outlay

Bridge Construction	\$	54,060	
Highway Equipment		15,094	
State Aid Projects		498,153	
Other Construction		478,041	
Total Capital Outlay			1,045,348

Capital Projects

Highway & Street Capital Projects

Other Capital Outlay	\$	87,091	
Total Highway & Street Capital Projects			87,091

Total Highway/Public Works Fund \$ 3,989,572

General Debt Service Fund

Principal

Education

Principal on Bonds	\$	635,000	
Total Education			\$ 635,000

Interest

General Government

Interest on Bonds	\$	165,047	
Total General Government			165,047

Education

Interest on Bonds	\$	698,500	
Total Education			698,500

Other Debt Service

General Government

Judgments	\$	40,000	
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(Continued)

Exhibit K-8

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Other Debt Service (Cont.)</u>		
<u>General Government (Cont.)</u>		
Trustee's Commission	\$ 21,455	
Total General Government		\$ 61,455
<u>Education</u>		
Other Debt Issuance Charges	\$ 912	
Other Debt Service	164	
Total Education		<u>1,076</u>
Total General Debt Service Fund		\$ 1,561,078
<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Administration of Justice Projects</u>		
Architects	\$ 224,907	
Engineering Services	41,595	
Underwriter's Discount	33,333	
Other Debt Issuance Charges	79,857	
Total Administration of Justice Projects		<u>\$ 379,692</u>
Total General Capital Projects Fund		379,692
<u>Other Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Contributions	\$ 395,920	
Legal Services	7,500	
Total Education Capital Projects		<u>\$ 403,420</u>
Total Other Capital Projects Fund		<u>403,420</u>
Total Governmental Funds - Primary Government		<u>\$ 16,143,794</u>

Fayette County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Fayette County School Department
For the Year Ended June 30, 2005

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,085,747	
Career Ladder Program	85,650	
Career Ladder Extended Contracts	36,000	
Homebound Teachers	1,900	
Educational Assistants	435,387	
Other Salaries & Wages	340	
Certified Substitute Teachers	113,207	
Social Security	461,862	
State Retirement	425,128	
Medical Insurance	572,257	
Employer Medicare	108,150	
Other Fringe Benefits	847	
Maintenance & Repair Services- Equipment	3,567	
Travel	196	
Other Contracted Services	264,744	
Instructional Supplies and Materials	184,069	
Textbooks	225,000	
Other Supplies and Materials	7,565	
Other Charges	6,192	
Regular Instruction Equipment	108,590	
Total Regular Instruction Program		\$ 10,126,398

Special Education Program

Teachers	\$ 1,052,456
Career Ladder Program	15,793
Homebound Teachers	3,654
Educational Assistants	106,423
Other Salaries & Wages	40,580
Certified Substitute Teachers	10,250
Social Security	72,721
State Retirement	68,163
Medical Insurance	94,494
Employer Medicare	17,009
Other Fringe Benefits	33,086
Contracts with Other School Systems	156,346
Contracts with Private Agencies	35,958
Maintenance & Repair Services- Equipment	11,000
Instructional Supplies and Materials	2,000
Other Supplies and Materials	2,009

(Continued)

Exhibit K-9

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.)

Special Education Program (Cont.)

Special Education Equipment	\$ 25,042	
Total Special Education Program		\$ 1,746,984

Vocational Education Program

Teachers	\$ 657,121	
Career Ladder Program	6,920	
Certified Substitute Teachers	8,025	
Social Security	39,419	
State Retirement	36,638	
Medical Insurance	59,961	
Employer Medicare	9,219	
Other Fringe Benefits	222	
Travel	3,336	
Other Contracted Services	3,008	
Instructional Supplies and Materials	19,999	
Vocational Instruction Equipment	11,000	
Total Vocational Education Program		854,868

Adult Education Program

Supervisor/Director	\$ 2,058	
Teachers	26,052	
Social Security	620	
State Retirement	313	
Medical Insurance	190	
Employer Medicare	401	
Other Fringe Benefits	200	
Instructional Supplies and Materials	7,054	
Other Equipment	33,000	
Total Adult Education Program		69,888

Support Services

Attendance

Supervisor/Director	\$ 46,121
Career Ladder Program	1,000
Clerical Personnel	13,804
Social Security	3,232
State Retirement	3,664
Medical Insurance	5,873
Employer Medicare	756

(Continued)

Exhibit K-9

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.)

Attendance (Cont.)

Travel	\$	1,091	
Other Supplies and Materials		1,032	
Total Attendance			\$ 76,573

Health Services

Medical Personnel	\$	55,660	
Social Security		3,257	
State Retirement		3,515	
Medical Insurance		3,822	
Employer Medicare		762	
Travel		1,859	
Drugs and Medical Supplies		1,500	
Other Supplies and Materials		96	
In Service/Staff Development		565	
Total Health Services			71,036

Other Student Support

Career Ladder Program	\$	5,000	
Guidance Personnel		292,702	
Assessment Personnel		20,679	
Clerical Personnel		15,377	
Social Security		19,905	
State Retirement		19,175	
Medical Insurance		25,753	
Employer Medicare		4,655	
Evaluation and Testing		12,767	
Travel		904	
Other Charges		25,627	
Total Other Student Support			442,544

Regular Instruction Program

Supervisor/Director	\$	159,099	
Career Ladder Program		12,000	
Career Ladder Extended Contracts		4,000	
Librarians		387,312	
Instructional Computer Personnel		32,873	
In-Service Training		2,955	
Social Security		35,913	
State Retirement		33,379	

(Continued)

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.)

Medical Insurance	\$	41,835	
Employer Medicare		8,399	
Maintenance & Repair Services- Equipment		13,314	
Travel		9,901	
Library Books/Media		64,895	
Other Supplies and Materials		3,639	
In Service/Staff Development		72,546	
Other Charges		10,775	
Total Regular Instruction Program			\$ 892,835

Special Education Program

Supervisor/Director	\$	51,415	
Career Ladder Program		3,000	
Assessment Personnel		38,670	
Secretary(s)		22,087	
Clerical Personnel		19,936	
Other Salaries & Wages		48,592	
Social Security		10,952	
State Retirement		11,058	
Medical Insurance		20,708	
Employer Medicare		2,561	
Other Fringe Benefits		1,505	
Communication		3,382	
Travel		14,590	
Total Special Education Program			248,456

Vocational Education Program

Supervisor/Director	\$	52,356	
Career Ladder Program		3,000	
Secretary(s)		24,637	
Other Salaries & Wages		149,428	
Social Security		13,931	
State Retirement		15,426	
Medical Insurance		10,094	
Employer Medicare		3,258	
Other Fringe Benefits		2,730	
Communication		2,851	
Maintenance & Repair Services- Equipment		4,632	
Travel		4,991	

(Continued)

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.)

Vocational Education Program (Cont.)

Other Supplies and Materials	\$ 21,319	
Other Charges	27,537	
Total Vocational Education Program	\$ 336,190	\$ 336,190

Adult Programs

Supervisor/Director	\$ 47,790	
Career Ladder Program	1,000	
Other Salaries & Wages	79,035	
Social Security	7,825	
State Retirement	8,825	
Medical Insurance	7,041	
Employer Medicare	1,830	
Other Fringe Benefits	500	
Travel	114	
Other Contracted Services	12,938	
In Service/Staff Development	1,903	
Other Charges	8,871	
Total Adult Programs	177,672	177,672

Board of Education

Longevity Pay	\$ 35,000	
Board and Committee Members Fees	17,665	
Social Security	3,027	
State Retirement	2,824	
Unemployment Compensation	57,857	
Employer Medicare	738	
Audit Services	5,750	
Dues and Memberships	12,250	
Legal Services	14,515	
Travel	10,860	
Liability Insurance	47,621	
Premiums on Corporate Surety Bonds	4,417	
Trustee's Commission	151,188	
Workers' Compensation Insurance	90,797	
Criminal Investigation of Applicants - TBI	3,408	
Other Charges	3,700	
Total Board of Education	461,617	461,617

(Continued)

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

County Official/Administrative Officer	\$	86,689	
Assistant(s)		18,561	
Career Ladder Program		1,000	
Secretary(s)		25,487	
Clerical Personnel		18,689	
Social Security		9,363	
State Retirement		9,276	
Medical Insurance		8,507	
Employer Medicare		2,190	
Communication		24,638	
Dues and Memberships		2,441	
Travel		2,965	
Office Supplies		936	
Other Charges		895	
Total Director of Schools			\$ 211,637

Office of the Principal

Principals	\$	495,688	
Career Ladder Program		15,000	
Career Ladder Extended Contracts		13,800	
Assistant Principals		272,365	
Secretary(s)		149,871	
Social Security		56,990	
State Retirement		52,812	
Medical Insurance		52,333	
Employer Medicare		13,328	
Communication		50,098	
Dues and Memberships		3,600	
Total Office of the Principal			1,175,885

Fiscal Services

Supervisor/Director	\$	40,171	
Accountants/Bookkeepers		26,052	
Clerical Personnel		25,487	
Other Salaries & Wages		36,042	
Social Security		7,857	
State Retirement		9,926	
Medical Insurance		17,435	
Employer Medicare		1,838	

(Continued)

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.)

Fiscal Services (Cont.)

Data Processing Services	\$	912	
Dues and Memberships		30	
Travel		1,159	
Other Contracted Services		2,500	
Data Processing Supplies		3,432	
Office Supplies		711	
Other Charges		326	
Total Fiscal Services			\$ 173,878

Operation of Plant

Secretary(s)	\$	32,990	
Custodial Personnel		456,907	
Social Security		30,337	
State Retirement		34,009	
Medical Insurance		18,541	
Employer Medicare		7,095	
Rentals		9,000	
Travel		521	
Other Contracted Services		71,954	
Custodial Supplies		48,000	
Electricity		442,449	
Natural Gas		182,516	
Water and Sewer		51,958	
Other Supplies and Materials		4,165	
Boiler Insurance		7,815	
Building and Contents Insurance		142,377	
Other Charges		3,828	
Plant Operation Equipment		4,334	
Total Operation of Plant			1,548,796

Maintenance of Plant

Supervisor/Director	\$	43,419	
Maintenance Personnel		245,668	
Social Security		17,216	
State Retirement		22,462	
Medical Insurance		35,172	
Employer Medicare		4,026	
Maintenance & Repair Services- Buildings		3,492	
Maintenance & Repair Services- Equipment		50,922	

(Continued)

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.)

Maintenance of Plant (Cont.)

Other Contracted Services	\$	30,152	
General Construction Materials		25,020	
Other Supplies and Materials		66,169	
Other Charges		1,001	
Maintenance Equipment		1,158	
Total Maintenance of Plant			\$ 545,877

Transportation

Supervisor/Director	\$	43,559	
Mechanic(s)		201,994	
Bus Drivers		610,452	
Clerical Personnel		10,337	
Social Security		52,966	
State Retirement		60,865	
Medical Insurance		32,559	
Employer Medicare		12,387	
Other Fringe Benefits		6,012	
Communication		7,218	
Maintenance & Repair Services- Vehicles		6,966	
Travel		3,430	
Other Contracted Services		8,646	
Diesel Fuel		225,181	
Equipment and Machinery Parts		1,796	
Gasoline		15,118	
Lubricants		15,133	
Tires and Tubes		35,624	
Vehicle Parts		114,782	
Other Supplies and Materials		8,327	
Vehicle and Equipment Insurance		43,958	
Other Charges		6,860	
Total Transportation			1,524,170

Central and Other

Other Salaries & Wages	\$	122,502	
Social Security		7,524	
State Retirement		9,516	
Employer Medicare		1,760	
Other Contracted Services		15,315	
Other Supplies and Materials		1,365	

(Continued)

Exhibit K-9

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.)

Central and Other (Cont.)

Other Equipment	\$ 12,244	
Total Central and Other		\$ 170,226

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$ 5,225	
Other Salaries & Wages	18,980	
Social Security	1,501	
State Retirement	1,627	
Employer Medicare	351	
Other Supplies and Materials	6,531	
Total Community Services		34,215

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 84,000	
Other Capital Outlay	65,000	
Total Regular Capital Outlay		149,000

Principal

Education

Principal on Notes	\$ 69,227	
Total Education		69,227

Interest

Education

Interest on Notes	\$ 11,026	
Total Education		11,026

Total General Purpose School Fund \$ 21,118,998

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,009,622
Educational Assistants	230,086
Other Salaries & Wages	41,551
Certified Substitute Teachers	8,925
Social Security	78,113

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

State Retirement	\$	74,814	
Medical Insurance		56,489	
Employer Medicare		18,289	
Other Fringe Benefits		4,808	
Maintenance & Repair Services- Equipment		12,533	
Instructional Supplies and Materials		1,443,526	
Other Supplies and Materials		150	
Workers' Compensation Insurance		1,882	
Other Charges		57,153	
Regular Instruction Equipment		170,739	
Total Regular Instruction Program			\$ 3,208,680

Special Education Program

Teachers	\$	65,616	
Homebound Teachers		506	
Clerical Personnel		1,000	
Educational Assistants		252,768	
Other Salaries & Wages		32,159	
Certified Substitute Teachers		300	
Social Security		21,540	
State Retirement		24,616	
Employer Medicare		5,038	
Other Fringe Benefits		6,609	
Contracts with Other Public Agencies		46,479	
Contracts with Private Agencies		147,682	
Maintenance & Repair Services- Equipment		7,368	
Other Contracted Services		185,450	
Instructional Supplies and Materials		18,704	
Other Supplies and Materials		79,624	
Other Charges		17,324	
Total Special Education Program			912,783

Vocational Education Program

Educational Assistants	\$	26,519	
Other Salaries & Wages		10,150	
Social Security		2,274	
State Retirement		2,563	
Employer Medicare		532	
Other Fringe Benefits		117	

(Continued)

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.)

Travel	\$	7,875	
Other Contracted Services		1,500	
Instructional Supplies and Materials		31,192	
T&I Construction Materials		1,290	
Other Charges		1,208	
Vocational Instruction Equipment		43,986	
Total Vocational Education Program			\$ 129,206

Support Services

Health Services

Medical Personnel	\$	17,287	
Social Security		1,304	
State Retirement		2,730	
Medical Insurance		5,802	
Employer Medicare		305	
Travel		2,650	
Other Contracted Services		6,539	
Drugs and Medical Supplies		841	
Total Health Services			37,458

Other Student Support

Guidance Personnel	\$	1,250	
Other Salaries & Wages		23,913	
Social Security		1,560	
State Retirement		1,927	
Employer Medicare		365	
Other Fringe Benefits		56	
Evaluation and Testing		500	
Travel		24,365	
Other Supplies and Materials		7,801	
Workers' Compensation Insurance		48	
Total Other Student Support			61,785

Regular Instruction Program

Supervisor/Director	\$	60,501	
Instructional Computer Personnel		35,180	
Secretary(s)		45,995	
Educational Incentive - Other County Employees		34,953	
Other Salaries & Wages		42,765	

(Continued)

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.)

Regular Instruction Program (Cont.)

Social Security	\$	13,006	
State Retirement		13,711	
Medical Insurance		18,189	
Employer Medicare		3,042	
Other Fringe Benefits		236	
Travel		74,097	
Other Supplies and Materials		2,922	
Workers' Compensation Insurance		536	
In Service/Staff Development		218,264	
Other Charges		1,240	
Total Regular Instruction Program			\$ 564,637

Special Education Program

Other Salaries & Wages	\$	92,543	
Social Security		5,340	
State Retirement		5,804	
Medical Insurance		7,332	
Employer Medicare		1,249	
Other Fringe Benefits		3,028	
Travel		8,000	
Other Contracted Services		15,556	
Other Supplies and Materials		1,800	
In Service/Staff Development		2,260	
Total Special Education Program			142,912

Vocational Education Program

In-Service Training	\$	1,890	
Social Security		117	
State Retirement		104	
Employer Medicare		27	
Travel		796	
Total Vocational Education Program			2,934

Operation of Plant

Electricity	\$	7,634	
Total Operation of Plant			7,634

Transportation

Bus Drivers	\$	51,670	
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(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Social Security	\$	3,204	
State Retirement		3,801	
Employer Medicare		749	
Other Fringe Benefits		3,496	
Diesel Fuel		24,600	
Gasoline		24,600	
Total Transportation			\$ <u>112,120</u>

Total School Federal Projects Fund \$ 5,180,149

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	46,050	
Accountants/Bookkeepers		22,654	
Cafeteria Personnel		820,645	
Longevity Pay		3,900	
Other Salaries & Wages		33,366	
Social Security		56,265	
State Retirement		65,362	
Medical Insurance		11,484	
Unemployment Compensation		2,410	
Employer Medicare		13,159	
Communication		8,399	
Maintenance & Repair Services- Equipment		4,000	
Travel		630	
Other Contracted Services		41,996	
Food Supplies		735,845	
Other Supplies and Materials		81,859	
Workers' Compensation Insurance		21,367	
Food Service Equipment		13,414	
Total Food Service			\$ <u>1,982,805</u>

Total Central Cafeteria Fund 1,982,805

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Construction	\$	682,327	
Total Education Capital Projects			\$ <u>682,327</u>

Total Education Capital Projects Fund 682,327

Total Governmental Funds - Fayette County School Department \$ 28,964,279

Exhibit K-10

Fayette County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2005

	Cities - Sales Tax Fund	Cities - Property Tax Fund	Total
<u>Cash Receipts</u>			
Local Option Sales Tax	\$ 1,368,987	\$ 0	\$ 1,368,987
Wholesale Beer Tax	0	7,137	7,137
Total Cash Receipts	<u>\$ 1,368,987</u>	<u>\$ 7,137</u>	<u>\$ 1,376,124</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 1,355,297	\$ 771,768	\$ 2,127,065
Trustee's Commission	13,690	71	13,761
Total Cash Disbursements	<u>\$ 1,368,987</u>	<u>\$ 771,839</u>	<u>\$ 2,140,826</u>
Excess of Cash Receipts Over(Under)			
Cash Disbursements	\$ 0	\$ (764,702)	\$ (764,702)
Cash Balance, July 1, 2004	<u>0</u>	<u>764,702</u>	<u>764,702</u>
Cash Balance, June 30, 2005	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

STATISTICAL SECTION

Table 1

Fayette County, Tennessee
Uncollected Taxes Filed in Chancery Court
June 30, 2005

Year	Amount
1994	\$ 3,766
1995	5,201
1996	5,978
1997	6,347
1998	7,777
1999	3,295
2000	6,415
2001	13,111
2002	25,701
2003	119,323
Total	\$ 196,914

Table 2

Fayette County, Tennessee
Tax Rates and Assessments
Last Ten Years

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General	\$ 0.88	\$ 0.752	\$ 0.631	\$ 0.797	\$ 0.864	\$ 0.727	\$ 0.750	\$ 0.7900	\$ 0.7450	\$ 0.7450
Solid Waste/Sanitation	0.01	0.000	0.000	0.000	0.000	0.000	0.000	0.0000	0.0000	0.0000
Highway/Public Works	0.40	0.430	0.339	0.227	0.216	0.166	0.160	0.1393	0.1314	0.1314
General Debt Service	0.28	0.230	0.235	0.247	0.193	0.250	0.217	0.0841	0.0793	0.0793
General Purpose School	1.12	1.278	0.985	0.919	0.917	0.702	0.718	0.8316	0.7843	0.7843
Total Tax Rates	\$ 2.69	\$ 2.690	\$ 2.190	\$ 2.190	\$ 2.190	\$ 1.845	\$ 1.845	\$ 1.8450	\$ 1.7400	\$ 1.7400
<u>Assessed Valuation</u>										
Real and Personal	\$ 218,849,663	\$ 221,178,688	\$ 285,409,397	\$ 284,089,480	\$ 322,955,415	\$ 412,034,426	\$ 437,682,675	\$ 453,832,461	\$ 503,946,124	\$ 527,157,583
Public Utilities	28,722,453	23,394,631	27,434,681	29,057,761	27,456,942	33,212,820	32,187,944	32,375,536	32,572,422	35,360,231
Total Assessed Valuation	\$ 247,572,116	\$ 244,573,319	\$ 312,844,078	\$ 313,147,241	\$ 350,412,357	\$ 445,247,246	\$ 469,870,619	\$ 486,207,997	\$ 536,518,546	\$ 562,517,814

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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

September 29, 2005

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

To the County Mayor and Board of County Commissioners:

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, 2005, which collectively comprise Fayette County's basic financial statements and have issued our report thereon dated September 29, 2005. Our report was qualified because the financial statements did not include the financial statements of the Fayette County Emergency Communications District. This information was not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fayette County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial

reporting that, in our judgment, could adversely affect Fayette County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05.01(A), 05.02, 05.03, and 05.07.

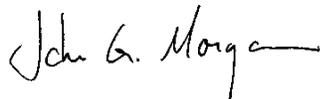
A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 05.01(A) to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fayette County's financial statements are free of 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 05.01(B,C), 05.04, 05.05, and 05.06.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

September 29, 2005

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Fayette County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Fayette County's management. Our responsibility is to express an opinion on Fayette County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing 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. Our audit does not provide a legal determination on Fayette County's compliance with those requirements.

In our opinion, Fayette County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Fayette County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Fayette County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards

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, 2005, and have issued our report thereon dated September 29, 2005. Our report was qualified because the financial statements did not include the financial statements of the Fayette County Emergency Communications District. This information was not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

WRS/sb

Fayette County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2005

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 111,560
Rural Business Opportunity Grants	10.773	(2)	46,103
Total Passed through State Department of Agriculture			<u>\$ 157,663</u>
Passed through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 499,167
National School Lunch Program	10.555	N/A	1,060,213
Summer Food Service Program For Children	10.559	N/A	21,869
Total Passed through State Department of Education			<u>\$ 1,581,249</u>
Total U.S. Department of Agriculture			<u>\$ 1,738,912</u>
U.S. Department of Justice:			
Passed through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention-Allocation to States	16.540	(2)	\$ 15,586
Total U.S. Department of Justice			<u>\$ 15,586</u>
U.S. Department of Labor:			
Passed through City of Memphis, Tennessee:			
WIA Adult Program	17.258	(2)	\$ 103,334
WIA Youth Activities	17.259	Z0402561901	326,157
Total U.S. Department of Labor			<u>\$ 429,491</u>
U.S. Department of Transportation:			
Passed through State Department of Transportation:			
Airport Improvement Program	20.106	(2)	\$ 115,149
Total U.S. Department of Transportation			<u>\$ 115,149</u>
U.S. Department of Education:			
Passed through State Department of Education:			
Adult Education - State Grant Program	84.002	Z0502221600	\$ 45,446
Title I Grants to Local Educational Agencies	84.010	N/A	1,102,870
Special Education - Grants to States	84.027	N/A	1,147,504
Vocational Education - Basic Grants to States	84.048	N/A	152,509
Safe and Drug-Free Schools and Communities-State Grants	84.186A	(2)	28,271
Twenty-First Century Community Learning Centers	84.287C	(2)	426,912
State Grants for Innovative Programs	84.298	N/A	22,732
Education Technology State Grant	84.318X	(2)	28,147
Comprehensive School Reform Demonstration	84.332A	(2)	387,001
Reading Excellence Program	84.338A	N/A	324,125

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Passed-through		Expenditures
		Entity Identifying Number		
U.S. Department of Education (Cont.):				
Passed through State Department of Education (Cont.):				
Reading First State Grants	84.357	GG041107700	\$	1,639,716
Improving Teacher Quality State Grants	84.367A	N/A		283,390
Title I - School Improvement Grant	84.384A	N/A		114,714
Total U.S. Department of Education			\$	<u>5,703,337</u>
U.S. Department of Health and Human Services:				
Passed through State Department of Human Services:				
Temporary Assistance for Needy Families	93.558	Z050223090	\$	15,659
Total U.S. Department of Health and Human Services			\$	<u>15,659</u>
U.S. Department of Homeland Security:				
Passed through State Department of Military:				
Emergency Management Performance Grants	97.042	(2)	\$	87,001
Total U.S. Department of Homeland Security			\$	<u>87,001</u>
Total Expenditures of Federal Awards			\$	<u>8,105,135</u>
State Grants:				
Litter Program - State Department of Transportation	N/A	(2)	\$	35,345
Reappraisal Program - Comptroller of the Treasury	N/A	(2)		11,517
Preventive Health and Health Service - State Department of Health	N/A	(2)		263,018
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)		44,740
Safe and Drug-Free Schools and Communities - State Grants - State Department of Education	N/A	(2)		19,961
High Schools That Work - State Department of Education	N/A	(2)		4,976
Early Childhood Education - State Department of Education	N/A	(2)		195,000
Adult Basic Education - State Department of Education	N/A	(2)		13,212
Job Opportunities and Basic Skills Training - State Department of Education	N/A	(2)		7,369
Total State Grants			\$	<u>595,138</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.

Fayette County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2005

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, 2004, which have not been corrected.

OFFICE OF COUNTY MAYOR

Finding Number	Page Number	Subject
04.02	13	Expenditures exceeded appropriations

OFFICE OF PUBLIC WORKS SUPERINTENDENT

Finding Number	Page Number	Subject
04.03	13	The Public Works Department did not account for the use of road materials on some projects

OTHER FINDING AND RECOMMENDATION

Finding Number	Page Number	Subject
04.07	15	A central system of accounting, budgeting, and purchasing had not been adopted

FAYETTE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2005

PART I, SUMMARY OF AUDITOR'S RESULTS

1. A qualified opinion was issued on the financial statements of Fayette County.
2. The audit of the financial statements of Fayette County disclosed reportable conditions in internal control. One of these conditions 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 reportable conditions in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); Special Education – Grants to States (CFDA No. 84.027); Comprehensive School Reform Demonstration Program (CFDA No. 84.332A); and Reading First State Grants (CFDA No. 84.357) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Fayette County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written response of the clerk and master is paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICE OF COUNTY MAYOR

FINDING 05.01 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**
(A. Internal Control – Material Weakness Under Government Auditing Standards; B. and C. Noncompliance Under Government Auditing Standards)

Our examination revealed the following deficiencies in budget operations:

- A. The General Fund’s actual fund balance at July 1, 2004, was \$2,470,890; however, the estimated fund balance reflected in the county’s budget at July 1, 2004, was \$1,089,066. Therefore, the actual fund balance exceeded the estimated fund balance presented to the County Commission by \$1,381,824.
- B. Expenditures exceeded total appropriations approved by the County Commission in the General Debt Service Fund (\$930) and the Solid Waste/Sanitation Fund (\$15,677).
- C. General Fund expenditures exceeded appropriations at the major appropriation category level of control (legal level of control) in the following categories:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Election Commission	\$ 4,297
Soil Conservation	28
Airport	64,353
Miscellaneous	289
Transfers Out	225,522

Section 5-9-401, Tennessee Code Annotated, states, “All funds from whatever source derived including, but not limited to taxes, county aid funds, federal funds, and fines which 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.”

RECOMMENDATION

The estimate of the beginning fund balance should be made on a more realistic basis to provide county officials with accurate information to base funding decisions. Expenditures should be held within appropriations approved by the County Commission.

OFFICE OF PUBLIC WORKS SUPERINTENDENT

FINDING 05.02 **THE PUBLIC WORKS DEPARTMENT DID NOT MAINTAIN A SYSTEM TO ACCOUNT FOR THE USE OF SOME ROAD MATERIALS**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The Public Works Department had a system to determine the use of road materials, such as rock and asphalt, for state-aid road projects. However, the department did not have a system to account for materials used on other types of road projects. The failure to maintain a system to document the use of road materials results in a loss of control over the assets and increases the risk of inventory loss.

RECOMMENDATION

The department should develop and implement a system to account for materials used on all types of road projects.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 05.03 **A FUND DEFICIT EXISTED IN THE EDUCATION CAPITAL PROJECTS FUND**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The Education Capital Projects Fund had a fund deficit of \$486,277 at June 30, 2005. This deficit resulted from expenditures exceeding available funds and the unperformed portions of construction contracts of \$207,488 being reserved as encumbrances. Funding for these current and future expenditures is expected to come from the issuance of bond anticipation notes.

RECOMMENDATION

Expenditures should not exceed available funding, and officials should take steps to liquidate the fund deficit.

OFFICE OF COUNTY CLERK

FINDING 05.04 **THE OFFICE DID NOT REQUIRE A DEPOSITORY TO COLLATERALIZE FUNDS**
(Noncompliance Under Government Auditing Standards)

The county clerk did not require a depository to pledge securities to protect county funds exceeding Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2005, deposits at the depository exceeded FDIC coverage by \$54,921. Section 5-8-201, Tennessee Code Annotated, provides for county officials to require any bank that is a depository of county funds to deposit collateral security equal to 105 percent of funds exceeding FDIC coverage into an escrow account in a second bank.

RECOMMENDATION

The county clerk should require depositories to pledge adequate securities to protect county funds exceeding FDIC coverage as required by state statute.

OFFICE OF GENERAL SESSIONS COURT CLERK

FINDING 05.05 **THE OFFICE DID NOT REQUIRE A DEPOSITORY TO COLLATERALIZE FUNDS**
(Noncompliance Under Government Auditing Standards)

The general sessions court clerk did not require a depository to pledge securities to protect county funds exceeding Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2005, deposits at the depository exceeded FDIC coverage by \$13,538. Section 5-8-201, Tennessee Code Annotated, provides for county officials to require any bank that is a depository of county funds to deposit collateral security equal to 105 percent of funds exceeding FDIC coverage into an escrow account in a second bank. As of the date of this report, the general sessions court clerk had required the depository to pledge adequate securities to protect the county's funds.

RECOMMENDATION

The general sessions court clerk should require depositories to pledge adequate securities to protect county funds exceeding FDIC coverage as required by state statute.

OFFICE OF CLERK AND MASTER

FINDING 05.06 **THE OFFICE DID NOT REQUIRE A DEPOSITORY TO ADEQUATELY COLLATERALIZE FUNDS (Noncompliance Under Government Auditing Standards)**

The clerk and master did not require a depository to pledge adequate securities to protect county funds exceeding Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2005, deposits at the depository exceeded FDIC coverage by \$219,000. Section 5-8-201, Tennessee Code Annotated, provides for county officials to require any bank that is a depository of county funds to deposit collateral security equal to 105 percent of the funds exceeding FDIC coverage into an escrow account in a second bank. As of the date of this report, the clerk and master had required the depository to pledge adequate securities to protect the county's funds.

RECOMMENDATION

The clerk and master should require depositories to pledge adequate securities to protect county funds exceeding FDIC coverage as required by state statute.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

The bank sold some of its collateral securities in June 2005 and forgot to replace them with additional securities until September 2005; therefore, we were undercollateralized for June, July, and August.

OTHER FINDING AND RECOMMENDATION

FINDING 05.07 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED (Internal Control – Reportable Condition Under Government Auditing Standards)**

County officials had not adopted a central system of accounting, budgeting, and purchasing. Establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes.

RECOMMENDATION

County officials should consider adopting 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.

**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, 2005

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